REPORT TO: CABINET – 19 MARCH 2012

SUBJECT: REVENUE AND CAPITAL BUDGETS, KEY ACTIVITY AND RISK MONITORING 2011-12

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SUMMARY:

Members are asked to:

- **note the latest monitoring position on the revenue and capital budgets**
- **note and agree the changes to the capital programme**
- **agree that the £17.039m of re-phasing on the capital programme is moved from 2011-12 capital cash limits to future years**
- **note the latest financial health indicators and prudential indicators**
- **note the directorate staffing levels as at the end of December**

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1. INTRODUCTION

1.1 This is the third full monitoring report to Cabinet for 2011-12.

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 <u>**Headlines**</u>:

1.3.1 **Revenue:**

- The latest forecast revenue position (excl Schools) is an underspend of £12.585m, which is an increased underspend of £9.109m since the 25 January Cabinet report. This is obviously a very significant movement since the last report. The most significant reasons for this are:

	£m
Final decision on use of Big Society Fund (see page 122-123)	-4.0
Release of SCRG contingency (see page 4)	-3.2
Further underspending on Adult Social Care (see pages 62-66)	-1.3
Carbon Reduction Commitment Levy recharge to schools (see page 148)	-1.1
	-9.6

- This reported position is after £1.879m from the underspending within the Finance & Business Support portfolio and £1.2m from the underspending within the ELS portfolio has been transferred to an earmarked reserve to support next year's budget, as approved at County Council on 9 February.
- Within Specialist Children's Services (SCS) the significant demand led pressures continue to increase, together with pressures on staffing, mainly agency social workers - these pressures now total £13.2m (excluding Asylum). Within this, the activity levels for Fostering and Residential Care are a particular cause for concern, together with the associated increase in legal fees, as they are very high compared to the affordable level despite additional funding being provided in the 2011-13 MTP. This has been addressed in the 2012-15 MTP. This also includes a £0.3m pressure on Section 17 payments (Preventative & Supportive payments), as a result of increased payments arising from the Southwark judgement. This challenged local authorities to consider the wider needs of vulnerable young people between the ages of 16 and 18 who present themselves as homeless and to deal with the issue as a collective rather than through individual agencies. It concluded that the young persons were to be treated as children in need (as defined by Section 20 of the Children Act 1989), and that they should be

taken into the care of the local authority. This will result in an increase of 16-18 year olds in the care system. Prior to the judgement these clients would have been accommodated by the district council housing departments. It is difficult to forecast with accuracy how many young people will return to our care, and what services they will require and be entitled to.

- There is a £1.5m pressure on the Asylum budget which is primarily due to the costs incurred in continuing to support young people over 18 years who are not eligible for funding under the UKBA's 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 until the point of removal. Appeal Rights Exhausted Unacccompanied Asylum Seeking Children are Care Leavers as defined in Children Leaving Care Act and as such are entitled to support from KCC. Our current Legal advice, in common with many other Local Authorities, is that our obligations under current childcare legislation are not diminished by their immigration status. KCC therefore continues to incur costs supporting this group of young people with no recompense from the United Kingdom Borders Agency. We will continue to make representations to Government to resolve this unsatisfactory issue.
- Within Adult Social Care a forecast underspend of £3.9m is reported, as pressures on nursing and residential care for clients with a disability or mental health need, together with pressures on direct payments and supported accommodation for physically disabled clients, all of which are likely to be as a result of medical advances enabling people to live with more complex needs, are more than offset by underspending on direct payments for all other clients groups, domiciliary care, day care, and nursing and residential care for older people. In view of this overall forecast underspending position, work to establish the demographic pressures for adult social care anticipated over the medium term has been undertaken and reflected in the 2012-15 MTFP, although this is likely to need further refinement in the light of the latest numbers.
- The savings on Mainstream Home to School transport experienced in 2010-11 are continuing in 2011-12, with a £1m saving forecast. A similar saving has been reflected in the 2012-15 MTFP.
- An additional £1.6m of special school and hospital recoupment income is forecast as a result of increased demand from other local authorities for places in our schools. This is a continuation of the trend experienced in 2010-11 and therefore an increase in the anticipated income has also been reflected in the 2012-15 MTFP.
- Schools reserves are forecast to reduce by £4.626m this year as a result of 41 more schools converting to new style academy status by 31 March 2012, which allows them to take their reserves with them; the remaining Kent Schools are expected to increase their reserves by £1.5m giving an overall expected movement in schools reserves of -£3.126m.
- The costs of the snow emergency in February are estimated at £0.7m.
- The savings on the waste budgets experienced last year, mainly due to lower than budgeted waste tonnage, are continuing in 2011-12, with a £3.7m saving forecast. A saving to reflect the trend of reduced tonnage levels has been included in the 2012-15 MTFP.
- A £1.3m saving is forecast on concessionary fares following successful negotiations with major bus operators and reduced journey numbers. A saving to reflect the procurement efficiencies has been included in the 2012-15 MTFP but a continuation of reduced journey numbers is less certain and therefore this saving has not been reflected in the new MTFP.
- A £0.4m saving is forecast for the Freedom Pass mainly due to the reduced take up following the price increase to £100 and an anticipated reduction in journey numbers.
- Within the C&C portfolio pressures exist due to a shortfall against savings targets within both the Contact Centre and Communications, Media Relations & Public Engagement. However management action and the bringing forward of savings plans has been successful in offsetting these pressures.
- A sum of £5m was established in the prior year's budget build process to create a Big Society Fund in order to encourage employment and to support social enterprise. During the current year, plans have been devised to support these two initiatives, with £2m set aside for the Youth Employment Programme and £3m to establish a loan fund. Kent Community Foundation (KCF), who are to administer the loan fund scheme on KCC's behalf, will receive an annual donation of £1m for 3 years (subject to annual review), with the first instalment made in the current year and the remaining £2m to be paid in 2012-13 and 2013-14 respectively. The Youth Employment Programme will be launched at the turn of the year with the majority of the £2m spend, concerning payments to employers to give those who have been long-term unemployed valuable work experience and employability skills, to be incurred

in 2012-13. As such, £4m of the £5m set aside in the current year is to be re-phased into 2012-13.

- Savings are being made on the debt charges budget largely as a result of the re-phasing of the capital programme in 2010-11 and no new borrowing being taken in the first ten months of 2011-12 other than to replace maturing debt.
- An unexpected un-ringfenced grant increase of £1.5m is being held within the Finance & Business Support portfolio to offset pressures elsewhere across the authority.
- A £1m saving against the Carbon Reduction Levy is forecast reflecting the intention to charge schools for their share of the cost in line with a recent change in school finance legislation. This saving has also been reflected in the 2012-15 MTFP.
- We have recovered a further £5.513m during December, January and February from our principal investments in the collapsed Icelandic Banks, bringing our total recovery so far to £17.367m, £12.464m of which relates to our £18.350m investment in the UK registered Heritable Bank and £4.903m relates to our £17m investment with Landsbanki. Following the Icelandic Supreme Court's confirmation of KCC as a preferred creditor, we are expecting to recover 98% or our principal investment in Landsbanki, although the timing of this remains uncertain, and our full £15m principal investment in Glitnir Bank, which is now scheduled for early March although this could be delayed if there are further objections from other creditors.
- We also recovered all of our £10m principal investment plus interest, as expected on the re-scheduled maturity date of 31 October 2011, from the troubled Dexia bank.

1.3.2 **Capital:**

- The latest forecast capital position is a variance of -£15.802m, -£17.170m on schemes which we are re-phasing and +£1.368m on schemes with a real variance.

2. OVERALL MONITORING POSITION (excluding PFI & budgets delegated to schools)

2.1 Revenue

The net projected variance against the combined portfolio revenue budgets is an underspend of £12.585m. 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
Education, Learning & Skills	**+55,363**	**-1,702**
Specialist Children's Services	**+110,856**	**+14,703**
Adult Social Care & Public Health	**+314,383**	**-3,873**
Environment, Highways & Waste	**+149,636**	**-4,891**
Customer & Communities	**+91,057**	**-5,046**
Regeneration & Enterprise	**+4,565**	**0**
Finance & Business Support	**+136,891**	**-9,283**
Business Strategy, Performance & Health Reform	**+51,965**	**-2,241**
Democracy & Partnerships	**+7,214**	**-252**
TOTAL (excl Schools)	**+921,930**	**-12,585**
Schools (ELS portfolio)	*0*	*+3,126*
Schools (SCS portfolio)	*0*	*0*
Schools (TOTAL)	**0**	**+3,126**
TOTAL	**+921,930**	**-9,459**

2.1.2 The recently approved 2012-13 budget assumes rolled forward underspending from 2011-12 of £3.512m as follows:

a) £1.200m Early Years underspending as reported in the quarter 2 monitoring report and approved by Cabinet on 5 December,
b) £1.879m underspending from within the overall £3.476m underspend reported to Cabinet in the last exception report on 25 January,
c) £0.433m within Customer & Communities portfolio.

Following approval of the 2012-13 budget at County Council on 9 February, items a and b above have been transferred to an earmarked reserve to support next years budget and are therefore no longer reported in the £12.585m underspend forecast in this report.

In addition, the position reported in table 1a above includes some underspending related to projects which are re-phasing into 2012-13 and are committed and therefore will require roll forward. There are also some known bids which have the support of the relevant Corporate Director and Cabinet Member. The adjusted position is therefore:

	£m
Total forecast underspend (excl Schools) per table 1a	-12.585
Required to roll forward to 2012-13 per approved 2012-15 MTFP (item c above)	0.433
Other committed roll forwards/re-phased projects	4.802
	-7.350
Supported bids	0.439
Adjusted position after supported bids	-6.911

Details of the committed roll forwards, re-phased projects and supported bids are provided in sections 1.1.6 and 1.1.7 of the annex reports.

2.1.3 It is likely that much of this uncommitted balance will be held in reserves pending future decisions on its use. Further details will be provided in the outturn report to Cabinet in July.

2.2 **Capital**

This report reflects the current monitoring position against the revised programme, where a pressure of £1.368m and re-phasing of -£17.170m of expenditure into future years is forecast, giving a total variance in 2011-12 of -£15.802m. Further details are provided in section 4 of this report.

3. REVENUE

3.1 Virements/changes to budgets

3.1.1 Directorate cash limits have been adjusted to include:

- a virement of £0.199m from the debt charges underspending within the Finance & Business Support portfolio to the Commercial Services contribution budget within the Environment, Highways & Waste portfolio required as a result of the County Council decision to remove the essential car user status, which has led to a consequential reduction in lease cars and therefore Commercial Services ability to make a surplus, as agreed by Cabinet on 9 January.
- the removal of £3.150m contingency from the Adult Social Care & Public Health portfolio, which was being held against the ending of Social Care Reform Grant, but following agreement with Health to the use of the £16.226m NHS funding for Social Care, this contingency is no longer required and has been transferred to the Financing Items budgets within the Finance & Business Support portfolio, where it has been declared as an underspend.
- 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 1 and includes:
  - the £3.775m additional health funding for winter pressures. This has been added to both gross and income budgets within the Other Adult Services budget line;
  - a further reduction of £6.4m in DSG as a result of schools converting to academies.

3.1.2 All other changes to cash limits reported this quarter are considered “technical adjustments” i.e. where there is no change in policy, including allocation of grants and previously unallocated budgets and savings targets where further information regarding allocations and spending plans has become available since the budget setting process, and where adjustments have been necessary to better reflect the split of services across the A-Z budget headings.

3.2 Forecast Revenue Position before Management Action

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

			Directorate					
Portfolio	**Budget**	**Variance**	ELS	FSC	E&E	C&C	BSS	FI
	£k	**£k**	£k	£k	£k	£k	£k	£k
Education, Learning & Skills	**+55,363**	**-1,702**	-1,702					
Specialist Children's Services	**+110,856**	**+14,703**		+14,703				
Adult Social Care & Public Health	**+314,383**	**-3,873**		-3,868			-5	
Environment, Highways & Waste	**+149,636**	**-4,891**			-4,891			
Customer & Communities	**+91,057**	**-5,046**				-5,048	+2	
Regeneration & Enterprise	**+4,565**	**0**			0		0	
Finance & Business Support	**+136,891**	**-9,283**					+722	-10,005
Business Strategy, Performance & Health Reform	**+51,965**	**-2,241**					-2,241	0
Democracy & Partnerships	**+7,214**	**-252**					-152	-100
SUB TOTAL (excl Schools)	**+921,930**	**-12,585**	-1,702	+10,835	-4,891	-5,048	-1,674	-10,105
Schools (ELS portfolio)	*0*	*+3,126*	*+3,126*					
Schools (SCS portfolio)	*0*	*0*	*0*					
Schools (TOTAL)	**0**	**+3,126**	+3,126					
TOTAL	**+921,930**	**-9,459**	+1,424	+10,835	-4,891	-5,048	-1,674	-10,105

3.2.2 **Table 1c** – Gross, Income, Net (GIN) position

	CASH LIMIT			**VARIANCE**		
Portfolio	**Gross**	**Income**	**Net**	**Gross**	**Income**	**Net**
	£k	£k	£k	£k	£k	£k
Education, Learning & Skills	+180,149	-124,786	**+55,363**	-970	-732	**-1,702**
Specialist Children's Services	+167,499	-56,643	**+110,856**	+13,834	+869	**+14,703**
Adult Social Care & Public Health	+468,128	-153,745	**+314,383**	-6,525	+2,652	**-3,873**
Environment, Highways & Waste	+179,775	-30,139	**+149,636**	-2,740	-2,151	**-4,891**
Customer & Communities	+151,264	-60,207	**+91,057**	-5,640	+594	**-5,046**
Regeneration & Enterprise	+6,151	-1,586	**+4,565**	0	0	**0**
Finance & Business Support	+158,680	-21,789	**+136,891**	-11,625	+2,342	**-9,283**
Business Strategy, Performance & Health Reform	+90,985	-39,020	**+51,965**	+1,804	-4,045	**-2,241**
Democracy & Partnerships	+8,187	-973	**+7,214**	-249	-3	**-252**
SUB TOTAL (excl Schools)	+1,410,818	-488,888	**+921,930**	-12,111	-474	**-12,585**
Schools (ELS portfolio)	*+832,578*	*-832,578*	***0***	*+3,126*	*0*	***+3,126***
Schools (SCS portfolio)	*+41,553*	*-41,553*	***0***	*0*	*0*	***0***
Schools (TOTAL)	**+874,131**	**-874,131**	**0**	**+3,126**	**0**	**+3,126**
TOTAL	+2,284,949	-1,363,019	**+921,930**	-8,985	-474	**-9,459**

A reconciliation of the above gross and income cash limits to the approved budget is detailed in **Appendix 1**.

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 **Education, Learning & Skills**
incl. Education, Learning & Skills and elements of Specialist Children's Services portfolios

Annex 2 **Families & Social Care**
incl. Specialist Children's Services and Adult Social Care & Public Health portfolios

Annex 3 **Enterprise & Environment**
incl. Environment, Highways & Waste portfolio and elements of Regeneration & Enterprise portfolios

Annex 4 **Customer & Communities**
incl. Communities, Customer Services & Improvement portfolio

Annex 5	**Business Strategy & Support** incl. elements of Adult Social Care & Public Health, Communities, Customer Services & Improvement, Regeneration & Enterprise, Finance & Business Support, Business Strategy, Performance & Health Reform and Deputy Leader's portfolios
Annex 6	**Financing Items** Incl. elements of the Finance & Business Support, Business Strategy, Performance & Health Reform and Deputy Leader's portfolios

Table 2 - <u>All Revenue Budget Variances over £100k in size order by portfolio</u>

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ELS	Schools Budgets (gross): estimated drawdown of reserves following 41 schools converting to academies	+4,626	ELS	Schools Budgets (gross): estimated increase in reserves of KCC schools	-1,500
ELS	Early Years & Childcare Advisory Service: transfer of underspend on staffing to Corporate Reserves to support next years budget	+1,200	ELS	Special school & hospital recoupment (income): more OLA pupils placed at Kent schools than budgeted level	-1,572
ELS	Attendance & Behaviour (gross): PRUs additional staffing & premises costs (matched by income from schools & academies)	+663	ELS	Early Years & Childcare Advisory Service: underspend on staffing within the Quality & Outcomes Team	-1,200
ELS	ELS Strategic Management & Directorate support budgets (gross): legal savings target unlikely to be achieved	+610	ELS	Mainstream home to school transport (gross): fewer children than budgeted level and contract renegotiation	-1,000
ELS	14-19 year olds (income): Skills Force schools now paying Skills Force direct rather than via LA	+333	ELS	Attendance & Behaviour (income): PRU income from schools and academies to fund increased costs	-663
ELS	14-19 year olds (income): Dover and Thanet skills studios transferring to an academy in year	+318	ELS	14-19 year olds (gross): Skills Force payment now made to Skills Force directly from schools rather than via LA	-333
ELS	Statemented Pupils (income): reduction in OLA income	+290	ELS	Statemented Pupils (gross): reduction in costs of statemented support	-290
ELS	Connexions (gross): cessation of grant from YPLA from 1 April but contract fixed until 31 August	+250	ELS	14-19 year olds (gross): Dover and Thanet skills studios transferred to an academy in year	-258
ELS	Attendance & Behaviour (gross): staffing pressure due to delay in directorate restructure	+206	ELS	14-19 Unit (gross): planned underspend on KS4 Engagement Programme to help offset overspend in Connexions	-250
ELS	Assessment of Vulnerable Children (gross): staffing overspend within SEN unit	+172	ELS	ELS Strategic Management (gross): planned underspend on Building Maintenance - Non operational holdings and Staff Housing	-200
ELS	14-19 Unit (income): Kent Science Resource Centre less courses delivered	+163	ELS	14-19 Unit (gross): Kent Science Resource Centre less courses delivered	-153
ELS	Schools Cleaning and Refuse (income): under-recovery of expected income	+160	ELS	14-19 Unit (gross): Preparing for Employment and Vocational training projects planned underspend	-145
ELS	Home to college transport (gross): increased demand for service	+159	ELS	ELS Strategic Management & Directorate support budgets (income): additional income from schools for catering packages	-125
ELS	Governor Services (income): reduction in expected levels of income from schools	+151	ELS	Learners with Additional Needs (gross): staffing underspend for Standards in Specialist Settings team	-110
ELS	Schools' teachers pension costs (gross): capitalisation costs higher than expected	+148	ELS	Educational Psychology (gross): staffing underspend	-109

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ELS	School Improvement (income): Reduction in income for Interim Head Teachers placed in schools	+143	ELS	Learners with Additional Needs (gross): underspend on Early Years Inclusion and Equalities as provision for debt write off not required	-104
ELS	School Improvement (gross): staffing pressure	+130	ELS	Schools' non delegated staff costs (income): additional Golden Hellos income from TDA	-100
ELS	ELS Strategic Management & Directorate support budgets (gross): additional staffing costs within catering and kitchen maintenance team (matched by income from schools)	+125			
ELS	Schools' non delegated staff costs (gross): Golden Hellos payments to schools	+100			
	ELS PORTFOLIO TOTAL	**+9,947**		**ELS PORTFOLIO TOTAL**	**-8,112**
SCS	Fostering Service - In House Non Related Gross - Activity higher than affordable level	+3,179	SCS	Asylum Service - Gross - Number of eligible under 18s below level assumed in budget	-1,206
SCS	Assessment of Vulnerable Children - Gross - Staffing pressure (mainly agency social workers)	+3,027	SCS	Fostering Service - In House Non Related Gross - Unit cost below affordable level	-1,026
SCS	Fostering Service - Gross - Increased costs of legal services	+2,840	SCS	Early Years & Childcare - Gross - Saving made on renegotiation of National Childminder Association contract	-600
SCS	Fostering Service - Independent Gross - Activity higher than affordable level	+2,730	SCS	Fostering Service - Independent Gross - Unit cost below affordable level	-423
SCS	Residential - Independent Sector Gross - weeks of activity in excess of affordable level	+1,324	SCS	Childrens Centres - Gross - staff vacancy savings	-385
SCS	Asylum Service - Gross - Additional ARE Clients comapred to budgeted number	+1,281	SCS	Childrens Centres - Gross - Delays in opening some children's centres	-280
SCS	Asylum Service - Income - Number of eligible under 18s below level assumed in budget	+1,048	SCS	Residential - Independent Sector Disability Gross - unit cost below affordable level	-274
SCS	Residential - Independent Sector Gross - unit cost above affordable level	+668	SCS	Childrens Centres - Gross - savings from management actions around non-essential expenditure	-269
SCS	Residential - Independent Sector Disability Gross - weeks of activity in excess of affordable level	+623	SCS	Residential - Secure Accommodation Gross - Activity below affordable level	-197
SCS	16+ Service - Care Leavers & Relevant Children Gross - Higher than budgeted payments	+460	SCS	Other Preventative Services - Daycare Gross - Decommissioning of district services	-129
SCS	Adoption Service Gross - Increase in Special Guardianship Orders (SGOs)	+438	SCS	16+ Service - Independent Residential Gross - Average cost below affordable level	-124
SCS	Other Preventative Services Gross: Increase in Section 17 payments	+331			
SCS	Fostering Service - Kinship Non-LAC Gross - Increase in forecast weeks of care above affordable levels	+322			
SCS	Asylum gross: actual weekly unit cost of supporting eligible over 18's is above the grant unit cost claimable	+267			

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
SCS	16+ Service - Independent Fostering Gross - Weeks of care above affordable level	+261			
SCS	Fostering Service - Related Foster Payments Gross - Increased demand for service	+166			
SCS	Adoption Service - In House gross - Staffing pressure	+140			
SCS	Asylum Service - Income - change in grant rules pertaining to first 13 weeks ARE status and Human Rights Assessments	+140			
SCS	Fostering Service - Kinship Non-LAC Gross - Increase in Allowances for Fee element	+137			
SCS	16+ Service - In-House Non Related Fostering Gross - Weeks of care above affordable level	+135			
SCS	16+ Service - Independent Residential Gross - Weeks of care above affordable level	+130			
SCS	Residential - Non-LAC Gross - Activity above affordable level	+101			
SCS	Fostering Service - Related Foster Payments Gross - Increase in Allowances for Fee Element	+100			
SCS	Residential - In-house provision Gross - Use of permanent relief staff	+100			
	SCS PORTFOLIO TOTAL	**+19,948**		**SCS PORTFOLIO TOTAL**	**-4,913**
ASCPH	Residential - Learning Disability Gross - Preserved rights unit cost above affordable level	+3,877	ASCPH	Residential - Learning Disability Gross - Preserved rights weeks of care lower than budgeted	-3,771
ASCPH	Residential - Learning Disability Gross - Forecast weeks of care higher than budgeted	+2,576	ASCPH	Domiciliary - Learning Disability Gross - Forecast activity below affordable level	-2,715
ASCPH	Nursing - Older People Gross - Forecast weeks of care higher than budgeted	+1,684	ASCPH	Residential - Older People Gross - Activity forecast below budgeted level	-2,513
ASCPH	Domiciliary - Older People Income - Average income below affordable level	+1,536	ASCPH	Domiciliary - Older People Gross - Forecast unit cost below affordable level	-1,413
ASCPH	Domiciliary - Learning Disability Gross - Forecast unit cost above affordable level	+1,382	ASCPH	Residential - Learning Disability Gross - Uncommitted funding held to offset unachievable savings	-1,196
ASCPH	Residential - Learning Disability Gross - Unachievable procurement savings	+1,196	ASCPH	Nursing - Older People Gross - Unit cost lower than budgeted	-1,034
ASCPH	Residential - Learning Disability Income - Preserved rights weeks of care lower than budgeted	+1,151	ASCPH	Assessment of Vulnerable Adults - Gross - Staffing savings	-1,025
ASCPH	Residential - Older People Income - Activity forecast below budgeted level	+1,150	ASCPH	Supported Accommodation - Learning Disability Gross - Unit cost below the level afforded in the budget	-1,007
ASCPH	Residential - Physical Disability Gross - Activity above affordable level	+1,140	ASCPH	Residential - Learning Disability Income - Preserved rights average unit income above budgeted level	-1,000
ASCPH	Residential - Older People Income - Loss of income related to Modernisation Strategy (as fewer clients placed in-house)	+1,037	ASCPH	Direct Payments - Learning Disability Gross - Unit cost below affordable level	-863

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ASCPH	Domiciliary - Physical Disability Gross - Unit cost above affordable level	+696	ASCPH	Residential - Learning Disability Income - Forecast weeks of care higher than budgeted	-843
ASCPH	Residential - Learning Disability Gross - Unit cost in excess of affordable level	+649	ASCPH	Domiciliary - Physical Disability Gross - Forecast activity below affordable level	-833
ASCPH	Supported Accommodation - Mental Health Gross - Activity in excess of budgeted level	+573	ASCPH	Domiciliary - Older People Gross - savings at Kent Enablement at Home as a result of forecast activity below budgeted level	-674
ASCPH	Supported Accommodation - Physical Disability Gross - Activity in excess of budgeted level	+569	ASCPH	Nursing - Older People Income - Forecast weeks of care higher than budgeted	-628
ASCPH	Residential - Older People Gross - Unit cost above affordable level	+530	ASCPH	Residential - Older People Gross - Release of provision & unrealised creditors following review of balance	-599
ASCPH	Supported Accommodation - Learning Disability Gross - Activity above affordable level	+521	ASCPH	Assessment of Vulnerable Adults - Gross - prudent holding back of unallocated funding to offset other pressures within directorate	-565
ASCPH	Other Adult Services Income - provision of meals below affordable level	+440	ASCPH	Residential - Learning Disability Income - Average unit income in excess of budgeted level	-545
ASCPH	Other Adult Services Gross - Increased provision of Occupational Therapy equipment	+418	ASCPH	Nursing - Older People Gross - Release of provision & unrealised creditors following review of balance sheet	-540
ASCPH	Nursing - Older People Gross - Reduction in average unit income charged	+399	ASCPH	Direct Payments - Older People Gross - Unit cost below affordable level	-512
ASCPH	Domiciliary - Older People Gross - Unachievable savings due to delay in revised charging policy	+347	ASCPH	Residential - Older People Gross - Savings related to Modernisation Strategy in excess of budgeted savings	-480
ASCPH	Direct Payments - Learning Disability Income - Average unit charge below budgeted level	+297	ASCPH	Domiciliary - Older People Gross - Uncommitted funding held to offset unachievable savings	-447
ASCPH	Residential - Mental Health Income - Increased number of Section 117 clients who do not contribute to costs	+226	ASCPH	Other Adult Services Gross - provision of meals below affordable level	-415
ASCPH	Direct Payments - Learning Disability Gross - Number of one-off payments in excess of budgeted level	+219	ASCPH	Domiciliary - Mental Health Gross - Forecast activity below affordable level	-385
ASCPH	Supported Accommodation - Learning Disability Gross - Unachievable procurement savings	+208	ASCPH	Residential - Older People income - average unit charge above budgeted level	-374
ASCPH	Residential - Physical Disability Income - Average unit income charge below budgeted level	+181	ASCPH	Day Care - Older People Gross - Recommissioning Strategies	-343
ASCPH	Assessment of Vulnerable Adults - Income - Reduced recharges to health due to staffing vacancies	+180	ASCPH	Domiciliary - Older People Gross - saving on block contracts (refund of unused hours of care)	-307
ASCPH	Supported Accommodation - Learning Disability Gross - tfr to reserves for potential liabilities relating to ordinary residence	+170	ASCPH	Day Care - Learning Disability Gross - Efficiencies in staffing and provision together with reduced take up of service	-280
ASCPH	Residential - Physical Disability Gross - Preserved Rights Activity above affordable level	+140	ASCPH	Contributions to Voluntary Organisations - Gross - Recommissioning Strategies	-262
ASCPH	Direct Payments - Older People Gross - Number of one-off payments in excess of budgeted level	+139	ASCPH	Direct Payments - Learning Disability Gross - Forecast weeks of care below affordable level	-257

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ASCPH	Residential - Mental Health Gross - Unit cost in excess of affordable level	+114	ASCPH	Residential - Older People gross - profile of early retirement costs from the closure of homes under Modernisation Strategy falling later than anticipated	-230
ASCPH	Domiciliary - Older People Gross - Unachievable savings connected to enhanced procurement delays	+100	ASCPH	Residential - Physical Disability Gross - Unit cost below that afforded in the budget	-226
			ASCPH	Supported Accommodation - Learning Disability Gross - Uncommitted funding held to offset unachievable savings	-208
			ASCPH	Domiciliary - Older People Gross - Forecast activity below affordable level	-185
			ASCPH	Direct Payments - Mental Health Gross - Forecast weeks of care below affordable level	-171
			ASCPH	Residential - Physical Disability Income - Activity above affordable level	-137
			ASCPH	Supported Accommodation - Mental Health Gross - Unit cost below the budgeted level	-128
			ASCPH	Supported Accommodation - Learning Disability Income - Average unit charge above budgeted level	-123
	ASC&PH PORTFOLIO TOTAL	**+23,845**		**ASC&PH PORTFOLIO TOTAL**	**-27,234**
C&C	Strat. Mgmt & Directorate Support: shortfall against Communications & Engagement activity savings target to be mitigated by management action.	+500	C&C	Big Society: Delayed launch of youth employment programme	-2,000
C&C	CLS: Reduced fees & charges and contributions from employers due to declining enrolment numbers	+382	C&C	Big Society: re-phasing of loan fund to social enterprises	-2,000
C&C	SIP: Reduction in staff and other related expenditure for the Vulnerable Leaners Scheme. A delay in the identification of the learners means the scheme will continue into 2012/13.	+257	C&C	CLS: Management action to part mitigate income shortfall	-440
C&C	Contact Centre: Shortfall against savings target of KCAS	+246	C&C	Libraries: Reduced staff costs arising from Radio Frequency Identification (RFID) self service implementation	-200
C&C	Communications & Engagement: Shortfall against income target	+244	C&C	Kent Supported Employment: Staff vacancies anticipated to be held for the remainder of the year.	-291
C&C	Contact Centre (Consumer Direct): Reduced income from Trading Standards S.E.Ltd; income is based upon price per call basis and call volumes have declined.	+169	C&C	Gateways: Reduced spend due to delayed opening of Gateways	-272
C&C	Libraries: Additional moving costs associated with Kent History & Library Centre (KHLC), mitigated by reduced spend on other running costs	+155	C&C	Youth Service: Reduced staff costs arising from vacancy management.	-257
C&C	CLS: Reduced employer responsive grant income for 16-18 & adult apprenticeships and work based learning due to economic climate	+153	C&C	SIP - reduction in the drawdown from reserves in relation to the Vulnerable Learners Scheme. These reserves will now be called upon in 2012/13.	-257

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
C&C	Gateways: Reduction to expected drawdown from reserves, no longer required due to delay in the rollout of the programme.	+150	C&C	Strat. Mgmt & Directorate Support: Comms & Engagement staff vacancy management savings	-254
C&C	Libraries: Revenue contribution to capital to fund phase 2 of RFID project,as programme extended to update 10 more libraries.	+150	C&C	Libraries: Planned reduction in running costs to mitigate additional KHLC moving costs	-250
C&C	Libraries: Reduced income from fines, Audio Visual and Merchandising.	+133	C&C	Trading Standards : Reduced staff costs achieved through Vacancy Management and advancement of 2012-13 savings	-221
C&C	Gateways: Additional running costs as other projects are brought forward to compensate for delay in roll out of the programme.	+129	C&C	Coroners: Reduced Staff costs & Specialist fees due to delays in long inquests	-195
C&C	Contact Centre: Shortfall against Children & Families Information Service (CFIS) saving	+120	C&C	Contact Centre (Consumer Direct): Reduced staff costs, primarily through vacancy management, as management action towards the reduced income stream from TSSEL	-186
C&C	Trading Standards (incl KSS): shortfall in income due to lower than anticipated demand for services from other local authorities	+109	C&C	Libraries: Reduced staff costs arising from front of house reviews	-152
			C&C	Strat Mgmt & Directorate Support: savings from curtailing non essential spend & extending vacancy management	-139
			C&C	Contact Centre: One-off solution to cover the shortfall against the CFIS saving target.	-120
			C&C	Community Wardens: Staff savings due to Warden vacancies and retirement of Head of Warden service	-103
	CCS&I PORTFOLIO TOTAL	**+2,897**		**CCS&I PORTFOLIO TOTAL**	**-7,337**
EHW	Waste: Landfill Tax - diversion of waste to landfill due to extended planned routine maintenance at Allington Waste to Energy Plant.	+1,733	EHW	Waste: Disposal Contracts - reduction in total residual waste volumes managed (including domestic and co-collected trade waste) and lower then budgeted residual waste tonnage processed through Allington WtE due to extended planned routine maintenance at the plant.	-4,300
EHW	Highways: General Maintenance & Emergency Response - Revenue contribution to capital to bring forward urgent road repairs and streetlight column replacement.	+1,205	EHW	Highways: General Maintenance & Emergency Response - Robust monitoring during a transitional year which included a major staff restructure and a change in the contractor for maintenance contracts has identified an underspend that can be released for capital works.	-1,205
EHW	Highways: Adverse Weather - Estimated additional cost of response to February snow emergency.	+700	EHW	Transport: Concessionary Fares - Successful negotiations with major bus operators have resulted in an agreement to settle appeals at a lower level than the original claims.	-918

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
EHW	Waste: Transfer Stations - revenue contribution to capital for the overspend on the improvements to North Farm TS for unforseen removal of contaminated	+526	EHW	Highways: Road Safety - Additional income arising from speed awareness courses.	-864
EHW	Highways: Road Safety - Additional costs arising from increased participation in speed awareness courses.	+490	EHW	Waste: Household Waste Recycling Centres - Additional income from the sale of various recyclable materials	-650
EHW	Highways: General Maintenance & Emergency Response - Includes an element of 'Signs, Lines and Bollards' expenditure.	+302	EHW	Waste: Transfer Stations - lower than budgeted waste tonnage.	-624
EHW	Waste: Disposal Contracts - Reduction in trade waste recharge (income) from Waste Collection Authorities as result of Districts ceasing the co-collection of trade waste with domestic household waste.	+271	EHW	Transport: Concessionary Fares - Journey numbers are forecast to be lower than budgeted.	-361
EHW	Waste: Transfer Stations - operational need for additional planned maintenance at Church Marshes TS	+230	EHW	Highways: Signs, Lines & Bollards - Significant proportion of expenditure now charged directly to other budget lines.	-302
EHW	Strategic Management & Directorate Support Budgets - Directorate funded redundancy payments arising from the Highways restructure.	+229	EHW	Transport: Freedom Pass - Anticipated reduction in journey numbers.	-275
EHW	Highways: Adverse Weather - additional costs associated with managing adverse weather situations including salt bins & plough maintenance	+217	EHW	Waste: Recycling Contracts & Composting - lower than budgeted waste tonnage.	-262
EHW	Planning Applications - Reduction in income from internal planning applications resulting from a reduction in schools devolved formula capital budgets.	+205	EHW	Highways: Traffic Management - Successful recovery of S74 fees from works promoters (utility companies).	-253
EHW	Commercial Services: reduced contribution as unable to absorb Total Contribution Pay.	+150	EHW	Waste: Payments to Waste Collection Authorities (DC's) - lower than budgeted waste tonnage for Recycling Credit payments to WCA's and reduced payments under Third Party Recycling Credit scheme.	-251
EHW	Highways - Highway Improvements - Temporary staffing costs to deal with Member Highway Fund initiatives.	+135	EHW	Highways: Traffic Management - Permit Scheme income.	-244
EHW	Waste: Payments to Waste Collection Authorities (DCs) - additional enabling payments made to Districts under Joint Waste Arrangements.	+118	EHW	Highways: Signs, Lines & Bollards - General reduction in revenue works.	-180
EHW	Sustainable Transport - Cost of multi modal transport models offset by underspend arising from income.	+118	EHW	Waste: Partnership & Behaviour Change - underspends achieved in this area following a review of budgeted activity.	-179
			EHW	Planning Applications - Staff vacancies and reduced activity cost commensurate with reduction in schools planning applications.	-155
			EHW	Transport: Freedom Pass - Additional income from fee increase.	-155
			EHW	Sustainable Transport - Income from Ashford multi modal transport models offsetting pressure.	-148

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
			EHW	Highways: Adverse Weather - fewer than budgeted salting runs.	-131
			EHW	Waste: Recycling Contracts & Composting - Improved contract prices.	-120
			EHW	Waste: Household Waste Recycling Centres - New income stream from sale of lead acid batteries.	-120
			EHW	Highways: Signs, Lines & Bollards - Planned revenue to capital transfer no longer required.	-100
	EH&W PORTFOLIO TOTAL	**+6,629**		**EH&W PORTFOLIO TOTAL**	**-11,797**
F&BS	Contribution to reserves of in year MRP saving to cover potential impact in future years	+1,599	F&BS	treasury savings: assumptions on capital programme for 11-12 and on cash flows generally, together with savings on debt charges due to re-phasing of capital programme in 10-11	-4,129
F&BS	Pressure on the Insurance Fund due to increase in liability claims forecast to be paid & increase in provision for period of time claims	+1,590	F&BS	release of contingency previously held within the ASC&PH portfolio against the ending of Social Care Reform Grant	-3,150
F&BS	contribution to reserves to support next years budget (as approved by County Council on 9 Feb 12)	+1,879	F&BS	In year Minimum Revenue Provision saving as a result of 2010-11 re-phasing of the capital programme	-1,599
F&BS	Contribution to economic downturn reserve of 2011-12 write down of discount saving from 2008-09 debt restructuring	+487	F&BS	drawdown from Insurance Reserve to cover pressure on the Insurance Fund	-1,590
F&BS	HR Business Ops: Learning & Development reduced income due to reduced take-up of training courses	+592	F&BS	unexpected un-ringfenced grant for Extended Rights to Free Travel to be used to offset pressures across Authority	-1,546
F&BS	HR Business Ops: Schools Personnel Service under delivery of increased income target/loss of internal income.	+453	F&BS	release of Early Intervention Grant smoothing money	-1,500
F&BS	Finance & Procurement: back-fill for dedicated Finance ERP Oracle Project team and short-term contracts to cover the restructure of the Unit	+353	F&BS	Carbon Reduction Commitment Levy saving following recharge to schools	-1,088
F&BS	Finance & Procurement: delay to 2011/12 savings which transferred in from 'old' Directorate Finance Teams in lieu of main restructure of the whole of the Finance Function	+238	F&BS	2011-12 write down of discount saving from 2008-09 debt restructuring	-487
F&BS	Finance & Procurement: Reduction in income from contracts with schools & academies.	+227	F&BS	savings on leasing costs	-400
F&BS	HR Business Ops: pressure on Employee Services budget mainly on staffing	+186	F&BS	local authority subscriptions	-100
			F&BS	HR Business Ops: Learning & Development reduced expenditure in line with reduced take-up of training courses	-625
			F&BS	HR Business Ops: Schools Personnel Service underspend mainly on salaries, partially off-setting under delivery of income target	-260
	F&BS PORTFOLIO TOTAL	**+7,604**		**F&BS PORTFOLIO TOTAL**	**-16,474**

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
BSPHR	ICT: Information Systems costs of additional pay as you go activity	+2,452	BSPHR	ICT: Information Systems income from additional pay as you go activity	-2,452
BSPHR	Legal Services: increased costs of Disbursements	+863	BSPHR	Legal income resulting from additional work (partially offset by increased costs)	-1,173
BSPHR	Legal services cost of additional work (offset by increased income)	+740	BSPHR	Legal Services: increased income relating to Disbursements	-863
BSPHR	Strat Mgt & Dir Support: Development of ERP project	+408	BSPHR	Property & Infrastructure: one-off reduced Corporate Landlord activity as result of centralisation of budgets and reorganisation of Unit	-584
BSPHR	Property & Infrastructure: reduction in internal recharging/income as a result of unachievable income targets inherited in the centralisation of budgets to Corporate Landlord	+315	BSPHR	Strat Mgmt & Dir Support: temporary drawdown of reserves to fund ERP project, to be repaid in 2012-13	-408
BSPHR	Property & Infrastructure: reduced income from capital projects and room booking unit	+305	BSPHR	HR: Delays to planned activity such as developing new strategies for the PV sector in the Adult Learning Resource Team	-328
			BSPHR	ICT: Kent Public Services Network work ordered but not completed before 31st March 2012	-309
			BSPHR	Property & Infrastructure: rephasing of Workplace Transformation Programme	-257
			BSPHR	Property & Infrastructure: part-year saving from first tier management restructure and vacancy management	-250
			BSPHR	Finance & Procurement: Reduced staff costs & related expenditure as result of reduction in income from contracts with schools & academies.	-227
			BSPHR	HR: Reduction in the cost of providing social work professional training.	-209
	BSP&HR PORTFOLIO TOTAL	**+5,083**		**BSP&HR PORTFOLIO TOTAL**	**-7,060**
			D&P	Rebate & cut in external audit fee	-100
	D&P PORTFOLIO TOTAL	**+0**		**D&P PORTFOLIO TOTAL**	**-100**
		+75,953			**-83,027**

3.4 **Key issues and risks**

3.4.1.1 **Education, Learning & Skills portfolio:** Forecast (excl. schools) **-£1.702m**

A continuation of the savings experienced in 2010-11 on mainstream home to school transport and increased income from special school and hospital recoupment, as a result of other local authorities placing pupils in Kent schools, are being partially offset by shortfalls against savings targets for staffing, due to a delay in the implementation of the directorate restructure, and legal costs. A saving on the Early Years Quality & Outcomes Team has been transferred to reserves to support next year’s budget, following Cabinet approval in December. There is also a pressure on the Connexions contract due to the withdrawal of grant from the YPLA with effect from 1 April 2011, however the contract with Connexions was fixed until 31 August 2011 – re-negotiations have now taken place. Further details are provided in Annex 1.

3.4.1.2 **Education, Learning & Skills portfolio – Schools Delegated:** Forecast **+£3.126m**
This forecast relates to a £4.626m reduction in schools reserves resulting from an anticipated 41 schools converting to academy status by 31 March 2012 and taking their reserves with them, together with a forecast £1.5m increase in reserves for the remaining Kent schools based on their first monitoring returns.

3.4.2 **Specialist Children's Services portfolio:** Forecast **+£14.703m**
There has been a continuation of the pressures experienced during 2010-11 mainly on Fostering, Adoption, Children's Residential Care and 16+ Services and the associated legal costs, as well as the Asylum Service. In addition, there is a pressure on staffing, mainly as a result of agency social workers. These pressures are partially offset by a saving resulting from successful re-negotiation of the National Childminding Association contract, lower demand for secure accommodation, and savings as a result of a delay in opening some Children's Centres together with staffing savings at Children's Centres. Further details are provided in Annex 2.

3.4.3 **Adult Social Care & Public Health portfolio:** Forecast **-£3.868m**
There are demographic, placement and price pressures, primarily within nursing and residential care services for people with learning or physical disabilities, together with increased demand for supported accommodation for people with a physical disability, but these pressures are more than offset by lower demand for domiciliary care, direct payments and day care across all client groups and residential care for older people. Savings are also being made through vacancy management and holding back uncommitted funding. The forecast assumes that the £16.226m of NHS Support for Social Care funding is transferred to a new specific earmarked reserve and drawn down as expenditure is incurred in line with detailed plans jointly agreed with health. Further details are provided in Annex 2.

3.4.4 **Environment, Highways & Waste portfolio:** Forecast **-£4.891m**
This underspend largely relates to the waste budgets, reflecting savings as a result of lower than budgeted waste tonnage, improved contract prices, increased income from the sale of recyclable materials and a new income stream from the sale of lead batteries. However savings as a result of lower waste tonnage processed through Allington Waste to Energy plant due to planned routine maintenance being extended, has led to more waste being sent to landfill. In addition, negotiations with bus operators regarding payments for concessionary fares have resulted in a mutually agreed position that has reduced the potential cost, as has a reduction in anticipated journey numbers. A saving is also forecast for the Freedom pass due to a reduction in the number of passes in circulation, likely to be as a result of the increased cost, and an anticipated reduction in journey numbers. The costs of the February snow emergency are estimated at £0.7m but this is partially offset by savings due to fewer salting runs as a result of the generally mild winter. As approved by Cabinet in January, a £1.2m saving within the highways division during a transitional year which has seen a major restructure and a change in provider for maintenance contracts is being used to bring forward urgent road repairs and streetlight column replacement within the capital programme. Further details are provided in Annex 3.

3.4.5 **Communities, Customer Services & Improvement portfolio:** Forecast **-£5.048m**
There is a £4m re-phasing of the Big Society Fund in to 2012-13 and 2013-14 as explained in the headlines section 1.3.1 above. In addition, pressures exist due to a shortfall against savings targets within both the Contact Centre, relating to Kent Contact & Assessment Service and Children's Information Service; and Communications, Media Relations & Public Engagement, together with a reduction in funding for the Community Learning Service from a combination of lower enrolment numbers and an associated reduction in employer contributions and a reduction in employer responsive grant. However, management action has been implemented, which has more than offset these pressures, by accelerating the review of Trading Standards service priorities which has enabled savings to be delivered a year earlier than planned and holding vacancies wherever possible without impacting on service delivery. Further details are detailed in Annex 4.

3.4.6 In the Business Strategy & Support directorate, the key issues by portfolio are:

3.4.6.1 **Finance & Business Support portfolio**: Forecast **+£0.722m**

This pressure is largely due to the cost of back-fill for the dedicated Finance Enterprise Resource Planning (ERP) team and the cost of short-term contracts during the restructure of the Finance & Procurement Unit, together with a delay in delivering 2011-12 savings which transferred in from 'old' Directorate Finance Terms in lieu of the main restructure of the whole Finance Function. In addition, within Human Resources Business Operations (HRBO) there is an under-delivery of income in the Schools Personnel Service, lower take up of training courses within Learning & Development and a pressure on staffing within Employee Services. However these HRBO pressures are offset by an underspend within Human Resources within the Business Strategy, Performance & Heath Reform portfolio.

3.4.6.2 **Business Strategy, Performance & Health Reform portfolio**: Forecast **-£2.241m**

This underspend is due to increased income within Legal Services due to both increased internal and external demand and an underspend within Human Resources, largely due to a reduction in base funded training activity within the Adult Learning Resource Team, a reduction in the cost of providing social work professional training and savings resulting from salary sacrifice schemes, which is offsetting the pressure within Finance & Business Support portfolio. In addition, there is a reduction in Corporate Landlord activity as a result of the centralisation of budgets from 1 April 2011 which occurred during a period of significant reorganisation within the Property & Infrastructure Group and has caused some one-off delays to activity and a re-phasing of the Workplace Transformation Programme, which will require roll forward to 2012-13 in order to complete the programme. Also, within ICT, an underspend caused by a delay between orders being placed with our external provider and their anticipated completion due to delivery constraints, resulting in some orders not being completed before 31 March 2012, will be required to roll forward to fund the completion of these orders in 2012-13.

Further details are provided in Annex 5.

3.4.7 The key issues within the Financing Items budgets are:

3.4.7.1 **Finance & Business Support portfolio:** Forecast **-£10.005m**.

There are savings on the debt charges budget 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 in the first ten months of 2011-12, other than to replace maturing debt. Also, due to the re-phasing of the capital programme in 2010-11, fewer assets became operational than expected and therefore we have a saving on Minimum Revenue Provision (MRP). However, as approved by Cabinet, this has been transferred to reserves to fund the potential impact in future years. 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 and a forecast pressure on the Insurance Fund will be met by a drawdown from the Insurance Reserve. The reported position also includes the transfer of £1.879m current year underspending to an earmarked reserve to support next years budget, as approved by County Council on 9 February. In addition, we received an unexpected increase in un-ringfenced grant for Extended Rights to Free Travel, which we are holding corporately to offset the pressures reported within Specialist Children's Services and contingencies held against the ending of the Social Care Reform Grant and to smooth the impact of the reduction in Early Intervention Grant have now been released. Also, a saving is forecast for the Carbon Reduction Commitment Levy reflecting the intention to charge schools for their share of the costs in line with a recent change in school finance legislation. Further details are provided in Annex 6.

3.4.8 In the context of a savings requirement of £95m, increasing demands for services and the need to deliver the Children's Services Improvement Plan, an overall forecast underspending position is a considerable achievement.

3.5 Implications for future years/MTFP

3.5.1 The key issues and risks identified above have been addressed in directorate medium term plans (MTFP) for 2012-15, specifically the pressure on Specialist Children's Services. Although these are forecast to be offset this year, a significant amount of the management action has been one-off or not sustainable for the longer term. Consequently the 2012-15 MTFP has put all services, into a fully funded base budget position for the start of 2012-13 and reflect predicted changes in activity levels and service delivery. 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 2011-12 capital programme was revised as part of the 2012-15 MTFP process, to reflect the revised anticipated phasing of the projects. This was approved at County Council on 9 February 2012 and forms the basis of this monitoring report. Since the approval of this programme the following adjustments have been made to the 2011-12 capital budget.

		2011-12 £m	*2012-13* *£m*
1	Cash Limits as reported to County Council 9th February	290.682	*278.885*
2	Re-phasing agreed at Cabinet on 25th January		
	Education, Learning & Skills (ELS)	-0.960	*0.946*
	Specialist Children's Services (SCS)	-0.529	*0.529*
	Adults Social Care & Public Health (ASC&PH)	-0.150	*0.150*
	Customer & Communities (C&C)	-0.483	*0.483*
3	Folkestone ARRCC - reduction in external funding - ASC&PH portfolio	-0.023	
4	Highways Major Maintenance - additional external funding - EHW portfolio	0.005	
5	Integrated Transport Scheme - additional external funding - EHW portfolio	0.214	
6	Energy & Water Efficiency Investment Fund virement to BSP&HR - EHW portfolio	-0.113	
7	Energy Usage Reduction Programme virement to BSP&HR - EHW portfolio	-0.485	
8	Ashford Ring Road - additonal external funding - EHW portfolio	0.100	
9	The Beaney - additonal external funding - C&C portfolio	0.329	
10	Library Modernisation - additonal funding - C&C portfolio	-0.006	*0.043*
11	Sustaining Kent - Maintaining the Infrastructure virement from EHW - BSP&HR portfolio	0.598	
		289.179	***281.036***

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

			Directorate				
Portfolio	**Budget**	**Variance**	ELS	FSC	E&E	C&C	BSS
	£m	**£m**	£m	£m	£m	£m	£m
Education, Learning & Skills	**109.427**	**-6.070**	-6.070				
Specialist Children's Services	**14.408**	**-0.093**		-0.093			
Adults Social Care & Public Health	**5.460**	**-1.996**		-1.996			
Environment, Highways & Waste	**100.526**	**-2.033**			-2.033		
Customer & Communities	**17.875**	**-0.308**				-0.308	
Regeneration & Enterprise	**4.856**	**-1.239**					-1.239
Business Strategy, Performance & Health Reform	**11.907**	**-4.063**					-4.063
TOTAL (excl Schools)	**264.459**	**-15.802**	-6.070	-2.089	-2.033	-0.308	-5.302
Schools	**24.720**	**0.000**	0.000				
TOTAL	**289.179**	**-15.802**	-6.070	-2.089	-2.033	-0.308	-5.302

Real Variance		**1.368**	-0.277	-0.008	1.509	0.263	-0.119
Re-phasing (detailed below)		**-17.170**	-5.793	-2.081	-3.542	-0.571	-5.183
		2011-12	**2012-13**	**2013-14**	**Future yrs**		**Total**
Re-phasing		-17.170	15.411	0.843	0.916		0.000

4.2.1 Table 3 shows that there is an overspend of £1.368m on the capital programme for 2011-12 and -£17.170m of re-phasing of expenditure into later years. Of the current -£17.170m forecast re-phasing, -£3.627m 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; -£11.354m relates to projects with variances between £0.25m and £1m which are also identified in table 6, and the balance of -£2.189m 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 2011-12 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

		Variance			
	budget	**real variance**	**re-phasing**	**total**	
Project Status	£m	£m	£m	£m	
Rolling Programme	86.523	1.034	-6.948	-5.914	
Approval to Spend	171.023	0.444	-8.235	-7.791	
Approval to Plan	6.913	-0.110	-1.987	-2.097	
Preliminary Stage	0.000	0.000	0.000	0.000	
Total	264.459	1.368	-17.170	-15.802	
	2011-12	**2012-13**	**2014-15**	**future years**	**total**
	£m	£m	£m	£m	£m
Re-phasing:					
Rolling Programme	-6.948	7.126	-0.106	-0.072	0.000
Approval to Spend	-8.235	7.242	0.005	0.988	0.000
Approval to Plan	-1.987	1.043	0.944	0.000	0.000
Preliminary Stage	0.000	0.000	0.000	0.000	0.000
Total	-17.170	15.411	0.843	0.916	0.000

4.3.1 Table 4 shows that of the +£1.368m real forecast capital variance (excluding devolved capital to schools), -£0.110m 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 +£1.478m which relates to projects that are either underway or are part of our year on year rolling programme. Of the -£17.170m re-phasing, the majority relates to projects that are either underway or part of our year on year rolling programme.

4.3.2 Table 5 below shows the effect of the capital variance on the different funding sources. The variance against borrowing (supported, prudential, prudential/revenue and PEF2 borrowing) is -£9.233m and this is a contributory factor in the treasury management underspend reported within the Finance portfolio.

Table 5: 2011-12 Capital Variance analysed by funding source (incl Devolved Capital to Schools)

	Capital Variance £m
Supported Borrowing	-0.162
Prudential	-6.369
Prudential/Revenue (directorate funded)	-2.247
PEF2	-0.455
Grant	-6.412
External Funding - Other	-0.130
External Funding - Developer contributions	-0.543
Revenue & Renewals	+1.493
Capital Receipts	-1.396
General Capital Receipts	+0.419
(generated by Property Enterprise Fund)	
TOTAL	**-15.802**

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	Approval to Spend	Approval to Plan	Preliminary Stage
			£m	£m	£m	£m
Overspends/Projects ahead of schedule						
EHW	Highways Major Maintenance	real	1.239			
ELS	SSR - Wyvern School	phasing		0.342		
ELS	Compensation Events (BSF Wave 5 Unit Costs)	real		0.280		
ELS	PCP - Warden Bay Primary School	real		0.256		
			1.239	**0.878**	**0.000**	**0.000**
		real	1.239	0.536	0.000	0.000
		phasing	0.000	0.342	0.000	0.000

portfolio	Project	real/ phasing	Project Status: Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£m	£m	£m	£m
Underspends/Projects behind schedule						
BSPHR	Modernisation of Assets	phasing	-1.310			
BSPHR	Sustaining Kent - Maintaining the Infrastructure	phasing		-1.253		
Regen	Rural Broadband	phasing		-1.064		
ELS	Annual Planned Enhancement Programme	phasing	-0.970			
EHW	Land & Compensation Part 1	phasing	-0.964			
ELS	BSF Wave 3 - Building Costs	phasing		-0.900		
ELS	Isle of Sheppey Academy	phasing		-0.800		
BSPHR	Work Place Transformation	phasing			-0.750	
EHW	East Kent Access Phase 2	phasing		-0.703		
ELS	Halfway House Primary School	phasing	-0.644			
ELS	Academy Unit Costs	phasing		-0.600		
EHW	HWRC - Ashford Transfer Station	phasing		-0.585		
ELS	Basic Need - Repton Park Primary School	phasing	-0.582			
BSPHR	Integrated Children's Centres	phasing			-0.502	
ELS	The Judd School	phasing	-0.500			
C&C	Edenbridge Community Centre	phasing		-0.421		
ASC&PH	LD Good Day Programme	phasing			-0.373	
EHW	Member Highway Fund	phasing	-0.369			
ELS	Pupil Referral Units	phasing	-0.339			
ELS	Richmond Primary School	phasing		-0.300		
ASC&PH	Mental Health SCP	phasing		-0.290		
EHW	Sittingbourne Northern Relief Road	phasing		-0.285		
ASC&PH	Transforming Social Care	phasing		-0.297		
ASC&PH	Modernisation of Assets	phasing	-0.269			
BSPHR	Energy Efficiency & Renewable Energy	phasing		-0.253		
			-5.947	**-7.751**	**-1.625**	**0.000**
		real	0.000	0.000	0.000	0.000
		phasing	-5.947	-7.751	-1.625	0.000
			-4.708	**-6.873**	**-1.625**	**0.000**
		real	1.239	0.536	0.000	0.000
		phasing	-5.947	-7.409	-1.625	0.000

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 +£1.368m real variance forecast. The main areas of under and overspending in 2011-12 are listed below together with their resourcing implications:-

- **Highway Maintenance: +£1.239m** (in 2011-12): The net overspend is due to the following:
  - On 25 January 2012, Cabinet agreed a revenue to capital transfer of £1.2m to fund urgent road repairs and street lighting column replacement. As a general rule we do not change cash limits for non budgeted revenue contributions.
  - There is a £0.139m overspend due to repairs to Westwood Road and Victoria Way in Broadstairs following an unexpected collapse of the road surface. The costs are to be met from underspends elsewhere in the programme.
  - A £0.100m revenue contribution had been intended for signing and lining. However a combination of lower than anticipated volumes of work and rechargeable work has meant the funding is no longer required.

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: -

- **Modernisation of assets – re-phasing of -£1.310m**
  During a time of significant change caused by the centralisation of property budgets to form the Corporate Landlord function on 1 April 2012 and the reorganisation of the Unit, there has been reduced activity relating to Modernisation of Assets. During 2011-12 time has been invested in understanding the budgets and requirements of the buildings inherited by Corporate Landlord, which has caused delays in activity. A plan to 'catch up' on this re-phased activity is in place for 2012-13.

- **Sustaining Kent – Maintaining the Infrastructure - re-phasing of -£1.253m**
  £0.655m relates to a delay in Unified Communications due to technical resource availability and a considerable amount of time spent on ensuring the technical design meets the Government Connects Code of Connection Security requirements. The remaining £0.598m relates to other work-streams within the programme.

- **Rural Broadband – re-phasing of -£1.064m**
  The re-phasing reflects the agreed need to align this programme with delivery of the Kent & Medway Broadband UK (BDUK) programme.

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 Kent County Council has made a commitment to Kent businesses, including maintaining our capital programme. None of the reported variances in this report affects that commitment.

4.8 **Implications for future years/MTP**

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

4.9 **Resourcing issues**

4.9.1 There will always be an element of risk relating to funding streams which support the capital programme until all of that funding is "in the bank". The current economic situation continues to intensify this risk, with the continuing downturn in the property market, the number of new housing developments reducing and developers pulling out of new developments, all of which have a significant impact on our Section 106 contributions. This has largely been addressed in the capital programme approved at County Council on 8 February 2012, 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.

The Department for Education (DfE) are currently clarifying the process for the disposal of surplus school sites or sites which have been used for an educational purpose in the last eight years. Whilst the final details are awaited it is anticipated that this process may take up to six months and offers the opportunities for the DfE to consider utilising any surplus land for academies or free schools. This new process potentially introduces additional time into any disposal process and the timing against which capital receipts can be realised as well as introducing a further risk as to whether the relevant approvals from the DfE will be forthcoming

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 re-phasing 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

Portfolio	2011-12	2012-13	2013-14	Future Years	Total
	£m	£m	£m	£m	£m
Education, Learning & Skills					
Amended total cash limits	109.427	134.099	86.631	64.049	394.206
Re-phasing	-5.907	4.988	0.919	0.000	0.000
Revised cash limits	**103.520**	**139.087**	**87.550**	**64.049**	**394.206**
Specialist Children's Services					
Amended total cash limits	14.408	0.750	0.000	0.000	15.158
Re-phasing	0.000	0.000	0.000	0.000	0.000
Revised cash limits	**14.408**	**0.750**	**0.000**	**0.000**	**15.158**
Adults Social Care & Public Health					
Amended total cash limits	5.460	10.348	6.586	3.573	25.967
Re-phasing	-1.957	1.943	0.014	0.000	0.000
Revised cash limits	**3.503**	**12.291**	**6.600**	**3.573**	**25.967**
Environment, Highways & Waste					
Amended total cash limits	100.526	59.424	62.859	340.869	563.678
Re-phasing	-3.463	2.640	-0.093	0.916	0.000
Revised cash limits	**97.063**	**62.064**	**62.766**	**341.785**	**563.678**
Customer & Communities					
Amended total cash limits	17.875	7.038	5.006	10.199	40.118
Re-phasing	-0.531	0.531	0.000	0.000	0.000
Revised cash limits	**17.344**	**7.569**	**5.006**	**10.199**	**40.118**

Portfolio	2011-12	2012-13	2013-14	Future Years	Total
	£m	£m	£m	£m	£m
Regenertion & Enterprise					
Amended total cash limits	4.856	42.170	36.000	28.000	111.026
Re-phasing	-1.239	1.239	0.000	0.000	0.000
Revised cash limits	**3.617**	**43.409**	**36.000**	**28.000**	**111.026**
Business Strategy, Performance & Health Reform					
Amended total cash limits	11.907	13.291	6.701	4.245	36.144
Re-phasing	-3.942	3.942	0.000	0.000	0.000
Revised cash limits	**7.965**	**17.233**	**6.701**	**4.245**	**36.144**
TOTAL RE-PHASING >£100k	**-17.039**	**15.283**	**0.840**	**0.916**	**0.000**
Other re-phased Projects below £100k	-0.131	0.128	0.003	0.000	0.000
TOTAL RE-PHASING	**-17.170**	**15.411**	**0.843**	**0.916**	**0.000**

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

	2011-12	2012-13	2013-14	Future Years	Total
	£m	£m	£m	£m	£m
ELS					
Modernisation Programme - Wrotham School					
Original budget	1.000	2.000	0.000	0.000	3.000
Amended cash limits	-0.491	0.482	0.009	0.000	0.000
additional re-phasing	-0.179	0.183	-0.004	0.000	0.000
Revised project phasing	**0.330**	**2.665**	**0.005**	**0.000**	**3.000**
Wyvern School (Special Schools Review - Phase 2)					
Original budget	2.856	0.000	0.000	0.000	2.856
Amended cash limits	-1.199	1.199	0.000	0.000	0.000
additional re-phasing	0.342	-0.342	0.000	0.000	0.000
Revised project phasing	**1.999**	**0.857**	**0.000**	**0.000**	**2.856**
Repton Park Primary School					
Original budget	3.171	2.719	0.041	0.000	5.931
Amended cash limits	-0.399	0.399	0.000	0.000	0.000
additional re-phasing	-0.582	0.606	-0.024	0.000	0.000
Revised project phasing	**2.190**	**3.724**	**0.017**	**0.000**	**5.931**
Halfway House Primary School					
Original budget	1.833	0.367	0.000	0.000	2.200
Amended cash limits	-1.153	1.153	0.000	0.000	0.000
additional re-phasing	-0.644	0.644	0.000	0.000	0.000
Revised project phasing	**0.036**	**2.164**	**0.000**	**0.000**	**2.200**

	2011-12	2012-13	2013-14	Future Years	Total
	£m	£m	£m	£m	£m
Annual Planned Enhancement Programme					
Original budget	16.301	9.050	7.999	6.150	39.500
Amended cash limits	-1.041	1.041	0.000	0.000	0.000
additional re-phasing	-0.970	0.970	0.000	0.000	0.000
Revised project phasing	**14.290**	**11.061**	**7.999**	**6.150**	**39.500**
Richmond Primary School - PCP					
Original budget	1.001	0.154	0.004	0.000	1.159
Amended cash limits	0.150	-0.150	0.000	0.000	0.000
additional re-phasing	-0.300	0.304	-0.004	0.000	0.000
Revised project phasing	**0.851**	**0.308**	**0.000**	**0.000**	**1.159**
Building Schools for the Future - Wave 3					
Original budget	4.619	4.183	0.000	0.000	8.802
Amended cash limits	0.683	-0.683	0.000	0.000	0.000
additional re-phasing	-0.900	0.900	0.000	0.000	0.000
Revised project phasing	**4.402**	**4.400**	**0.000**	**0.000**	**8.802**
Compensation Events (BSF Wave 5 Unit Costs					
Original budget	-2.028	0.000	0.000	0.000	-2.028
Amended cash limits	-0.500	0.500	0.000	0.000	0.000
additional re-phasing	0.105	-0.105	0.000	0.000	0.000
Revised project phasing	**-2.423**	**0.395**	**0.000**	**0.000**	**-2.028**
Development Opportunties - Kingsmead Primary School					
Original budget	1.999	0.000	0.000	0.000	1.999
Amended cash limits	-1.799	1.799	0.000	0.000	0.000
additional re-phasing	-0.174	-0.770	0.944	0.000	0.000
Revised project phasing	**0.026**	**1.029**	**0.944**	**0.000**	**1.999**
C&C					
Edenbridge Community Centre					
Original budget	0.699	0.000	0.000	0.000	0.699
Amended cash limits	-0.248	0.248	0.000	0.000	0.000
additional re-phasing	-0.421	0.421	0.000	0.000	0.000
Revised project phasing	**0.030**	**0.669**	**0.000**	**0.000**	**0.699**
ASC&PH					
IT Infrastructure					
Original budget	0.894	0.000	0.000	0.000	0.894
Amended cash limits	-0.610	0.610	0.000	0.000	0.000
additional re-phasing	-0.198	0.198	0.000	0.000	0.000
Revised project phasing	**0.086**	**0.808**	**0.000**	**0.000**	**0.894**
LD Good Day Programme					
Original budget	3.611	1.600	0.934	0.587	6.732
Amended cash limits	-2.592	2.177	0.000	0.415	0.000
additional re-phasing	-0.373	0.373	0.000	0.000	0.000
Revised project phasing	**0.646**	**4.150**	**0.934**	**1.002**	**6.732**

	2011-12	2012-13	2013-14	Future Years	Total
	£m	£m	£m	£m	£m
BSS					
Modernisation of Assets					
Original budget	2.484	1.926	1.611	3.172	9.193
Amended cash limits	-0.520	0.520	0.000	0.000	0.000
additional re-phasing	-1.310	1.310	0.000	0.000	0.000
Revised project phasing	**0.654**	**3.756**	**1.611**	**3.172**	**9.193**
Sustaining Kent - Maintaing the Infrastructure					
Original budget	4.633	0.000	0.250	0.000	4.883
Amended cash limits	-1.174	1.424	-0.250	0.000	0.000
additional re-phasing	-1.253	1.253	0.000	0.000	0.000
Revised project phasing	**2.206**	**2.677**	**0.000**	**0.000**	4.883
Work Place Transformation					
Original budget	3.820	3.250	1.250	0.000	8.320
Amended cash limits	-3.070	0.070	3.000	0.000	0.000
additional re-phasing	-0.750	0.750	0.000	0.000	0.000
Revised project phasing	**0.000**	**4.070**	**4.250**	**0.000**	8.320
EH&W					
Integrated Transport Scheme					
Original budget	4.368	4.316	3.824	9.174	21.682
Amended cash limits	-0.300	0.300	0.000	0.000	0.000
additional re-phasing	-0.246	0.246	0.000	0.000	0.000
Revised project phasing	**3.822**	**4.862**	**3.824**	**9.174**	**21.682**
Non TSG Land, Compensations Claims					
Original budget	2.615	0.598	0.321	0.249	3.783
Amended cash limits	-0.833	0.782	0.000	0.051	0.000
additional re-phasing	-0.964	1.135	-0.099	-0.072	0.000
Revised project phasing	**0.818**	**2.515**	**0.222**	**0.228**	**3.783**
HWRC - Ashford Transfer Station					
Original budget	0.000	4.250	0.000	0.000	4.250
Amended cash limits	0.100	-0.100	0.000	0.000	0.000
additional re-phasing	-0.100	0.100	0.000	0.000	0.000
Revised project phasing	**0.000**	**4.250**	**0.000**	**0.000**	**4.250**
Sittingbourne Northern Relief Road					
Original budget	7.032	1.537	1.100	0.000	9.669
Amended cash limits	0.000	-1.321	0.111	1.210	0.000
additional re-phasing	-0.285	0.270	0.015	0.000	0.000
Revised project phasing	**6.747**	**0.486**	**1.226**	**1.210**	**9.669**
East Kent Access Phase 2					
Original budget	27.894	0.912	3.217	0.000	32.023
Amended cash limits	-0.548	1.221	-2.673	2.000	0.000
additional re-phasing	-0.703	-0.276	-0.009	0.988	0.000
Revised project phasing	**26.643**	**1.857**	**0.535**	**2.988**	**32.023**

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 2**.

5.2 The latest monitoring of Prudential Indicators is detailed in **Appendix 3**.

6. RISK MANAGEMENT

6.1 The Governance and Audit Committee approved the Council's Risk Management Policy on the 29th November 2011. A third Cabinet / CMT risk workshop, held in November, enabled the production of a draft Corporate Risk Register. The register was reviewed by Cabinet Members on the 3rd January 2012 and a copy was subsequently released for inclusion into the Medium Term Financial Plan 2012-2015. A further Cabinet / CMT risk workshop is scheduled for the 26th March. The aim of the workshop will be to review progress on the Corporate Risk Register, its alignment with the organisational Risk Framework and the reporting and reviewing of Risks within the new Governance structure. Following an initial review by Divisional Management Teams the draft Risk Management Statement of Required Practice was published on KNet for general review. The Statement of Required Practice will be launched in April 2012 subject to final approval.

6.2 Responsibility for the Corporate Risk Management function now resides within the Business Strategy Division. The recruitment to the permanent post of Corporate Risk Manager is currently ongoing and one of the two Risk Monitoring Officer posts was filled in February. Recruitment of a second Risk Monitoring Officer is ongoing following the departure of the current post holder in December.

6.3 Since the start of Quarter 4, Risk officers have been working closely with DMTs to establish Strategic Risk Registers and with Divisional Management Teams to establish Operational Risk Registers. Key risks identified will be presented at the March Cabinet / CMT workshop to inform the review of the Corporate Risk Register. The Interim Corporate Risk Manager is currently reviewing options for communicating risk register content to all members utilising the opportunities presented by the new Governance arrangements.

7. REVENUE RESERVES

7.1 The table below reflects the projected impact of the current forecast spend and activity for 2011-12 on our revenue reserves:

Account	Actual Balance at 31/3/11 £m	Projected Balance at 31/3/12 £m	Movement £m
Earmarked Reserves	118.1	126.0	+7.9
General Fund balance	26.7	31.7	+5.0
Schools Reserves *	55.2	52.1	-3.1

* Both the table above and section 2.1 of annex 1 include delegated schools reserves and unallocated schools budget.

7.2 The increase of £7.9m in earmarked reserves includes the £14m temporary drawdown of our long term reserves approved as part of the 2011-12 budget, as well as other planned movements in reserves such as IT Asset Maintenance, Kingshill Smoothing, prudential equalisation, economic downturn, Supporting People, Elections, PFI equalisation and revenue reserve to support projects previously classified as capital eg Member Highway Fund, together with the anticipated movements in the Insurance Reserve, Regeneration Fund, rolling budget, DSG and Restructure reserves. It also reflects the proposed movements in the new NHS Support to Social Care earmarked reserve, MRP smoothing within the prudential equalisation reserve and the earmarked reserve to support next years budget.

7.3 The £5m increase in general reserves reflects the budgeted contribution, as approved by County Council in February 2011, in consideration of our increased risk profile.

7.4 The reduction of £3.1m in the schools reserves is made up of a reduction of £4.6m due to an anticipated 41 schools converting to academy status by 31 March 2012 and therefore taking their reserves with them, together with an increase of £1.5m for the remaining Kent schools based on their second monitoring returns for this financial year detailing their nine monthly forecasts.

8. STAFFING LEVELS

8.1 The following table provides a snapshot of the staffing levels by directorate as at 31 December 2011 compared to the numbers as at 30 September 2011, 30 June 2011 and 1 April 2011 for the new directorate structure, based on active assignments. However, due to the large movements of staff between directorates as a result of the council restructure, direct comparisons between old and new directorates are not possible, so staffing levels as at 31 March 2011 are only provided in total, together with a split of schools and non schools staff. The difference, in the right hand columns of the table, represents the movement in staffing numbers from 1 April to 31 December, which was a reduction of 2,411.11 FTEs, of which -1,764.51 were in schools and -646.60 were non-schools. However, there was also a reduction of 651.32 FTEs between 31 March 11 and 1 April 11, of which -573.55 were in schools and -77.77 were non-schools. So overall, between 31 March 11 and 31 December 11, there has been a reduction of 3,062.43 FTEs of which 2,338.06 were in schools and 724.37 were non-schools. The reduction in schools based staff is largely as a result of schools converting to academies, hence the staff are no longer employed by KCC.

		31-Mar-11	New structure 01-Apr-11	Jun-11	Sep-11	Dec-11	Movement in year	
							Number	%
KCC	Assignment count	*49,960*	48,819	47,745	45,438	44,934	-3,885	-7.96%
	Headcount (inc. CRSS)	*42,432*	41,434	40,484	38,457	37,954	-3,480	-8.40%
	Headcount (exc. CRSS)	*37,644*	36,881	35,971	34,234	33,779	-3,102	-8.41%
	FTE	***27,845.19***	**27,193.87**	**26,479.32**	**25,153.37**	**24,782.76**	**-2,411.11**	**-8.87%**
KCC - Non Schools	Assignment count	*15,330*	15,191	14,916	14,427	14,100	-1,091	-7.18%
	Headcount (inc. CRSS)	*13,850*	13,740	13,501	13,065	12,805	-935	-6.80%
	Headcount (exc. CRSS)	*11,944*	11,854	11,662	11,311	11,045	-809	-6.82%
	FTE	***10,060.87***	**9,983.10**	**9,826.35**	**9,544.95**	**9,336.50**	**-646.60**	**-6.48%**
BSS	Assignment count		1,761	1,744	1,704	1,685	-76	-4.32%
	Headcount (inc. CRSS)		1,743	1,727	1,695	1,676	-67	-3.84%
	Headcount (exc. CRSS)		1,719	1,703	1,673	1,654	-65	-3.78%
	FTE		**1,587.72**	**1,575.10**	**1,546.35**	**1,531.79**	**-55.93**	**-3.52%**
ELS	Assignment count		1,770	1,741	1,625	1,598	-172	-9.72%
	Headcount (inc. CRSS)		1,701	1,678	1,566	1,540	-161	-9.47%
	Headcount (exc. CRSS)		1,396	1,370	1,267	1,250	-146	-10.46%
	FTE		**1,067.90**	**1,044.36**	**961.89**	**951.76**	**-116.14**	**-10.88%**
C&C	Assignment count		4,425	4,328	4,123	4,005	-420	-9.49%
	Headcount (inc. CRSS)		3,800	3,715	3,534	3,438	-362	-9.53%
	Headcount (exc. CRSS)		2,611	2,551	2,439	2,319	-292	-11.18%
	FTE		**1,985.84**	**1,941.35**	**1,854.80**	**1,761.62**	**-224.22**	**-11.29%**
E&E	Assignment count		1,293	1,270	1,233	1,229	-64	-4.95%
	Headcount (inc. CRSS)		1,279	1,256	1,219	1,215	-64	-5.00%
	Headcount (exc. CRSS)		1,187	1,167	1,124	1,113	-74	-6.23%
	FTE		**1,129.44**	**1,108.97**	**1,071.36**	**1,061.03**	**-68.41**	**-6.06%**
FSC	Assignment count		5,942	5,833	5,742	5,583	-359	-6.04%
	Headcount (inc. CRSS)		5,326	5,236	5,161	5,041	-285	-5.35%
	Headcount (exc. CRSS)		4,988	4,920	4,856	4,754	-234	-4.69%
	FTE		**4,212.20**	**4,156.57**	**4,110.55**	**4,030.30**	**-181.90**	**-4.32%**
Schools	Assignment count	*34,630*	33,628	32,829	31,011	30,834	-2,794	-8.31%
	Headcount (inc. CRSS)	*28,816*	27,915	27,206	25,593	25,342	-2,573	-9.22%
	Headcount (exc. CRSS)	*25,799*	25,123	24,407	23,011	22,817	-2,306	-9.18%
	FTE	***17,784.32***	**17,210.77**	**16,652.97**	**15,608.42**	**15,446.26**	**-1,764.51**	**-10.25%**

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 **Note** and **agree** the changes to the capital programme, as detailed in section 4.1.

9.3 **Agree** that £17.039m of re-phasing on the capital programme is moved from 2011-12 capital cash limits to future years. Further details are included in section 4.10 above.

9.4 **Note** the latest Financial Health Indicators and Prudential Indicators as reported in appendix 2 and appendix 3 respectively.

9.5 **Note** the directorate staffing levels as at the end of December 2011 as provided in section 8.

APPENDIX 1

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

	CASH LIMIT			
Portfolio	**Gross**	**Income**	**Net**	
	£k	£k	£k	
ELS	181,790	-125,544	56,246	
ELS Schools	837,262	-837,262	0	
SCS	167,251	-56,418	110,833	
SCS Schools	41,553	-41,553	0	
ASC&PH	467,273	-149,866	317,407	
EH&W	173,349	-24,233	149,116	
CCS&I	150,134	-58,988	91,146	
R&E	5,726	-1,586	4,140	
F&BS	155,806	-18,956	136,850	
BSP&HR	94,578	-45,752	48,826	
DL	8,380	-1,014	7,366	
Per December report	2,283,102	-1,361,172	921,930	
Subsequent changes:				
F&BS & EH&W	-199	199	0	virement from debt charges underspend to reduce budgeted contribution from Commercial Services due to a reduction in the number of lease cars following the County Council decision to remove essential user status
				Changes to grant/income allocations:
ELS	-5,607	5,607	0	Schools delegated budgets: reduction in DSG as a result of schools converting to academies
ELS	-750	750	0	Strategic Mgmt & Directorate Support: reduction in DSG as a result of schools converting to academies (central expenditure)
ELS	-416	416	0	Schools Delegated budgets: reduction in DfE Pupil Premium as a result of schools converting to academies
ELS	1,170	-1,170	0	Pupil Premium adjustment for increase in free school meal rate
ELS	128	-128	0	Schools delegated budgets: correction to YPLA grant adjustment included in quarter 2 for schools converting to academies
ELS	819	-819	0	Schools delegated budgets: DfE additional grant for schools
ELS	-742	742	0	Schools delegated budgets: reduction in teachers pay grant
ELS	200	-200	0	Strategic Mgmt & Directorate Support: National Sensory Impairment Partnership Grant for SEN
ASCPH	3,775	-3,775	0	Other Adult Services: Additional Health funding for Winter Pressures
ASCPH	-21	21	0	Other Adult Services: reduction in Health funding for Integrated Community Equipment Store
ASCPH	-176	176	0	Assessment of Vulnerable Adults: reduction in Health funding for telehealth/telecare
SCS	150	-150	0	Assessment of Vulnerable Children: Funding from Children's Improvement Board for delivery of Improvement Plan
SCS	19	-19	0	Adoption: Additional income from Health & Education for permanent placements agreed by Joint Residential Assessment Panel

	CASH LIMIT			
Portfolio	Gross	Income	Net	
	£k	£k	£k	
SCS	72	-72	0	Residential Care: Additional income from Health & Education for permanent placements agreed by Joint Residential Assessment Panel
SCS	180	-180	0	Assessment of Vulnerable Children: additional Health income for joint funded posts
EH&W	6,545	-6,545	0	General maintenance & emergency response: Receipt in Advance from 10-11 for Potholes repairs grant from DfT
EH&W	-538	538	0	Environment Mgmt: reduction in funding for Kent Downs AONB from DEFRA, Heritage Lottery & Interreg
EH&W	-79	79	0	Environment Mgmt: reduction in funding for Natural Environment & Coast from Interreg, Flood Grant & NK Habitation Conservation
EH&W	130	-130	0	Environment Mgmt: additional funding for Sustainability and Climate Change from Energy Loan Fund repayments
EH&W	47	-47	0	Environment Mgmt: additional funding for Heritage from Heritage Lottery & Dover DC
C&C	1,500	-1,500	0	Drug & Alcohol Service: Further PCT funding for the Counselling Assessment Referral Advice Through Care Service (CARATS) in Prisons
C&C	30	-30	0	Drug & Alcohol Service: use of 10-11 pooled income receipt in advance for new intensive drug intervention project
C&C	118	-118	0	YOS: Youth Justice Board funding from Medway Council for Intensive Surveillance & Supervision Programme
C&C	20	-20	0	Youth: Funding from Sk8side charity for purchase of Youth equipment
C&C	55	-55	0	Supporting Independence: Early Intervention Grant for Working Families Everywhere
C&C	109	-109	0	Sports Development: Greater London Authority funding for paralympics
C&C	-373	373	0	Improving Customer Services in Gateways project funded by Improvement Efficiency South East Ltd delayed until 2012-13
ASC&PH	430	-430	0	Public Health Mgmt & Support: DoH grant for Warmer Homes, Healthy People
BSP&HR	-25	25	0	HR: Reduction in National College for School Leadership grant for teacher leadership training
BSP&HR				Additional income & corresponding expenditure as result of new partners joining KPSN:
	522	-522	0	- Further Education Institutions - JaNET UK & Kent Man
	138	-138	0	- East Kent PCT
	185	-185	0	- Kent Fire & Rescue
				Technical Adjustments:
ELS	-95	95	0	Learners with Additional Needs: removal of internal recharging for low incidence work
ELS	-123	123	0	School Improvement: removal of double counting of Widening Opps in Music grant

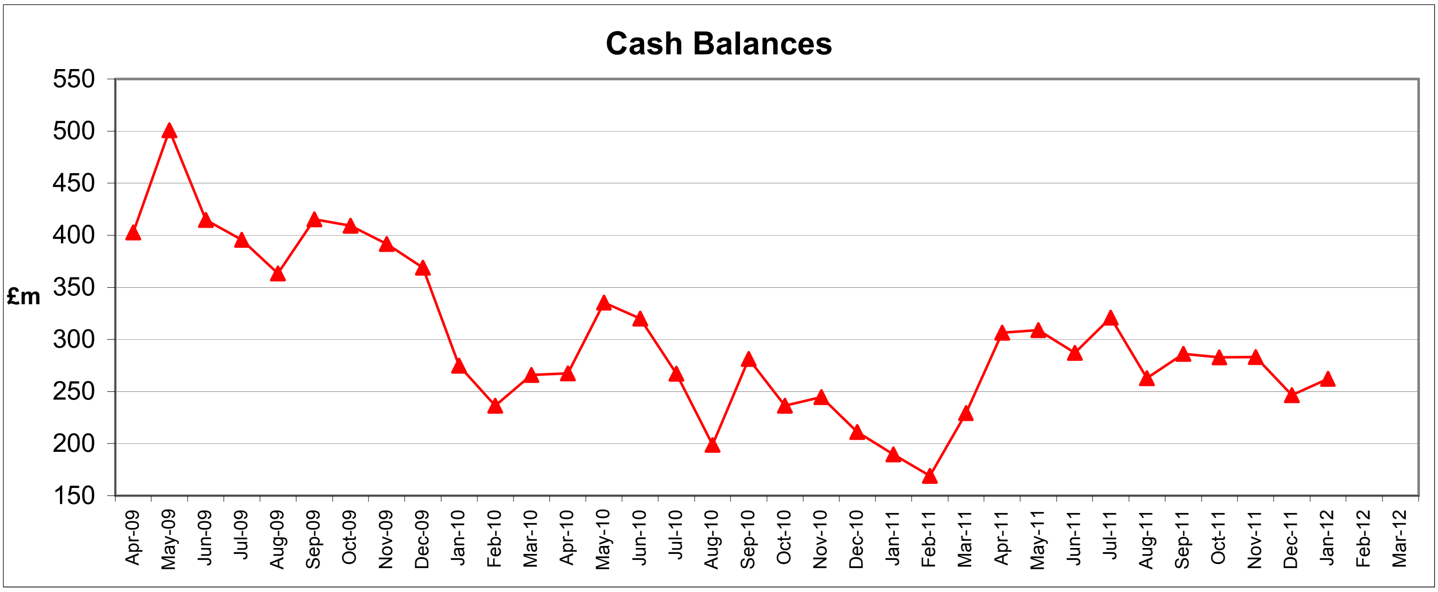
	CASH LIMIT			
Portfolio	**Gross**	**Income**	**Net**	
	£k	£k	£k	
SCS	-171	171	0	Mgmt & support: removal of historic gross and income target following review of budget
SCS	-25	25	0	Mgmt & support: removal of externally funded post from structure
C&C	-216	216	0	removal of internal recharging within Drug & Alcohol Service
BSP&HR	-19	19	0	HR: removal of internal recharging for Health & Safety
BSP&HR	100	-100	0	Strategic Mgmt & Directorate Support: Correction to opening DSG budget position
BSP&HR	175	-175	0	Strategic Management & Directorate Support and Governanace & Law: in year management action saving budgeted against gross spend is now to be delivered by additional income in Legal
BSP&HR	183	-183	0	Strategic Management & Directorate Support: to set gross and income budget for Pensions Management and Staff Club
BSP&HR	-915	915	0	removal of internal recharging for historic hosting arrangements now property budgets are managed by Corporate Landlord
BSP&HR	-75	75	0	removal of historic internal recharging for maintenance team "pay as you go" services, now property budgets are managed by Corporate Landlord
BSP&HR	-4,355	4,355	0	Removal of internal recharging for KPSN within ICT
F&BS	-142	142	0	FYE of introduction of payments card leading to reduction of 3.5 fte within Finance Asylum team and consequent reduction in asylum grant
F&BS	109	-109	0	Finance & Procurement: reversal of qtr 1 adjustment relating to External Funding budgeted income target
Revised Budget	2,284,949	-1,363,019	921,930	

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 held in Icelandic bank deposits (£36.4m), balances of schools in the corporate scheme (£53.4m), 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 2010 and are now being handled separately.
The overall general downward trend in the cash balance since September 2009 reflects the Council's policy of deferring borrowing and using available cash balances to fund new capital expenditure (i.e. internalising the debt).

	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
2009-10	402.7	500.9	414.6	395.7	363.6	415.4	409.1	391.7	369.1	275.0	236.7	265.8
2010-11	267.4	335.2	319.8	267.2	198.7	281.3	236.4	244.9	211.5	189.5	169.1	229.5
2011-12	306.3	308.9	287.0	320.9	262.9	286.2	282.9	283.1	246.7	262.4		



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 £45.6m pre-Local Government Review debt managed on behalf of Medway Council. Also included is pre-1990 debt managed on behalf of the Further Education Funding council (£2.6m), Magistrates Courts (£1.4m) and the Probation Service (£0.24m). These bodies make regular payments of principal and interest to KCC to service this debt.
The graph shows total principal repayments due in each financial year. Small maturities indicate repayment of principal for annuity or equal instalment of principal loans, where principal repayments are made at regular intervals over the life of the loan. The majority of loans have been taken on a maturity basis so that principal repayments are only made at the end of the life of the loan. These principal repayments will need to be funded using available cash balances (i.e. internalising the debt), by taking new external loans or by a combination of the available options.

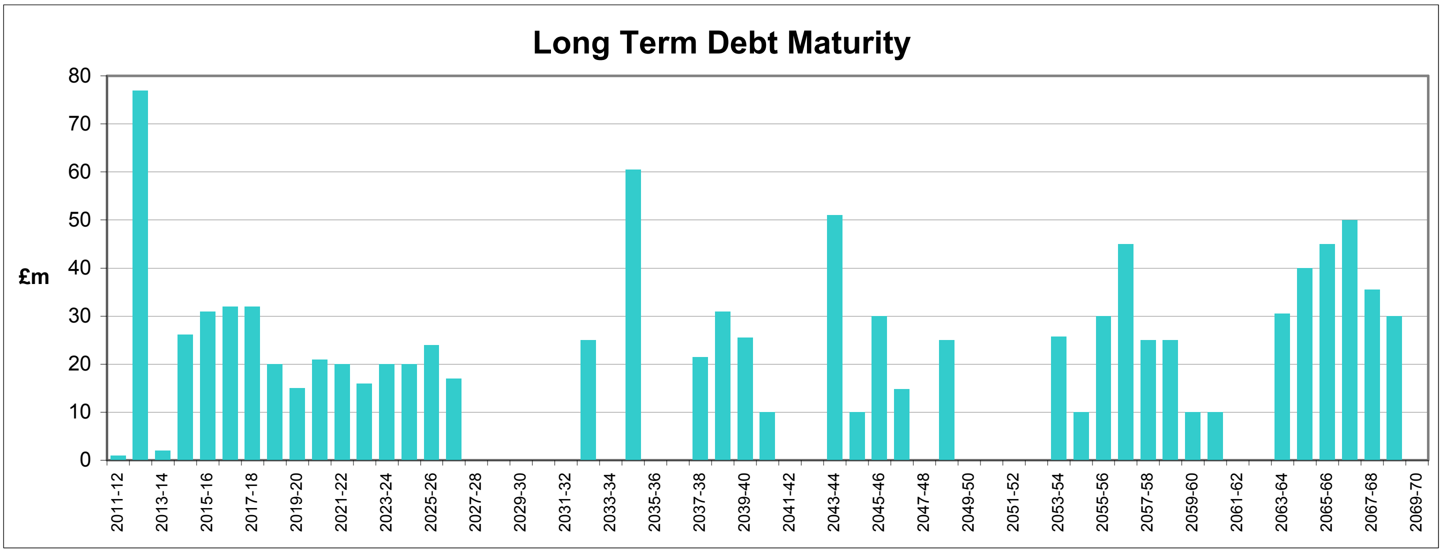
The total debt principal to be repaid in 2011-12 was £57.024m, £55m maturity loan and £2.024m relating to small annuity and equal instalment of principal loans.

£5m PWLB maturity loan was repaid in May from cash balances, £50m PWLB maturity loan principal was repaid in August financed by the advance of two new LOBO loans of £25m each and

£1.024m relating to equal instalment loans has been repaid from cash balances, hence the figure in the table of £1.000m represents the remaining debt still to be repaid in this financial year.

The two new LOBO loans taken out in August will mature in August 2057 and August 2058.

Year	£m	Year	£m	Year	£m	Year	£m	Year	£m
2011-12	1.000	*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*	25.000		
2019-20	15.001	*2032-33*	25.000	*2045-46*	30.000	*2058-59*	25.000		
2020-21	21.001	*2033-34*	0.000	*2046-47*	14.800	*2059-60*	10.000		
2021-22	20.001	*2034-35*	60.470	*2047-48*	0.000	*2060-61*	10.000	**TOTAL**	**1,090.309**
2022-23	16.001	*2035-36*	0.000	*2048-49*	25.000	*2061-62*	0.000		
2023-24	20.001	*2036-37*	0.000	*2049-50*	0.000	*2062-63*	0.000		



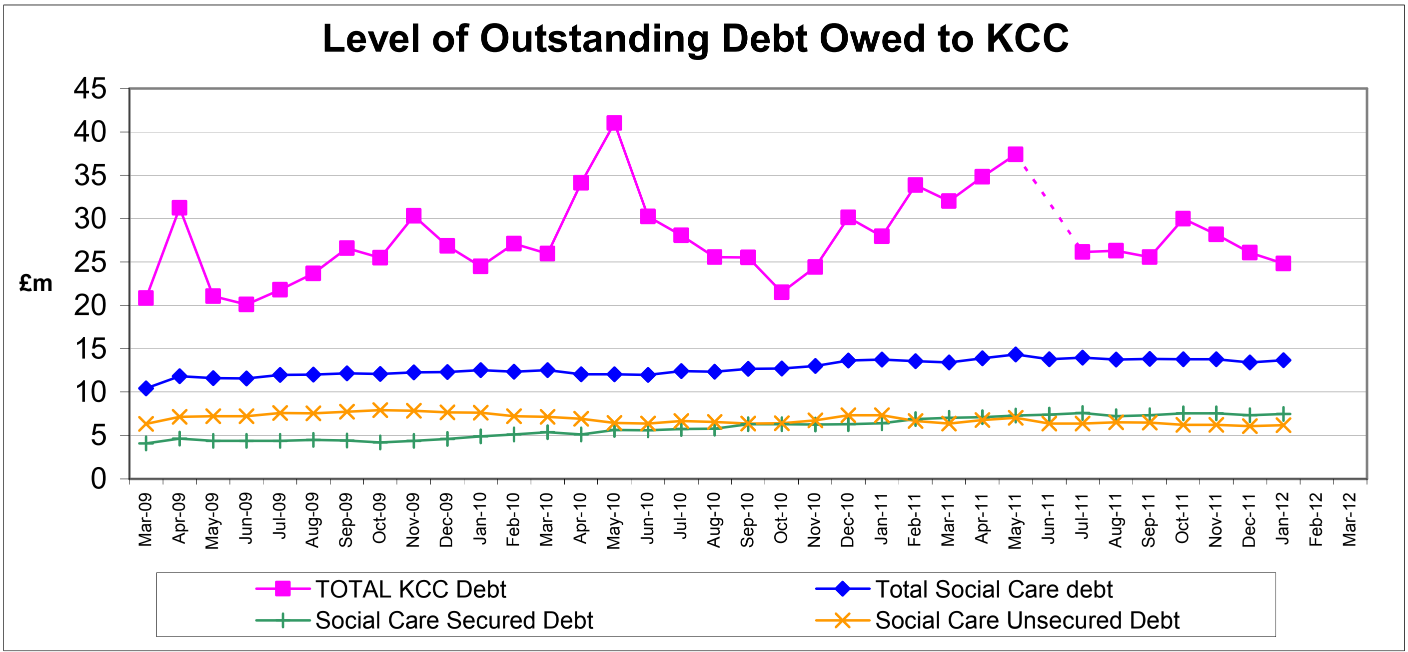
3. OUTSTANDING DEBT OWED TO KCC

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	FSC Sundry debt £m	**TOTAL FSC debt £m**	All Other Directorates Debt £m	**TOTAL KCC Debt £m**
March 09	4.100	6.326	10.426	1.850	**12.276**	8.578	**20.854**
April 09	4.657	7.161	11.818	6.056	**17.874**	13.353	**31.227**
May 09	4.387	7.206	11.593	1.078	**12.671**	8.383	**21.054**
June 09	4.369	7.209	11.578	1.221	**12.799**	7.323	**20.122**
July 09	4.366	7.587	11.953	1.909	**13.862**	7.951	**21.813**
Aug 09	4.481	7.533	12.014	1.545	**13.559**	10.126	**23.685**
Sept 09	4.420	7.738	12.158	2.024	**14.182**	12.391	**26.573**
Oct 09	4.185	7.910	12.095	2.922	**15.017**	10.477	**25.494**
Nov 09	4.386	7.859	12.245	6.682	**18.927**	11.382	**30.309**
Dec 09	4.618	7.677	12.295	6.175	**18.470**	8.376	**26.846**

	Social Care Secured Debt £m	Social Care Unsecured Debt £m	Total Social Care debt £m	FSC Sundry debt £m	**TOTAL FSC debt £m**	All Other Directorates Debt £m	**TOTAL KCC Debt £m**
Jan 10	4.906	7.627	12.533	2.521	**15.054**	9.445	**24.499**
Feb 10	5.128	7.221	12.349	2.956	**15.305**	11.801	**27.106**
March 10	5.387	7.127	12.514	1.643	**14.157**	11.818	**25.975**
April 10	5.132	6.919	12.051	2.243	**14.294**	19.809	**34.103**
May 10	5.619	6.438	12.057	3.873	**15.930**	25.088	**41.018**
June 10	5.611	6.368	11.979	3.621	**15.600**	14.648	**30.248**
July 10	5.752	6.652	12.404	4.285	**16.689**	11.388	**28.077**
Aug 10	5.785	6.549	12.334	5.400	**17.734**	7.815	**25.549**
Sept 10	6.289	6.389	12.678	4.450	**17.128**	8.388	**25.516**
Oct 10	6.290	6.421	12.711	3.489	**16.200**	5.307	**21.507**
Nov 10	6.273	6.742	13.015	4.813	**17.828**	6.569	**24.397**
Dec 10	6.285	7.346	13.631	6.063	**19.694**	10.432	**30.126**
Jan 11	6.410	7.343	13.753	6.560	**20.313**	7.624	**27.937**
Feb 11	6.879	6.658	13.537	7.179	**20.716**	13.124	**33.840**
March 11	7.045	6.357	13.402	11.011	**24.413**	7.586	**31.999**
April 11	7.124	6.759	13.883	10.776	**24.659**	10.131	**34.790**
May 11	7.309	7.023	14.332	11.737	**26.069**	11.338	**37.407**
June 11	7.399	6.381	13.780	*	**13.780**	*	**13.780**
July 11	7.584	6.385	13.969	4.860	**18.829**	7.315	**26.144**
Aug 11	7.222	6.531	13.753	4.448	**18.201**	8.097	**26.298**
Sept 11	7.338	6.467	13.805	4.527	**18.332**	7.225	**25.557**
Oct 11	7.533	6.241	13.774	6.304	**20.078**	9.900	**29.978**
Nov 11	7.555	6.215	13.770	5.886	**19.656**	8.528	**28.184**
Dec 11	7.345	6.063	13.408	5.380	**18.788**	7.286	**26.074**
Jan 12	7.477	6.185	13.662	5.518	**19.180**	5.654	**24.834**
Feb 12							
March 12							

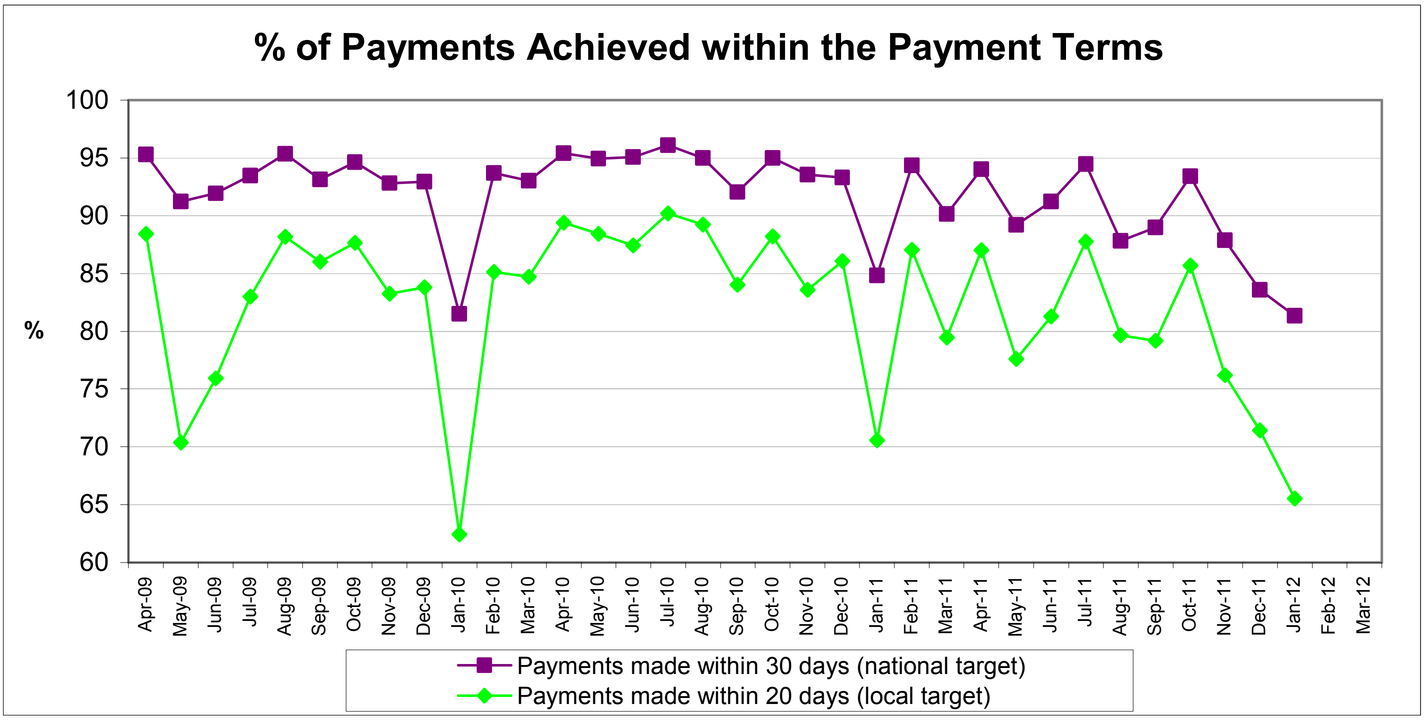
* **The June sundry debt figures are not available due to a system failure, which meant that the debt reports could not be run and as these reports provide a snapshot position at the end of the month, they cannot be run retrospectively.**



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.

	2009-10		2010-11		2010-11	
	Paid within **30 days** %	Paid within **30 days** %	Paid within **30 days** %	Paid within **20 days** %	Paid within **30 days** %	Paid within **20 days** %
April	95.3	88.4	95.4	89.4	94.0	87.0
May	91.2	70.4	95.0	88.4	89.2	77.6
June	91.9	75.9	95.1	87.4	91.2	81.3
July	93.5	83.0	96.1	90.2	94.5	87.7
August	95.3	88.2	95.0	89.2	87.8	79.7
September	93.1	86.0	92.0	84.0	89.0	79.2
October	94.6	87.6	95.0	88.2	93.4	85.7
November	92.8	83.3	93.6	83.6	87.9	76.2
December	92.9	83.8	93.3	86.1	83.6	71.4
January	81.5	62.4	84.8	70.6	81.4	65.5
February	93.7	85.1	94.3	87.0		
March	93.0	84.7	90.1	79.5		

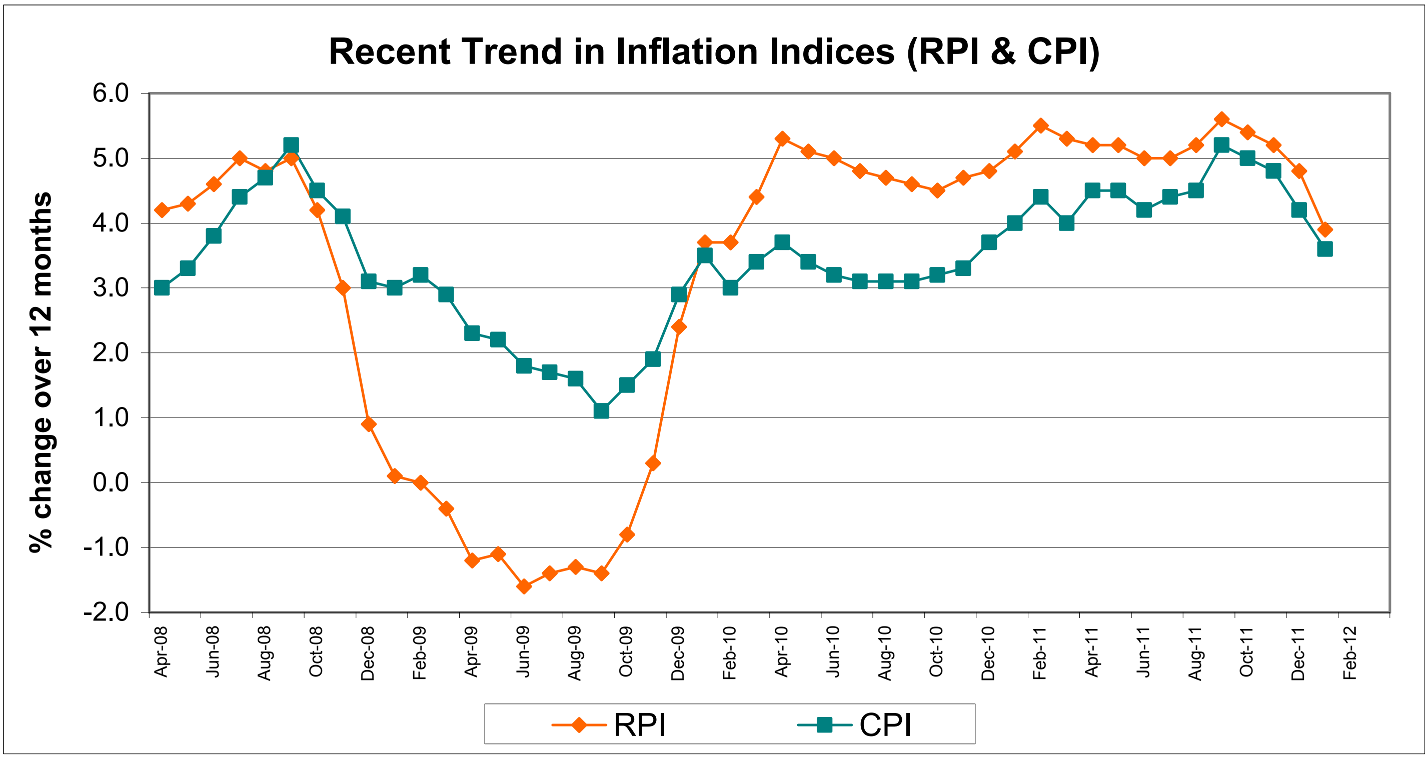


The percentages achieved for January were lower than other months due to the Christmas break. This is evident in 2009-10, 2010-11 and 2011-12. This position was exacerbated in 2009-10 due to snow. The 2011-12 year to date figure for invoices paid within 20 days is 79.2%, and within 30 days is 89.2%. This compares to overall performance in 2009-10 of 81.9% and 92.6% respectively and 2010-11 of 85.4% and 93.4% respectively. The Corporate Management Team and Directorate Management Teams are currently reviewing processes across the Council with a view to improving performance in this area.

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		2011-12	
	Percentage Change over 12 months							
	RPI %	CPI %	RPI %	CPI %	RPI %	CPI %	RPI %	CPI %
April	4.2	3.0	-1.2	2.3	5.3	3.7	5.2	4.5
May	4.3	3.3	-1.1	2.2	5.1	3.4	5.2	4.5
June	4.6	3.8	-1.6	1.8	5.0	3.2	5.0	4.2
July	5.0	4.4	-1.4	1.7	4.8	3.1	5.0	4.4
August	4.8	4.7	-1.3	1.6	4.7	3.1	5.2	4.5
September	5.0	5.2	-1.4	1.1	4.6	3.1	5.6	5.2
October	4.2	4.5	-0.8	1.5	4.5	3.2	5.4	5.0
November	3.0	4.1	0.3	1.9	4.7	3.3	5.2	4.8
December	0.9	3.1	2.4	2.9	4.8	3.7	4.8	4.2
January	0.1	3.0	3.7	3.5	5.1	4.0	3.9	3.6
February	0.0	3.2	3.7	3.0	5.5	4.4		
March	-0.4	2.9	4.4	3.4	5.3	4.0		



2011-12 January Monitoring of Prudential Indicators

1. Estimate of capital expenditure (excluding PFI)

Actual 2010-11	£377.147m	
Original estimate 2011-12	£305.448m	
Revised estimate 2011-12	£273.377m	(this includes the rolled forward re-phasing from 2010-11)

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

	2010-11 Actual £m	2011-12 Original Estimate £m	2011-12 Forecast as at 31.01.12 £m
Capital Financing Requirement	1,521.689	1,308.640	1,516.442
Annual increase in underlying need to borrow	36.902	35.527	-5.247

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 2010-11	12.85%
Original estimate 2011-12	11.77%
Revised estimate 2011-12	13.98%

The actual 2010-11 and revised estimate 2011-12 includes PFI Finance Lease costs but these costs were not included in the original estimate calculation.

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 2011-12

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

	Prudential Indicator 2011-12 £m	Position as at 31.01.12 £m
Borrowing	1,158	1,042
Other Long Term Liabilities	0	0
	1,158	1,042

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

	Prudential Indicator 2011-12 £m	Position as at 31.01.12 £m
Borrowing	1,204	1,090
Other Long Term Liabilities	0	0
	1,204	1,090

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 2011-12 are:

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

	£m
Borrowing	1,198
Other long term liabilities	0
	1,198

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

	£m
Borrowing	1,204
Other long term liabilities	0
	1,204

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 2011-12

Fixed interest rate exposure	100%
Variable rate exposure	50%

These limits have been complied with in 2011-12.

8. Upper limits for maturity structure of borrowings

	Upper limit	Lower limit	As at 31.01.12
	%	**%**	**%**
Under 12 months	25	0	0
12 months and within 24 months	40	0	7
24 months and within 5 years	60	0	5
5 years and within 10 years	80	0	10
10 years and within 20 years	25	10	10
20 years and within 30 years	25	5	22
30 years and within 40 years	25	5	11
40 years and within 50 years	25	10	15
50 years and within 60 years	30	10	20

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

Indicator	Actual
£50m	**£10m**

EDUCATION, LEARNING & SKILLS DIRECTORATE SUMMARY JANUARY 2011-12 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 a number of 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in appendix 1 to the executive summary and include a further reduction of £6.4m in DSG as a result of schools converting to academies.

1.1.2 **Table 1** below details the revenue position by A-Z budget line:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Education, Learning & Skills portfolio							
Delegated Budget:							
Schools Delegated Budgets	832,578	-832,578	0	3,126	0	3,126	+£4.626m estimated drawdown of reserves following 41 schools converting to academies; -£1.5m estimated increase in KCC schools reserves
TOTAL DELEGATED	832,578	-832,578	0	3,126	0	3,126	
Non Delegated Budget:							
ELS Strategic Management & directorate support budgets	9,941	-7,151	2,790	566	-211	356	Legal & staffing pressures as well as underspend on non-operational holdings; increased income from schools
Services for Schools:							
- Early Years & Childcare Advisory Service	7,975	-7,975	0	22	-35	-13	£1.2m underspend on staffing offset by contribution to corporate reserve to support next years budget
- School Improvement Services	10,225	-4,804	5,421	130	71	201	Staffing; Reduced income for interim headteachers
- Governor Support	661	-676	-15	-48	151	103	Reduced service costs as well as reduced income from schools
- PFI Schools Schemes	16,859	-16,859	0	0	0	0	
- Schools' Buildings & Sites	853	-706	147	-26	0	-26	
- Schools' Cleaning & Refuse	3,521	-3,889	-368	27	160	187	Cleaning & Refuse Collection Contract under recovery of income
- Schools' Meals	1,645	-1,645	0	0	0	0	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Schools' Non Delegated Staff Costs	2,940	-2,838	102	131	-100	31	Golden Hello payments and income
- Schools' Other Services	1,063	-578	485	-57	27	-30	
- Schools' Redundancy Costs	1,519	-1,232	287	0	0	0	
- Special Schools' Meals	629	-629	0	0	0	0	
- Schools' Teachers Pension Costs	7,629	-2,684	4,945	148	0	148	Increased capitalisation costs
	55,519	-44,515	11,004	327	274	601	
Support for Individual Children - Education & Personal							
- 14 - 19 year olds	5,556	-3,384	2,172	-1,277	949	-328	Reduced expenditure and income for Skills Studios and Skills Force, planned underspend on KS4 engagement programme and projects
- Attendance & Behaviour	22,235	-21,091	1,144	878	-739	139	Additional expenditure & income in PRUs and staffing
- Connexions	9,787	-9,787	0	250	0	250	Connexions contract
- Education Psychology Service	3,328	-13	3,315	-109	1	-108	Staff vacancies
- Free School Meals	3,864	-3,864	0	0	0	0	
- Learners with AEN Services	7,923	-7,221	702	-461	183	-278	Reduced expenditure & incomein Specialist Teaching Service, Standards in specialist settings and Kent Panel
- Minority Communities Achievement Service	2,598	-2,598	0	0	0	0	
- Partnership with Parents	742	-3	739	-49	-5	-54	
- Statemented Pupils	9,628	-9,628	0	-290	290	0	Reduced income from OLA pupils
- Independent Special School Placements	12,549	-12,549	0	-97	97	0	
- Special School & Hospital Recoupment	1,660	-1,660	0	0	-1,572	-1,572	Additional special recoupment income
	79,870	-71,798	8,072	-1,155	-796	-1,951	
Transport Services							
- Home to College Transport	1,787	-367	1,420	159	0	159	High demand for Home to college transport
- Mainstream HTST	14,301	-384	13,917	-1,000	0	-1,000	Fall in the number of children requiring transport & contract renegotiation
- SEN HTST	17,039		17,039	-39	0	-39	
	33,127	-751	32,376	-880	0	-880	
Intermediate Services							
- Assessment of Vulnerable Children	1,692	-571	1,121	172	0	172	Staffing
TOTAL NON DELEGATED	180,149	-124,786	55,363	-970	-732	-1,702	
Total ELS portfolio	**1,012,727**	**-957,364**	**55,363**	**2,156**	**-732**	**1,424**	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Specialist Children's Services portfolio							
Delegated Budget:							
Early Years Placements	41,553	-41,553	0	0	0	0	
Total SCS portfolio	**41,553**	**-41,553**	**0**	**0**	**0**	**0**	
Total ELS directorate controllable	**1,054,280**	**-998,917**	**55,363**	**2,156**	**-732**	**1,424**	+£3.126m relates to delegated schools budgets

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:

Education, Learning & Skills portfolio:

Delegated Budgets

1.1.3.1 Schools Delegated Budgets: (+£3.126m gross)

The forecast £3.126m drawdown of schools reserves shown in tables 1 and 2 represents a £4.626m estimated reduction in reserves resulting from 41 schools converting to academies before the end of March 2012. It also includes a forecast -£1.500m addition to DSG reserves by the remaining KCC schools.

Non Delegated Budgets

1.1.3.2 ELS Strategic Management & Directorate Support Budgets: +£356k net (+£566k gross and -£211k income)

The ELS Strategic Management & Directorate Support budget is reporting a gross overspend of £566k due mainly to an overspend on Legal Services of £610k. The legal budget was offered up as a saving through the 2011-13 MTFP process with the option to redirect costs to managers. The saving proved difficult to achieve and in addition the pressure has increased further due to the legal costs involved when schools convert to academies. The directorate has reviewed the position for the future and a £250k pressure has been built into the recently approved 2012-15 MTFP. It should be noted that the pressure for 2012-13 will be lower than the current year pressure due to the one-off impact of 2/3^{rds} of secondary's having already converted or are in the process of converting to academies. In addition, there will be an agreement with PFI schools wishing to convert to academy status that sets out the amount of additional legal costs likely to be incurred, which will be borne by the school. In addition ELS managers will also be expected to incur legal costs against service units in 2012-13.

There is a forecast pressure on the Catering and Kitchen maintenance team of +£125k which is covered by an increase in income from schools.

There is a forecast underspend on Building Maintenance of -£200k due to a planned reduction in expenditure on Non operational holdings (-£100k) and a reduction in spend on Staff Housing (-£100k).

There is an income variance reported of -£211k due mainly to additional contract income from schools for Catering and kitchen maintenance team packages of -£125k (mentioned above) and for Primary and Secondary conferences of -£34k due to head teachers paying for their own conferences. There are other minor income variances of -£52k.

1.1.3.3 **Services for Schools:**

a. Early Years & Childcare Advisory Service: -£13k net (+£22k gross, -£35k income)
The Early Years and Childcare Advisory Service is forecasting an underspend of -£1.2m on staffing in the Quality and Outcomes team due mainly to a number of vacancies being held pending the outcome of the ELS restructure which is due to take effect from 1 April 2012. The transfer of this one-off saving to a corporate reserve to be used to support next year's budget has been approved by Cabinet and the use of this reserve has been included in the 2012-13 MTP. Therefore a net nil position is reflected in the forecast for 2011-12

Other minor variances total +£22k on gross and -£35k on income.

b. School Improvement Services: +£201k net (+£130k gross, +£71k income)
As part of the 2011-12 budget setting process School Improvement Services were allocated a savings target of £4.249m. This included a savings target for staff of £2.9m. The original plan to achieve these savings, as agreed during budget setting for 2011-12 has subsequently been revised and timescales have slipped meaning that only £945k of staff savings will be achieved this financial year leaving a gap of £3.3m. This pressure has reduced considerably to £130k due to the unit having a significant number of vacancies from April up until the restructure implementation at the start of December and a deliberate reduction in non-staffing expenditure and payments to schools.

There is an income variance of +£71k which is mainly due to a reduction in expected income for interim head teachers placed in schools (+£143k) with other minor variances of (-£72k).

c. Governor Support: +£103k net (-£48k gross, +£151k income)
The Governor Support budget is showing an income pressure of +£151k due to a reduction in the expected levels of income from schools. This has a corresponding effect on the levels of expenditure and a £48k gross under spend is reported.

d. Schools' Cleaning & Refuse: +£187k net (+£27k gross, +£160k income)
In a previous MTFP the Client Services unit was expected to implement full-cost recovery in relation to contract management of the cleaning and refuse collection contracts with schools. Whilst they have made significant strides to achieve this, the service is still struggling to achieve the necessary income to cover the costs of the contract team resulting in a forecast +£160k under-recovery of income.

The service is also reporting a +£27k gross variance.

e. Schools' Non Delegated Staff Costs: £31k net (+£131k gross, -£100k income)
There is a gross pressure of £100k due to an increase in the number of Golden Hello payments made to schools. As these are funded by the Training & Development Agency there will be an increase in income of -£100k. There are other minor gross variances of +£31k.

f. Schools' Teachers Pension Costs: +£148k gross
There is a forecast pressure of +£148k due to an increase in annual pension capitalisation costs.

1.1.3.4 **Support for Individual Children – Education & Personal:**

a. 14-19 unit: -£328k net (-£1,277k gross, +£949k income)
This service is reporting an overall gross variance of -£1,277k and an income variance of +£949k. There are planned gross underspends within the Preparing for Employment and Expanding vocational training projects of -£145k in order to cover overspends in other areas. There is also a planned -£250k gross under spend within the KS4 Engagement Programme to offset the pressure on the Connexions contract (see 1.1.3.4c below).

Kent Science Resource Centre is delivering fewer courses than expected and is reporting a gross underspend of -£153k and a +£163k reduction in income. Thanet and Dover Skills Studio have both transferred to an academy during the financial year and are reporting a gross variance of -£189k and -£69k and income variances of +£189k and +£129k respectively. The net £60k overspend on Dover will be offset by the under spend in expanding vocational training project.

There is a forecast underspend on the gross Skills Force budget of -£333k and an offsetting +£333k income variance. Historically, there was an agreement that schools pay KCC who then pass the money on to Skills Force. This policy has now ceased and schools pay Skills Force directly.

There is a gross underspend forecast for the Young Apprentices grant of -£53k matched by a reduction in grant income.

There are other minor variances totalling -£85k on gross and +£82k on income.

b. Attendance & Behaviour: +£139k net (+£878k gross, -£739k income)
The Attendance & Behaviour unit is forecasting a gross pressure of +£878k and an income variance of -£739k.

Alternative curriculum and behaviour PRUs are forecasting a gross pressure of +£663k and income variance -£663k due to additional staffing and premises costs, offset by income from schools and academies.

There is a forecast pressure on staffing of +£206k due in part to a delay in implementing a restructure and other minor gross variances of +£9k.

The unit is projecting -£54k additional income from parents/carers for penalty notices for their child's non attendance at school and recovered court costs. There are other minor income variances of -£22k.

c. Connexions: +£250k gross
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 could not renegotiate the contract until the end of August 2011. Renegotiations have been completed with Connexions, and a pressure of +£250k is anticipated.

d. Educational Psychology Service: -£108k net (-£109k gross, +£1k income)
The unit are reporting a gross underspend of -£109k due to staff vacancies being held pending the ELS restructure.

e. Learners with AEN Services: -£278k net (-£461k gross, +£183k income)
The service is reporting a -£461k gross and +£183k income variance. This is largely due to staffing underspend of -£110k in the Standards in Specialist Settings team together with a -£57k gross and +£58k income variance due to the cessation of the Kent Panel. There is also an underspend in Early Years Inclusion and Equalities of -£104k due to a planned commitment to cover the costs of debt write off no longer being required as we are continuing to pursue these debts. There is less traded income from colleges for Specialist Teaching Services (+£97k), with a corresponding decrease in expenditure (-£97k). The portage service also have a minor reduction in gross (-£32k) and internal income (+£28k). There are other minor gross underspends of -£61k.

f. Statemented Pupils: £0k net (-£290k gross, +£290k income)
The unit are reporting a gross (-£290k) and income (+£290k) variance due to reduced income from other local authority pupils in our schools and a corresponding reduction in spend

g. Special School & Hospital Recoupment: -£1,572k income
The forecast additional income of -£1,572k 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 forecast to be the same and an increase in the special school recoupment income budget has been reflected in the 2012-15 MTFP.

1.1.3.5 **Transport Services:**

a. Home to College Transport: +£159k gross
There is a +£159k gross pressure reported due to increased demand, including increased costs for transport for SEN pupils over the age of 19 who have been awarded travel costs on appeal.

b. Mainstream HTST: -£1,000k gross
There is a -£1,000k gross underspend forecast for Mainstream HTST. This 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. Contracts have been renegotiated and the pupil numbers are lower than budgeted. This ongoing underspend has been reflected as a saving in the 2012-15 MTFP.

c. SEN HTST: -£39k gross
The -£39k gross variance reflects the full year effect of 2010-11 outturn after fully covering 2011-12 savings. The unit are forecasting a small under spend with activity levels lower than budgeted levels for the majority of the year to date, although the number of pupils has been increasing since September which is reflected in the reduced underspend being reported this quarter on this budget. It should be noted that 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.

1.1.3.6 **Intermediate Services**

a. Assessment of Vulnerable Children: +£172k gross
There is a gross pressure on staffing of +£172k due to a delay in the implementation of a planned restructure of the ELS directorate.

Specialist Children's Services portfolio:

Delegated Budgets

1.1.3.7 Early Years Placements
The latest forecast suggests an underspend of around -£0.3 million on payments to PVI providers for 3 and 4 year olds. The number of hours provided in the summer term increased by 16% over the same term last year as per Section 2.3 and the autumn term has a 4% increased take up compared to the same term last year. The extension of the free entitlement to 15 hours per week was rolled out across the County in September 2010 and the forecast shows the full year effect of the rollout. As this budget is funded entirely from DSG, this underspend is transferred into the DSG reserve at the end of the year in accordance with regulations.

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
ELS	Schools Budgets (gross): estimated drawdown of reserves following 41 schools converting to academies	+4,626	ELS	Schools Budgets (gross): estimated increase in reserves of KCC schools	-1,500
ELS	Early Years & Childcare Advisory Service: transfer of underspend on staffing to Corporate Reserves to support next years budget	+1,200	ELS	Special school & hospital recoupment (income): more OLA pupils placed at Kent schools than budgeted level	-1,572
ELS	Attendance & Behaviour (gross): PRUs additional staffing & premises costs (matched by income from schools & academies)	+663	ELS	Early Years & Childcare Advisory Service: underspend on staffing within the Quality & Outcomes Team	-1,200
ELS	ELS Strategic Management & Directorate support budgets (gross): legal savings target unlikely to be achieved	+610	ELS	Mainstream home to school transport (gross): fewer children than budgeted level and contract renegotiation	-1,000
ELS	14-19 year olds (income): Skills Force schools now paying Skills Force direct rather than via LA	+333	ELS	Attendance & Behaviour (income): PRU income from schools and academies to fund increased costs	-663

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ELS	14-19 year olds (income): Dover and Thanet skills studios transferring to an academy in year	+318	ELS	14-19 year olds (gross): Skills Force payment now made to Skills Force directly from schools rather than via LA	-333
ELS	Statemented Pupils (income): reduction in OLA income	+290	ELS	Statemented Pupils (gross): reduction in costs of statemented support	-290
ELS	Connexions (gross): cessation of grant from YPLA from 1 April but contract fixed until 31 August	+250	ELS	14-19 year olds (gross): Dover and Thanet skills studios transferred to an academy in year	-258
ELS	Attendance & Behaviour (gross): staffing pressure due to delay in directorate restructure	+206	ELS	14-19 Unit (gross): planned underspend on KS4 Engagement Programme to help offset overspend in Connexions	-250
ELS	Assessment of Vulnerable Children (gross): staffing overspend within SEN unit	+172	ELS	ELS Strategic Management (gross): planned underspend on Building Maintenance - Non operational holdings and Staff Housing	-200
ELS	14-19 Unit (income): Kent Science Resource Centre less courses delivered	+163	ELS	14-19 Unit (gross): Kent Science Resource Centre less courses delivered	-153
ELS	Schools Cleaning and Refuse (income): under-recovery of expected income	+160	ELS	14-19 Unit (gross): Preparing for Employment and Vocational training projects planned underspend	-145
ELS	Home to college transport (gross): increased demand for service	+159	ELS	ELS Strategic Management & Directorate support budgets (income): additional income from schools for catering packages	-125
ELS	Governor Services (income): reduction in expected levels of income from schools	+151	ELS	Learners with Additional Needs (gross): staffing underspend for Standards in Specialist Settings team	-110
ELS	Schools' teachers pension costs (gross): capitalisation costs higher than expected	+148	ELS	Educational Psychology (gross): staffing underspend	-109
ELS	School Improvement (income): Reduction in income for Interim Head Teachers placed in schools	+143	ELS	Learners with Additional Needs (gross): underspend on Early Years Inclusion and Equalities as provision for debt write off not required	-104
ELS	School Improvement (gross): staffing pressure	+130	ELS	Schools' non delegated staff costs (income): additional Golden Hellos income from TDA	-100
ELS	ELS Strategic Management & Directorate support budgets (gross): additional staffing costs within catering and kitchen maintenance team (matched by income from schools)	+125			
ELS	Schools' non delegated staff costs (gross): Golden Hellos payments to schools	+100			
		+9,947			**-8,112**

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

eg Management Action achieved to date including vacancy freeze, changes to assessment criteria etc. This section should provide details of the management action already achieved, reflected in the net position reported in table 1.

The restructure for Schools Standards & Improvement took effect in December 2011 with the remainder of the directorate restructure following in April 2012. The directorate has continued to hold vacancies where possible.

1.1.5 **Implications for MTFP**:

The pressure in Client Services relating to full cost recovery of contract management of the cleaning and refuse collection contracts with schools should be resolved following the school's delegation consultation outcome.

The legal pressure, increase in Special School Recoupment income and the Home to School Transport savings have all been addressed in the recently approved 2012-15 MTFP.

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

N/A

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

This section should provide details of the management action outstanding, as reflected in the assumed management action figure reported in table 1 and details of alternative actions where savings targets are not being achieved.

The directorate is currently forecasting a pressure of +£1.424m, +£3.126m against the schools delegated budgets and an underspend of £1.702m against the non-delegated 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 2012-15 MTFP as agreed by County Council on 9 February 2012, 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 £m	2011-12 £m	2012-13 £m	2013-14 £m	Future Years £m	TOTAL £m
Education, Learning & Skills						
Budget	350.133	110.387	133.153	86.617	64.049	744.339
Adjustments:						0.000
Rephasing as per December monitoring		-0.960	0.946	0.014		0.000
Revised Budget	350.133	109.427	134.099	86.631	64.049	744.339
Variance		-6.070	5.294	0.922	0.000	0.146
split:						
- real variance		-0.277	0.423	0.000	0.000	0.146
- re-phasing		-5.793	4.871	0.922	0.000	0.000
Devolved Capital to Schools						
Budget	2.221	24.720	13.916	11.916	27.916	80.689
Adjustments:						0.000
Revised Budget	2.221	24.720	13.916	11.916	27.916	80.689
Variance		0.000	0.000	0.000	0.000	0.000
split:						
- real variance		0.000	0.000	0.000	0.000	0.000
- re-phasing		0.000	0.000	0.000	0.000	0.000
Directorate Total						
Revised Budget	352.354	134.147	148.015	98.547	91.965	825.028
Variance	0.000	-6.070	5.294	0.922	0.000	0.146

Real Variance	**0.000**	**-0.277**	**0.423**	**0.000**	**0.000**	**0.146**
Re-phasing	**0.000**	**-5.793**	**4.871**	**0.922**	**0.000**	**0.000**

1.2.3 **Main Reasons for Variance**

Table 4 below, details all forecast capital variances over £250k in 2011-12 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

			Project Status			
portfolio	Project	real/ phasing	Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£m	£m	£m	£m
Overspends/Projects ahead of schedule						
ELS	Wyvern School	phasing		0.342		
ELS	BSF/Academies Compensation Events	real		0.280		
ELS	Warden Bay PS	real		0.256		
			0.000	**0.878**	**0.000**	**0.000**
Underspends/Projects behind schedule						
ELS	Annual Planned Enhancement Programme	phasing	-0.970			
ELS	BSF Wave 3 - builds	phasing		-0.900		
ELS	Isle of Sheppey Academy	phasing		-0.800		
ELS	Halfway House PS	phasing	-0.644			
ELS	Academy Unit Costs	phasing		-0.600		
ELS	Repton Park PS	phasing	-0.582			
ELS	The Judd School	phasing	-0.500			
ELS	Pupil Referral Units	phasing	-0.339			
ELS	Richmond PS	phasing		-0.300		
			-3.035	**-2.600**	**0.000**	**0.000**
			-3.035	**-1.722**	**0.000**	**0.000**

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

N/A

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

The variance over the lifetime of the Medium Term Plan indicates an overspend of £0.146m. The split of this variance across the years of the MTFP is -£0.277m in 2011-12 and +£0.423m 2012-13. Additional resources are in place to deal with the reported overspend.

Modernisation Programme 2011-12 – Lydd Primary School: +£0.141m (+£0.005m in 2011-12 and +£0.136m in 2012-13): There are two classrooms being extended and what was the breakfast club room being converted into an additional classroom. The costs are being met from developer contributions.

Primary Capital Programme – Warden Bay Primary School: +£0.256m (in 2011-12): The overspend is due to variations in sewer and highways works, an extension in the scope of work required on the construction and an extension of time claim. The overspend has been offset by making a saving on next year's Modernisation programme.

BSF/Academies Compensation Events (BSF Wave 5 Unit Costs): +£0.280m (in 2011-12): Additional costs have been incurred at the end of projects relating to the discovery and need to clear asbestos. The financing of these additional costs have been found from savings on BSF Wave 3 and 4 Unit Costs at -£0.150m and -£0.130m respectively.

Overall this leaves a residual balance of +£0.005m on a number of more minor projects.

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.

There are several schemes where there are potential risks:

Harrietsham Primary School – The assessment of work required to correct the defects the building are complete and the matter is now with KCC's Legal Team. Although we are seeking to recover any remedial costs via a professional indemnity claim there is still the possibility of an eventual LEA liability on this project. As any LEA liability is unquantifiable at this time we are not including any additional costs in our current forecasts.

Contractor claims – there are several schemes where there are potential claims from contractors or where KCC is taking legal action against contractors. KCC legal are advising in respect of these and at this time we are not including any additional costs in our current forecast.

Goat Lees Primary School and Halfway House Primary School – It should be noted that within the current monitoring return there are issues that need to be resolved with both the level of resources currently available and the phasing of the projects. The funding and phasing issues will be addressed when the projects are taken to Project Advisory Group seeking recommendation of approval to spend.

(b) Details of action being taken to alleviate risks

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

1.2.7 **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.

	2011-12	2012-13	2013-14	Future Years	Total
	£m	**£m**	**£m**	**£m**	**£m**
Basic Need - Repton Park Primary School					
Amended total cash limits	2.772	3.118	0.041	0.000	5.931
re-phasing	-0.582	0.606	-0.024	0.000	0.000
Revised project phasing	**2.190**	**3.724**	**0.017**	**0.000**	**5.931**
Basic Needs - Archbishop Courtenay Primary School					
Amended total cash limits	0.128	0.000	0.000	0.000	0.128
re-phasing	-0.147	0.147	0.000	0.000	0.000
Revised project phasing	**-0.019**	**0.147**	**0.000**	**0.000**	**0.128**
Wrotham Primary School					
Amended total cash limits	0.509	2.482	0.009	0.000	3.000
re-phasing	-0.179	0.183	-0.004	0.000	0.000
Revised project phasing	**0.330**	**2.665**	**0.005**	**0.000**	**3.000**
The Judd School					
Amended total cash limits	0.500	0.000	0.000	0.000	0.500
re-phasing	-0.500	0.500	0.000	0.000	0.000
Revised project phasing	**0.000**	**0.500**	**0.000**	**0.000**	**0.500**
Frittenden Primary School					
Amended total cash limits	0.705	0.050	0.000	0.000	0.755
re-phasing	-0.219	0.212	0.007	0.000	0.000
Revised project phasing	**0.486**	**0.262**	**0.007**	**0.000**	**0.755**
Halfway House Primary School					
Amended total cash limits	0.680	1.520	0.000	0.000	2.200
re-phasing	-0.644	0.644	0.000	0.000	0.000
Revised project phasing	**0.036**	**2.164**	**0.000**	**0.000**	**2.200**
Annual Planned Enhancement Programme					
Amended total cash limits	15.260	10.091	7.999	6.150	39.500
re-phasing	-0.970	0.970	0.000	0.000	0.000
Revised project phasing	**14.290**	**11.061**	**7.999**	**6.150**	**39.500**
Pupil Referral Units					
Amended total cash limits	0.663	0.090	0.090	0.090	0.933
re-phasing	-0.339	0.339	0.000	0.000	0.000
Revised project phasing	**0.324**	**0.429**	**0.090**	**0.090**	**0.933**
Special Schools Review - Wyvern School					
Amended total cash limits	1.657	1.199	0.000	0.000	2.856
re-phasing	0.342	-0.342	0.000	0.000	0.000
Revised project phasing	**1.999**	**0.857**	**0.000**	**0.000**	**2.856**

	2011-12	2012-13	2013-14	Future Years	Total
	£m	£m	£m	£m	£m
PCP - Richmond Primary School					
Amended total cash limits	1.151	0.004	0.004	0.000	1.159
re-phasing	-0.300	0.304	-0.004	0.000	0.000
Revised project phasing	**0.851**	**0.308**	**0.000**	**0.000**	**1.159**
Building Schools for the Future - Wave 3					
Amended total cash limits	5.302	3.500	0.000	0.000	8.802
re-phasing	-0.900	0.900	0.000	0.000	0.000
Revised project phasing	**4.402**	**4.400**	**0.000**	**0.000**	**8.802**
BSF Wave 5 Unit Costs (Compensation Events)					
Amended total cash limits	-2.528	0.500	0.000	0.000	-2.028
re-phasing	0.105	-0.105	0.000	0.000	0.000
Revised project phasing	**-2.423**	**0.395**	**0.000**	**0.000**	**-2.028**
Academy Unit Costs					
Amended total cash limits	1.500	0.667	0.778	0.000	2.945
re-phasing	-0.600	0.600	0.000	0.000	0.000
Revised project phasing	**0.900**	**1.267**	**0.778**	**0.000**	**2.945**
Isle of Sheppey Academy					
Amended total cash limits	21.263	13.465	8.582	0.000	43.310
re-phasing	-0.800	0.800	0.000	0.000	0.000
Revised project phasing	**20.463**	**14.265**	**8.582**	**0.000**	**43.310**
Development Opportunities - Kingsmead Primary School					
Amended total cash limits	0.200	1.799	0.000	0.000	1.999
re-phasing	-0.174	-0.770	0.944	0.000	0.000
Revised project phasing	**0.026**	**1.029**	**0.944**	**0.000**	**1.999**
Total re-phasing >£100k	**-5.907**	**4.988**	**0.919**	**0.000**	**0.000**
Other re-phased Projects below £100k	**0.114**	**-0.117**	**0.003**	**0.000**	**0.000**
TOTAL RE-PHASING	**-5.793**	**4.871**	**0.922**	**0.000**	**0.000**

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 **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	2011-12
	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	as at 31-3-11	projection
Total number of schools	600	596	575	570	564	538	497
Total value of school reserves	£70,657k	£74,376k	£79,360k	£63,184k	£51,753k	£55,190k	£52,064k
Number of deficit schools	9	15	15	13	23	17	5
Total value of deficits	£947k	£1,426k	£1,068k	£1,775k	£2,409k	£2,002k	£726k

Comments:

- The information on deficit schools for 2011-12 has been obtained from the schools budget submissions. The LA receives updates from schools through budget monitoring returns from all schools after 6 months, and 9 months as well as an outturn report at year end.

- 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 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 level of deficits is likely to fall by year end, as one of the five deficit schools accounts for £467k of the £726k value. This school is planning to become an academy in the near future, and there is a plan to convert the deficit to a loan.

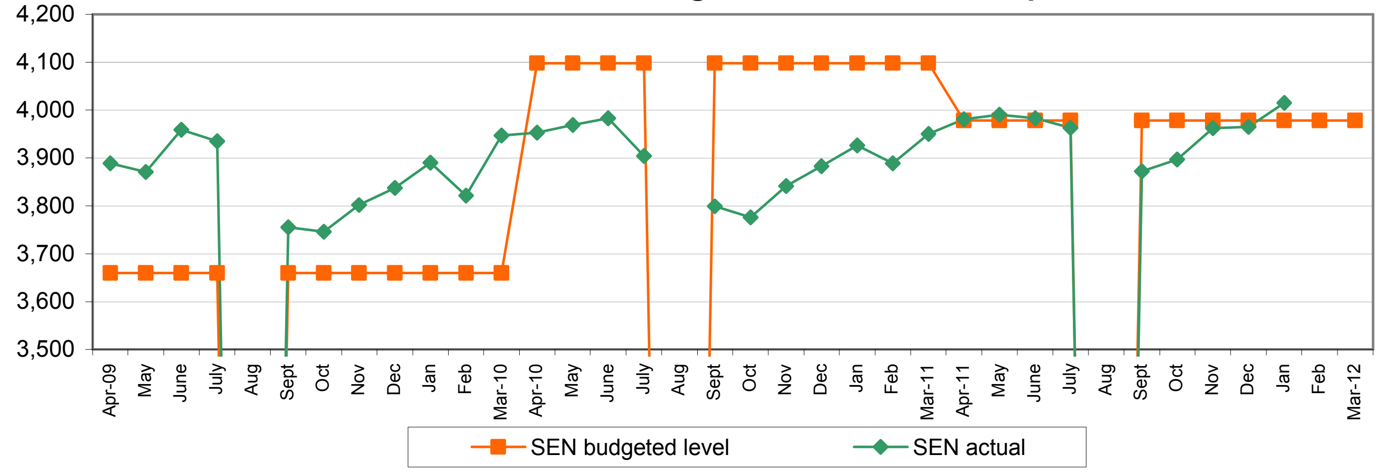
- The number of schools is based on the assumption that 41 schools (including 26 secondary schools, 14 primary schools and 1 special school) will convert to academies before the 31st March 2012 in line with the government’s decision to fast track outstanding schools to academy status. There are a few schools whose date for conversion has not been finalised, and it has been assumed in this report that they will not become an academy before 1st April 2012.

- The estimated drawdown from schools reserves of £3,126k includes £4,626k which represents the estimated reduction in reserves resulting from 41 schools converting to academy status. In addition budget monitoring returns from schools detailing their forecasts were received during January and they show that school reserves will increase by approximately £1,500k during the 2011-12 financial year. Schools have traditionally been cautious in their financial forecasting, however the new tighter balance control mechanism is now in operation for its third 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.

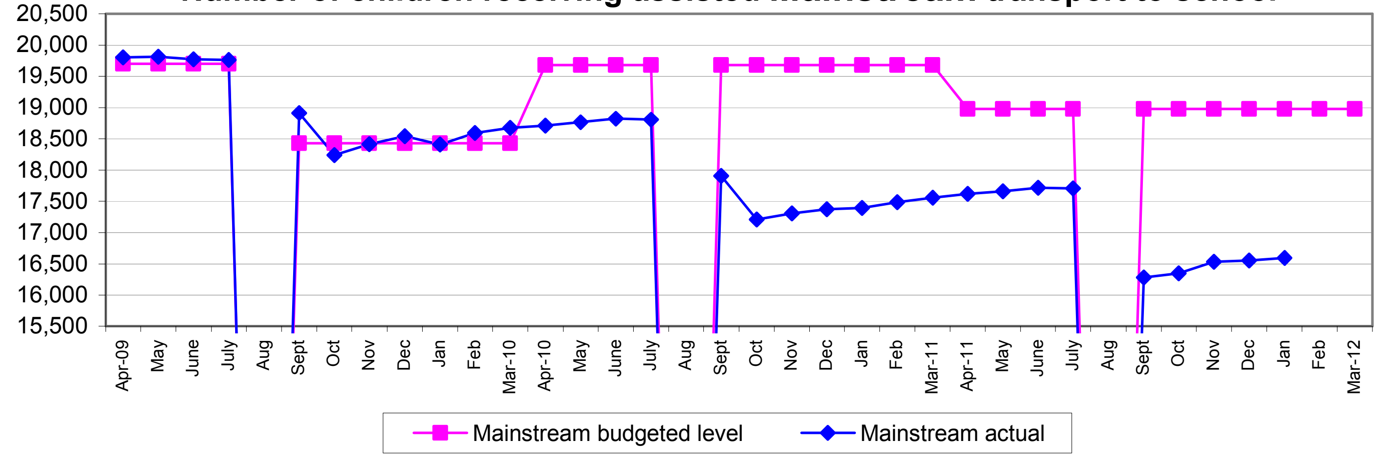
2.2 Numbers of children receiving assisted SEN and Mainstream transport to school:

	2009-10				2010-11				2011-12			
	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	3,660	3,889	19,700	19,805	4,098	3,953	19,679	18,711	3,978	3,981	18,982	17,620
May	3,660	3,871	19,700	19,813	4,098	3,969	19,679	18,763	3,978	3,990	18,982	17,658
June	3,660	3,959	19,700	19,773	4,098	3,983	19,679	18,821	3,978	3,983	18,982	17,715
July	3,660	3,935	19,700	19,761	4,098	3,904	19,679	18,804	3,978	3,963	18,982	17,708
Aug	0	0	0	0	0	0	0	0	0	0	0	0
Sept	3,660	3,755	18,425	18,914	4,098	3,799	19,679	17,906	3,978	3,872	18,982	16,282
Oct	3,660	3,746	18,425	18,239	4,098	3,776	19,679	17,211	3,978	3,897	18,982	16,348
Nov	3,660	3,802	18,425	18,410	4,098	3,842	19,679	17,309	3,978	3,962	18,982	16,533
Dec	3,660	3,838	18,425	18,540	4,098	3,883	19,679	17,373	3,978	3,965	18,982	16,556
Jan	3,660	3,890	18,425	18,407	4,098	3,926	19,679	17,396	3,978	4,015	18,982	16,593
Feb	3,660	3,822	18,425	18,591	4,098	3,889	19,679	17,485	3,978		18,982	
Mar	3,660	3,947	18,425	18,674	4,098	3,950	19,679	17,559	3,978		18,982	

Number of children receiving assisted **SEN** transport to school



Number of children receiving assisted **Mainstream** transport to school

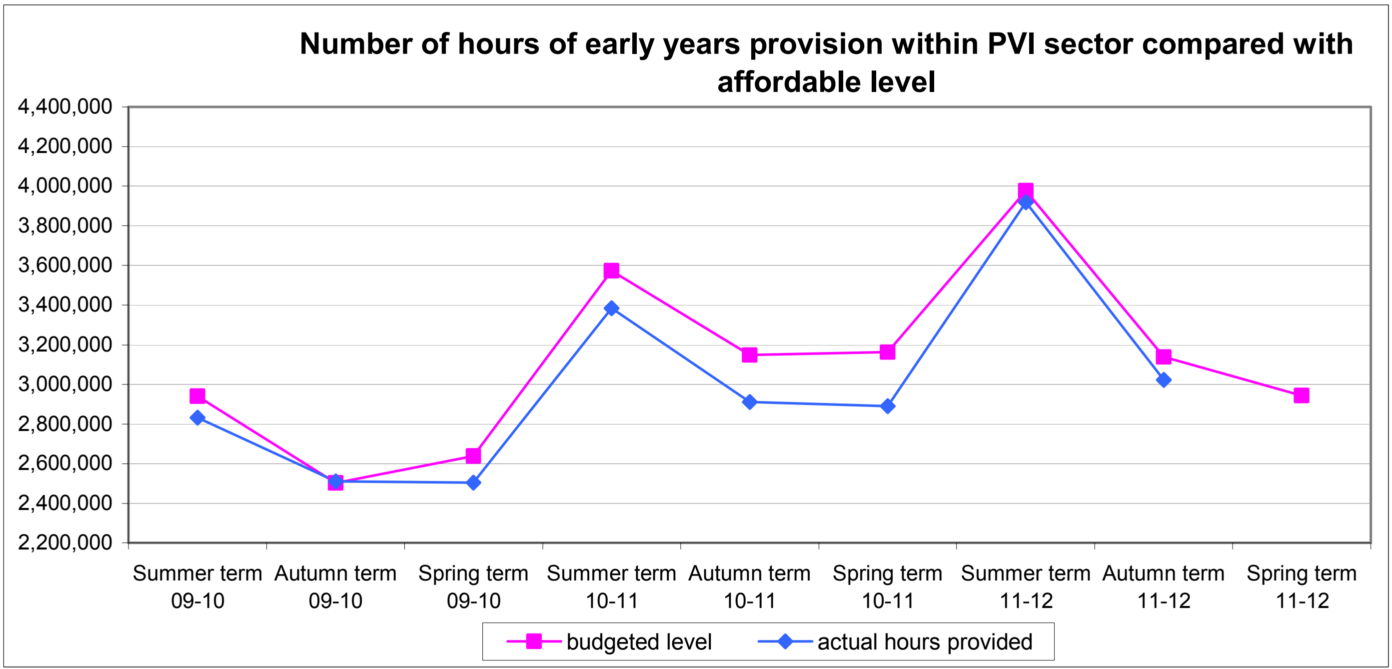


Comments:

- **SEN HTST** – The number of children is similar to the budgeted level, but there are a number of other factors which contribute to the underspend of -£39k reported in section 1.1.3.5 c, such as distance travelled and type of travel.
- **Mainstream HTST** - The number of children is lower than the budgeted level resulting in a corresponding underspend of -£1,000k (see section 1.1.3.5 b).

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

	2009-10		2010-11		2011-12	
	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided
Summer term	2,939,695	2,832,550	3,572,444	3,385,199	3,976,344	3,917,710
Autumn term	2,502,314	2,510,826	3,147,387	2,910,935	3,138,583	3,022,381
Spring term	2,637,646	2,504,512	3,161,965	2,890,423	2,943,439	
	8,079,655	**7,847,888**	**9,881,796**	**9,186,557**	**10,058,366**	**6,940,091**



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 was factored into the budgeted number of hours for 2009-10 and 2010-11. For 2011-12 the increase in hours is funded by Dedicated Schools Grant in the same way as the 12.5 hours per week. In 2010-11 and previous years the increase in hours was funded by a specific DFE Standards Fund grant.
- The current activity suggests an underspend of £0.3m on this budget which has been reported in section 1.1.3.7 of this annex. As this budget is funded entirely from DSG, any surplus or deficit at the end of the year must be carried forward to the next financial year in accordance with the regulations and cannot be used to offset over or underspending elsewhere in the directorate budget, therefore this underspend will be transferred to the DSG reserve at year end.
- It should be noted that not all parents currently take up their full entitlement and this can change during the year.
- The 2011-12 budgeted number of hours has changed from what has previously been reported because the amount of DSG allocated for this service was reduced at the beginning of the financial year based on up-to-date census data, but unfortunately the budgeted number of hours was not amended accordingly.
- The figures for actual hours provided are constantly reviewed and updated, so will always be subject to change. As a result, the figure reported for the 2011-12 summer term has changed from previous reports.

FAMILIES & SOCIAL CARE DIRECTORATE SUMMARY
JANUARY 2011-12 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:
  - the removal of contingency held against the ending of Social Care Reform Grant following agreement to the use of the £16.226m NHS funding for Social Care. This contingency has been transferred to the Financing Items budgets within the Finance & Business Support portfolio
  - and a number of other 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 1 of the executive summary, and include £3.775m additional health funding for winter pressures, which has been added to both gross and income budgets within the Other Adult Services budget line.

1.1.2 **Table 1** below details the revenue position by A-Z budget line:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Specialist Children's Services portfolio							
Strategic Management & Directorate Support Budgets	4,238	-2,046	2,192	99	-72	27	
Services for Schools:							
Early Years & Childcare Advisory Service	5,492	-5,492	0	-610	-49	-659	Renegotiated NCMA contract
Social Services for Children:							
16+ Service	8,988		8,988	749	0	749	Activity in excess of budget; Increased payments to care leavers
Adoption Service	7,166	-68	7,098	676	37	713	Increase in SGOs; Staffing pressure
Asylum Seekers	14,525	-14,245	280	342	1,188	1,530	Increase in clients, and increase in those ineligible for funding
Childrens Support Services	3,414	-1,940	1,474	89	-3	86	
Fostering Service	31,323	-407	30,916	7,951	-28	7,923	Legal pressure; Activity in excess of budget; impact of new legislation for reward payments to related fosterers
Other Preventative Services	16,669	-8,541	8,128	152	-82	70	
Residential Children's Services	10,999	-2,605	8,394	2,345	41	2,386	Activity in excess of budget; increased use of permanent relief staff; reduced demand for secure accommodation
Safeguarding	4,142	-373	3,769	25	-135	-110	
	97,226	-28,179	69,047	12,329	1,018	13,347	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Support for Individual Children							
- Children's Centres	18,151	-17,372	779	-934	-5	-939	Changed profile of opening centres; Non-essential expenditure cutbacks; Staffing savings
- Integrated Looked After Children's Service	2,632	-704	1,928	-77	-2	-79	
	20,783	-18,076	2,707	-1,011	-7	-1,018	
Intermediate Services							
- Assessment of Vulnerable Children	39,760	-2,850	36,910	3,027	-21	3,006	Increased staffing support (mainly agency social workers)
Total SCS portfolio	**167,499**	**-56,643**	**110,856**	**13,834**	**869**	**14,703**	
Adult Social Care & Public Health portfolio							
Strategic Management & Directorate Support Budgets	9,898	-755	9,143	52	-182	-130	
Adults & Older People:							
- Direct Payments							
- Learning Disability	10,187	-736	9,451	-920	313	-607	Activity below budget level; income charge lower than budget
- Mental Health	732		732	-173	0	-173	activity below the level budgeted for
- Older People	6,159	-665	5,494	-392	41	-351	Unit cost below budgeted level
- Physical Disability	8,248	-353	7,895	31	-41	-10	
Total Direct Payments	25,326	-1,754	23,572	-1,454	313	-1,141	
- Domiciliary Care							
- Learning Disability	7,603	-1,454	6,149	-1,255	76	-1,179	Activity below affordable level
- Mental Health	898	0	898	-362	0	-362	Activity below affordable level
- Older People	46,554	-11,925	34,629	-2,644	1,466	-1,178	Activity below affordable level for both P&V and In-House; average unit income below budgeted level
- Physical Disability	7,684	-539	7,145	-126	47	-79	
Total Domiciliary Care	62,739	-13,918	48,821	-4,387	1,589	-2,798	
- Nursing & Residential Care							
- Learning Disability	75,524	-23,389	52,135	3,467	-1,232	2,235	Activity & unit cost in excess of affordable level. Increased income from increased activity
- Mental Health	6,737	-846	5,891	123	235	358	Unit cost higher than affordable; Increase in Section 117 clients
- Older People - Nursing	45,547	-22,070	23,477	115	-263	-148	Activity in excess of budget level; lower unit cost; release of provision & unrealised creditors from balance sheet

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Older People - Residential	88,184	-36,594	51,590	-3,384	1,771	-1,613	Activity below affordable level; Modernisation strategy leading to gross savings & reduced income; release of provision & unrealised creditors from balance sheet
- Physical Disability	12,305	-1,786	10,519	1,054	22	1,076	Activity in excess of budget level
Total Nursing & Residential Care	228,297	-84,685	143,612	1,375	533	1,908	
- Supported Accommodation							
- Learning Disability	31,227	-18,857	12,370	-580	-173	-753	Unit cost below affordable level; activity in excess of budget
- Physical Disability/Mental Health	1,313	-255	1,058	968	-104	864	activity in excess of affordable level
Total Supported Accommodation	32,540	-19,112	13,428	388	-277	111	
- Other Services for Adults & Older People							
- Contributions to Vol Orgs	14,912	-902	14,010	-262	-29	-291	Recommissioning strategies
- Day Care							
- Learning Disability	13,274	-284	12,990	-311	57	-254	Efficiencies; reduced client numbers
- Older People	3,926	-157	3,769	-374	2	-372	Recommissioning strategies
- Physical Disability/Mental Health	1,302	-1	1,301	-69	1	-68	
Total Day Care	18,502	-442	18,060	-754	60	-694	
- Other Adult Services	33,879	-28,165	5,714	162	452	614	Reduced provision of meals; increased OT equipment
Total Other Services for A&OP	67,293	-29,509	37,784	-854	483	-371	
- Intermediate Services							
- Assessment of Vulnerable Adults & Older People	40,912	-3,361	37,551	-1,672	225	-1,447	Vacancy management; uncommitted funding; reduced recharges to health
Total ASC&PH portfolio	**467,005**	**-153,094**	**313,911**	**-6,552**	**2,684**	**-3,868**	
Total Families & Social Care controllable	**634,504**	**-209,737**	**424,767**	**7,282**	**3,553**	**10,835**	

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:

Specialist Children's Services portfolio:
Overall forecast net pressure of £14,703k (£13,834k gross, £869k income), details of those variances, in excess of £100k, are detailed below.

1.1.3.1 Early Years & Childcare Service: -£659k (-£610k gross, -£49k income)
A £600k forecast under spend is reported, due to the successful re-negotiation of the National Childminding Association Contract, which reduced the original cost. This organisation carries out

various strategic commissioning training sessions for Childminders on behalf of the Early Years Service. This contract is managed within the Children's Centres Central Team budget, which is also forecasting a minor under spend as a result of holding vacancies. The budget for the Children's Centres central team has been moved to the children's centres A to Z budget line in the recently approved 2012-13 budget.

1.1.3.2 16+ Service- +£749k gross

A pressure of £197k on Independent Fostering Payments is contributing to the forecast pressure on this service. This is due to a forecast variance of 259 weeks support above the affordable level (+£261k), coupled with a reduction in the unit cost of placements, of £65 per client week compared to the affordable level (-£64k).

A pressure of +£60k on Non-Related (in-house) Fostering is forecast. This is due to forecast activity being 337 weeks more than the affordable level (+£135k) and the weekly unit cost being £10 less than the affordable level (-£75k).

A pressure of +£6k in the Private & Voluntary residential placements is also a contributor to the overall pressure. This is due to an extra 43 weeks support in residential care above the affordable level (+£130k), as a result of children remaining in their placements when turning 16, rather than moving into lower cost supported lodgings. The Authority has a legal obligation to maintain the existing placement if the child requests. This has been offset by the average cost of a placement costing less than anticipated, saving £124k.

In addition, £26k of the forecast pressure is as a result of the team now being fully staffed to meet the increased demand on these services as a result of the higher activity seen so far in 2011-12.

This increase in activity has also resulted in higher than anticipated payments to Care Leavers and Relevant Children (+£460k). (Relevant Children are defined under the Leaving Care act as "children aged 16-17 who are no longer looked after by a local authority, but who were looked after for at least 13 weeks after the age of 14 and have been looked after at some time while they were aged 16 and 17").

1.1.3.3 Adoption Service: +£713k (+£676k gross, £37k income)

The current forecast variance of £713k includes a £140k gross pressure as a result of an increase of staff in the Adoption Team and a £37k shortfall in income as a result of a reduction in out county placements.

A pressure relating to Special Guardianship Orders (SGO) of £438k where the latest quarters trend has increased by 20% in order to secure a permanent placement for a child where adoption is not suitable or required. In order to secure permanency, SGO legal orders through the courts are required.

The remaining variance is due to the increasing number of adoption placements leading to an increase £98k.

1.1.3.4 Asylum Seekers: +£1,530k (+£342k gross, +£1,188k income)

We are now forecasting that we will provide support for the full-year equivalent of 160 Non-Eligible clients for which we will receive no re-imbursement. This is 125 higher than included in the original budget. The majority of this increase in Non-Eligible clients are All Rights Exhausted (ARE). Our original budget assumed that the UKBA would remove most of these ARE clients, but our experience is that this is not the case, and we are now therefore projecting that these will remain the responsibility of KCC until the end of this financial year. Our legal advice is that we must continue to provide support to these clients under the Leaving Care legislation and the cost of supporting these additional "Non-Eligible" clients is £1,281k.

Following a change in the 2011-12 Grant rules we are now unable to claim for the first 13 weeks after a young person is made ARE unless we carry out Human Rights Assessments (HRAs). For two main reasons no HRAs have been carried out as yet:

- No additional funding has been made available to allow us to carry out these assessments, and
- Our Legal advice is that to do these HRAs would leave KCC open to potential legal challenges from the ARE clients.

This has reduced our income by £140k.

Another meeting has been arranged with the UKBA in March, to discuss these issues.
The cost of supporting "Eligible" over 18s is currently forecast to be £166 per week but grant reimbursement is set at £150 per week, this generates a pressure of £267k.
The number of referrals has fallen significantly below the level originally forecast. As a result the number of Under 18 clients the service is supporting has reduced which has resulted in a fall in both gross spend and income. The net impact of this is a saving of £158k (-£1,206k gross and +£1,048k income) as a significant number of the reduction in referrals relates to under 16's where the grant unit cost is less than the actual cost.

1.1.3.5 Fostering Service: +£7,923k (+£7,951k gross, -£28k income)

Non-Related Fostering (in-house) is forecasting a gross pressure of £2,153k, as a result of the forecast number of weeks of service being 7,977 higher than the affordable level of 41,800, this generates £3,179k of the current pressure. Additionally, the unit cost being £21 lower than previously estimated when setting the cash limit has reduced the pressure by -£1,026k.

Independent Fostering is forecasting a gross pressure of £2,307k. Again, this is as a result of a significant increase in weeks support, which is 2,528 higher than the affordable level of 3,990 and results in a pressure of £2,730k. However the average weekly cost is £65 lower than budgeted, and this reduces the total pressure by £423k.

A pressure of £266k is forecast for Related Foster payments, together with a pressure of £459k for Kinship Non LAC, which are both mainly due to a potential increase in allowances paid to related foster carers. 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, £237k has been included in the forecast for 2011-12 for this, (Related Foster payments £100k and Kinship Non LAC £137k).
The balance of the pressure on Kinship Non LAC, (non LAC children placed with relatives), of £322k is primarily due to increased demand for this service with the forecast number of weeks being 2,800 higher than affordable. The balance of the pressure on Related Fostering of £166k is due to increased demand for the service as children are placed with family members whenever possible. (Neither Related Fostering nor Kinship Non LAC is not included in the activity shown at Section 2.2.).

A pressure on Legal costs of £2,840k is forecast, this is based on the latest information received from Legal Services. Work is currently underway reviewing the causes of these pressures and whether working practices can change to inform future forecasts.

The County Fostering Team is forecasting an under spend of £102k (-£74k gross, -£28k income).

1.1.3.6 Other Preventative Services: +£70k (+£152k gross, -£82k income)

There is an underspend of £129k on Daycare (not disabled) due to decommissioning of district services. However this is more than offset by a pressure of £331k on Section 17 payments as a result of increased payments arising from the Southwark Judgement and from clients with No Recourse to Public Funds (NRPF). The Southwark judgement challenged local authorities to consider the wider needs of vulnerable young people between the ages of 16 and 18 who present themselves as homeless and to deal with the issue as a collective rather than through individual agencies. It concluded that the young persons were to be treated as children in need (as defined by Section 20 of the Children Act 1989), and that they should be taken into the care of the local authority. This will result in an increase of 16-18 year olds in the care system. Prior to the judgement these clients would have been accommodated by the district council housing departments. It is difficult to forecast with accuracy how many young people will return to our care, and what services they will require and be entitled to.
The remaining gross and income variances comprise a number of smaller variances below £100k across several services.

1.1.3.7 Residential Children's Services: +£2,386k (+£2,345k gross, £41k income)

Of the pressure within residential services, £1,984k (+£1,992k gross, -£8k income) relates to non disabled Independent Sector Residential Provision. This is due to the forecast number of client weeks being 586 higher than the affordable level and results in a pressure of £1,324k. However, the gross unit cost is higher than the planned level adding £668k to the pressure. Health and/or Education funding is slightly higher making our income forecast £8k higher than budgeted.

The budget for Independent Sector residential care for children with a disability is showing a pressure of £402k (+£349k gross, £53k income). This is due to activity forecast at 201 weeks of care above the affordable level, which results in a pressure of £623k, but this is mitigated by a gross unit cost being lower than affordable giving a saving of £274k. However, due to less children than anticipated attracting Health and/or Education funding our income forecast is £53k lower than budgeted for.

A £197k underspend is forecast for Secure Accommodation based on current activity. Originally forecast to have 2 placements for a full year, current activity is lower at just over 1 FTE.

KCC Residential care shows a net pressure of £96k (gross +£100k income -£4k) due to increased use of permanent relief staff.

The Children's Residential Non-LAC budget shows a pressure of £101k as a result of higher activity than originally forecast.

The forecast variances explained above include £1,150k of unachievable savings relating to High Cost Placements (£750k) and Out County Placements (£400k). It has not been possible to achieve these savings due to the increasing number of looked after children (LAC) during the latter part of 2010-11 and throughout 2011-12.

1.1.3.8 Children's Centres: -£939k (-£934k gross, -£5k income)

The forecast for children's centres is a gross underspend of £934k and a small over recovery of income of £5k. Of the gross variance, -£280k is due to the delays in the opening of some centres. In addition vacancy savings, over and above those caused by the delayed opening of centres, contribute -£385k to the overall position. The balance of the gross underspend of -£269k arises from savings made on non-essential expenditure.

1.1.3.9 Intermediate Services - Assessment of Vulnerable Children: +£3,006k (+£3,027k gross, -£21k income)

Following the Ofsted inspection in 2010, teams have had to recruit additional staff, mainly agency social workers. Agency staff are being retained longer than previously forecast to assist newly qualified social workers who have started during the year. In some cases the costs of these agency staff are considerably higher than originally forecast. In recognition of this, £1,754k of the £2,128k uncommitted roll forward from 2010-11 that Cabinet agreed for CSS at it's meeting in July has been transferred here, but this still leaves a gross staffing pressure of £3,027k.

Adult Social Care & Public Health portfolio:

Overall forecast net under spend of £3,868k (-£6,552k gross and +£2,684k income), details of those variances, in excess of £100k, are detailed below.

1.1.3.10 **Strategic Management & Directorate Support Budgets (including safeguarding) -£130k (+£52k gross, -£182k income)**

Both the gross and income variances on this heading are due to many minor variances, all below £100k, but with the cumulative effect of £52k gross pressure and £182k over-recovery of income.

1.1.3.11 **Direct Payments: -£1,141k (-£1,454k gross, +£313k income)**

a. Learning Disability -£607k (-£920k gross, +£313k income)

The forecast under spend against the gross service line of £920k is generated as a result of the forecast activity weeks being 1,187 (-£257k) lower than the affordable, coupled with a forecast unit cost being lower than the affordable by £20.28 (-£863k). There is a pressure against one-offs of £219k, due to the number of one-off payments being greater than that afforded in the budget. The remaining variance is against payments to carers.

This service is forecasting an under recovery of income of £313k, because the actual average unit income being charged is £6.91 (+£297k) lower than the budgeted level, plus a minor variance due to the reduced level of activity.

b. Mental Health -£173k (gross)
The forecast number of weeks of care provided is 3,027 lower than anticipated generating a forecast under spend of £171k. There is a minor saving against price, and also a minor pressure in relation to one-off payments, for example for equipment, which make the total saving £173k

c. Older People -£351k (-£392k gross, +£41k income)
This budget line is forecast to underspend by £392k on gross expenditure. The number of weeks of care provided is forecast to be 266 fewer than budgeted, generating a saving of £33k, in addition the unit cost is lower than budgeted by £11.43, therefore generating an under spend of £512k. There is also a gross pressure of £139k due to the number one-off payments being in excess of the level budgeted. The remaining gross variance is due to payments to carers.

1.1.3.12 **Domiciliary Care: -£2,798k (net), (Gross -£4,387k, Income +£1,589k)**

a. Learning Disability -£1,179k (-£1,255k gross, +£76k income)
The overall forecast is an under spend against gross of £1,255k, coupled with an under recovery of income of £76k. The number of hours is forecast to be 195,106 lower than the affordable level, generating a £2,715k forecast under spend. The actual unit cost is £3.40 higher than the affordable level, increasing the forecast by £1,382k. The remaining variance of +£78k against gross, is comprised of many smaller variances including Extra Care Sheltered Housing and Independent Living Service (ILS).

b. Mental Health -£362k gross
There is a gross underspend forecast of £362k. Forecast hours are 22,580 below the affordable level, creating an under spend of £385k, whilst the unit cost is forecast to be £0.42 higher than affordable, which reduces this saving by £23k.

c. Older People -£1,178k (-£2,644k gross, +£1,466k income)
The overall forecast is an under spend against gross of £2,644k, coupled with an under recovery of income of £1,466k. The number of hours is forecast to be 12,427 lower than the affordable hours generating a £185k forecast underspend. The actual unit cost is £0.59 lower than the affordable level, increasing that initial forecast underspend by a further £1,413k.

The Kent Enablement at Home (KEaH), in house service is forecasting a gross underspend of £674k, which is the cumulative effect of less hours of service than budgeted being forecast, and resultant savings in staffing costs. A saving of £307k is also forecast against block domiciliary contracts, as a result of savings on non-care related costs, and where negotiations to have an element of unused hours refunded has been successful.

Within this budget line is a forecast of £447k of unachievable savings, however this is fully offset by other funds which have been uncommitted. Of this £447k, £100k relates to the domiciliary enhanced procurement element as a result of a delay in notice being served to contractors, with the remainder relating to the delay in implementing the revised charging policy.

The remaining gross variance comprises several smaller variances below £100k, including enablement, provisions for bad debt and extra care housing.

The reduction in activity is forecast to yield an under recovery of income of £50k, this is coupled with a slight reduction in actual average unit charge, which generates a further £1,536k income pressure, offset by several small income over-recoveries including extra care housing and enablement.

d. Physical Disability -£79k (-£126k gross, +£47k income)
The gross variance is caused by the forecast of 59,344 hours below affordable level, creating a £833k saving, this is offset by a unit cost variance £1.26 greater than affordable, causing a pressure of £696k. The remaining gross pressure, and income variance is due to variances on a number of other lines in this heading, all below £100k.

1.1.3.13 **Nursing & Residential Care: +£1,908k (net), (Gross +£1,375k, Income +£533k)**

a. Learning Disability +£2,235k (+£3,467k gross, -£1,232k income)
The overall forecast for residential care is a pressure on gross of £3,467k, partially offset by an over recovery of income of -£1,232k, giving a net pressure of £2,235k. The number of client weeks provided is forecast to be 2,067 higher than the affordable level at a cost of £2,576k. As detailed within section 2.8.1, the forecast activity for this service is based on known individual clients, by individual periods of service, including provisional and transitional clients. (Provisional clients are those who may move from domiciliary/direct payments to residential as a result of deterioration in their condition/personal requirements, as well as clients already in receipt of residential care, but whose personal/financial circumstances deteriorate). The activity trend to date may appear to be low when considered alongside the forecast, in some cases this is as a result of timing differences between when the clients are added into SWIFT (the client activity system), compared to the inclusion within the financial forecast, which maybe as a result of disputes or independent contract negotiations. In addition, there is expected to be increased take-up in the final quarter of the year. The actual unit cost is £1,246.05, which is £16.86 higher than the affordable level and creates a pressure of £649k.
There are also variances on the preserved rights lines, where activity is forecast to be 4,265 weeks lower than affordable. This reduction in activity creates a saving of £3,771k, however the unit cost is more than afforded, resulting in a pressure of £3,877k.

The remaining gross variance of +£136k comprise numerous individual variances below £100k. This includes in-house provision as a result of providing additional 1 to 1 support, minor variances on Registered Nursing Care Contribution (RNCC), and on agency staff required to cover sickness at in-house provision, as well as replacement costs of essential equipment at units.

The additional forecast client weeks for residential care add £843k of income, and the actual income per week is higher than the expected level by £14.15 which generates a further over-recovery in income of £545k.

The reduction in client weeks compared to affordable for preserved rights residential care cause a loss of £1,151k of income, and the actual income per week is higher than the expected level by £29.81 which generates an over-recovery in income of £1,000k.

The remaining income variance of +£5k is related to in house provision and RNCC.

Also, within this budget line is a forecast of £1,196k of unachievable procurement savings as a result of a delay in notice being served to contractors, however this is fully offset by other funds which have been uncommitted.

b. Mental Health +£358k (+£123k gross, +£235k income)
The forecast for residential care is a gross pressure of £123k and an under-recovery of income of £235k, leaving a net pressure of £358k. The forecast number of weeks of care is 91 lower than the affordable level giving a saving of £51k. The actual unit cost is £11.73 higher than the affordable level, which creates a pressure of £114k. There are also minor gross variances on preserved rights and on RNCC. The forecast also assumes a significant under-recovery in income of £226k due to the continual increasing proportion of clients falling under the Section 117 legislation which means that they do not contribute to the cost of their care. There are also small income variances on Preserved Rights.

c. Older People - Nursing -£148k (+£115k gross, -£263k income)
There is a forecast pressure of £115k on gross and an over recovery of income of £263k, leaving a net underspend of £148k. The forecast level of client weeks is 3,619 higher than the affordable level, at a forecast pressure of £1,684k. The unit cost is currently forecast to be £13.36 lower than budget, which gives a forecast under spend of £1,034k. There is also -£540k due to a release of a provision and unrealised creditors following a review of the balance sheet. The remaining gross variance is related to minor variances on preserved rights and RNCC.

The increased activity has resulted in a forecast over recovery of income of £628k, offset by a reduction in the average unit income being charged which reduces the position by £399k. The remaining income variance is related to minor variances on preserved rights and RNCC.

d. Older People- Residential -£1,613k (-£3,384k gross, +£1,771k income)
This service is reporting a gross under spend of £3,384k, along with an under recovery of income of £1,771k. The forecast level of client weeks is 6,419 lower than the affordable levels, which generates a forecast under spend of £2,513k. The unit cost is also £3.32 higher than the affordable levels causing a £530k pressure. Of the remaining forecast gross variance, -£480k reflects the savings against the In-house provision, including Integrated Care centres (ICC), which are beginning to filter through, as part of the Modernisation Strategy. In addition there is -£599k which is due to a release of a provision and unrealised creditors following a review of the payments that have been requested relating to outstanding invoices for 2010-11 and -£230k because the profile of early retirement costs from the closure of homes under the Modernisation Strategy is falling later than expected (i.e. in 2012-13).

The remaining variance comprises a number of smaller variances below £100k.

On the income side, the reduction in activity results in a £1,150k shortfall in income, however this is offset by a higher than budgeted average unit income being charged which has reduced this shortfall by £374k. In addition, there is a forecast under recovery of income of £1,037k for the In-house service & ICCs, mainly due to less permanent clients being placed in the homes because of the OP Modernisation Strategy. The remaining income variance comprises a number of smaller variances below £100k

We continue to expect some volatility in the forecast against this service line this year because of the impact of the Modernisation agenda.

e. Physical Disability + £1,076k (+£1,054k gross, +£22k income)
A gross pressure of £1,054k, along with an under recovery of income of £22k, is reported for this budget. The forecast level of client weeks of service is 1,335 higher than the affordable level, giving a forecast pressure of £1,140k. The forecast unit cost is currently £18.65 lower than the affordable level, which reduces that pressure by £226k. In addition, a +£140k forecast pressure relates to the Preserved Rights service, where the forecast client weeks of service are currently 153 higher than the affordable level.

The additional activity is forecast to increase income by £137k, however the forecast weekly income is £14.92 lower than budgeted resulting in an under recovery of £181k. There are also minor income variances on preserved rights and RNCC.

1.1.3.14 **Supported Accommodation: +£111k(net), (Gross +£388k Income -£277k)**

a. Learning Disability -£753k (-£580k gross, -£173k income)
A gross under spend of £580k, coupled with an over recovery of income of £173k generates the above net forecast variance. The forecast level of client weeks is 532 higher than the affordable levels generating a £521k forecast pressure. The gross unit cost is currently forecast to be £33.35 lower than the affordable level, which generates a £1,007k forecast under spend. The forecast also includes a £170k addition to the Social Care costs reserve, for potential liabilities relating to ordinary residence, the remaining gross variances totalling -£264k are each less than £100k, across other services including group homes, link placements and resource centres.

The increased activity creates a minor over recovery of income; however the average unit income is higher than budgeted, so creates an over-recovery of income of £123k. The remaining income variance is on several service lines under this heading, each below £100k

Within this budget line is a forecast of £208k of unachievable procurement savings as a result of delays in negotiations with Providers, however this is fully offset by other funds which are uncommitted.

b. Physical Disability/Mental Health +£864k (+£968k gross, -£104k income)
For the physical disability client group the forecast level of client weeks is 708 higher than the affordable level of weeks, creating a pressure of £569k, coupled with a slightly lower than affordable unit cost level which creates a minor £46k saving.
There is also a minor over recovery of income.

For the mental health client group the forecast level of client weeks is 1,724 higher than the affordable level, generating a forecast pressure of £573k, offset by a variance in price of -£128k, caused by the unit cost being £63 lower than budgeted. There is also a small over recovery in income for this client group.

1.1.3.15 **Other Services for Adults & Older People**

a. Contributions to Voluntary Organisations -£291k (-£262k gross, -£29k income)
As part of the ongoing drive to deliver more self directed support through Direct Payments & Personal Budgets, various contracts with voluntary organisations are currently being reviewed/re-negotiated or re-commissioned. We are currently working in conjunction with District Partnership Groups to continue to provide the service, but in a different way. The current overall effect of this is a forecast saving on the gross budget of £262k. The slight over recovery of income is due to an overall increase in Health funding.

b. Day Care -£694k (-£754k gross, +£60k income)
As a result of a culmination of a reduction in staffing levels against Learning Disability Day Services, improved data quality which has enabled efficiencies to be made in the provision of day care and clients ceasing to take up the service, this generates a forecast saving of £280k. A further £343k forecast gross saving relates to a number of re-commissioning strategies for both the in-house and independently provided services, mainly across the Older People client group. The remaining variance is due to a number of minor variances across all clients groups, separate to the reasons above, all of which are below £100k.

c. Other Adult Services +£614k (+£162k gross, +£452k income)
There is a forecast under spend related to the provision of meals, where the volume of meals continues to fall creating a gross underspend of £415k and a £440k under recovery of income.
There is also an overspend relating to the Occupational Therapy unit of £418k, which relates to the provision of equipment being above the budgeted level.
The remaining variances, including a total of +£159k on gross and +£12k on income are due to minor variances, all below £100k, across many different services within this budget line.

1.1.3.16 **Intermediate Services - Assessment of Vulnerable Adults & Older People: -£1,447k (-£1,672k gross, +£225k income)**

The Mental Health assessment & related (A&R) service contributes approximately £1,025k towards this forecast under spend as a result of both vacancy management through continuing to hold posts vacant and delaying any recruitment process pending the outcome of the internal restructure that is currently underway, alongside an historical difficulty in recruiting qualified social work staff. These gross variances are partially offset by a forecast reduction in income, totalling £180k, as 3 of these vacant posts were previously funded by health. There are some other minor income variances totalling +£45k.
In addition to this is £565k of the forecast under spend on gross is the Directorate's prudency in holding back unallocated funding in order to offset other pressures within the directorate. The remainder of the gross variance is due to a number of minor variances totalling -£82k.

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
ASCPH	Residential - Learning Disability Gross - Preserved rights unit cost above affordable level	+3,877	ASCPH	Residential - Learning Disability Gross - Preserved rights weeks of care lower than budgeted	-3,771
SCS	Fostering Service - In House Non Related Gross - Activity higher than affordable level	+3,179	ASCPH	Domiciliary - Learning Disability Gross - Forecast activity below affordable level	-2,715
SCS	Assessment of Vulnerable Children - Gross - Staffing pressure (mainly agency social workers)	+3,027	ASCPH	Residential - Older People Gross - Activity forecast below budgeted level	-2,513
SCS	Fostering Service - Gross - Increased costs of legal services	+2,840	ASCPH	Domiciliary - Older People Gross - Forecast unit cost below affordable level	-1,413
SCS	Fostering Service - Independent Gross - Activity higher than affordable level	+2,730	SCS	Asylum Service - Gross - Number of eligible under 18s below level assumed in budget	-1,206
ASCPH	Residential - Learning Disability Gross - Forecast weeks of care higher than budgeted	+2,576	ASCPH	Residential - Learning Disability Gross - Uncommitted funding held to offset unachievable savings	-1,196
ASCPH	Nursing - Older People Gross - Forecast weeks of care higher than budgeted	+1,684	ASCPH	Nursing - Older People Gross - Unit cost lower than budgeted	-1,034
ASCPH	Domiciliary - Older People Income - Average income below affordable level	+1,536	SCS	Fostering Service - In House Non Related Gross - Unit cost below affordable level	-1,026
ASCPH	Domiciliary - Learning Disability Gross - Forecast unit cost above affordable level	+1,382	ASCPH	Assessment of Vulnerable Adults - Gross - Staffing savings	-1,025
SCS	Residential - Independent Sector Gross - weeks of activity in excess of affordable level	+1,324	ASCPH	Supported Accommodation - Learning Disability Gross - Unit cost below the level afforded in the budget	-1,007
SCS	Asylum Service - Gross - Additional ARE Clients comapred to budgeted number	+1,281	ASCPH	Residential - Learning Disability Income - Preserved rights average unit income above budgeted level	-1,000
ASCPH	Residential - Learning Disability Gross - Unachievable procurement savings	+1,196	ASCPH	Direct Payments - Learning Disability Gross - Unit cost below affordable level	-863
ASCPH	Residential - Learning Disability Income - Preserved rights weeks of care lower than budgeted	+1,151	ASCPH	Residential - Learning Disability Income - Forecast weeks of care higher than budgeted	-843
ASCPH	Residential - Older People Income - Activity forecast below budgeted level	+1,150	ASCPH	Domiciliary - Physical Disability Gross - Forecast activity below affordable level	-833
ASCPH	Residential - Physical Disability Gross - Activity above affordable level	+1,140	ASCPH	Domiciliary - Older People Gross - savings at Kent Enablement at Home as a result of forecast activity below budgeted level	-674
SCS	Asylum Service - Income - Number of eligible under 18s below level assumed in budget	+1,048	ASCPH	Nursing - Older People Income - Forecast weeks of care higher than budgeted	-628

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ASCPH	Residential - Older People Income - Loss of income related to Modernisation Strategy (as fewer clients placed in-house)	+1,037	SCS	Early Years & Childcare - Gross - Saving made on renegotiation of National Childminder Association contract	-600
ASCPH	Domiciliary - Physical Disability Gross - Unit cost above affordable level	+696	ASCPH	Residential - Older People Gross - Release of provision & unrealised creditors following review of balance sheet	-599
SCS	Residential - Independent Sector Gross - unit cost above affordable level	+668	ASCPH	Assessment of Vulnerable Adults - Gross - prudent holding back of unallocated funding to offset other pressures within directorate	-565
ASCPH	Residential - Learning Disability Gross - Unit cost in excess of affordable level	+649	ASCPH	Residential - Learning Disability Income - Average unit income in excess of budgeted level	-545
SCS	Residential - Independent Sector Disability Gross - weeks of activity in excess of affordable level	+623	ASCPH	Nursing - Older People Gross - Release of provision & unrealised creditors following review of balance sheet	-540
ASCPH	Supported Accommodation - Mental Health Gross - Activity in excess of budgeted level	+573	ASCPH	Direct Payments - Older People Gross - Unit cost below affordable level	-512
ASCPH	Supported Accommodation - Physical Disability Gross - Activity in excess of budgeted level	+569	ASCPH	Residential - Older People Gross - Savings related to Modernisation Strategy in excess of budgeted savings	-480
ASCPH	Residential - Older People Gross - Unit cost above affordable level	+530	ASCPH	Domiciliary - Older People Gross - Uncommitted funding held to offset unachievable savings	-447
ASCPH	Supported Accommodation - Learning Disability Gross - Activity above affordable level	+521	SCS	Fostering Service - Independent Gross - Unit cost below affordable level	-423
SCS	16+ Service - Care Leavers & Relevant Children Gross - Higher than budgeted payments	+460	ASCPH	Other Adult Services Gross - provision of meals below affordable level	-415
ASCPH	Other Adult Services Income - provision of meals below affordable level	+440	ASCPH	Domiciliary - Mental Health Gross - Forecast activity below affordable level	-385
SCS	Adoption Service Gross - Increase in Special Guardianship Orders (SGOs)	+438	SCS	Childrens Centres - Gross - staff vacancy savings	-385
ASCPH	Other Adult Services Gross - Increased provision of Occupational Therapy equipment	+418	ASCPH	Residential - Older People income - average unit charge above budgeted level	-374
ASCPH	Nursing - Older People Gross - Reduction in average unit income charged	+399	ASCPH	Day Care - Older People Gross - Recommissioning Strategies	-343
ASCPH	Domiciliary - Older People Gross - Unachievable savings due to delay in revised charging policy	+347	ASCPH	Domiciliary - Older People Gross - saving on block contracts (refund of unused hours of care)	-307
SCS	Other Preventative Services Gross: Increase in Section 17 payments	+331	ASCPH	Day Care - Learning Disability Gross - Efficiencies in staffing and provision together with reduced take up of service	-280
SCS	Fostering Service - Kinship Non-LAC Gross - Increase in forecast weeks of care above affordable levels	+322	SCS	Childrens Centres - Gross - Delays in opening some children's centres	-280

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ASCPH	Direct Payments - Learning Disability Income - Average unit charge below budgeted level	+297	SCS	Residential - Independent Sector Disability Gross - unit cost below affordable level	-274
SCS	Asylum gross: actual weekly unit cost of supporting eligible over 18's is above the grant unit cost claimable	+267	SCS	Childrens Centres - Gross - savings from management actions around non-essential expenditure	-269
SCS	16+ Service - Independent Fostering Gross - Weeks of care above affordable level	+261	ASCPH	Contributions to Voluntary Organisations - Gross - Recommissioning Strategies	-262
ASCPH	Residential - Mental Health Income - Increased number of Section 117 clients who do not contribute to costs	+226	ASCPH	Direct Payments - Learning Disability Gross - Forecast weeks of care below affordable level	-257
ASCPH	Direct Payments - Learning Disability Gross - Number of one-off payments in excess of budgeted level	+219	ASCPH	Residential - Older People gross - profile of early retirement costs from the closure of homes under Modernisation Strategy falling later than anticipated	-230
ASCPH	Supported Accommodation - Learning Disability Gross - Unachievable procurement savings	+208	ASCPH	Residential - Physical Disability Gross - Unit cost below that afforded in the budget	-226
ASCPH	Residential - Physical Disability Income - Average unit income charge below budgeted level	+181	ASCPH	Supported Accommodation - Learning Disability Gross - Uncommitted funding held to offset unachievable savings	-208
ASCPH	Assessment of Vulnerable Adults - Income - Reduced recharges to health due to staffing vacancies	+180	SCS	Residential - Secure Accommodation Gross - Activity below affordable level	-197
ASCPH	Supported Accommodation - Learning Disability Gross - tfr to reserves for potential liabilities relating to ordinary residence	+170	ASCPH	Domiciliary - Older People Gross - Forecast activity below affordable level	-185
SCS	Fostering Service - Related Foster Payments Gross - Increased demand for service	+166	ASCPH	Direct Payments - Mental Health Gross - Forecast weeks of care below affordable level	-171
SCS	Adoption Service - In House gross - Staffing pressure	+140	ASCPH	Residential - Physical Disability Income - Activity above affordable level	-137
ASCPH	Residential - Physical Disability Gross - Preserved Rights Activity above affordable level	+140	SCS	Other Preventative Services - Daycare Gross - Decommissioning of district services	-129
SCS	Asylum Service - Income - change in grant rules pertaining to first 13 weeks ARE status and Human Rights Assessments	+140	ASCPH	Supported Accommodation - Mental Health Gross - Unit cost below the budgeted level	-128
ASCPH	Direct Payments - Older People Gross - Number of one-off payments in excess of budgeted level	+139	SCS	16+ Service - Independent Residential Gross - Average cost below affordable level	-124
SCS	Fostering Service - Kinship Non-LAC Gross - Increase in Allowances for Fee element	+137	ASCPH	Supported Accommodation - Learning Disability Income - Average unit charge above budgeted level	-123

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
SCS	16+ Service - In-House Non Related Fostering Gross - Weeks of care above affordable level	+135			
SCS	16+ Service - Independent Residential Gross - Weeks of care above affordable level	+130			
ASCPH	Residential - Mental Health Gross - Unit cost in excess of affordable level	+114			
SCS	Residential - Non-LAC Gross - Activity above affordable level	+101			
ASCPH	Domiciliary - Older People Gross - Unachievable savings connected to enhanced procurement delays	+100			
SCS	Fostering Service - Related Foster Payments Gross - Increase in Allowances for Fee Element	+100			
SCS	Residential - In-house provision Gross - Use of permanent relief staff	+100			
		+43,793			**-32,147**

1.1.4 **Actions required to achieve this position**

eg Management Action achieved to date including vacancy freeze, changes to assessment criteria etc.

The forecast presented assumes the Good Practice Guidelines adopted within the directorate are being adhered to and it is felt that this has assisted Adult's Services to report a position within cash limit this year. However the improvements required to Children's Services following the OFSTED inspection, and the continuing increasing trend of looked after children means that it is unlikely that significant management action can be applied in the current year, which will significantly reduce the current pressure that is being forecast.

1.1.5 **Implications for MTFP**:

The recently approved 2012-15 MFTP has addressed the significant pressures reported in the current year on specialist children’s services.

Work has also been completed to establish the demographic pressures now anticipated in the medium term for adult social care compared to previous estimates, and the recently approved MTFP has been amended accordingly, although this is likely to need further refinement in light of the latest numbers.

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]*

This section should provide details of the management action outstanding, as reflected in the assumed management action figure reported in table 1 and details of alternative actions where savings targets are not being achieved.

Significant improvement has recently been reported within Specialist Children's Services following the unannounced OFSTED inspection in October. However, as previously reported, it is not possible for Specialist Children's Services to produce a balanced budget position by year end, but the current reported pressures are being offset by underspending elsewhere across the Authority.

Work is also ongoing within Adult Social Services to finalise the treatment of both NHS support for social care and the recently approved winter pressure funding.

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 2012-15 MTFP as agreed by County Council on 9 February 2012, 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 £m	2011-12 £m	2012-13 £m	2013-14 £m	Future Yrs £m	TOTAL £m
Specialist Childrens' Services Portfolio						
Budget	59.691	14.937	0.221	0.000	0.000	74.849
Adjustments:						
Rephasing as per December Monitoring		-0.529	0.529			0.000
Early Year-completed project	-15.236					-15.236
Transforming Short Breaks-completed	-1.374					-1.374
Transforming Short Breaks-moved to MASH	-1.469	-3.309				-4.778
MASH Ashford	1.469	3.309				4.778
						0.000
Revised Budget	**43.081**	**14.408**	**0.750**	**0.000**	**0.000**	**58.239**
Variance		-0.093	0.085	0.000	0.000	-0.008
split:						
- real variance		-0.008				-0.008
- re-phasing		-0.085	0.085			0.000
Adults Social Care & Public Health Portfolio						
Budget	4.381	5.633	10.198	6.586	3.573	30.371
Adjustments:						
Rephasing as per December monitoring		-0.150	0.150			0.000
Folkestone ARRCC		-0.023				-0.023
						0.000
Revised Budget	**4.381**	**5.460**	**10.348**	**6.586**	**3.573**	**30.348**
Variance		-1.996	1.982	0.014	0.000	0.000
split:						
- real variance						0.000
- re-phasing		-1.996	1.982	0.014		0.000
Directorate Total						
Revised Budget	**47.462**	**19.868**	**11.098**	**6.586**	**3.573**	**88.587**
Variance		-2.089	2.067	0.014	0.000	-0.008

Real Variance	0.000	-0.008	0.000	0.000	0.000	-0.008
Re-phasing	0.000	-2.081	2.067	0.014	0.000	0.000

1.2.3 **Main Reasons for Variance**

Table 4 below, details all forecast capital variances over £250k in 2011-12 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	Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£m	£m	£m	£m
Overspends/Projects ahead of schedule						
			0.000	**0.000**	**0.000**	**0.000**
Underspends/Projects behind schedule						
ASC&PH	LD Good Day Programme	phasing			-0.373	
ASC&PH	Transforming Social Care	phasing		-0.297		
ASC&PH	Mental Health SCP	phasing		-0.290		
ASC&PH	Modernisation of Assets	phasing	-0.269			
			0.269	**0.587**	**0.373**	**0.000**
			-0.269	**0.587**	**-0.373**	**0.000**

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

N/A

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

There is a small real variance of -£0.008m in 2011-12.

1.2.6 **General Overview of capital programme**:

(a) Risks

The risks linked to the Families and Social Care Directorate must be similar to those felt throughout the Authority in this current financially suppressed climate. As a Directorate that works alongside many partners such as District Councils, Private/Voluntary Organisations and Primary Care Trusts (PCT) in order to provide the most comprehensive service delivery to our users, the risks to FSC are potentially compounded.

There are several schemes where there are potential claims from contractors or where KCC is taking legal action against contractors.

(b) Details of action being taken to alleviate risks

The Directorate continues to closely monitor those risks associated with our partnership working arrangements on a regular basis through Divisional Management Teams which run alongside its over-arching capital strategy. However, the Directorate may not always be able to influence/control the final outcome.

1.2.7 PFI projects-

Excellent Homes for All (EHFA)

A Value for Money review by the Homes and Communities Agency (HCA) and Department for Communities and Local Government (DCLG) for all Housing PFI projects has reduced the PFI credit allocation from £70.42m to £66.8m, a reduction of 11%. A number of other changes have been imposed such as a reduced contract length, from 30 years to 25 years, and a requirement for the Authority to make a contribution to the cost of the project of up to £175k per annum for the contract period. No decision has been made by KCC to pay the contribution and how this contribution, if paid, will be shared by district council partners is still under discussion.

The £66.8m revised PFI credit for 'Excellent Homes for All' PFI project also represents investment by a third party. The figures are not final and are subject to change until we reach financial close. No payment will be made by KCC for the new/refurbished assets until they are ready for use. Any payment will be by way of an annual charge to the revenue budget.

	Previous years	2011-12	2012-13	2013-14	2014-15	2015-16	TOTAL
	£m	£m	£m	£m	£m	£m	£m
Budget				35.210	35.210		70.420
Forecast					33.400	33.400	66.800
Variance				-35.210	-1.810	33.400	-3.620

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

The above table shows the revised costings.

(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 unitary charge will not be subject to indexation as the contractor has been asked to bid 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 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. Such costs would be shared on the basis of a pre-arrangement.

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 re-phasing will be shown. The possible re-phasing is detailed in the table below.

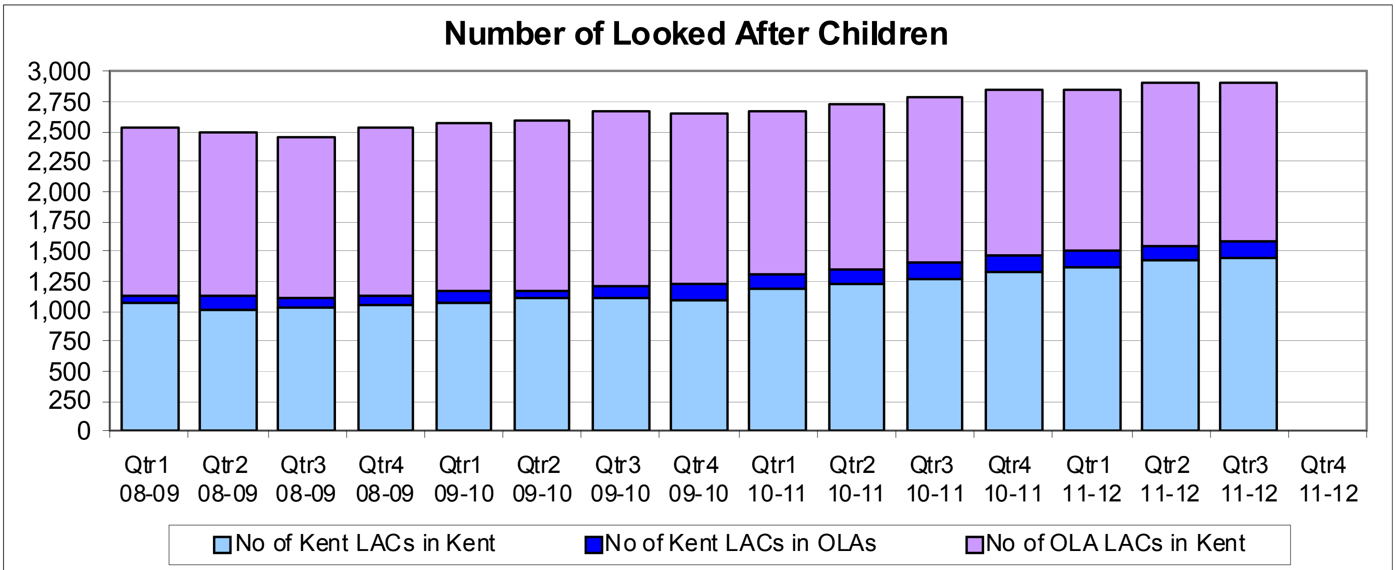
Annex 2

	2011-12	2012-13	2013-14	Future Years	Total
	£m	£m	£m	£m	£m
Modernisation of Assets (ASC&PH)					
Amended total cash limits	0.366	0.015	0.000	0.000	0.381
re-phasing	-0.269	0.255	0.014	0.000	0.000
Revised project phasing	**0.097**	**0.270**	**0.014**	**0.000**	**0.381**
Mental Health SCE (ASC&PH)					
Amended total cash limits	0.196	0.000	0.000	0.000	0.196
re-phasing	-0.179	0.179	0.000	0.000	0.000
Revised project phasing	**0.017**	**0.179**	**0.000**	**0.000**	**0.196**
Public Access - Approval to Spend (ASC&PH)					
Amended total cash limits	0.295	0.000	0.000	0.000	0.295
re-phasing	-0.222	0.222	0.000	0.000	0.000
Revised project phasing	**0.073**	**0.222**	**0.000**	**0.000**	**0.295**
Mental Health SCP (ASC&PH)					
Amended total cash limits	0.292	0.000	0.000	0.000	0.292
re-phasing	-0.290	0.290	0.000	0.000	0.000
Revised project phasing	**0.002**	**0.290**	**0.000**	**0.000**	**0.292**
IT Infrastructure (ASC&PH)					
Amended total cash limits	0.284	0.610	0.000	0.000	0.894
re-phasing	-0.197	0.197	0.000	0.000	0.000
Revised project phasing	**0.087**	**0.807**	**0.000**	**0.000**	**0.894**
LD Good Day Programme (ASC&PH)					
Amended total cash limits	1.019	3.777	0.934	1.002	6.732
re-phasing	-0.373	0.373	0.000	0.000	0.000
Revised project phasing	**0.646**	**4.150**	**0.934**	**1.002**	**6.732**
Transforming Social Care - Approval to Spend (ASC&PH)					
Amended total cash limits	0.370	0.000	0.000	0.000	0.370
re-phasing	-0.297	0.297	0.000	0.000	0.000
Revised project phasing	**0.073**	**0.297**	**0.000**	**0.000**	**0.370**
Public Access - Approval to Plan (ASC&PH)					
Amended total cash limits	0.150	0.150	0.300	0.300	0.900
re-phasing	-0.130	0.130	0.000	0.000	0.000
Revised project phasing	**0.020**	**0.280**	**0.300**	**0.300**	**0.900**
Total re-phasing >£100k	**-1.957**	**1.943**	**0.014**	**0.000**	**0.000**
Other re-phased Projects below £100k	**-0.124**	**0.124**	**0.000**	**0.000**	**0.000**
TOTAL RE-PHASING	**-2.081**	**2.067**	**0.014**	**0.000**	**0.000**

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 **Numbers of Looked After Children (LAC)**: (Excludes Asylum Seekers)

	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
2008-09					
Apr – Jun	1,075	52	**1,127**	1,408	**2,535**
Jul – Sep	1,022	105	**1,127**	1,360	**2,487**
Oct – Dec	1,042	77	**1,119**	1,331	**2,450**
Jan – Mar	1,048	84	**1,132**	1,402	**2,534**
2009-10					
Apr – Jun	1,076	100	**1,176**	1,399	**2,575**
Jul – Sep	1,104	70	**1,174**	1,423	**2,597**
Oct – Dec	1,104	102	**1,206**	1,465	**2,671**
Jan – Mar	1,094	139	**1,233**	1,421	**2,654**
2010-11					
Apr – Jun	1,184	119	**1,303**	1,377	**2,680**
Jul – Sep	1,237	116	**1,353**	1,372	**2,725**
Oct – Dec	1,277	123	**1,400**	1,383	**2,783**
Jan – Mar	1,326	135	**1,461**	1,385	**2,846**
2011-12					
Apr – Jun	1,371	141	**1,512**	1,330	**2,842**
Jul – Sep	1,419	135	**1,554**	1,347	**2,901**
Oct – Dec	1,446	131	**1,577**	1,337	**2,914**
Jan – Mar					

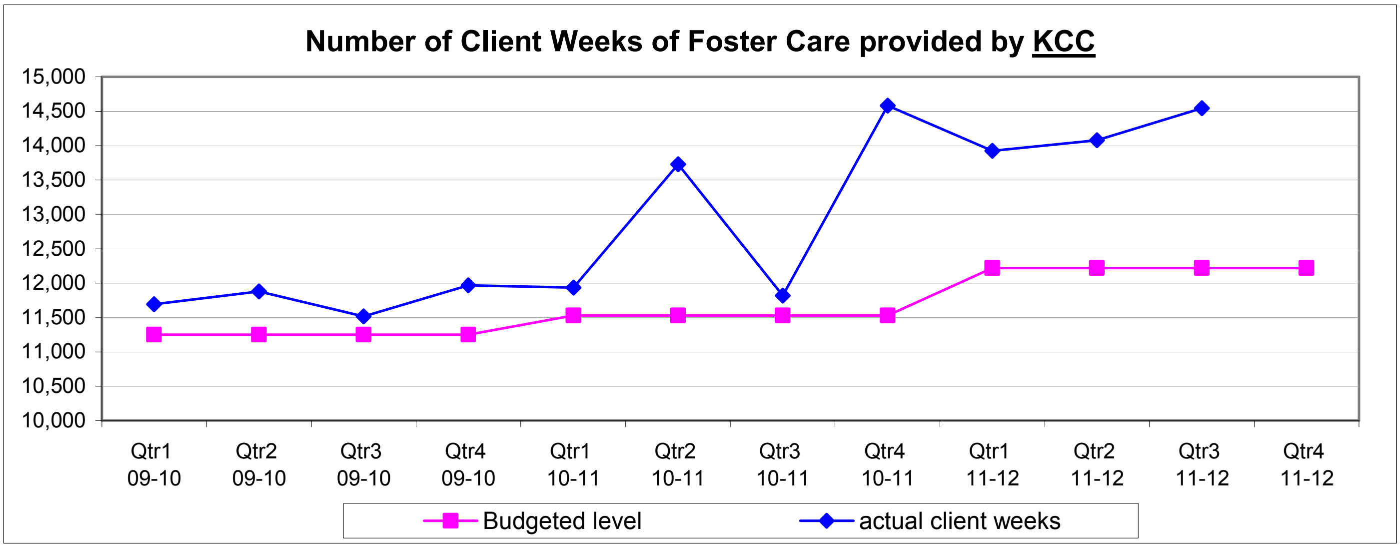


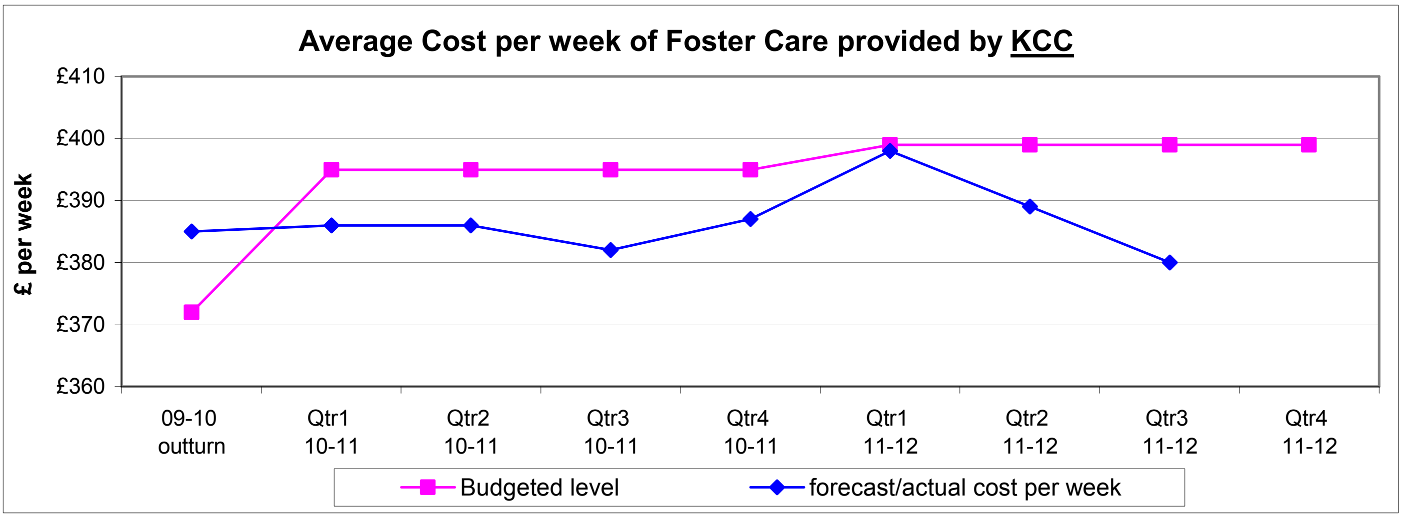
Comments:

- 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 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.
- The increase in the number of looked after children has placed additional pressure on the services for Looked After Children, including Residential Services, Fostering Services and 16+ services budgets.

2.2.1 Number of Client Weeks & Average Cost per Client Week of Foster Care provided by KCC (Non Related Fostering):

	2009-10				2010-11				2011-12			
	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	11,249	11,695			11,532	11,937	£395	£386	12,219	13,926	£399	£398
July - Sep	11,249	11,880			11,532	13,732	£395	£386	12,219	14,078	£399	£389
Oct - Dec	11,249	11,518			11,532	11,818	£395	£382	12,219	14,542	£399	£380
Jan - Mar	11,249	11,969			11,532	14,580	£395	£387	12,219		£399	
	44,997	**47,062**	**£372**	**£385**	**46,128**	**52,067**	**£395**	**£387**	**48,876**	**42,546**	**£399**	





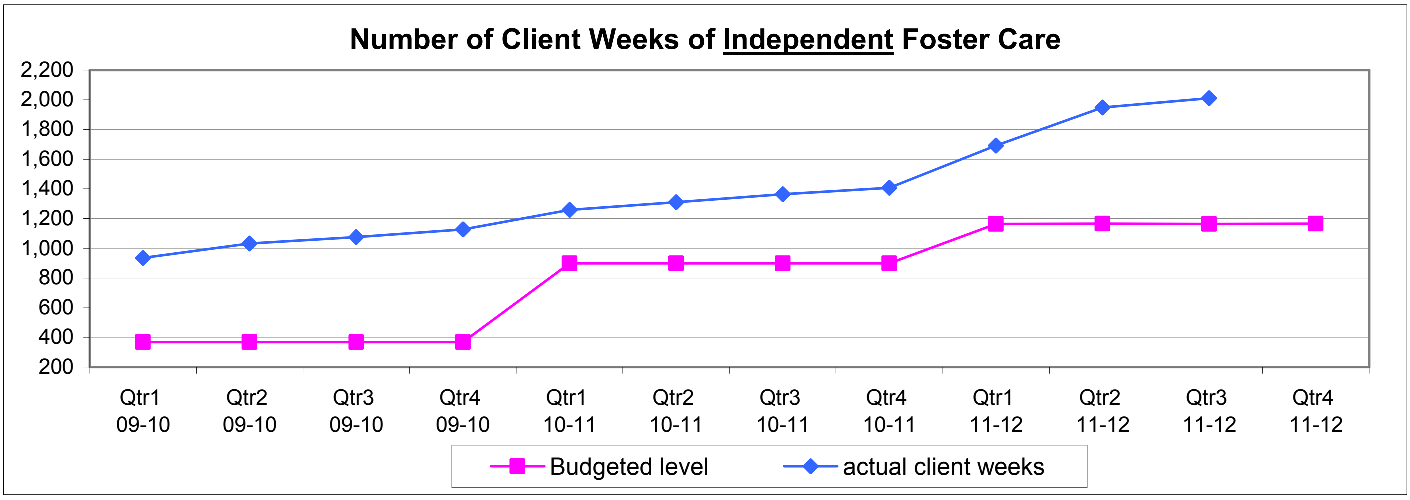
Comments:

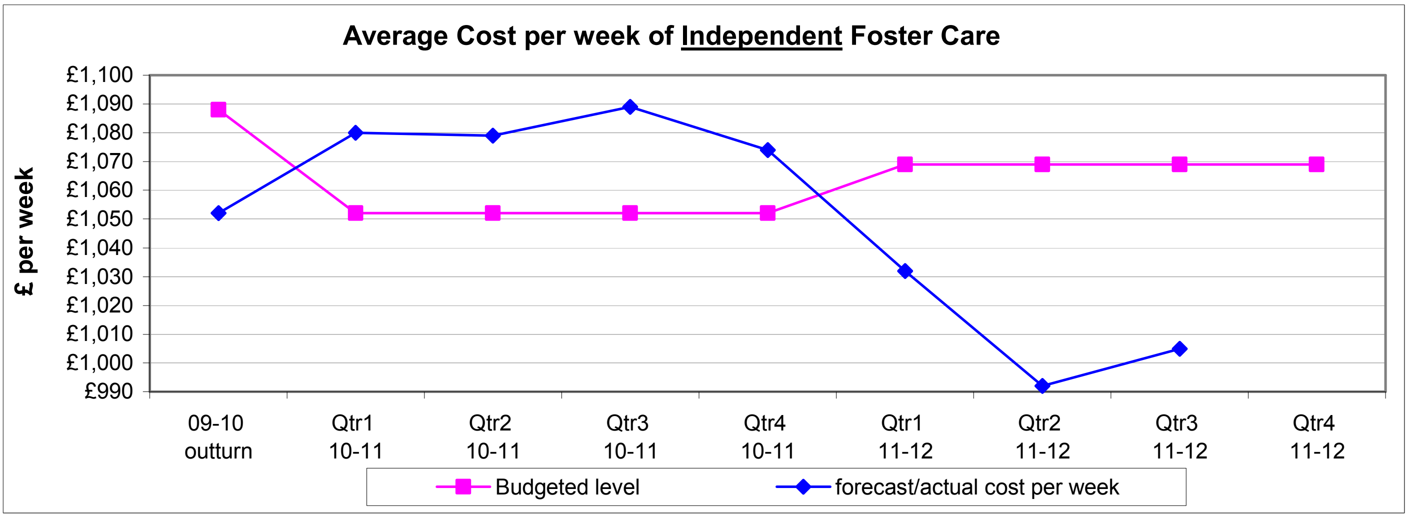
- The actual number of client weeks is based on the numbers of known clients at a particular point in time. This may be subject to change due to the late receipt of paperwork.
- The budgeted level has been calculated by dividing the budget by the average weekly cost. The average weekly cost is also an estimate based on financial information and estimates of the number of client weeks and may be subject to change.
- In addition, the 2011-12 budgeted level represents the level of demand as at the 3rd quarter's full monitoring report, which is the time at which the 2011-12 budget was set and approved. However, since that time, the service has experienced continued demand on this service.
- The current number of forecast weeks is 57,190 (including 16+, but excludes asylum), which is 8,314 weeks above the affordable level. At £399 per week, this increase in activity gives a pressure of £3,317k.

- The forecast unit cost of £379.60, (including both fostering and 16+, but excluding Asylum), is £19.30 below the budgeted level, which provides a saving of £1,104k.
- Overall therefore, the combined gross pressure on this service for both under 16's (and those with a disability) and the 16+ service is +£2,213k, as reported in sections 1.1.3.2 and 1.1.3.5.

2.2.2 **Number of Client Weeks & Average Cost per Client Week of Independent Foster Care**:

	2009-10				2010-11				2011-12			
	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	369	935			900	1,257	£1,052	£1,080	1,177	1,693	£1,068.60	£1,032
July - Sep	369	1,032			900	1,310	£1,052	£1,079	1,178	1,948	£1,068.60	£992
Oct - Dec	369	1,075			900	1,363	£1,052	£1,089	1,177	2,011	£1,068.60	£1,005
Jan - Mar	369	1,126			900	1,406	£1,052	£1,074	1,178		£1,068.60	
	1,476	**4,168**	**£1,088**	**£1,052**	**3,600**	**5,336**	**£1,052**	**£1,074**	**4,710**	**5,652**	**£1,068.60**	





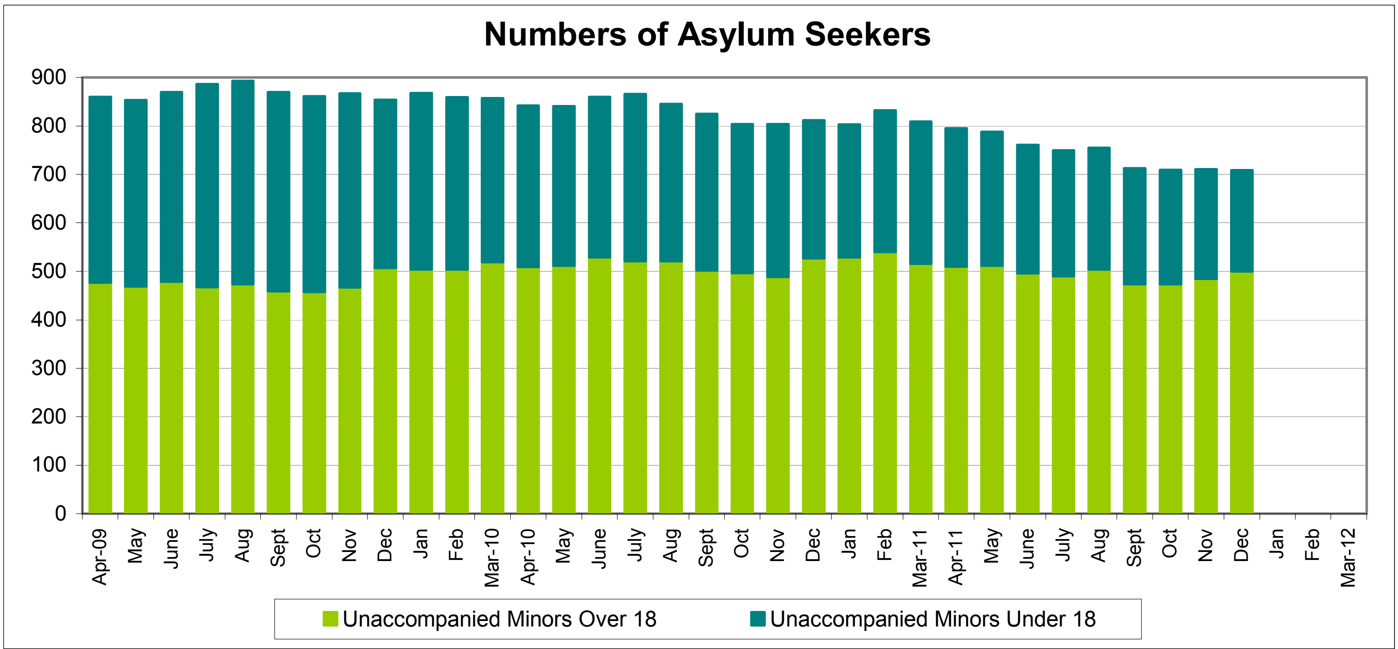
Comments:

- 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 and estimates of the number of client weeks and may be subject to change.
- The budgeted levels for 2010-11 were below the 2009-10 activity because although significant funding was made available as part of the 2010-13 MTP, this was insufficient to cover the demands for this service.

- For the 2011-12 budget further significant funding has been made available based on the actual level of demand at the 3rd quarter's monitoring position for 2010-11, the time at which the 2011-12 budget was set and approved. However, since that date the service has experienced continued demand on this service.
- The current number of forecast weeks is 7,497 (including 16+, but excludes asylum), which is 2,787 weeks above the affordable level. At £1,069 per week, this increase in activity gives a pressure of £2,978k.
- The forecast unit cost of £1,005 (including 16+, but excluding Asylum), is £63.30 below the budgeted level, which provides a saving of £474k.
- The cost of placements made in 2011-12 are at a significantly lower level than originally forecast, and lower than those placements that have ended in the same period. As a result the current forecast unit cost is 6.4% lower than 2010-11 outturn
- Overall therefore, the combined gross pressure on this service for both under 16's (and those with a disability) and the 16+ service is +£2,504k, as reported in sections 1.1.3.2 and 1.1.3.5.
- Whilst the current policy has been to use in-house placements where ever possible, the service has currently increased its IFA placements due to the current lack of availability of suitable in-house placements. However, we are expecting to reduce the number of mother and baby placements in the independent sector and replace them with in-house placements during quarter 4.

2.3 Numbers of Unaccompanied Asylum Seeking Children (UASC):

	2009-10			2010-11			2011-12		
	Under 18	Over 18	**Total Clients**	Under 18	Over 18	**Total Clients**	Under 18	Over 18	**Total Clients**
April	383	477	**860**	333	509	**842**	285	510	**795**
May	384	469	**853**	329	512	**841**	276	512	**788**
June	391	479	**870**	331	529	**860**	265	496	**761**
July	418	468	**886**	345	521	**866**	260	490	**750**
August	419	474	**893**	324	521	**845**	251	504	**755**
September	411	459	**870**	323	502	**825**	238	474	**712**
October	403	458	**861**	307	497	**804**	235	474	**709**
November	400	467	**867**	315	489	**804**	225	485	**710**
December	347	507	**854**	285	527	**812**	208	500	**708**
January	364	504	**868**	274	529	**803**			
February	355	504	**859**	292	540	**832**			
March	338	519	**857**	293	516	**809**			



Comment:

- The overall number of children has reduced as a result of lower referrals, which are also lower than the budgeted number. It is unclear at this time whether this trend will continue. The number of clients supported, however, remains above the budgeted level of 700.

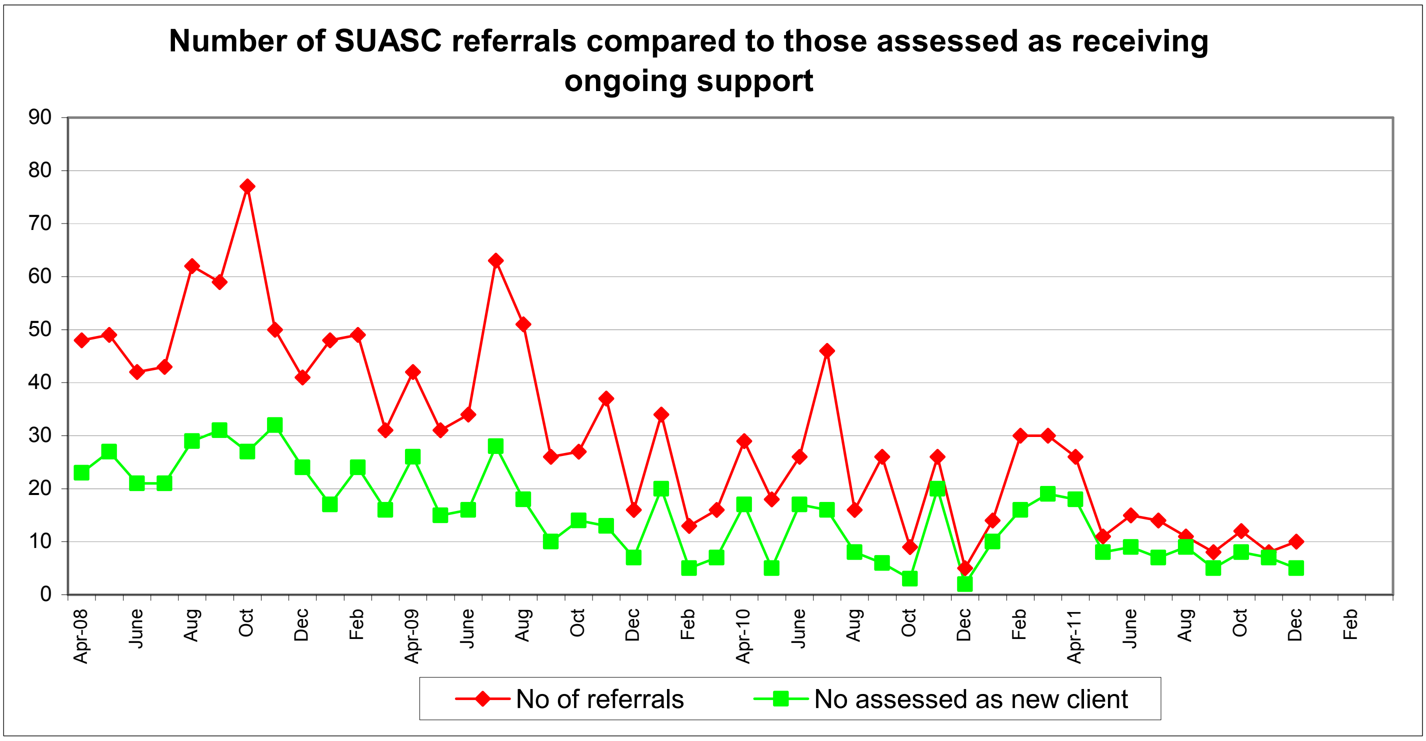
- Despite improved partnership working with the UKBA, the numbers of over 18's who are All Rights of appeal Exhausted (ARE) have not been removed as quickly as originally planned.

- In general, the age profile suggests the proportion of over 18s is increasing and it is this service which is experiencing the shortfall of funding. In addition the age profile of the under 18 children has reduced, with significantly higher numbers being placed in foster care.

- The data recorded above will include some referrals for which the assessments are not yet complete 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.

2.4 **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**:

	2008-09			2009-10			2010-11			2011-12		
	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	48	23	48%	42	26	62%	29	17	59%	26	18	69%
May	49	27	55%	31	15	48%	18	5	28%	11	8	73%
June	42	21	50%	34	16	47%	26	17	65%	15	9	60%
July	43	21	49%	63	28	44%	46	16	35%	14	7	50%
August	62	29	47%	51	18	35%	16	8	50%	11	9	82%
Sept	59	31	53%	26	10	38%	26	6	23%	8	5	62%
Oct	77	27	35%	27	14	52%	9	3	33%	12	8	67%
Nov	50	32	64%	37	13	35%	26	20	77%	8	7	88%
Dec	41	24	59%	16	7	44%	5	2	40%	10	5	50%
Jan	48	17	35%	34	20	59%	14	10	71%			
Feb	49	24	49%	13	5	38%	30	16	53%			
March	31	16	52%	16	7	44%	30	19	63%			
	599	**292**	**49%**	**390**	**179**	**46%**	**275**	**139**	**51%**	**115**	**76**	**66%**



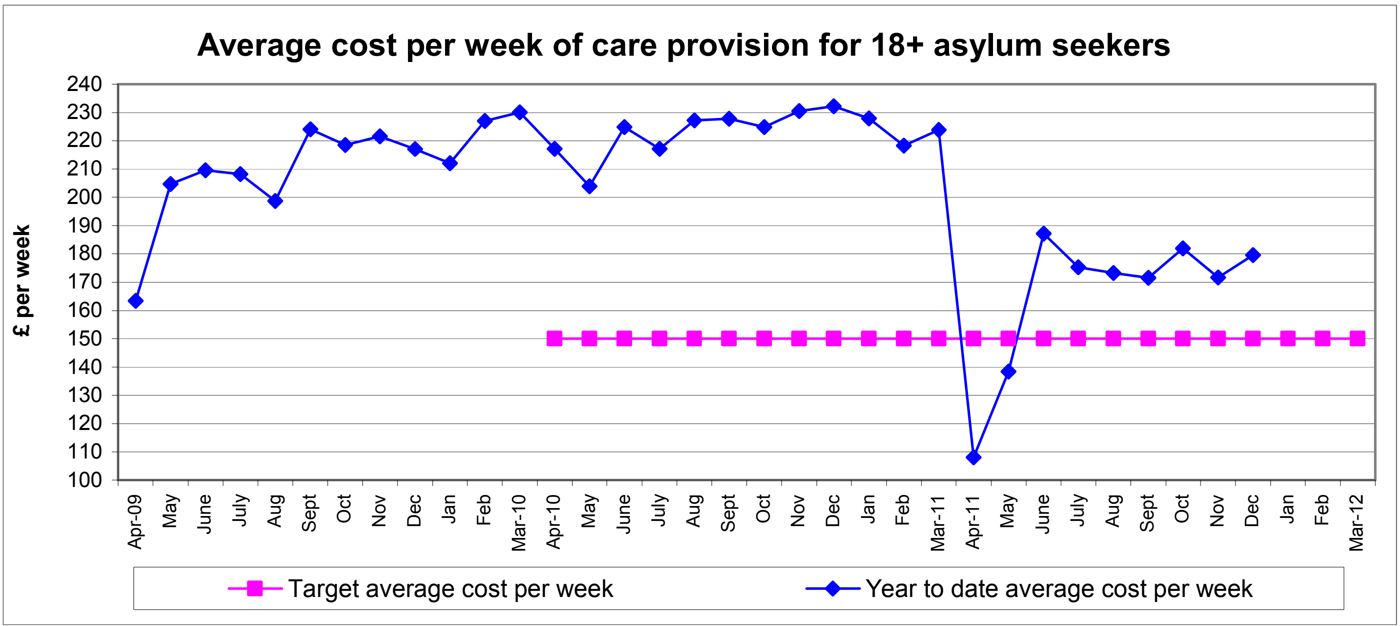
Comments:

- In general, referral rates have been lower since September 2009 which coincides with the French Government's action to clear asylum seeker camps around Calais. The average number of referrals per month is now 12.8, which is 43% of the budgeted number of 30 referrals per month.

- 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. In 2011-12 the rate has been 66%. The average number assessed as new clients is now 8.4, which is 44% lower than the original forecast of 15 new clients per month.

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

	2009-10		2010-11		2011-12	
	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		163.50	150.00	217.14	150.00	108.10
May		204.63	150.00	203.90	150.00	138.42
June		209.50	150.00	224.86	150.00	187.17
July		208.17	150.00	217.22	150.00	175.33
August		198.69	150.00	227.24	150.00	173.32
September		224.06	150.00	227.79	150.00	171.58
October		218.53	150.00	224.83	150.00	181.94
November		221.64	150.00	230.47	150.00	171.64
December		217.10	150.00	232.17	150.00	179.58
January		211.99	150.00	227.96	150.00	
February		226.96	150.00	218.30	150.00	
March		230.11	150.00	223.87	150.00	



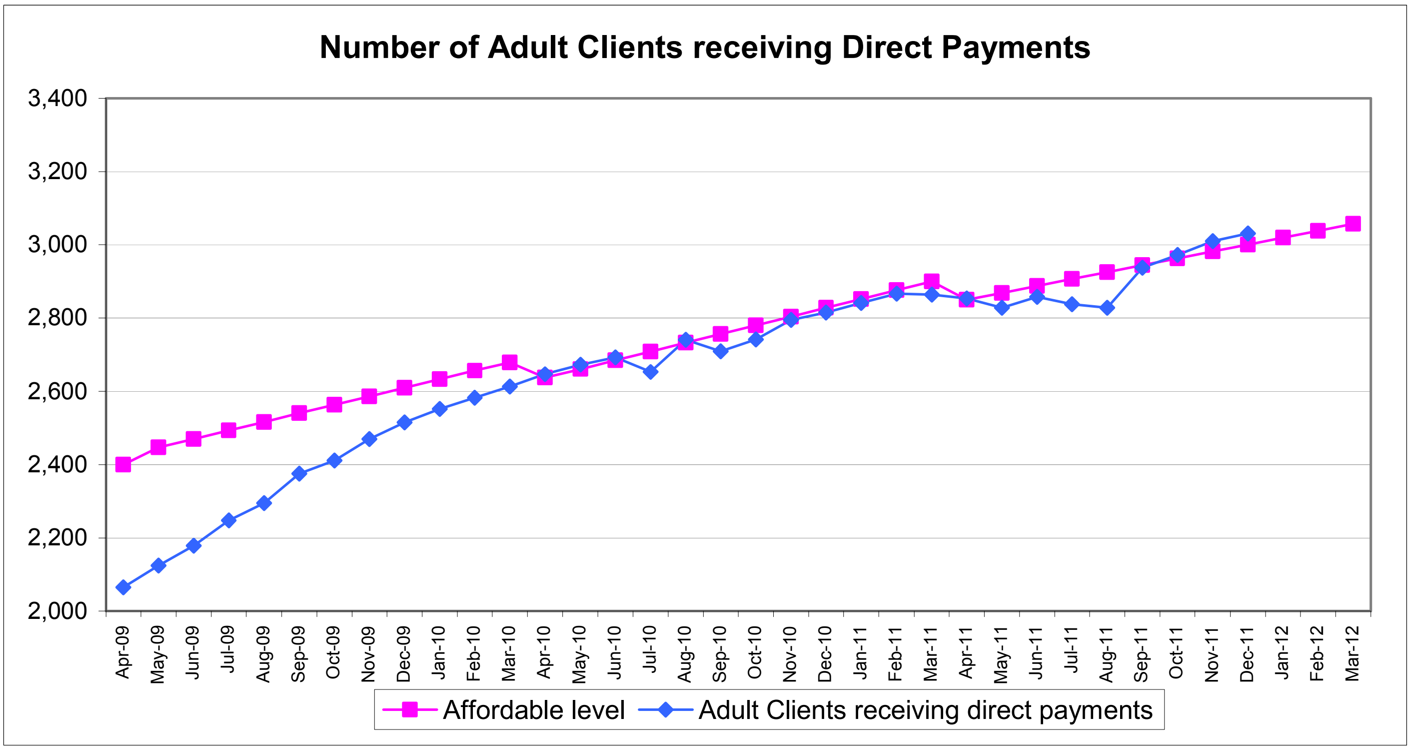
Comments:

- 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. In 2011-12 UKBA have changed their grant rules and will now only fund the costs of an individual for up to three months after the All Rights of appeal Exhausted (ARE) process if the LA carries out a Human Rights Assessment before continuing support. We are currently seeking legal advice regarding this change. The LA remains responsible for costs under the Leaving Care Act until the point of removal.
- As part of our partnership working with UKBA, all ARE UASC in Kent are now required to report to UKBA offices on a regular basis, in most cases weekly. The aim is to ensure that UKBA have regular contact and can work with the young people to encourage them to make use of the voluntary methods of return rather than forced removal or deportation. As part of this arrangement any young person who does not report as required may have their support discontinued. As yet this has not resulted in an increase in the number of AREs being removed. The number of AREs supported continues to increase. As a result our ability to achieve a balanced position on the Asylum Service becomes more difficult.
- Moving clients on to the pilot housing scheme was slower than originally anticipated, however all our young people, who it was appropriate to move to lower cost accommodation, were moved by the end of 2010-11. However there remain a number of issues:

  - For various reasons, some young people have not yet moved to lower cost properties, mainly those placed out of county. These placements are largely due to either medical/mental health needs or educational needs. All of these placements, are currently being reviewed to confirm their appropriateness.
  - We are currently experiencing higher than anticipated level of voids, properties not being fully occupied. Following the incident in Folkestone in January 2011, teams are exercising a greater caution when making new placements into existing properties. This is currently being addressed by the Accommodation Team.
  - We are still receiving damages claims relating to closed properties.
- The average weekly cost at the end of the third quarter of 2011-12 financial year was £179.58. We are forecasting that this will reduce to £176 by year end. While this remains significantly higher that our target of £150, it should be noted that the average cost of ARE and other "Non-Eligible" young people is £197 per week, significantly higher than those young people who are "Eligible" under UKBA's grant rules. The unit cost excluding ARE and other "Non-Eligible" young people is £166 per week compared to the £150 per week claimable under the grant rules, which adds £267k to the pressure on the asylum budget as reported in section 1.1.3.4. (The average unit cost of £197 per week for ARE and other "non-eligible" young people adds £1,281k to the pressure on the asylum budget, as reported in section 1.1.3.4.)

2.6 **Direct Payments – Number of Adult Social Care Clients receiving Direct Payments (DPs):**

	2009-10		**2010-11**		**2011-12**	
	Affordable Level	**Adult Clients receiving Direct Payments**	**Affordable Level**	**Adult Clients receiving Direct Payments**	**Affordable Level**	**Adult Clients receiving Direct Payments**
April	2,400	2,065	2,637	2,647	2,850	2,854
May	2,447	2,124	2,661	2,673	2,869	2,828
June	2,470	2,179	2,685	2,693	2,888	2,858
July	2,493	2,248	2,709	2,653	2,906	2,838
August	2,516	2,295	2,733	2,741	2,925	2,828
September	2,540	2,375	2,757	2,710	2,944	2,937
October	2,563	2,411	2,780	2,742	2,963	2,972
November	2,586	2,470	2,804	2,795	2,982	3,010
December	2,609	2,515	2,828	2,815	3,001	3,031
January	2,633	2,552	2,852	2,841	3,019	
February	2,656	2,582	2,876	2,867	3,038	
March	2,679	2,613	2,900	2,864	3,057	

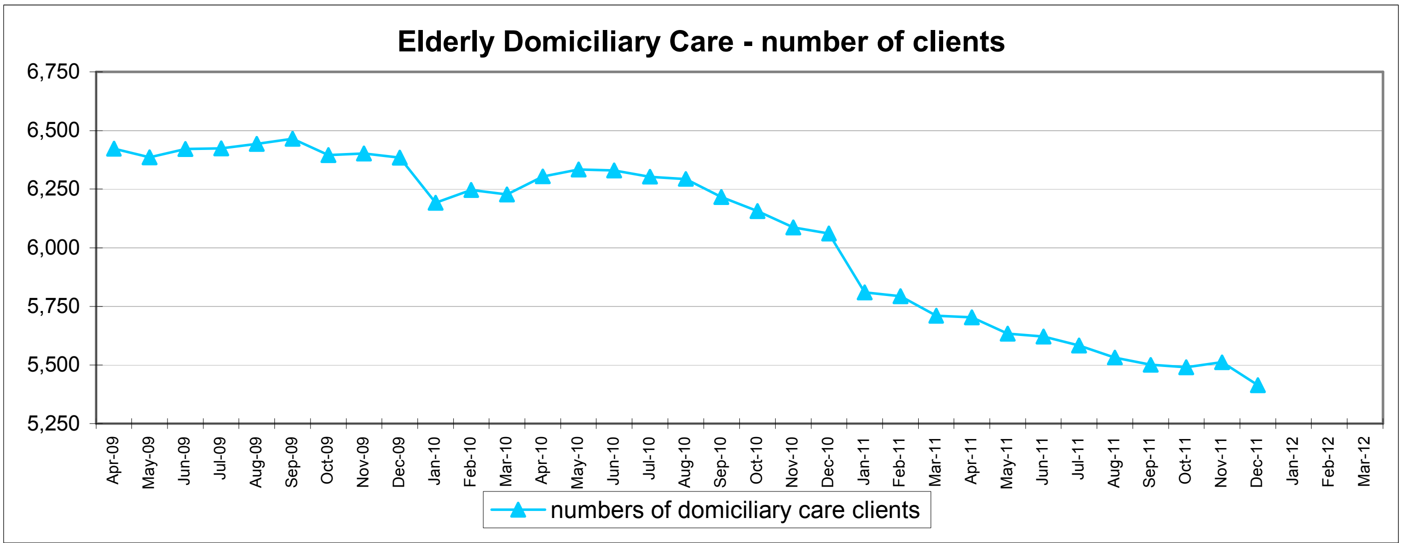


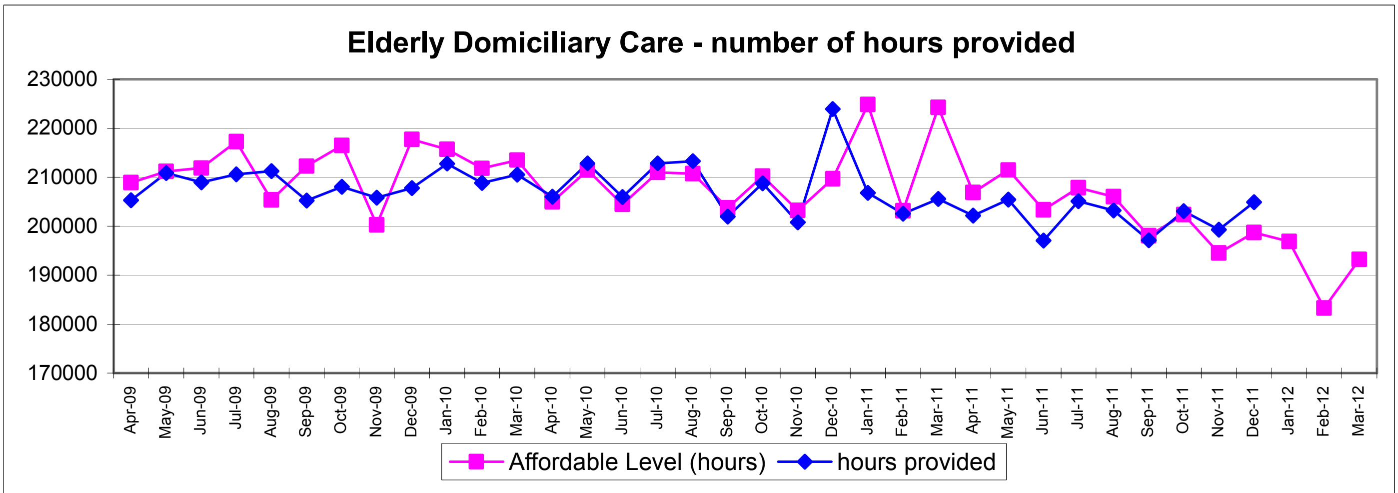
Comments:

- The activity being reported is the long term clients in receipt of direct payments as at the end of the month plus any one off payments during the year. The drive to implement personalisation and allocate personal budgets has seen continued increases in direct payments over the years. There will be other means by which people can use their personal budgets and this may impact on the take up of direct payments, we believe we may be seeing the beginning of this effect, since in the first few months of this financial year, client numbers appear to levelling out, although the number of one-off payments is skewing the analysis.

2.7.1 **Elderly domiciliary care – numbers of clients and hours provided**:

	2009-10			2010-11			2011-12		
	Affordable level (hours)	hours provided	number of clients	Affordable level (hours)	hours provided	number of clients	Affordable level (hours)	hours provided	number of clients
April	208,869	205,312	6,423	204,948	205,989	6,305	206,859	202,177	5,703
May	211,169	210,844	6,386	211,437	212,877	6,335	211,484	205,436	5,634
June	211,897	208,945	6,422	204,452	205,937	6,331	203,326	197,085	5,622
July	217,289	210,591	6,424	210,924	212,866	6,303	207,832	205,077	5,584
August	205,354	211,214	6,443	210,668	213,294	6,294	206,007	203,173	5,532
September	212,289	205,238	6,465	203,708	201,951	6,216	198,025	197,127	5,501
October	216,491	208,051	6,396	210,155	208,735	6,156	202,356	203,055	5,490
November	200,292	205,806	6,403	203,212	200,789	6,087	194,492	199,297	5,511
December	217,749	207,771	6,385	209,643	223,961	6,061	198,704	204,915	5,413
January	215,686	212,754	6,192	224,841	206,772	5,810	196,879		
February	211,799	208,805	6,246	203,103	202,568	5,794	183,330		
March	213,474	210,507	6,227	224,285	205,535	5,711	193,222		
TOTAL	**2,542,358**	**2,505,838**		**2,521,376**	**2,501,274**		**2,402,516**	**1,817,342**	





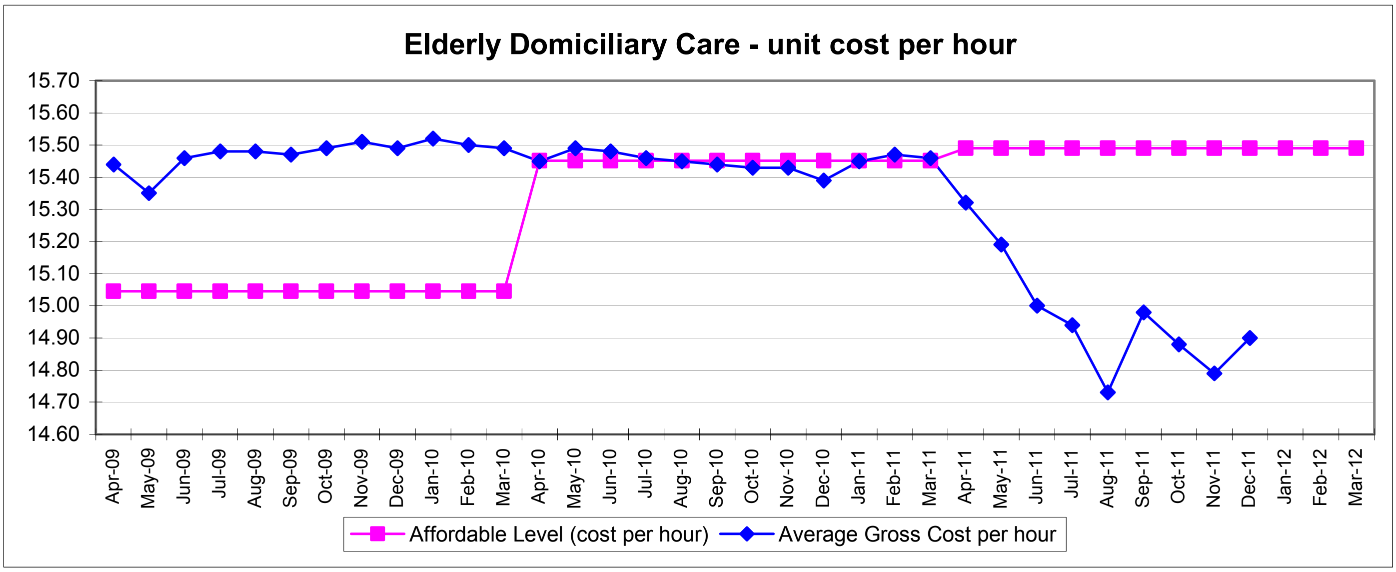
Comment:

- Figures exclude services commissioned from the Kent Enablement At Home Service.
- Affordable levels were changed slightly in quarter 2 to include the release of a provision and some rolled forward grant funding from 2010-11 which is now being used to fund activity.
- Affordable levels have been amended again this quarter to reflect the removal of SCRG transitional funding.

- The actual activity data has been amended from what has previously been reported following a refresh of the data which has been undertaken due to the volatility on this service line and ongoing validation in connection with Transactional Data Management (TDM) data and enablement.
- The current forecast is 2,390,089 hours of care against a revised affordable level of 2,402,516, a difference of -12,427 hours. This forecast is based on a current provision as at January of an average 8.1 hours per client per week. Using the forecast unit cost of £14.90 this reduction in activity reduces the forecast by £185k, as highlighted in section 1.1.3.12.c
- To the end of December 1,817,342 hours of care have been delivered against an affordable level of 1,829,085 a difference of -11,743 hours.
- Domiciliary for all client groups are volatile budgets, with the number of people receiving domiciliary care decreasing over the past few years as a result of the implementation of Self Directed Support (SDS). This is being compounded by a shift in trend towards take up of the enablement service. However, as a result of this, clients who are receiving domiciliary care are likely to have greater needs and require more intensive packages of care than historically provided - the 2010-2011 average hours per client per week was 7.8, whereas the average figure for 2011-12 is 8.4 for data to the end of December.

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

	2009-10		2010-11		2011-12	
	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	15.045	15.44	15.452	15.45	15.49	15.32
May	15.045	15.35	15.452	15.49	15.49	15.19
June	15.045	15.46	15.452	15.48	15.49	15.00
July	15.045	15.48	15.452	15.46	15.49	14.94
August	15.045	15.48	15.452	15.45	15.49	14.73
September	15.045	15.47	15.452	15.44	15.49	14.98
October	15.045	15.49	15.452	15.43	15.49	14.88
November	15.045	15.51	15.452	15.43	15.49	14.79
December	15.045	15.49	15.452	15.39	15.49	14.90
January	15.045	15.52	15.452	15.45	15.49	
February	15.045	15.50	15.452	15.47	15.49	
March	15.045	15.49	15.452	15.46	15.49	



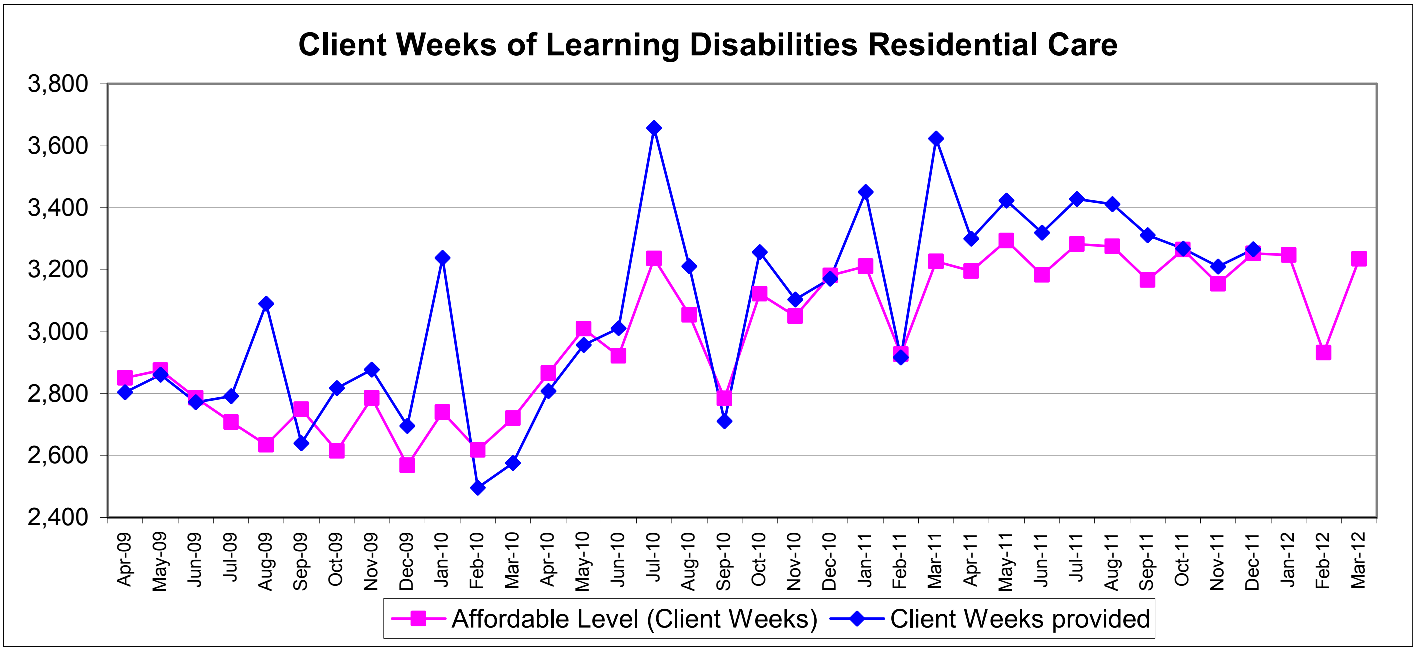
Comments:

- The forecast unit cost of £14.90 is lower than the affordable cost of £15.49 and this difference of -£0.59 reduces the forecast by £1,417k when multiplied by the affordable hours, as highlighted in section 1.1.3.12.c

- The unit cost continues to be lower than the affordable because current work with providers to achieve savings requires them to provide a service at a lower cost – this is ongoing work with all homecare providers and will contribute to the domiciliary re-let. In addition, we are focussing on reducing the unit rate of care packages which are provided in ½ and ¾ hours which have traditionally been slightly more expensive.

2.8.1 **Number of client weeks of learning disabilities residential care provided compared with affordable level (non preserved rights clients):**

	2009-10		2010-11		2011-12	
	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	2,851	2,804	2,866	2,808	3,196	3,300
May	2,875	2,861	3,009	2,957	3,294	3,423
June	2,787	2,772	2,922	3,011	3,184	3,320
July	2,708	2,792	3,236	3,658	3,282	3,428
August	2,635	3,091	3,055	3,211	3,275	3,411
September	2,750	2,640	2,785	2,711	3,167	3,311
October	2,615	2,818	3,123	3,257	3,265	3,268
November	2,786	2,877	3,051	3,104	3,154	3,210
December	2,569	2,696	3,181	3,171	3,253	3,266
January	2,740	3,238	3,211	3,451	3,248	
February	2,619	2,497	2,927	2,917	2,932	
March	2,721	2,576	3,227	3,624	3,235	
TOTAL	**32,656**	**33,662**	**36,593**	**37,880**	**38,485**	**29,937**



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 2009-10 was 632, at the end of 2010-11 it was 713 and at the end of December 2011 it was 748 including any ongoing transfers as part of the S256 agreement, transitions, provisions and Ordinary Residence.

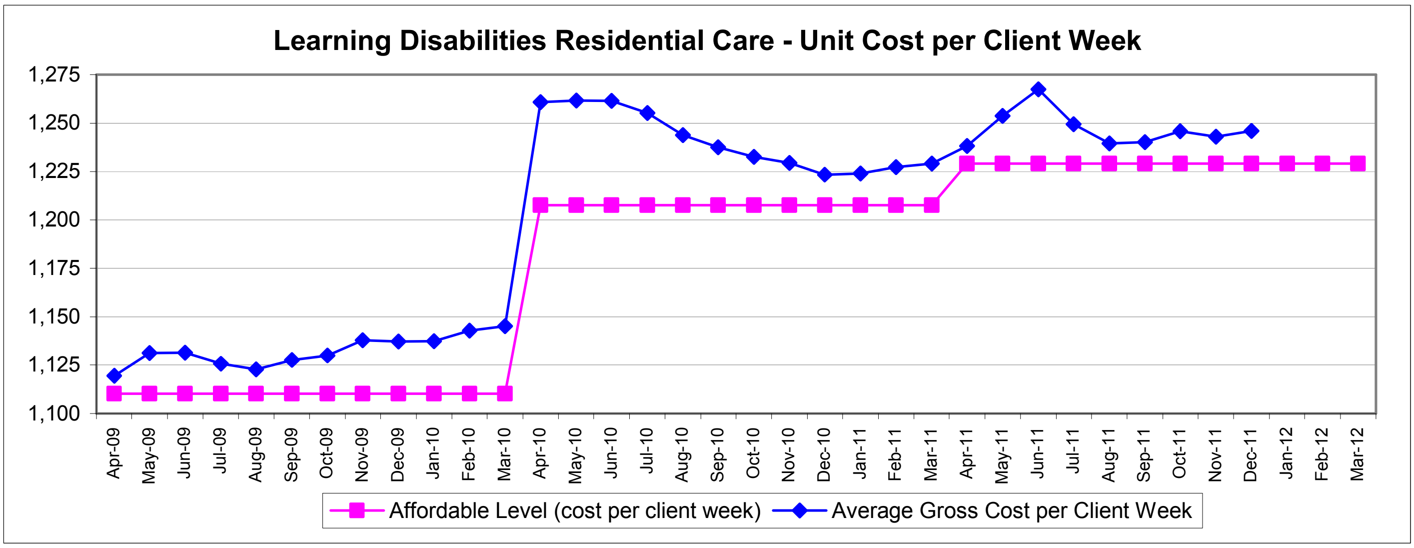
- The current forecast is 40,552 weeks of care against an affordable level of 38,485, a difference of +2,067 weeks. Using the forecast unit cost of £1,246.05, this additional activity adds £2,576k to the forecast, as highlighted in section 1.1.3.13a. The forecast activity for this service is based on known individual clients, by individual periods of service, including provisional, transitional and ordinary resident clients. (Provisional clients are those who may move from domiciliary/direct payments to residential as a result of deterioration in their condition/personal requirements, as well as clients already in receipt of residential care, but whose personal/financial circumstances deteriorate). This is a volatile demand led budget forecast meaning that each month may present changes to the forecast as new data is obtained. In some cases there are timing differences between when the clients are added into SWIFT (the client activity system), compared to the inclusion within the financial forecast, maybe as a result of disputes or independent contract negotiations. The forecast appears high compared to the year to date activity because there is expected to be an increased take-up in the final quarter of the year with known new placements coming into the service - January's activity data is indicating approx 3,500 weeks, with further increases expected in the final months of the year.

- To the end of December 2011 29,937 weeks of care have been delivered against an affordable level of 29,070, a difference of +867 weeks.

- The forecast is based on individual clients, including those prospective young people coming in via transition. It is not always possible to predict the trend for this; comparisons with previous trends are consequently not always meaningful.

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

	2009-10		2010-11		2011-12	
	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	1,110.15	1,119.42	1,207.58	1,260.82	1,229.19	1,238.24
May	1,110.15	1,131.28	1,207.58	1,261.67	1,229.19	1,253.68
June	1,110.15	1,131.43	1,207.58	1,261.46	1,229.19	1,267.40
July	1,110.15	1,125.65	1,207.58	1,255.21	1,229.19	1,249.41
August	1,110.15	1,122.81	1,207.58	1,243.87	1,229.19	1,239.50
September	1,110.15	1,127.79	1,207.58	1,237.49	1,229.19	1,240.17
October	1,110.15	1,130.07	1,207.58	1,232.68	1,229.19	1,245.76
November	1,110.15	1,137.95	1,207.58	1,229.44	1,229.19	1,242.97
December	1,110.15	1,137.28	1,207.58	1,223.31	1,229.19	1,246.05
January	1,110.15	1,137.41	1,207.58	1,224.03	1,229.19	
February	1,110.15	1,142.82	1,207.58	1,227.26	1,229.19	
March	1,110.15	1,145.12	1,207.58	1,229.19	1,229.19	



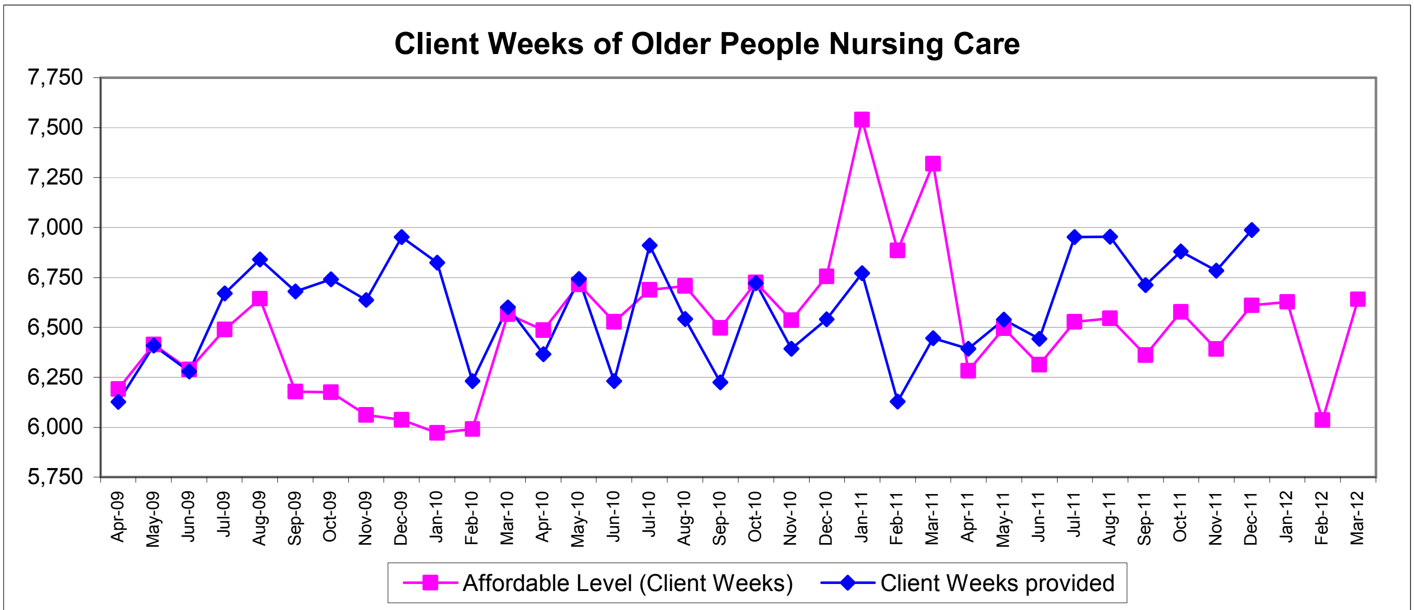
Comments

- Clients being placed in residential care are those with very complex and individual needs which make 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 £1,246.05 is higher than the affordable cost of £1,229.19 and this difference of £16.86 creates a pressure of £649k when multiplied by the affordable weeks, as highlighted in section 1.1.3.13a.

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

	2009-10		2010-11		2011-12	
	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	6,191	6,127	6,485	6,365	6,283	6,393
May	6,413	6,408	6,715	6,743	6,495	6,538
June	6,288	6,279	6,527	6,231	6,313	6,442
July	6,489	6,671	6,689	6,911	6,527	6,953
August	6,644	6,841	6,708	6,541	6,544	6,954
September	6,178	6,680	6,497	6,225	6,361	6,713
October	6,175	6,741	6,726	6,722	6,576	6,881
November	6,062	6,637	6,535	6,393	6,391	6,784
December	6,037	6,952	6,755	6,539	6,610	6,988
January	5,973	6,824	7,541	6,772	6,628	
February	5,992	6,231	6,885	6,129	6,036	
March	6,566	6,601	7,319	6,445	6,641	
TOTAL	**75,008**	**78,992**	**81,382**	**78,016**	**77,405**	**60,646**



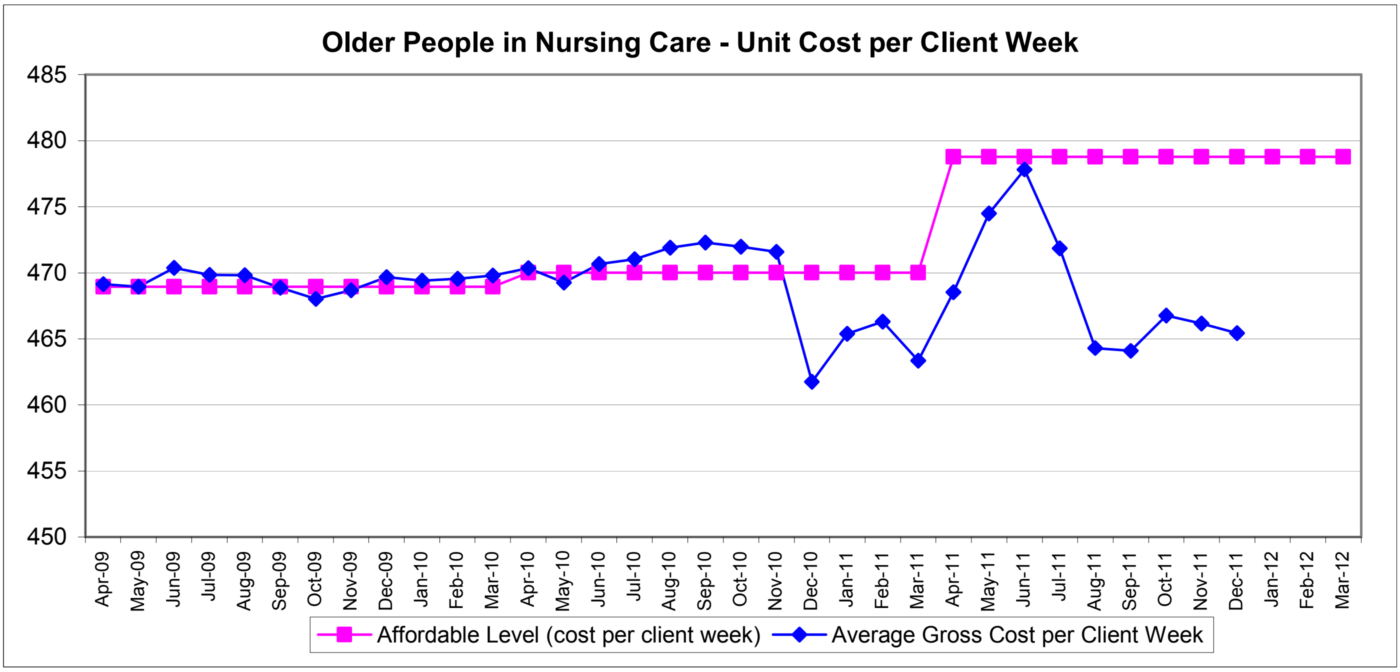
Comment:

- The above graph reflects the number of client weeks of service provided as this has a greater influence on cost than the actual number of clients. The actual number of clients in older people nursing care at the end of 2009-10 was 1,374, at the end of 2010-11 it was 1,379 at the end of December 2011 it was 1,508.
- The current forecast is 81,024 weeks of care against an affordable level of 77,405, a difference of +3,619. Using the actual unit cost of £465.44, this increased activity adds £1,684k to the forecast, as highlighted in section 1.1.3.13c
- To the end of December 2011 60,646 weeks of care have been delivered against an affordable level of 58,100 a difference of +2,546 weeks. The attrition rate this year appears to be lower than in previous years.
- 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. There is not the same distinction between clients with dementia in nursing care as with residential care as the difference in intensity of care for nursing care and nursing care with dementia is not as significant as it is for residential care. 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.

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

	2009-10		2010-11		2011-12	
	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	468.95	469.15	470.01	470.36	478.80	468.54
May	468.95	468.95	470.01	469.27	478.80	474.48
June	468.95	470.37	470.01	470.67	478.80	477.82
July	468.95	469.84	470.01	471.03	478.80	471.84
August	468.95	469.82	470.01	471.90	478.80	464.32
September	468.95	468.88	470.01	472.28	478.80	464.09
October	468.95	468.04	470.01	471.97	478.80	466.78
November	468.95	468.69	470.01	471.58	478.80	466.17
December	468.95	469.67	470.01	461.75	478.80	465.44
January	468.95	469.42	470.01	465.40	478.80	
February	468.95	469.55	470.01	466.32	478.80	
March	468.95	469.80	470.01	463.34	478.80	



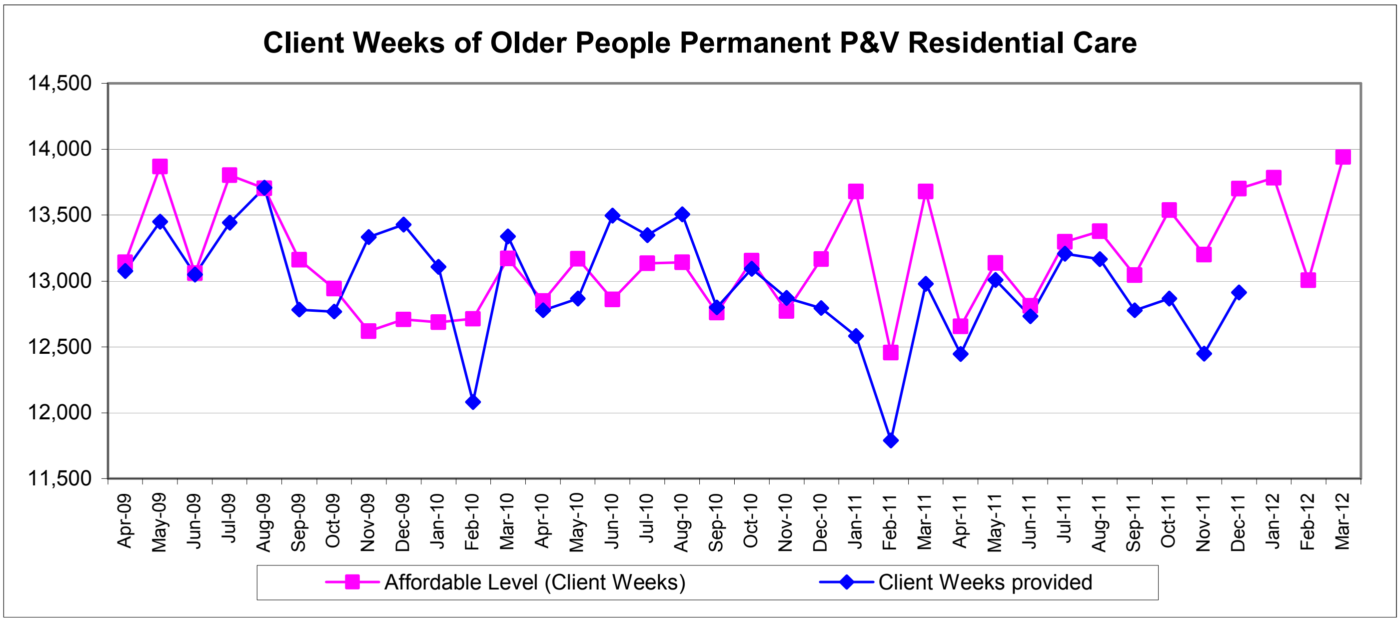
Comments:

- 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, which is why the unit cost can be quite volatile.

- The forecast unit cost of £465.44 is lower than the affordable cost of £478.80 and this difference of -£13.36 creates a saving of £1,034k when multiplied by the affordable weeks, as highlighted in section 1.1.3.13c

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

	2009-10		2010-11		2011-12	
	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	13,142	13,076	12,848	12,778	12,655	12,446
May	13,867	13,451	13,168	12,867	13,136	13,009
June	13,059	13,050	12,860	13,497	12,811	12,731
July	13,802	13,443	13,135	13,349	13,297	13,208
August	13,703	13,707	13,141	13,505	13,377	13,167
September	13,162	12,784	12,758	12,799	13,044	12,779
October	12,943	12,768	13,154	13,094	13,538	12,868
November	12,618	13,333	12,771	12,873	13,200	12,448
December	12,707	13,429	13,167	12,796	13,700	12,914
January	12,685	13,107	13,677	12,581	13,782	
February	12,712	12,082	12,455	11,790	13,007	
March	13,172	13,338	13,678	12,980	13,940	
TOTAL	**157,572**	**157,568**	**156,812**	**154,909**	**159,487**	**115,570**



Comments:

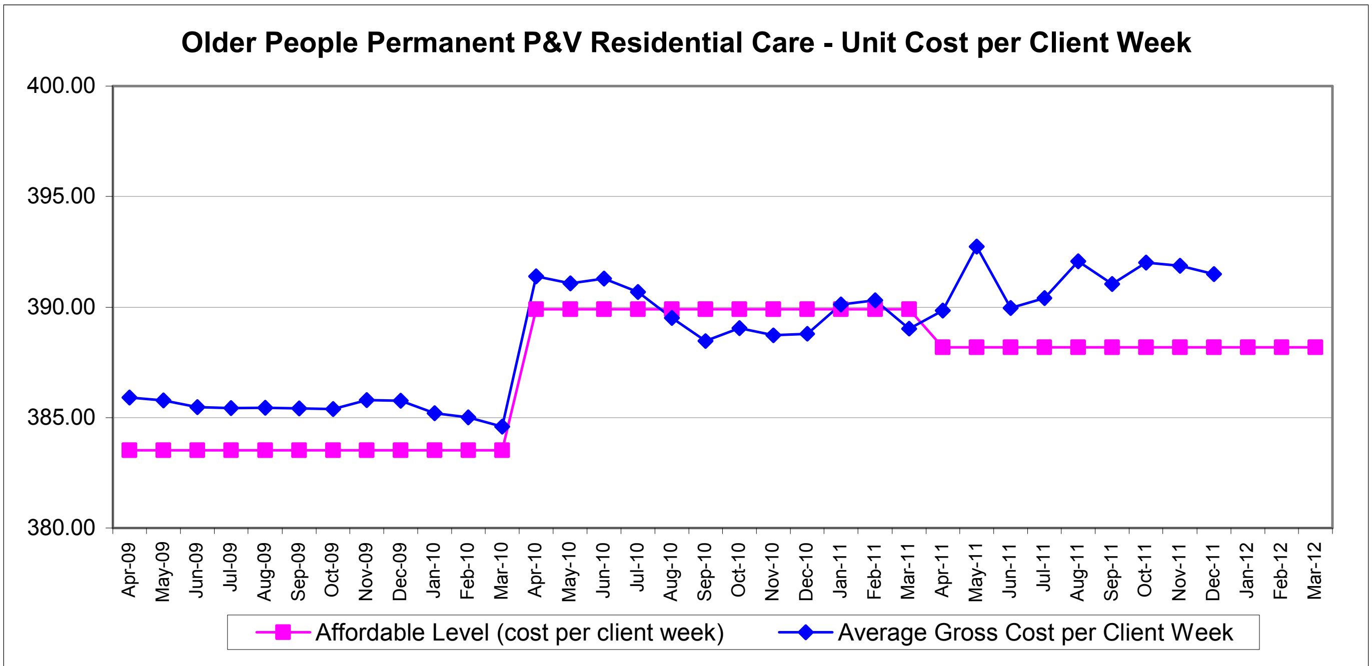
- Affordable levels were changed slightly in quarter 2 to include the release of a provision and some rolled forward grant funding from 2010-11 which is now being used to fund activity.
- Affordable levels have been amended again this quarter to reflect the removal of SCRG transitional funding.
- The 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 2009-10 was 2,751, at the end of 2010-11 it was 2,787 and by the end of December 2011 it was 2,764. It is evident that there are ongoing pressures relating to clients with dementia. Of the 2,751 clients in older people nursing care at the end of March 2010, 1,209 had Dementia (i.e. 43.9%) but as at 31 December 2011 this percentage had increased to 45.2% (i.e. 1,248 of the 2,764 total clients)
- The current forecast is 153,068 weeks of care against an affordable level of 159,487, a difference of -6,419 weeks. Using the forecast unit cost of £391.50 this reduced activity saves £2,513k within the forecast, as highlighted in section 1.1.3.13d. This forecast appears low compared to year to date activity but the forecast assumes that client numbers continue to reduce throughout the final quarter as, at the time of writing this report (mid February), the attrition rate has risen through the

winter months thus far, ahead of expectations, and hence the final quarter's activity is expected to be significantly lower than budgeted.

- To the end of December 115,570 weeks of care have been delivered against an affordable level of 118,758 a difference of -3,188 weeks.

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

	2009-10		2010-11		2011-12	
	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	383.52	385.90	389.91	391.40	388.18	389.85
May	383.52	385.78	389.91	391.07	388.18	392.74
June	383.52	385.47	389.91	391.29	388.18	389.97
July	383.52	385.43	389.91	390.68	388.18	390.41
August	383.52	385.44	389.91	389.51	388.18	392.07
September	383.52	385.42	389.91	388.46	388.18	391.04
October	383.52	385.39	389.91	389.06	388.18	392.02
November	383.52	385.79	389.91	388.72	388.18	391.87
December	383.52	385.76	389.91	388.80	388.18	391.50
January	383.52	385.20	389.91	390.12	388.18	
February	383.52	385.01	389.91	390.31	388.18	
March	383.52	384.59	389.91	389.02	388.18	

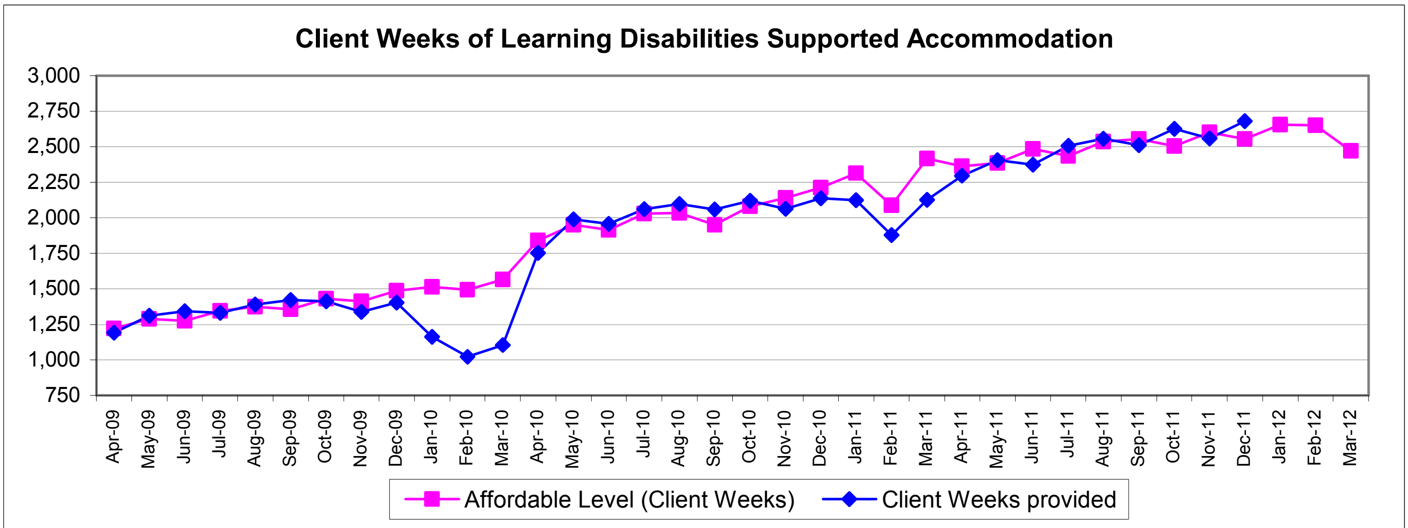


Comments:

- The 2011-12 affordable unit cost has marginally increased from what has previously been reported because this includes the unit cost for both regular Older People (OP) residential care & Older People Mental Health (OPMH) residential care, which are averaged to produce the unit cost reported here. The removal of SCRG transitional funding has altered the weighting towards OPMH which is slightly more expensive.
- Average unit cost per week has increased above the affordable level as a reflection of the increasing numbers of clients with dementia.
- The forecast unit cost of £391.50 is higher than the affordable cost of £388.18 and this difference of £3.32 creates a pressure of £530k when multiplied by the affordable weeks, as highlighted in section 1.1.3.13d.

2.11.1 **Number of client weeks of learning disabilities supported accommodation provided compared with affordable level:**

	2009-10		2010-11		2011-12	
	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	1,221	1,192	1,841	1,752	2,363	2,297
May	1,290	1,311	1,951	1,988	2,387	2,406
June	1,276	1,344	1,914	1,956	2,486	2,376
July	1,346	1,333	2,029	2,060	2,435	2,508
August	1,375	1,391	2,034	2,096	2,536	2,557
September	1,357	1,421	1,951	2,059	2,555	2,512
October	1,431	1,412	2,080	2,119	2,506	2,626
November	1,412	1,340	2,138	2,063	2,603	2,560
December	1,487	1,405	2,210	2,137	2,554	2,680
January	1,515	1,163	2,314	2,123	2,655	
February	1,493	1,021	2,088	1,878	2,652	
March	1,567	1,105	2,417	2,125	2,472	
TOTAL	**16,770**	**15,438**	**24,967**	**24,356**	**30,204**	**22,522**



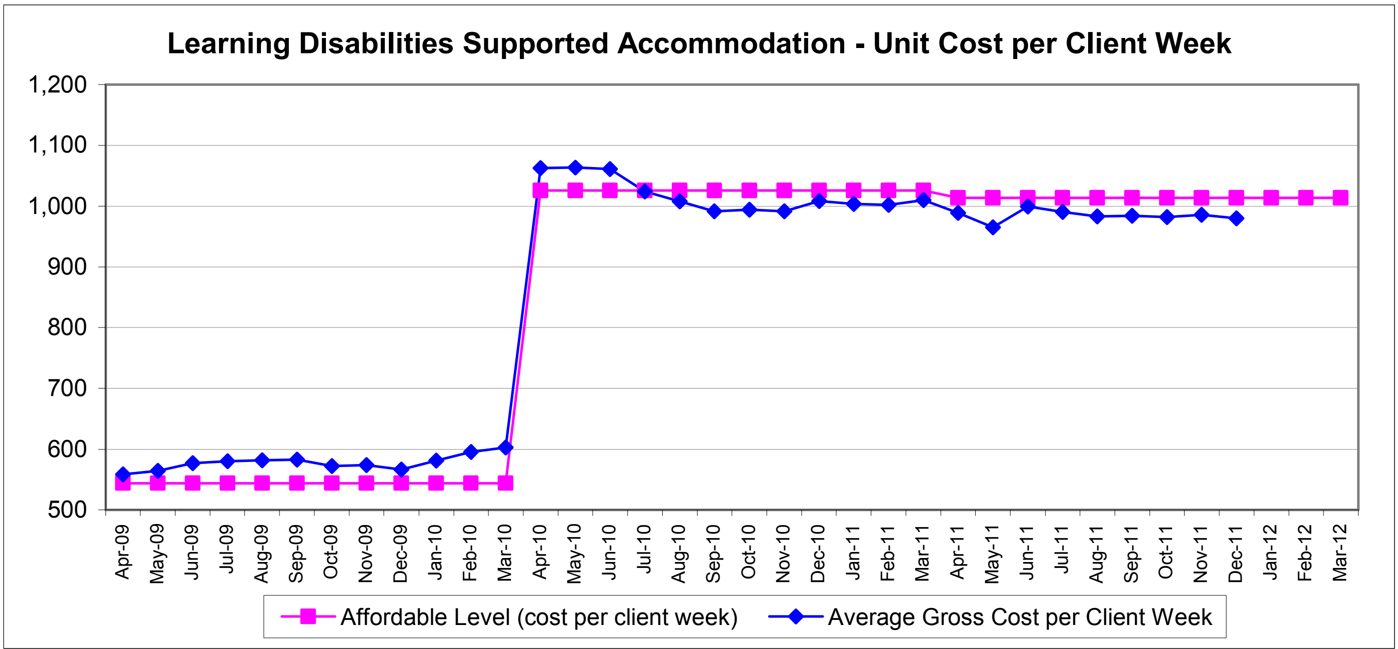
Comments:

- 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 2009-10 was 309, at the end of 2010-11 it was 491, of which 131 were S256 clients, and at the end of December 2011 it was 612.
- The current forecast is 30,736 weeks of care, against an affordable level of 30,204, a difference of +532 weeks and includes people that we expect to be supported through supported accommodation and adult placement. Some of this is as a result of the transfer of clients from NHS who were previously S256, following the closure of LD Campus.
- Using the forecast unit cost of £979.83, this increase in activity adds £521k to the forecast, as reflected in section 1.1.3.14a.
- To the end of December 22,522, weeks of care have been delivered against an affordable level of 22,425, a difference of -97 weeks
- The forecast activity for this service is based on known individual clients, by individual periods of service, including provisional, transitional and ordinary resident clients. The service is provided via community support hours and/ or accommodation solutions and can be a complex package suited to meet the individual's needs. However, as an objective for the directorate is to achieve independent living for as many people as possible, supported accommodation has been a focus with the success of increased placements, particularly in recent months. It can be a volatile demand led budget and has to be forecast based on individuals, rather than straight line forecasts.

- 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 more and increasingly complex and unique cases will be successfully supported to live independently.

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

	2009-10		2010-11		2011-12	
	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	544.31	558.65	1,025.67	1,062.38	1,013.18	988.73
May	544.31	564.49	1,025.67	1,063.22	1,013.18	964.95
June	544.31	577.33	1,025.67	1,060.59	1,013.18	999.24
July	544.31	580.27	1,025.67	1,023.90	1,013.18	990.45
August	544.31	581.76	1,025.67	1,007.58	1,013.18	983.09
September	544.31	583.26	1,025.67	991.20	1,013.18	983.85
October	544.31	572.59	1,025.67	993.92	1,013.18	981.78
November	544.31	574.24	1,025.67	991.56	1,013.18	985.45
December	544.31	566.87	1,025.67	1,007.95	1,013.18	979.83
January	544.31	581.53	1,025.67	1,003.21	1,013.18	
February	544.31	595.89	1,025.67	1,001.98	1,013.18	
March	544.31	603.08	1,025.67	1,009.82	1,013.18	



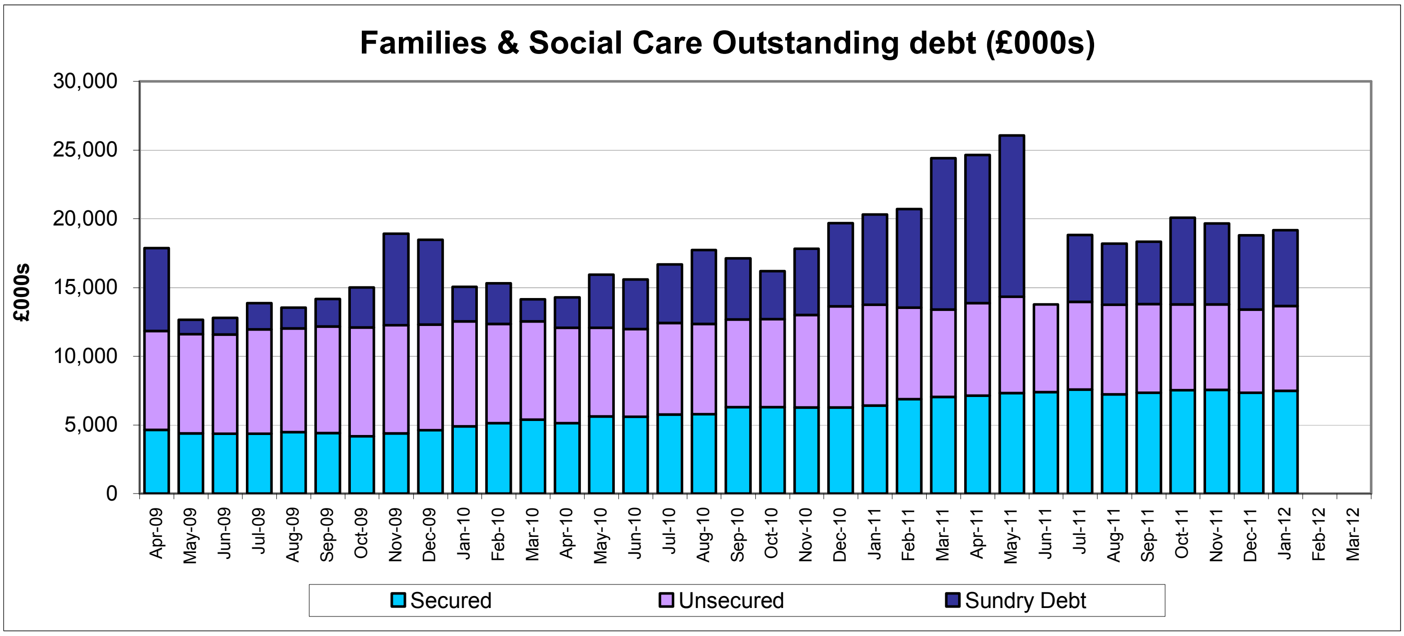
Comments:

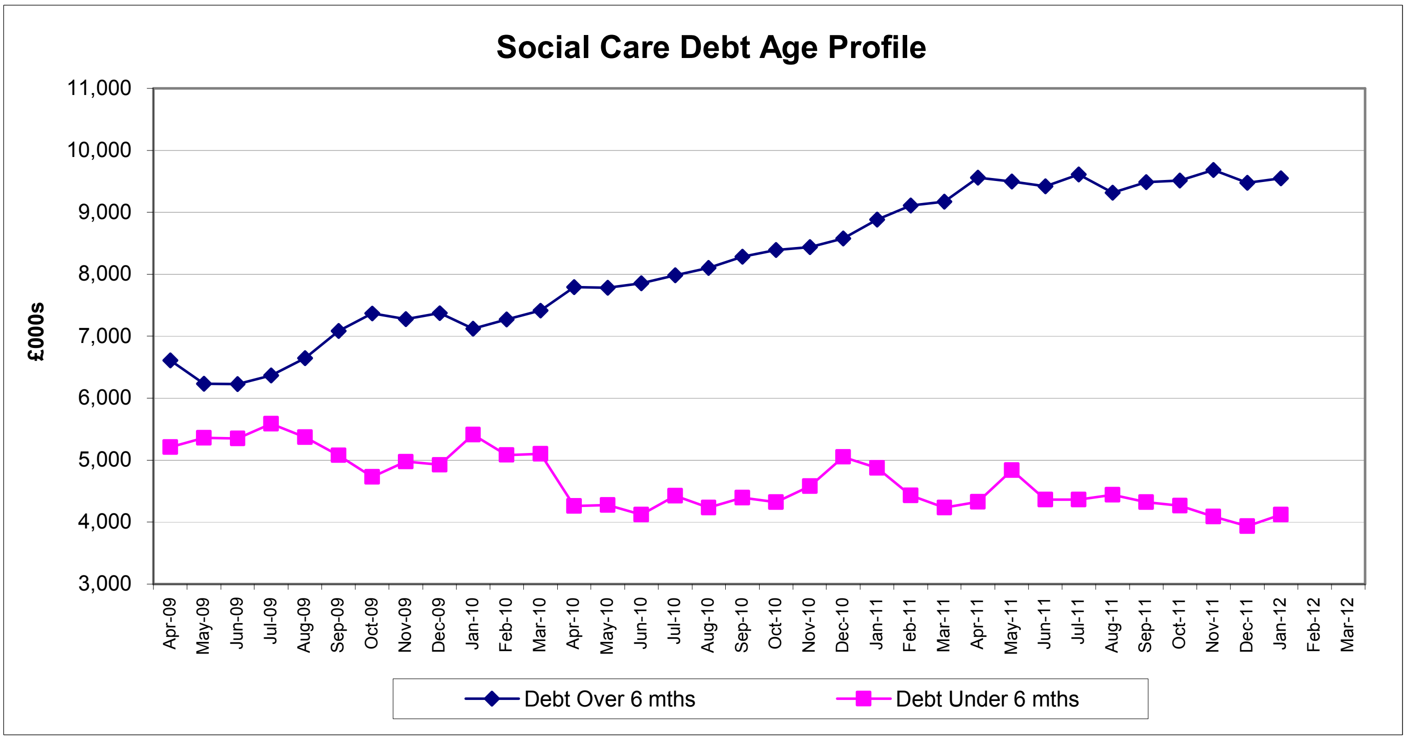
- The forecast unit cost of £979.83 is lower than the affordable cost of £1013.18 and this difference of -£33.35 provides a saving of £1,007k when multiplied by the affordable weeks, as reflected in section 1.1.3.14a.
- There are three distinct groups of clients: Section 256 clients, Ordinary Residence clients and other clients. Each group has a very different average unit cost, which are combined to provide an overall average unit cost for the purposes of this report.
- The costs associated with these placements will vary depending on the complexity of each case and the type of support required in each placement. This varies enormously between a domiciliary type support to life skills and daily living support.

3. SOCIAL CARE DEBT MONITORING

The outstanding debt as at the end of January was £19.180m compared with October's figure of £20.078m (reported to Cabinet in December) excluding any amounts not yet due for payment (as they are still within the 28 day payment term allowed). Within this figure is £5.518m of sundry debt compared to £6.304m in October. Within the outstanding debt is £13.662m relating to Social Care (client) debt which is a decrease of £0.112m from the last reported position to Cabinet in October. 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 should be noted that the Sundry debt reports were not successful in June, and hence no figure can be reported, the problem was rectified in time for the July report, but reports are unable to be run retrospectively.

			Social Care Debt				
Debt Month	**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-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
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	**20,716**	**7,179**	13,537	9,107	4,430	6,879	6,658
Mar-11	**24,413**	**11,011**	13,402	9,168	4,234	7,045	6,357
Apr-11	**24,659**	**10,776**	13,883	9,556	4,327	7,124	6,759
May-11	**26,069**	**11,737**	14,332	9,496	4,836	7,309	7,023
Jun-11	**13,780**	*	13,780	9,418	4,362	7,399	6,381
Jul-11	**18,829**	**4,860**	13,969	9,609	4,361	7,584	6,385
Aug-11	**18,201**	**4,448**	13,753	9,315	4,438	7,222	6,531
Sep-11	**18,332**	**4,527**	13,805	9,486	4,319	7,338	6,467
Oct-11	**20,078**	**6,304**	13,774	9,510	4,264	7,533	6,241
Nov-11	**19,656**	**5,886**	13,770	9,681	4,089	7,555	6,215
Dec-11	**18,788**	**5,380**	13,408	9,473	3,935	7,345	6,063
Jan-12	**19,180**	**5,518**	13,662	9,545	4,117	7,477	6,185
Feb-12	**0**		0				
Mar-12	**0**		0				


Families & Social Care Outstanding debt (£000s)
£000s
30,000
25,000
20,000
15,000
10,000
5,000
0
Apr-09 May-09 Jun-09 Jul-09 Aug-09 Sep-09 Oct-09 Nov-09 Dec-09 Jan-10 Feb-10 Mar-10 Apr-10 May-10 Jun-10 Jul-10 Aug-10 Sep-10 Oct-10 Nov-10 Dec-10 Jan-11 Feb-11 Mar-11 Apr-11 May-11 Jun-11 Jul-11 Aug-11 Sep-11 Oct-11 Nov-11 Dec-11 Jan-12 Feb-12 Mar-12
Secured
Unsecured
Sundry Debt


Social Care Debt Age Profile
£000s
11,000
10,000
9,000
8,000
7,000
6,000
5,000
4,000
3,000
Apr-09 May-09 Jun-09 Jul-09 Aug-09 Sep-09 Oct-09 Nov-09 Dec-09 Jan-10 Feb-10 Mar-10 Apr-10 May-10 Jun-10 Jul-10 Aug-10 Sep-10 Oct-10 Nov-10 Dec-10 Jan-11 Feb-11 Mar-11 Apr-11 May-11 Jun-11 Jul-11 Aug-11 Sep-11 Oct-11 Nov-11 Dec-11 Jan-12 Feb-12 Mar-12
Debt Over 6 mths
Debt Under 6 mths

ENTERPRISE & ENVIRONMENT DIRECTORATE SUMMARY
JANUARY 2011-12 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 virement of £0.199m from the debt charges underspending within the Finance & Business Support portfolio to reduce the budgeted contribution from Commercial Services within the Environment, Highways & Waste portfolio due to a reduction in the number of lease cars following the County Council decision to remove essential user status, as agreed by Cabinet on 9 January and a number of other 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 1 of the executive summary.

1.1.2 **Table 1** below details the revenue position by A-Z budget line:

	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Environment, Highways & Waste portfolio							
E&E Strategic Management & Directorate Support Budgets	7,779	-388	7,391	334	-108	226	Directorate funded redundancies (Highways). Additional income from Gypsy site rentals.
Environment:							
- Environment Management	3,740	-2,390	1,350	43		43	
- Coastal Protection	686		686	-2		-2	
	4,426	-2,390	2,036	41	0	41	
Highways Services:							
- Adverse Weather	3,159		3,159	754		754	Response to snow emergency.
- Bridges & Other Structures	2,753	-294	2,459	-128	75	-53	Reduced consultant costs.
- General maintenance & emergency response	20,117	-6,890	13,227	377	-4	373	Includes SLAB costs and additional temporary staff.
- Highway drainage	3,431	-74	3,357	13	-9	4	
- Highway improvements	1,690	-100	1,590	163	49	212	Member's Highway Fund temporary staffing costs.
- Road Safety	2,827	-1,213	1,614	731	-992	-261	Increased participants on Speed Awareness Courses.
- Signs, Lines & Bollards	1,819	0	1,819	-650		-650	Expenditure included in other budget headings. Budget reallocated for 12/13.
- Streetlight energy	5,104		5,104	26		26	
- Streetlight maintenance	3,767	-168	3,599	95		95	
- Traffic management	5,506	-2,924	2,582	14	-473	-459	s74 fees and Permit Scheme.

	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Tree maintenance, grass cutting & weed control	3,352	-192	3,160	25	-35	-10	
	53,525	-11,855	41,670	1,420	-1,389	31	
Integrated Transport Strategy & Planning:							
- Planning & Transport Policy	774	-15	759	149	-52	97	High speed train service - Deal/Sandwich.
- Planning Applications	1,102	-500	602	-155	205	50	Staff vacancies, reduced activity and reduced internal planning applications.
	1,876	-515	1,361	-6	153	147	
Transport Services:							
- Concessionary Fares	16,332	-27	16,305	-1,279	-8	-1,287	Successful contract negotiations and reduction in journey numbers.
- Freedom Pass	13,625	-2,230	11,395	-275	-155	-430	Lower than budgeted passes / journeys.
- Subsidised Bus Routes	9,259	-1,637	7,622	4	-8	-4	
- Sustainable Transport	2,503	-1,448	1,055	118	-185	-67	Multi modal transport models.
	41,719	-5,342	36,377	-1,432	-356	-1,788	
Waste Management							
Recycling & Diversion from Landfill:							
- Household Waste Recycling Centres	8,416	-1,109	7,307	-7	-770	-777	Market prices above budgeted prices for sale of various recyclable materials.
- Partnership & Behaviour Change	805	-126	679	-179	-25	-204	Reduced activity following review.
- Payments to Waste Collection Authorities (DCs)	5,249	-102	5,147	-133		-133	Savings from waste tonnages partially offset by additional enabling payments made under Joint Waste Arrangements.
- Recycling Contracts & Composting	10,262	-609	9,653	-382	-72	-454	Reduced waste tonnage & improved contract prices when compared with working budget.
	24,732	-1,946	22,786	-701	-867	-1,568	
Waste Disposal:							
- Closed Landfill Sites & Abandoned Vehicles	779	-266	513	39	-5	34	
- Disposal Contracts	29,476	-430	29,046	-4,300	271	-4,029	Waste tonnage lower than budgeted and less waste processed via Allingtonand more to landfill.
- Landfill Tax	6,880		6,880	1,733		1,733	Waste diverted to landfill from Allington.
- Transfer Stations	8,583	-75	8,508	132		132	Reduced waste tonnage offset by additional costs of planned maintenance and contribution to capital.
	45,718	-771	44,947	-2,396	266	-2,130	

	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Commercial Services		-6,932	-6,932		150	150	Total Contribution Pay costs not absorbed.
Total E, H & W portfolio	**179,775**	**-30,139**	**149,636**	**-2,740**	**-2,151**	**-4,891**	
Regeneration & Enterprise portfolio							
Development Staff & Projects	**1,311**	**-1,311**	**0**			**0**	
Total E&E controllable	**181,086**	**-31,450**	**149,636**	**-2,740**	**-2,151**	**-4,891**	

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:

Environment, Highways & Waste portfolio:

1.1.3.1 **Strategic Management and Directorate Support:** Gross +£334k, Income -£108k, Net +£226k

A significant proportion (£229k) of the gross pressure relates to the requirement for the Directorate to fund part of the redundancy costs arising from restructuring, as some of the costs are not eligible for corporate funding from the Workforce Reduction Fund because this funding is only available where there is a reduction in the overall number of posts. Improved debt management and advice provided to residents has resulted in improved rent collection in the Gypsy and Traveller Unit and is reflected in the income forecast on this budget line (-£95k).

1.1.3.2 **Highways Services:**

a. Adverse Weather: Gross +£754k, Income £0k, Net +£754k
The cost of the snow/ice emergency in early February has been factored in to these forecasts and a pressure of £700k has been estimated, which includes costs of leasing equipment, engaging farmers in snow clearance and staff time. Savings on routine salting runs are estimated to be in the region of £131k due to the generally mild winter requiring fewer salting runs than budgeted, but these are offset by £217k of additional costs associated with managing adverse weather situations, predominantly salt bins and plough maintenance.

b. Bridges and Other Structures: Gross -£128k, Income +£75k, Net -£53k
A reduction in the cost of consultancy support of £93k is included in the forecast underspend on the gross budget.

c. General Maintenance and Emergency Response: Gross +£377k, Income -£4k, Net +£373k
This pressure includes the cost of signs lines and bollards (estimated at £302k) that cannot be easily separated from other expenditure (this is offset by a forecast underspend in 1.1.3.2.f below), plus an element of additional temporary staff (£90k) covering vacancies at a higher cost than budgeted.

Robust monitoring of the Highway's revenue budget has identified £1.205m of funds within the general maintenance and repairs budget that can be transferred to the capital budget in order to bring forward urgent road repairs and streetlight column replacement. This funding has been identified during a transitional year for the Directorate, which has seen a major restructure and a significant shift from Ringway to Enterprise for maintenance contracts. The Highways division is confident that a balanced revenue budget can still be delivered if these funds are transferred from revenue to capital, assuming that extraordinary conditions (such as a very severe winter) do not arise. Cabinet approved this transfer on 25 January 2012.

d. <u>Highway Improvements: Gross +£163k, Income +£49k, Net +£212k</u>
The engagement of temporary staff to progress schemes for the Members Highway Fund has resulted in a forecast pressure of £135k. A major exercise to get the balance of funds in approved scheme status by 31 December 2011 has created a significant amount of work and this has required additional staff. Over 700 schemes have been approved. Part of the ongoing process is to absorb these costs in the Member Highway Fund, but as that exercise has not yet been completed, the Directorate has taken a prudent approach and reflected this as a pressure in this month's monitoring.

e. <u>Road Safety: Gross +£731k, Income -£992k, Net -£261k</u>
The increasing volume of participants in speed awareness courses is the main contributing factor to the significant forecast variations in the gross (+£490k) and income (-£864k) budgets. The remaining gross and income variances are due to several items all below £100k.

f. <u>Signs, Lines and Bollards: Gross -£650k, Income £0k, Net -£650k</u>
A significant proportion of the cost of signs, lines and bollards is now included in other budget lines with £302k estimated within General Maintenance alone and consequently reflected as an underspend in this line. A planned revenue contribution to capital of £100k which is no longer required and a general reduction in revenue works from this budget line (approximately £180k), also contribute to the overall forecast underspend.

g. <u>Traffic Management: Gross +£14k, Income -£473k, Net -£459k</u>
The forecast underspend has resulted from a combination of Section 74 fees (-£253k) and income from the Permit Scheme (-£244k). Section 74 fees are recovered from works promoters (utility companies etc) who have taken an unreasonably prolonged occupation of the highway and the additional Permit Fee income reflects the recovery of the full costs incurred, including Directorate and Corporate overheads, which are not charged directly to this budget line.

1.1.3.3 **<u>Integrated Transport Strategy & Planning:</u>**

a. <u>Planning & Transport Policy: Gross +£149k, Income -£52k, Net +£97k</u>
A pressure of £97k is included in this budget line and relates to the costs associated with the new High Speed Train service from Sandwich and Deal via Dover to support the East Kent economy following the Pfizer closure.

b. <u>Planning Applications: Gross -£155k, Income +£205k, Net +£50k</u>
This forecast reflects the reduction in internal planning applications following the reduction in the schools devolved formula capital budgets. This has impacted on the gross forecast in terms of less staff and activity (-£155k) and income in terms of less fees from schools (+£205k).

1.1.3.4 **<u>Transport Services:</u>**

a. <u>Concessionary Fares: Gross -£1,279k, Income -£8k, Net -£1,287k</u>
Two major bus operators had registered appeals against the 2011-12 payments proposed by KCC. This is the first year that the authority has assumed full responsibility for this service and the budget included an element to cover issues such as the cost of appeals. A prudent approach was taken in earlier months and the full value of these appeals was included in the forecast expenditure. The Directorate had previously reported that negotiations with the bus operators has resulted in a mutually agreed position that reduced the potential cost by £918k and this saving is reflected in the current forecast. In addition to this, our external consultants have advised that total journey numbers are likely to be lower in 2011/12 and this has led to the additional forecast underspend on gross expenditure of £361k. Clearly there is a risk in declaring this reduction, but it is supported by activity trends.

b. Freedom Pass: Gross -£275k, Income -£155k, Net -£430k
As with Concessionary Fares forecasting activity, expenditure and income for the Freedom Pass is an extremely complex area. Influencing factors will include the cost of the pass, length of journeys, the weather, capacity of vehicles and individual pupil choice amongst others. Consequently the Directorate employs the services of consultants to provide expert advice. The latest intelligence indicates that the gross budget is likely to be underspent by £275k. Whilst journey numbers exceeded the budget in the first two quarters, there is a noticeable reduction in passes in issue, probably as a result of the increased fee, which it is anticipated will translate into lower journey numbers in the final two quarters.

The increase in the cost to individual pupils has been reflected in the Directorate's budget as an annual saving requirement of £1m, however only a part year effect was built into the 2011-12 budget, as the price increase did not take effect until the start of the new academic year in September, with a £500k saving budgeted for the current year. Income is forecast to be £655k this year, giving a £155k surplus. Although the number of passes in circulation is below the budgeted level, in reality most passes are purchased at the start of the academic year in September with only a small proportion (less than 2%) purchased in the period April – August, i.e in the next financial year, so the part year effect of the saving in 2011-12 will be far greater than the 50% assumed in the budget, and is likely to be nearer 98%. However, the forecast income of £655k, is appreciably below 98% of £1m (£980k), because the reduction in the number of passes in circulation is greater than anticipated. If this trend continues and journey numbers do not reduce as anticipated, then there could be a potential impact on the achievability of the £1m saving in 2012-13 and beyond.

b. Sustainable Transport: Gross +£118k, Income -£185k, Net -£67k
The £118k pressure on the gross budget relates to the development of multi modal transport models that are developed to predict the transport impact of new developments. The income element mainly relates to contributions for the use of the Ashford Model (£148k). The reduction on both the gross and income budgets since last quarter's monitoring reflects work on the Thanet Model now planned for 2012-13.

1.1.3.5 **Waste Management:**

The budgeted waste tonnage for 2011-12 is 760,000 tonnes. Tonnage for the first nine months of this financial year combined with the experience of the last two financial years has allowed the Directorate to estimate that the final tonnage will be 40,000 tonnes less than the affordable level.

1.1.3.5.1 **Recycling & Diversion from Landfill**

a. Household Waste Recycling Centres: Gross -£7k, Income -£770k, Net -£777k
Additional income of £770k is predicted as a result of a new income stream of £120k from the sale of lead batteries which were previously collected at zero cost or for a small charge; and an additional £650k income from the sale of recyclables (eg scrap metal, textiles and paper/card) as markets remain buoyant and income above budgeted levels has been achieved.

b. Partnership & Behaviour Change: Gross -£179k, Income -£25k, Net -£204k
Following a review of activity in this area and a planned reduction in activity, an underspend of £179k is forecast for this financial year.

c. Payments to Waste Collection Authorities (DCs): Gross -£133k, Income Nil, Net -£133k
A gross underspend of £133k is forecast for this line due to a combination of reduced tonnage, approximately 8000 tonnes, for recycling credits paid to District Councils and additional enabling payments made to District Councils under Joint Waste arrangements. Reduced payments to the District Councils for Recycling Credits is anticipated to deliver an underspend of -£251k, whilst enabling payments add a pressure of +£118k to this budget line. This additional support payment enables the collection of weekly food waste and delivers gross disposal savings and improved performance.

d. <u>Recycling Contracts & Composting: Gross -£382k, Income -£72k, Net -£454k</u>
A combination of reduced waste tonnage, approximately 6,000 tonnes, for recycling and composting and improved contract prices are anticipated to deliver an underspend of £382k in this financial year. Approximately £120k is due to improved prices and £262k is due to reduced activity. In addition to this, £72k income is projected from the sale of recyclable material

1.1.3.5.2 **Waste Disposal**

a. <u>Disposal Contracts: Gross -£4,300k, Income +£271k, Net -£4,029k</u>
A gross underspend of £4,300k is forecast for this budget line due to reduced residual waste tonnage being processed at the Allington Waste to Energy Plant when compared to the budget profile. The final tonnage figure for processing waste via Allington is expected to be 57,000 tonnes less than budget, however it is forecast that an additional 31,000 tonnes of waste will be sent to landfill due to the planned routine maintenance at the plant being extended. This underspend is partially offset by £271k reduction in income compared to budget due to the cessation of trade recharge for the co-collection of trade waste with domestic household waste by the Waste Collection Authorities. The disposal cost for trade waste has not been incurred by KCC and this forms part of the gross underspend.

b. <u>Landfill Tax: Gross +£1,733k, Income Nil, Net +£1,733k</u>
A pressure of £1,733k is forecast due to extended planned routine maintenance at the Allington Waste to Energy Plant during this financial year, when it was necessary to divert a greater tonnage than anticipated to landfill; approximately a further 31,000 tonnes will be landfilled than planned. This overspend is more than offset by disposal savings in 1.1.3.5.2(a) above.

c. <u>Transfer Stations: Gross +£132k, Income Nil, Net +£132k</u>
A gross pressure of £132k is anticipated as a result of:

- a pressure on the capital project at the North Farm Transfer Station due to the removal of unforeseen contaminated land during the construction phase, this capital pressure of £526k is being funded from revenue.
- Additional maintenance at Church Marshes Transfer Station is anticipated to cost a further £230k.
- a £624k saving is due to reduced waste tonnage, managed through the Transfer Stations, when compared to the budget.

1.1.3.6 **<u>Commercial Services: Income -£150k, Net -£150k</u>**

A shortfall in contribution of £150k has arisen due to the inability to absorb the impact of Total Contribution Pay (TCP) in 2011-12.

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	Waste: Landfill Tax - diversion of waste to landfill due to extended planned routine maintenance at Allington Waste to Energy Plant.	+1,733	EHW	Waste: Disposal Contracts - reduction in total residual waste volumes managed (including domestic and co-collected trade waste) and lower then budgeted residual waste tonnage processed through Allington WtE due to extended planned routine maintenance at the plant.	-4,300
EHW	Highways: General Maintenance & Emergency Response - Revenue contribution to capital to bring forward urgent road repairs and streetlight column replacement.	+1,205	EHW	Highways: General Maintenance & Emergency Response - Robust monitoring during a transitional year which included a major staff restructure and a change in the contractor for maintenance contracts has identified an underspend that can be released for capital works.	-1,205
EHW	Highways: Adverse Weather - Estimated additional cost of response to February snow emergency.	+700	EHW	Transport: Concessionary Fares - Successful negotiations with major bus operators have resulted in an agreement to settle appeals at a lower level than the original claims.	-918
EHW	Waste: Transfer Stations - revenue contribution to capital for the overspend on the improvements to North Farm TS for unforseen removal of contaminated land.	+526	EHW	Highways: Road Safety - Additional income arising from speed awareness courses.	-864
EHW	Highways: Road Safety - Additional costs arising from increased participation in speed awareness courses.	+490	EHW	Waste: Household Waste Recycling Centres - Additional income from the sale of various recyclable materials	-650
EHW	Highways: General Maintenance & Emergency Response - Includes an element of 'Signs, Lines and Bollards' expenditure.	+302	EHW	Waste: Transfer Stations - lower than budgeted waste tonnage.	-624
EHW	Waste: Disposal Contracts - Reduction in trade waste recharge (income) from Waste Collection Authorities as result of Districts ceasing the co-collection of trade waste with domestic household waste.	+271	EHW	Transport: Concessionary Fares - Journey numbers are forecast to be lower than budgeted.	-361
EHW	Waste: Transfer Stations - operational need for additional planned maintenance at Church Marshes TS	+230	EHW	Highways: Signs, Lines & Bollards - Significant proportion of expenditure now charged directly to other budget lines.	-302
EHW	Strategic Management & Directorate Support Budgets - Directorate funded redundancy payments arising from the Highways restructure.	+229	EHW	Transport: Freedom Pass - Anticipated reduction in journey numbers.	-275

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
EHW	Highways: Adverse Weather - additional costs associated with managing adverse weather situations including salt bins & plough maintenance	+217	EHW	Waste: Recycling Contracts & Composting - lower than budgeted waste tonnage.	-262
EHW	Planning Applications - Reduction in income from internal planning applications resulting from a reduction in schools devolved formula capital budgets.	+205	EHW	Highways: Traffic Management - Successful recovery of S74 fees from works promoters (utility companies).	-253
EHW	Commercial Services: reduced contribution as unable to absorb Total Contribution Pay.	+150	EHW	Waste: Payments to Waste Collection Authorities (DC's) - lower than budgeted waste tonnage for Recycling Credit payments to WCA's and reduced payments under Third Party Recycling Credit scheme.	-251
EHW	Highways - Highway Improvements - Temporary staffing costs to deal with Member Highway Fund initiatives.	+135	EHW	Highways: Traffic Management - Permit Scheme income.	-244
EHW	Waste: Payments to Waste Collection Authorities (DCs) - additional enabling payments made to Districts under Joint Waste Arrangements.	+118	EHW	Highways: Signs, Lines & Bollards - General reduction in revenue works.	-180
EHW	Sustainable Transport - Cost of multi modal transport models offset by underspend arising from income.	+118	EHW	Waste: Partnership & Behaviour Change - underspends achieved in this area following a review of budgeted activity.	-179
			EHW	Planning Applications - Staff vacancies and reduced activity cost commensurate with reduction in schools planning applications.	-155
			EHW	Transport: Freedom Pass - Additional income from fee increase.	-155
			EHW	Sustainable Transport - Income from Ashford multi modal transport models offsetting pressure.	-148
			EHW	Highways: Adverse Weather - fewer than budgeted salting runs.	-131
			EHW	Waste: Recycling Contracts & Composting - Improved contract prices.	-120
			EHW	Waste: Household Waste Recycling Centres - New income stream from sale of lead acid batteries.	-120
			EHW	Highways: Signs, Lines & Bollards - Planned revenue to capital transfer no longer required.	-100
		+6,629			**-11,797**

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

None

1.1.5 **Implications for MTFP**:

Waste have reviewed the trends of recent years in respect of waste tonnage and disposal costs and have incorporated savings commensurate with that data in the 2012-15 MTFP. However, there is no guarantee that tonnage will continue to reduce so any future variations will need to be considered as part of the ongoing monitoring process.

The successful negotiation with the major bus operators in respect of Concessionary Fares has also been reflected in the 2012-15 MTFP.

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

None

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

The most significant element of the Directorate's forecast underspend arises from Waste Management**.** This is directly related to tonnage and whilst the forecast reflects the previous year's experience and tonnage data to date, it must be treated with an element of caution. The Directorate has a direct influence over the disposal and recycling of waste, but limited control over the amount of waste that is put into the system. Any surge in waste tonnage above the current forecast outturn of 720,000 tonnes will impact the financial outturn of the Directorate and the forecast underspend reported in this report. It must be noted that previous years underspend on Waste Management was negated by additional costs arising in Highways as a result of hard winters and this could be repeated in 2011-12. At the time of writing the Division has successfully managed a snow/ice emergency and contained the costs within Highways and Transportation. If there were a serious deterioration in weather conditions, this would undoubtedly impact the bottom line.

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 2012-15 MTFP as agreed by County Council on 9 February 2012, 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 £m	2011-12 £m	2012-13 £m	2013-14 £m	Future Yrs £m	TOTAL £m
Environment, Highways & Waste Portfolio						
Budget	188.298	100.805	59.424	62.859	340.869	752.255
Adjustments:						
Highways Major Maintenance		0.005				0.005
Integrated Transport Schemes		0.214				0.214
Energy and Water Efficiency Investment Fund-Virement to BSP&HR		-0.113				-0.113
Energy Usage Reduction Programme-Virement to BSP&HR		-0.485				-0.485
Ashford Ring Road		0.100				0.100
Revised Budget	188.298	100.526	59.424	62.859	340.869	751.976
Variance		-2.033	3.116	0.091	1.048	2.222
split:						
- real variance		1.509	0.397	0.184	0.132	2.222
- re-phasing		-3.542	2.719	-0.093	0.916	

Real Variance		**1.509**	**0.397**	**0.184**	**0.132**	**2.222**
Re-phasing		**-3.542**	**2.719**	**-0.093**	**0.916**	

1.2.3 **Main Reasons for Variance**

Table 4 below, details all forecast capital variances over £250k in 2011-12 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

			Project Status			
portfolio	Project	real/ phasing	Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£m	£m	£m	£m
Overspends/Projects ahead of schedule						
EHW	Highways Major Maintenance	real	1.239			
			1.239	**0.000**	**0.000**	**0.000**
Underspends/Projects behind schedule						
EHW	Land & compensation Part 1	phasing	-0.964			
EHW	East Kent Access Phase 2	phasing		-0.703		
EHW	HWRC - Ashford Transfer Station	phasing		-0.585		
EHW	Member Highway Fund	phasing	-0.369			
EHW	Sittingbourne Northern Relief Road	phasing		-0.285		
			-1.333	**-1.573**	**0.000**	**0.000**
			-0.094	**-1.573**	**0.000**	**0.000**

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

None

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

There is a real variance of +£2.222m (+£1.509m in 2011-12, +£0.397m in 2012-13, +£0.184m in 2013-14 and +£0.132m in future years)

Preliminary Design Fees: -£0.144m (in 2011-12): As reported to Cabinet on 9 January 2012 there has been limited preliminary design work carried out this year and an underspend of £0.120m was earmarked to fund the cost of repairs to Westwood Road and Victoria Way in Broadstairs following an unexpected collapse of the road surface. It is proposed that the remaining fund of £0.024m is used to fund an overspend on the A2 Slip Road Scheme which is the result of a marginal increase in landscaping costs.

Highway Maintenance: +£1.239m (in 2011-12): The net overspend is due to the following:

- On 25 January 2012, Cabinet agreed a revenue to capital transfer of £1.2m to fund urgent road repairs and street lighting column replacement. As a general rule we do not change cash limits for non budgeted revenue contributions.
- There is a £0.139m overspend to be met from a £0.120m underspend detailed above and a £0.019m underspend on Small Community Projects where funding was made available in 2010-11 to compensate for payments made from the mainstream Highways programme in previous years.
- A £0.100m revenue contribution had been intended for signing and lining. However a combination of lower than anticipated volumes of work and rechargeable work has meant the funding is no longer required.

Household Waste Recycling Centre/Transfer Station – North Farm: +£0.224m (in 2011-12): Expenditure has increased due to further unforeseen contaminated waste which must be removed. The increased cost will be met from a revenue contribution.

Sittingbourne Northern Relief Road: +£0.363m (+£0.104m in 2011-12, +£0.021m in 2012-13, +£0.137m in 2013-14 and +£0.101m in future years): The cost of this scheme has increase due to a higher tender price for landscaping works, some residual site supervision in future years and final contract cost being marginally higher on completion than estimated. The additional costs will be funded by S106 contributions.

Cyclopark: +£0.352m (+£0.150m in 2011-12 and +£0.202m in 2012-13): additional facilities including a workshop have been added to the project. The additional work is to be met from a £0.150m contribution from Sport England and the balance from other external contributions and a revenue contribution.

Energy and Water Efficiency Fund: +£0.252m (+£0.174m in 2012-13, +£0.047 in 2013-14 and +£0.031m in 2014-15): The increase reflects future years expenditure which will be funded from revenue repayments of investments agreed earlier in the scheme.

Overall this leaves a residual balance of -£0.064m on a number of more minor projects.

1.2.6 **General Overview of capital programme**:

(a) Risks

Most of the major projects completed construction and opened to traffic in Q3 with only East Kent Access Phase 2 in the final stages of construction leading to an anticipated completion in May 2012. The residual risks are therefore mainly commercial risks associated with the contract final accounts and remaining risks associated with CPO land acquisition and Land Compensation Act Part 1 (LCA) claims.

(b) Details of action being taken to alleviate risks

- Maintenance and regular review of costs risk registers
- Support from independent cost consultants to validate claims and minimise exposure
- Negotiation with partner agencies to secure reimbursement for KCC
- Negotiation with the Department for Transport regarding funding future risk from approved allocations
- Agreement with the Homes and Communities Agency and Ashford Borough Council to utilise surplus GAF funding

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.

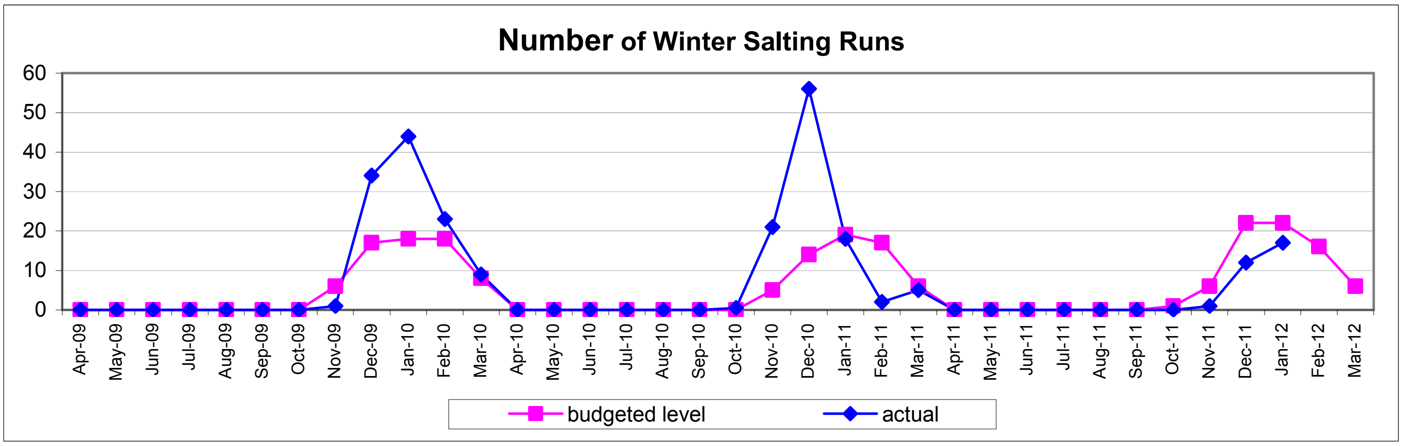
Annex 3

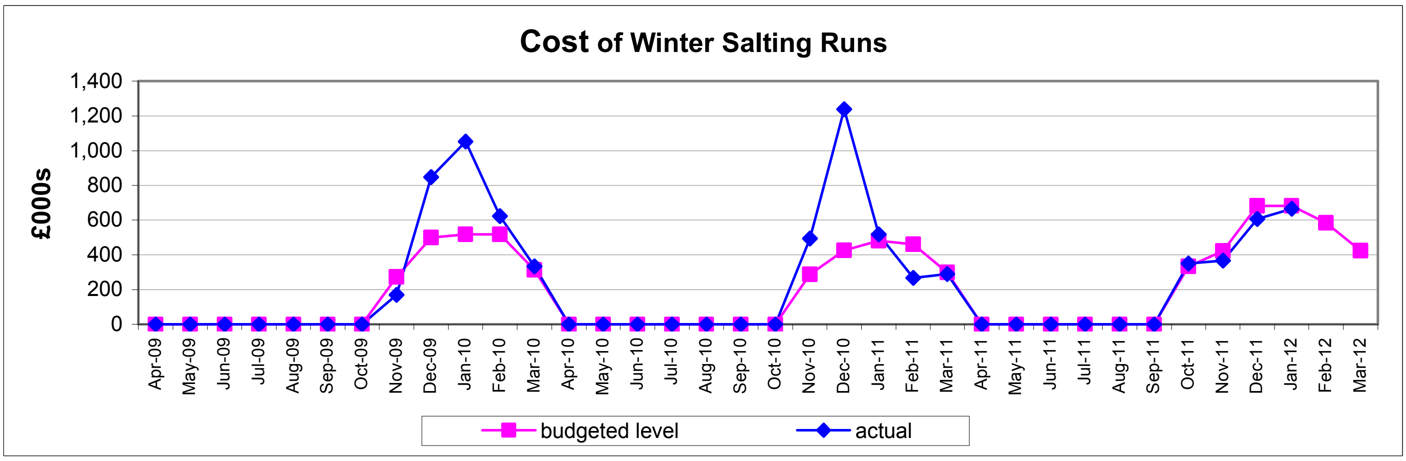
	2011-12	2012-13	2013-14	Future Years	Total
	£m	£m	£m	£m	£m
Highways Major Maintenance					
Amended total cash limits	30.986	31.797	30.516	87.299	180.598
re-phasing	-0.211	0.211	0.000	0.000	0.000
Revised project phasing	**30.775**	**32.008**	**30.516**	**87.299**	**180.598**
Member Highway Fund					
Amended total cash limits	2.200	2.200	2.200	2.200	8.800
re-phasing	-0.369	0.369	0.000	0.000	0.000
Revised project phasing	**1.831**	**2.569**	**2.200**	**2.200**	**8.800**
Integrated Transport Scheme					
Amended total cash limits	4.068	4.616	2.824	9.174	20.682
re-phasing	-0.246	0.246	0.000	0.000	0.000
Revised project phasing	**3.822**	**4.862**	**2.824**	**9.174**	**20.682**
Non TSG Land, Compensation Claims					
Amended total cash limits	1.782	1.380	0.321	0.300	3.783
re-phasing	-0.964	1.135	-0.099	-0.072	0.000
Revised project phasing	**0.818**	**2.515**	**0.222**	**0.228**	**3.783**
HWRC - Ashford Transfer Station (Approval to Spend)					
Amended total cash limits	0.750	0.000	0.000	0.000	0.750
re-phasing	-0.585	0.585	0.000	0.000	0.000
Revised project phasing	**0.165**	**0.585**	**0.000**	**0.000**	**0.750**
HWRC - Ashford Transfer Station (Approval to Plan)					
Amended total cash limits	0.100	4.150	0.000	0.000	4.250
re-phasing	-0.100	0.100	0.000	0.000	0.000
Revised project phasing	**0.000**	**4.250**	**0.000**	**0.000**	**4.250**
Sittingbourne Northern Relief Road					
Amended total cash limits	7.032	0.216	1.211	1.210	9.669
re-phasing	-0.285	0.270	0.015		0.000
Revised project phasing	**6.747**	**0.486**	**1.226**	**1.210**	**9.669**
East Kent Access Phase 2					
Amended total cash limits	27.346	2.133	0.544	2.000	32.023
re-phasing	-0.703	-0.276	-0.009	0.988	0.000
Revised project phasing	**26.643**	**1.857**	**0.535**	**2.988**	**32.023**
Total re-phasing >£100k	**-3.463**	**2.640**	**-0.093**	**0.916**	**0.000**
Other re-phased Projects below £100k	**-0.079**	**0.079**	**0.000**	**0.000**	**0.000**
TOTAL RE-PHASING	**-3.542**	**2.719**	**-0.093**	**0.916**	**0.000**

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 **Number and Cost of winter salting runs**:

	2009-10				2010-11				2011-12			
	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	-	-	-	-	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-	-	-
August	-	-	-	-	-	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-	-	-	-	-	-
October	-	-	-	-	0.5	-	6	-	0	1	351	335
November	1	6	171	273	21	5	494	288	1	6	368	423
December	34	17	847	499	56	14	1,238	427	12	22	607	682
January	44	18	1,052	519	18	19	519	482	17	22	665	682
February	23	18	622	519	2	17	268	461		16		584
March	9	8	335	315	5	6	291	299		6		425
TOTAL	**111**	**67**	**3,027**	**2,125**	**102.5**	**61**	**2,816**	**1,957**	**30**	**73**	**1,991**	**3,131**



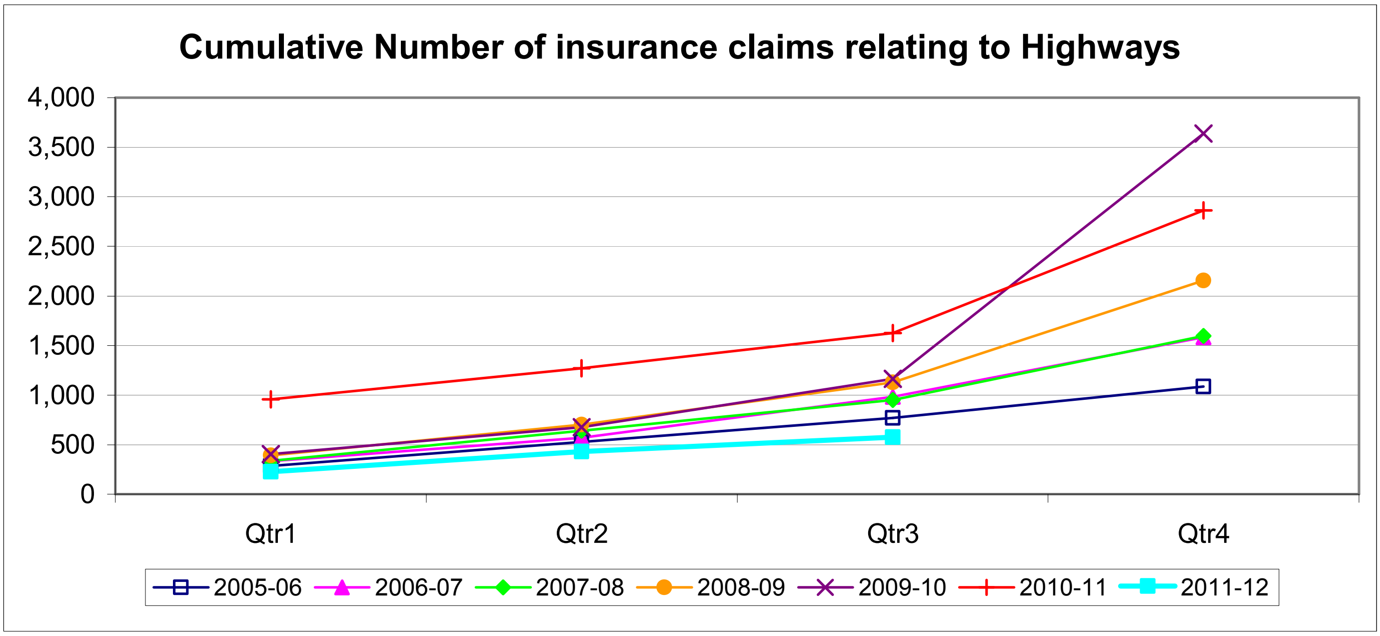


Comment:

- Under the Ringway contract, local and specific overheads and depot charges were dealt with separately and were consequently excluded, whereas the new Enterprise contract is for an all inclusive price so these costs are now included, hence the increase in the budgeted cost in 2011-12 compared to previous years.
- Due to the generally mild winter, salting runs are currently below the budgeted level and as a result a forecast underspend of £131k is reported in section 1.1.3.2a.

2.2 **Number of insurance claims arising related to Highways**:

	2005-06	**2006-07**	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**
	Cumulative no. of claims	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	393	405	956	229
July-Sept	530	570	640	704	677	1,269	431
Oct-Dec	771	982	950	1,128	1,165	1,625	578
Jan- Mar	1,087	1,581	1,595	2,155	3,639	2,863	



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 24 January 2012.

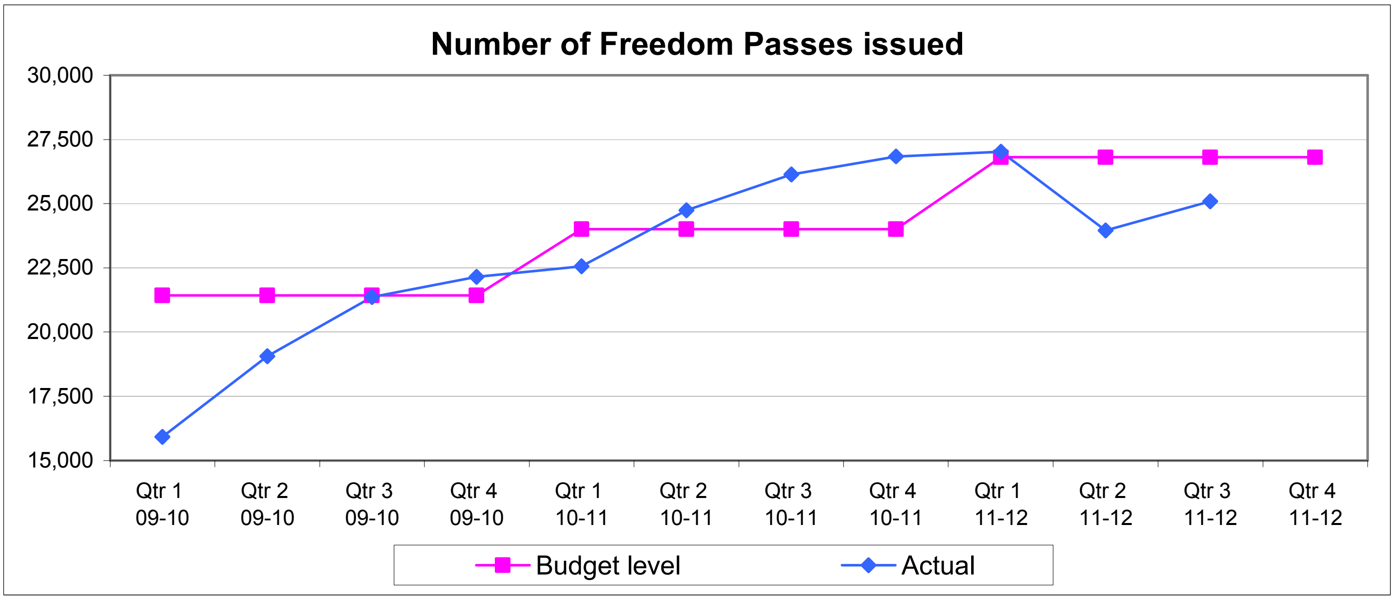
- Claims were high in each of the last three years largely due to the particularly adverse weather conditions and the consequent damage to the highway along with some possible effect from the economic downturn. These claim numbers are likely to increase further as more claims are received for incidents which occurred during the period of the bad weather.

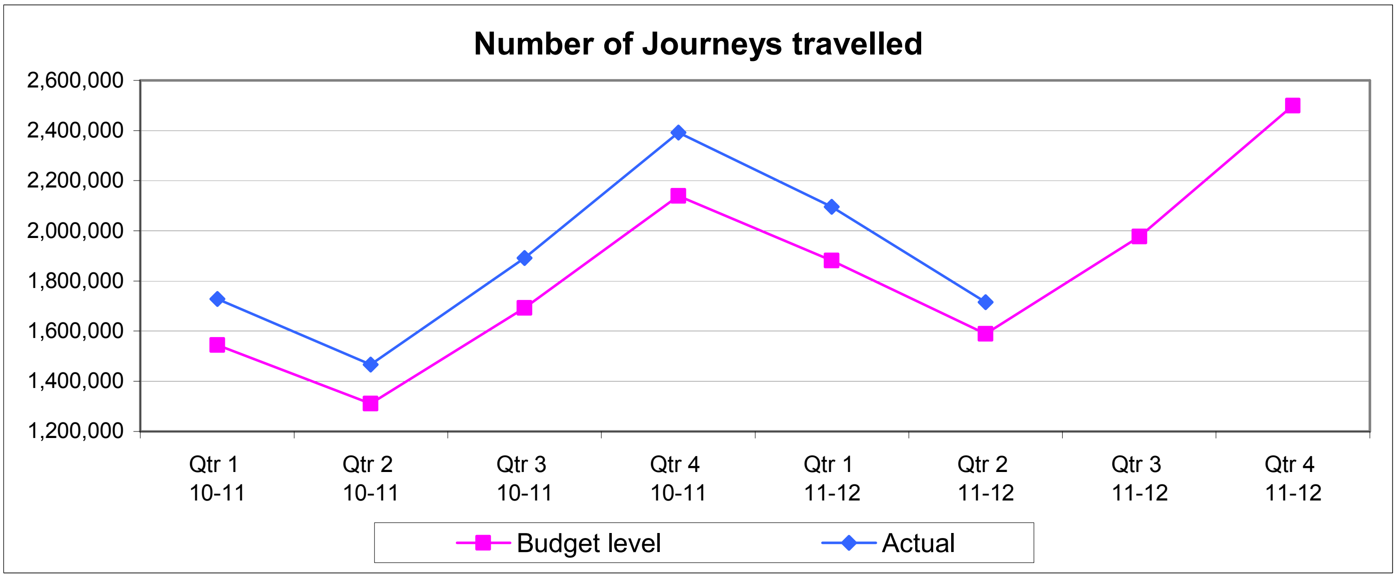
- The Insurance section continues to work closely with Highways to try to reduce the number of successful claims and currently the Authority is managing to achieve a rejection rate on 2011-12 claims where it is considered that we do not have any liability, of about 86%.

- Claims are lower in the current year than in recent years. This could be due to many factors including a milder winter, an improved state of the highway following the find and fix programmes of repair and an increased rejection rate on claims. Also, it is likely that these claim numbers will increase as new claims are received relating to accidents occurring in previous quarters as explained in the first bullet point above.

2.3 Freedom Pass - Number of Passes in circulation and Journeys travelled:

	2009-10				2010-11				2011-12			
	Passes		Journeys travelled		Passes		Journeys travelled		Passes		Journeys travelled	
	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual
Qtr 1 April - June	21,434	15,923			24,000	22,565	1,544,389	1,726,884	26,800	27,031	1,882,098	2,095,980
Qtr 2 July - Sept	21,434	19,060			24,000	24,736	1,310,776	1,465,666	26,800	23,952	1,588,616	1,714,315
Qtr 3 Oct - Dec	21,434	21,369			24,000	26,136	1,691,828	1,891,746	26,800	25,092	1,976,884	
Qtr 4 Jan - Mar	21,434	22,157			24,000	26,836	2,139,053	2,391,818	26,800		2,499,462	
							6,686,046	7,476,114			7,947,060	3,810,295





Comments:

- The figures above for journeys travelled represent the number of passenger journeys which directly or indirectly give rise to reimbursement to the bus operator under the Kent Freedom Pass scheme. It was anticipated that the increase in the cost of the pass from £50 to £100 this year will limit the increases in demand that have been experienced since the introduction of the pass and this is reflected in the number of passes in circulation at the end of quarter 2 and quarter 3. However, the number of journeys may not change in line with pass numbers as those students who are more likely not to take up a pass because of the increased cost, will be those travelling the least number of journeys, whilst those who do continue to take out the pass may increase journeys to gain maximum value from the pass. However, it is currently anticipated that the lower number of passes in circulation will translate into fewer journeys in the final two quarters of the year and as a result, an underspend is currently forecast against the Freedom Pass budget as reported in section 1.1.3.4b.

- The above figures do not include journeys travelled relating to home to school transport as these costs are met from the Education, Learning & Skills portfolio budget and not from the Kent Freedom Pass budget.

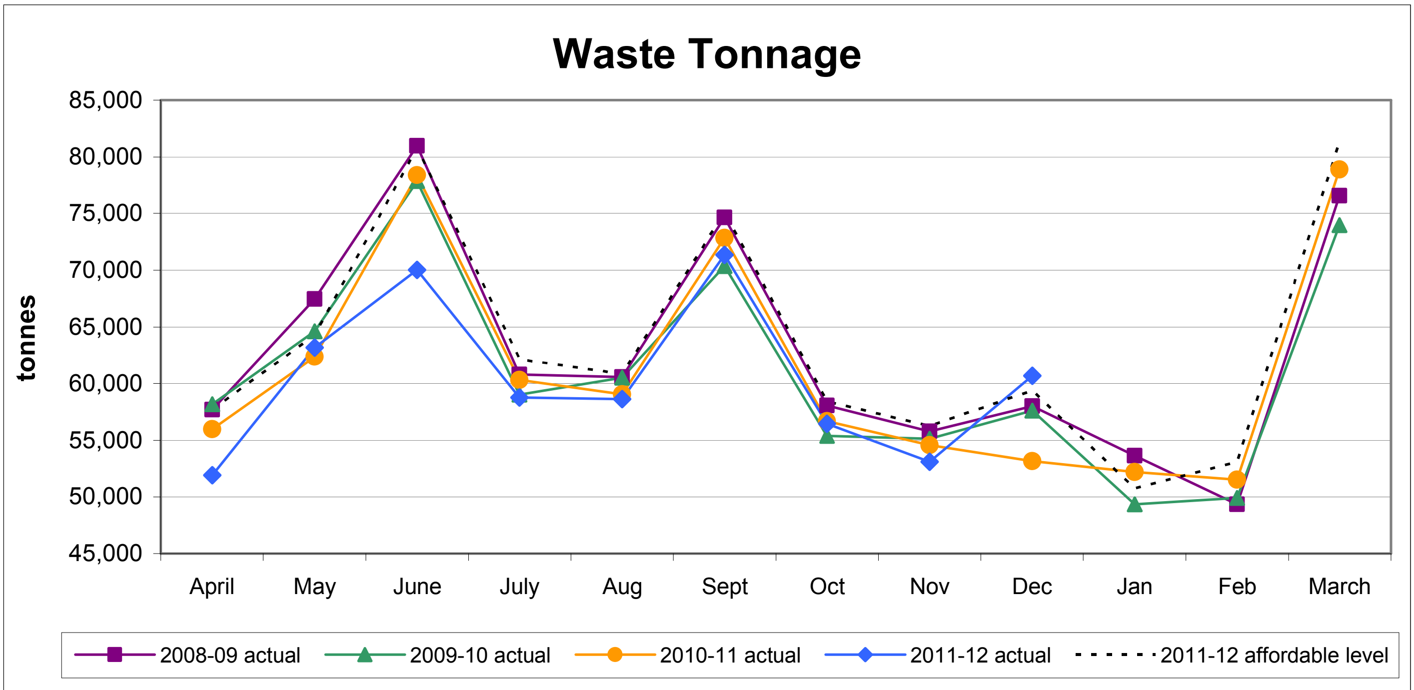
- The actual journey numbers travelled in quarter 3 is not yet available as the bus operators are paid on projected numbers and this is reconciled to actual journeys based on claims later on. This data is expected to be available for the outturn report.

- Comparable figures for 2009-10 journeys travelled are not available because the scheme was still being rolled out and was changing radically year on year and we do not have the data in order to split out the home to school transport journeys.

2.4 Waste Tonnage:

	2008-09	2009-10	2010-11	2011-12	
	Waste Tonnage	Waste Tonnage	Waste Tonnage	Waste Tonnage *	Affordable Level
April	57,688	58,164	55,975	51,918	57,687
May	67,452	64,618	62,354	63,184	64,261
June	80,970	77,842	78,375	70,022	80,772
July	60,802	59,012	60,310	58,753	62,154
August	60,575	60,522	59,042	58,623	60,847
September	74,642	70,367	72,831	71,337	75,058
October	58,060	55,401	56,690	56,449	58,423
November	55,789	55,138	54,576	53,118	56,246
December	58,012	57,615	53,151	60,669	59,378
January	53,628	49,368	52,211		50,766
February	49,376	49,930	51,517		53,093
March	76,551	73,959	78,902		81,315
TOTAL	**753,545**	**731,936**	**735,934**	**544,073**	**760,000**

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



Comments:

- These waste tonnage figures include residual waste processed either through Allington Waste to Energy plant or landfill, recycled waste and composting.
- To date, the cumulative total amount of waste managed for the first three quarters is approximately 31,000 tonnes less than the affordable level stated above.
- The period April to December 2011 shows a 1.67% reduction in tonnage when compared to the corresponding period for the last financial year.
- The current year end forecast for 2011-12 in section 1.1.3.5 of this annex assumes waste volumes will be around 720,000 tonnes. This equates to a reduction of 2.17% when compared to the corresponding total for the last financial year. Any movement, up or down, will impact on the savings forecast in section 1.1.3.5.

CUSTOMER & COMMUNITIES DIRECTORATE SUMMARY
JANUARY 2011-12 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 report to reflect a number of technical adjustments to budget.
- The inclusion of a number of 100% grants (i.e. grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 of the executive summary.

1.1.2 **Table 1** below details the revenue position by A-Z budget line:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Communities, Customer Services & Improvement portfolio							
C&C Strategic Management & Directorate Support Budgets	5,551	-1,451	4,100	107	262	369	Shortfall in savings and income target in the Communications and Engagement division.
Other Services for Adults:							
- Drug & Alcohol Services	20,008	-18,483	1,525	-42	20	-22	Reduced expenditure on Sex Exploitation Project. Reduced internal income offset by reduced spend on other running costs.
- Supporting People	29,796		29,796	3	-3	0	
	49,804	-18,483	31,321	-39	17	-22	
Community Services:							
- Archive Service (incl Museum Development)	1,342	-424	918	-77	-42	-119	Reduced staff costs from vacancy management offset by Interreg project costs; reimbursement of staff costs from European regional delevelopment fund (ERDF)
- Arts Development (incl Turner Contemporary)	2,374	-90	2,284	-37	-27	-64	Reduced staff costs from vacancy management offset by increased running costs; additional income from various contributors towards project costs.
- Community Learning Services	16,427	-16,766	-339	-440	535	95	Lower enrolment numbers (and lower drawdown on maximum contract values)& the associated reduction in employer contributions. Gross costs reduced accordingly but unable to fully mitigate the income reduction.

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Community Safety	1,877	-226	1,651	75	-49	26	Increased staff costs due to backfill of maternity leave, & funding of two partnership officer's posts. Contribution from Gravesham BC towards anti terrorism costs.
- Community Wardens	2,843	-1	2,842	-98	-9	-107	Vacancy management savings and reduced transport costs. Reimbursement of costs from Kent Police.
- Contact Centre & Consumer Direct	6,951	-2,917	4,034	-157	47	-110	Shortfall against savings target offset by reduced-staff costs in response to declining call volumes. Reduced income from Trading Standards South East Limited (TSSEL) due to declining call volumes, offset by increased internal and fees income.
- Gateways	2,184	-279	1,905	71	-86	-15	Additional spend on County Wide Projects bought forward as a result of delay in roll out of Gateways and additional Intereg Funding.
- Library Services	16,559	-2,332	14,227	-65	-30	-95	Planned reduction in running costs to offset moving costs associated with Kent History & Library centre; reduced staff costs due RFID project. Increased contributions from Kent Cultural Trading, internal income, offset by reduced merchandising and fees income.
- Sports Development	2,795	-1,446	1,349	-8	-63	-71	Income from Dover District Council for Sandwich Open Golf higher than expected.
- Supporting Independence & Supported Employment	2,942	-2,009	933	-376	48	-328	Reduced staff costs from vacancies expected to be held for the remainder of the year; reduced spend (and income) re: the Future Jobs Fund. Reduced contributions from DWP due to lack of take up for placements. Delays in recruitment of vulnerable learners has led to a reduction in costs & corresponding reduction in the need to draw down from reserves.

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Big Society Fund	5,000		5,000	-4,000	0	-4,000	Reduced spend due to the delay in launching the Big Society programme, roll fwd will be required to fund re-phasing into 12-13 & 13-14.
	61,294	-26,490	34,804	-5,112	324	-4,788	
Environment:							
- Country Parks	1,749	-973	776	19	-19	0	Minor movements on gross spend and fee income.
- Countryside Access (incl PROW)	3,244	-1,145	2,099	24	-21	3	Increased gross costs & income from Kent Heritage project, offset by reduced spend on running costs and reduced fee income.
	4,993	-2,118	2,875	43	-40	3	
Local Democracy:							
- Local Boards	639		639	88	0	88	Shortfall in savings target in relation to Community Engagement Officers posts.
- Member Grants	1,303		1,303	0	0	0	
	1,942	0	1,942	88	0	88	
Regulatory Services:							
- Coroners	2,840	-475	2,365	-195	0	-195	Reduced pay element for coroners, fees for deputy coroner and witness expenses due to delays in long inquests; reduced funeral directors and pathologist fees. A roll forward bid will be made for 12/13 to ensure future budget not overspent.
- Emergency Planning	923	-199	724	-11	-12	-23	Reduced staff costs from vacancy management, offset by costs of one off equipment purchases. Increased external contributions and fees income.
- Registration	2,988	-3,166	-178	-113	80	-33	Reduced spend due to vacancy management and savings on running costs. Income variance due to delay in contract with Bexley BC being offset by income from General Register Office (GRO)
- Trading Standards (including Kent Scientific Services)	4,464	-865	3,599	-216	68	-148	Advancement of 12/13 savings to be achieved in 11/12 and savings on gross, mainly on staff. Shortfall against KSS income target.
	11,215	-4,705	6,510	-535	136	-399	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Support for Individual Children:							
- Youth Service	10,326	-4,234	6,092	-88	-8	-96	Reduced spend mainly through vacancy management, offset by increased other running costs/activities and lower than expected drawdown from reserves. Increased external contributions and internal income, offset by reduced fee income.
- Youth Offending Service	6,061	-2,726	3,335	-106	-97	-203	Reduced Expenditure on transport due to staff re-location and reduced activity/spend on secure accommodation, offset by additional spend from one-off funding which has also resulted in increased income.
	16,387	-6,960	9,427	-194	-105	-299	
Total controllable	**151,186**	**-60,207**	**90,979**	**-5,642**	**594**	**-5,048**	

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 **Strategic Management & Directorate Support Budgets:** Gross +£107k, Income +£262k Net +£369k

The gross variance is due primarily to pressures of £246k in the Communications and Engagement division, offset by a number of minor variances across a number of services within this service grouping, which when aggregated, amounts to -£139k

The gross pressure of £246k within Communications and Engagement comprises the part-year effect (£500k) of the staff restructure savings proposal of £1.5m that will not be achieved until 2012-13 and the part-compensating underspend on staff costs, e.g. managing vacancies, of -£254k.
The -£139k of minor variances across the other services have been achieved in line with the directorate's policy of curtailing all non essential expenditure and extending vacancy management wherever possible.

The income variance can largely be explained by a shortfall against an income target of £244k for Communications and Engagement, which has been addressed in the budget build for 2012-13, and other minor variances across the other services of +£18k.

Overall therefore, the net pressure of £369k comprises a pressure on Communications and Engagement of +£490k (+£246k gross and +£244k income), which is being offset by underspends across this grouping of services of -£121k.

1.1.3.2 **Community Services:**

a. Community Learning Services: Gross -£440k, Income +£535k, Net +£95k

The Community Learning and Skills service has in the past - and has experienced again - a significant shortfall on income, which the service is unable to fully mitigate.

The income variance of £535k comprises of the following: the service has reduced its forecast in relation to sales, fees and charges, due to declining enrolment numbers (+£293k), which results in a lower than anticipated drawdown on maximum contract values. This decline in enrolment numbers has led to an expected reduction in contributions from employers (+£89k). Also, there is likely to be a reduction in the employer responsive grant income figures and, based upon current performance to date, it has been necessary to reduce the forecast for 16-18 apprenticeships, adult apprenticeships and work based learning by a total of £153k.

The service is unable to fully offset these funding reductions in the current year but a gross variance of -£440k is reported reflecting the management action adopted by the service to mitigate the shortfall in income: the service has brought forward staff and management restructures (offset by one-off costs to be incurred for redundancy); withheld training and development budget for tutors; reduced business & development budgets aimed at increasing the range and quality of services offered to students and employers and has ceased making a contribution towards childcare costs so that people can attend certain courses. External partners will now contribute towards these costs and therefore no impact on the individual.

A net shortfall against the budgeted contribution to KCC of £95k is therefore reported. Further funding changes could present a significant challenge to the service, both in-year and in the future.

b. <u>Community Wardens: Gross -£98k, Income: -£9k, Net - £107k</u>

The service has made savings on staff expenditure of -£103k, mainly through vacancy management, but also through the retirement of the head of the wardens' service post which has been deleted. A recruitment programme will commence in March and it is expected that 10 warden vacancies will be filled during the month. Other compensating variances of +£5k account for the remainder of the gross variance.

c. <u>Contact Centre & Consumer Direct: Gross -£157k, Income +£47k, Net -£110k</u>

A pressure continues to remain in relation to a shortfall against a savings target (+£246k) associated with the Kent Contact and Assessment Service (KCAS), which following a one-off specific management action yielding a saving of £93k, has a residual deficit of £153k. The previously reported +£120k pressure associated with the integration of Children's & Families Information Service (CFIS) has been mitigated by a one-off solution.

Other gross variances include reduced staff costs in the Contact Centre (-£35k); reduced staff costs with regard to Consumer Direct South East (CDSE) (-£186k), and other smaller variances totalling -£89k, producing an overall gross variance of -£157k.

The staff savings within CDSE have been made in order to off-set a reduction in forecast income of +£169k, as a result of reduced call volumes (as income is performance based). This income shortfall is being partially off-set by an increase in internal income (-£92k) and an increase in sales, fees and charges (-£30k) producing an overall +£47k income variance.

d. <u>Gateways: Gross +£71k, Income -£86k, Net -£15k</u>

The opening of a number of Gateways has been delayed resulting in a gross underspend of -£272k, but the service has re-prioritised and accelerated future year's planned activity with an additional +£129k of spend on cross authority projects. In addition, £150k has not been drawn down from a reserve due to the delay in the roll out and other smaller compensating variances account for the remaining +£64k.

The income variance mainly relates to additional external funding from Interreg to support cross authority projects -£71k.

e. <u>Library Services: Gross -£65k, Income -£30k, Net -£95k</u>

The service has made savings on gross expenditure, mainly through a planned reduction in running costs (-£250k) to mitigate against additional running costs associated with the Kent

History and Library Centre (KHLC) where a switch in funding from revenue to capital is required due to the nature of the moving costs (+£155k).

In addition there is a £200k staffing saving from the acceleration of Radio Frequency Identification (RFID) technology saving - which has been reported previously - and there are further staffing savings of £152k from front of house integration of library and registration duties.

This is offset however by; a +£150k revenue contribution to capital to fund phase II of the RFID roll out; additional internal recharges of +£54k (mainly legal fees); CRB check costs of +£22k; revenue costs associated with capital projects of +£35k; development of TAKTIX, an online information software package, of +£27k and various other small gross pressures that equate to +£94k in total.

The Library Service is forecasting a reduction in their Audio Visual and merchandising income of +£90k reflecting a continuation of the trend of reducing sales over the past number of years, together with reduced income from fines of +£43k. This shortfall is part-compensated by additional external contributions of -£94k and increased income from internal clients of -£83k. Other minor differences of +£14k reconcile to the overall income variance of -£30k.

f. Supporting Independence & Supported Employment: Gross -£376k, Income +£48k, Net -£328k

Kent Supported Employment (KSE) is forecasting a shortfall in external income of £83k from the Department for Work and Pensions (DWP) and a reduction in income from internal clients of £26k. The Supporting Independence Programme (SIP) has a net surplus on income of -£61k, mainly from internal clients.

The Kent Supported Employment service has made savings on gross expenditure of -£303k, -£291k of which is from not appointing to vacant posts in lieu if known income reductions. There is also a £73k underspend reported for the Supporting Independence Programme (SIP).
Separate to this, the Vulnerable Learners' programme is now expecting certain costs to be incurred in the first part of 2012-13 so the forecast for staff costs has reduced by £257k but so has the drawdown from reserves so there is a nil net effect.

g. Big Society: Gross -£4,000k, Income Nil, Net -£4,000k

The Big Society Fund was established as part of Kent County Council's Bold Steps for Kent, with initial one-off funding from KCC in 2011-12 in order to support new and existing social enterprises that benefit the local community and enhance the economic and social environment of Kent e.g. a Bold Steps ambition of growing the economy and to some extend putting the citizen in control.

The Fund was established with two quite different themes, the first being a loan fund to social enterprises that are perhaps unable to secure loans through other routes. They would repay the loans, with the funds then re-cycled in order to finance further loans. Social enterprises applicants will be required to support employment opportunities for Kent residents, which can mean full or part-time employment, voluntary work, work-based training, apprenticeships or other such employment related activity.

To manage risk, it is suggested that the total commitment to the fund is capped at £3m and sequenced on an annual basis, with the release of the first £1m physically being allotted by the end of the current financial year but the impact effectively in 2012-13. A further £1m would then be available for the following two years. The scheme will be managed by Kent Community Foundation, on behalf of Kent County Council, who has operated schemes like this in the past.

KCC reserves the right not to make the further donations in 2012-13 and 2013-14 to the fund if the market appetite is not evident and each year an Annual Report will be presented to KCC in order for them to asses the market conditions. It is proposed that £1m is paid to Kent Community Foundation before 31 March 2012 and the remaining £2m will be required to roll forward to 2012-13 and 2013-14 in order to fund our commitment to the £1m annual donations to prime the KCF loan fund, subject to annual approval.

The second use for the Big Society monies available is in relation to the Government's proposal to try and encourage Youth Employment. These funds of £2.0m, will be required to pump prime the

Kent Employment programme, whose purpose is to encourage Kent businesses to recruit unemployed young people who have been unemployed for a significant period.

This will be achieved by supporting employers with grants for recruiting young people from this cohort, with further funding available from Government. The launch of this programme is due to take place just prior to the end of this financial year and is due to go live from April 1st. The programme will look to deliver a minimum of 660 long term employment opportunities for 18-24 year olds in Kent.

The £2m will be used to pay the grants to employers and will look to lever in additional funds from Work programme providers and Job Centre Plus (JCP). Due to the launch, it is unlikely that a significant proportion of the £2m will be spent in the current year and therefore this funding will be required to roll forward to support this programme, which is a strategic priority of the Council, in 2012-13.

Overall therefore, a roll forward of £4m will be required.

1.1.3.3 **Regulatory Services:**

a. Coroners: Gross -£195k, Income Nil, Net - £195k

During the handover between the retiring coroner and the now KCC-employed coroner for the Mid-Kent and Medway jurisdiction, it became apparent that there were a number of long inquests awaiting a court date, witnesses or specialist tests that needed to be undertaken. These cases had not been notified to the authority until mid way through this year. It is now apparent that these cannot be completed in the current financial year and a resultant underspend of £195k is forecast.

So as not to place pressure on the 2012-13 budget, given that this budget regularly overspends, a roll forward will be required to fund this re-phasing of inquests. The estimated cost of clearing this long inquest backlog is £150k.

b. Trading Standards (Incl. Kent Scientific Services): Gross -£216k, Income +£68k, Net -£148k

The net variance of -£148k is an aggregate of -£214k Trading Standards and +£66k Kent Scientific Services (KSS), the latter showing an increase in overspend of +£38k since the last quarter's monitoring.

The primary reason for the Trading Standards variance is an acceleration of the saving (-£172k) expected to be delivered in 2012-13 from the review of service priorities. This was brought forward, as well as extending vacancy management where possible (-£49k); in order to deliver some of the planned savings a year early in an attempt to part mitigate the directorate's pressure elsewhere. This has delivered a £221k underspend in total and other minor gross variances across both services reconcile back to the -£216k gross movement.

Within Kent Scientific Services, there is an income shortfall – both internal and external – of +£109k which has been noted in previous reports. In addition to other laboratories not closing, and therefore KSS not increasing its customer base, existing clients are reducing the number of samples that are being placed until their own budgetary position becomes clearer. This is partially offset by additional income of £41k within Trading Standards.

1.1.3.4 **Support for Individual Children:**

a. Youth Service: Gross -£88k, Income -£8k, Net -£96k

The service has delivered savings on gross expenditure mainly through the acceleration of management savings from the integration of the youth and youth offending services; the decision not to recruit to Community Youth Tutors' posts and holding vacancies at area offices which has delivered -£179k. The service has made further one-off staff savings by not appointing to the vacant Head of Outdoor Education post -£78k. However, these savings are partially offset by a lower than anticipated drawdown from reserves of +£72k, plus the cost of replacement and new training equipment for the Outdoor Education Centre of +£97k.

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
C&C	Strat. Mgmt & Directorate Support: shortfall against Communications & Engagement activity savings target to be mitigated by management action.	+500	C&C	Big Society: Delayed launch of youth employment programme	-2,000
C&C	CLS: Reduced fees & charges and contributions from employers due to declining enrolment numbers	+382	C&C	Big Society: re-phasing of loan fund to social enterprises	-2,000
C&C	SIP: Reduction in staff and other related expenditure for the Vulnerable Leaners Scheme. A delay in the identification of the learners means the scheme will continue into 2012/13.	+257	C&C	CLS: Management action to part mitigate income shortfall	-440
C&C	Contact Centre: Shortfall against savings target of KCAS	+246	C&C	Libraries: Reduced staff costs arising from Radio Frequency Identification (RFID) self service implementation	-200
C&C	Communications & Engagement: Shortfall against income target	+244	C&C	Kent Supported Employment: Staff vacancies anticipated to be held for the remainder of the year.	-291
C&C	Contact Centre (Consumer Direct): Reduced income from Trading Standards S.E.Ltd; income is based upon price per call basis and call volumes have declined.	+169	C&C	Gateways: Reduced spend due to delayed opening of Gateways	-272
C&C	Libraries: Additional moving costs associated with Kent History & Library Centre (KHLC), mitigated by reduced spend on other running costs	+155	C&C	Youth Service: Reduced staff costs arising from vacancy management.	-257
C&C	CLS: Reduced employer responsive grant income for 16-18 & adult apprenticeships and work based learning due to economic climate	+153	C&C	SIP - reduction in the drawdown from reserves in relation to the Vulnerable Learners Scheme. These reserves will now be called upon in 2012/13.	-257
C&C	Gateways: Reduction to expected drawdown from reserves, no longer required due to delay in the rollout of the programme.	+150	C&C	Strat. Mgmt & Directorate Support: Comms & Engagement staff vacancy management savings	-254
C&C	Libraries: Revenue contribution to capital to fund phase 2 of RFID project,as programme extended to update 10 more libraries.	+150	C&C	Libraries: Planned reduction in running costs to mitigate additional KHLC moving costs	-250
C&C	Libraries: Reduced income from fines, Audio Visual and Merchandising.	+133	C&C	Trading Standards : Reduced staff costs achieved through Vacancy Management and advancement of 2012-13 savings	-221
C&C	Gateways: Additional running costs as other projects are brought forward to compensate for delay in roll out of the programme.	+129	C&C	Coroners: Reduced Staff costs & Specialist fees due to delays in long inquests	-195
C&C	Contact Centre: Shortfall against Children & Families Information Service (CFIS) saving	+120	C&C	Contact Centre (Consumer Direct): Reduced staff costs, primarily through vacancy management, as management action towards the reduced income stream from TSSEL	-186

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
C&C	Trading Standards (incl KSS): shortfall in income due to lower than anticipated demand for services from other local authorities	+109	C&C	Libraries: Reduced staff costs arising from front of house reviews	-152
			C&C	Strat Mgmt & Directorate Support: savings from curtailing non essential spend & extending vacancy management	-139
			C&C	Contact Centre: One-off solution to cover the shortfall against the CFIS saving target.	-120
			C&C	Community Wardens: Staff savings due to Warden vacancies and retirement of Head of Warden service	-103
		+2,897			**-7,337**

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

E.g. Management Action achieved to date including vacancy freeze, changes to assessment criteria etc. This section should provide details of the management action already achieved, reflected in the net position reported in table 1.

1.1.4.1 Contact Kent

The Contact Centre was allocated a savings target of £406k for the current year, of which £366k related to the integration of the Kent Contact & Assessment Service (KCAS) and Children & Families Information Services (CFIS).

Due to a delay in the integration of KCAS and reductions in grant funding meaning that the CFIS saving was not deliverable in-year, alternative ways of mitigating the saving in the current year were sought. Subsequently one-off solutions have been found but a residual variance remains. This has been further reduced because the call quality has improved meaning that the call quality bonuses for the CDSE service have now been included in the forecasts.

1.1.4.2 Communications & Media Relations

This division, which for the purposes of the restructure, includes Local Boards (Community Engagement Officers) - has a savings target of £1.5m to achieve in 2011-12. The full year effect of the staff restructure will not be wholly achieved in the current year and this presented an in-year pressure for the service.

The overall position on this service in the current year is detailed below, and explained in the subsequent narrative:

	£m
Anticipated part year savings from restructure	-1.000
Vacancy management savings	-0.254
Shortfall in income	+0.244
TOTAL	**-1.010**
2011-12 Savings Target	-1.500
Shortfall – Communications	**0.490**
Shortfall – Local Boards (incl CEO costs)	**0.088**
Total Shortfall – Communications & Engagement	**0.578**

a) Staff restructure
A restructure of the service has been explored. The restructure proceeded and was set to deliver in excess of £1m, full year effect. However one aspect of the proposals - in relation to Community Engagement Officers (previously Community Liaison Managers) - did not proceed as expected and this element of the saving (full year effect approximating to £265k) will not be achieved. The part-year effect of this shortfall against the savings target in the current year is shown under Local Boards; with a net overspend of £88k showing against this budget line for 2011-12.

b) Vacancy Management Savings
In-year vacancy management and not backfilling staff on maternity has enabled the service to deliver £254k of staff savings and therefore this area has been fully exhausted unless further vacancies – in the new structure – ensue in the coming months. There remains a residual pressure and this is being offset by other underspends across the directorate.

1.1.4.3 Moratorium on non essential expenditure

In order to deliver a balanced budget position, the directorate will continue to review all non critical expenditure, with the view of maximising opportunities to reduce expenditure without adversely affecting service delivery. This has delivered significant savings since the last monitoring report.

1.1.4.4 Vacancy Management

Where possible, and not just within the Communications and Engagement division, the directorate will continue to maintain and extend vacancies as far as practicable. Currently vacancies are, in some cases, being held for up to 16 weeks and our ability to maintain vacancy management at this level - without impacting on service delivery - is becoming a significant challenge.

1.1.4.5 Vacancy management, primarily within Trading Standards, Libraries and Kent Supported Employment, has delivered significant underspends to part mitigate the above gross overspends and is a significant contributor – as well as the £4m underspend on Big Society (£2m delay in the Youth Employment launch and £2m future year donations to the loan fund) - in enabling the directorate to report a current net underspend of -£5,048k, a significant improvement from the +£126k reported in quarter two's monitoring report.

1.1.5 **Implications for MTFP**:

The pressures and savings reflected in this report have been addressed in the recently approved 2012-15 MTFP. However, within this, assumptions have been made regarding grant, external funding and income levels, but there is a risk that unexpected reductions in year could materialise especially within the CLS & YOS services where grant funding is very volatile.

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

As referred to in section 1.1.3, there are a number of budgets where anticipated expenditure is now not being incurred until 2012-13 due to re-phasing, so to match the budget with the spend roll forward will be required as follows:

Coroner Service - £150k: a residual pressure in relation to a backlog of long inquests will now fall into the next financial year and so as not to place undue pressure on the 2012-13 budget, a roll forward will be required to fund this re-phasing.

Big Society - £4,000k: the Youth Employment programme will not launch until the end of this financial year and will go live from 1st April meaning that the current year's budget (£2m) will need to roll forward to honour the grants payable to local businesses that will be employing up to 660 long-term unemployed youths. Similarly, only the first of the three £1m donations to the loan fund – to be operated by Kent Community Foundation – will be made in the current financial year so a further £2m will need to roll to honour our commitment to those future donations.

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

This section should provide details of the management action outstanding, as reflected in the assumed management action figure reported in table 1 and details of alternative actions where savings targets are not being achieved.

The directorate is forecasting an underspend of £5,048k of which £4,150k will be required to roll forward to fund the re-phasing detailed in section 1.1.6 above. In addition, the recently approved 2012-15 MTFP for the Customer & Communities portfolio assumes roll forward of £433k underspend from 2011-12 to support the 2012-13 budget. This leaves a residual “uncommitted” underspend of £465k.

The directorate will be submitting the following bid for roll forward from this residual underspending:

Communications & Engagement £200k: It has become apparent that in order to maintain levels of income and partnership funding in future years that a dedicated central campaign budget needs to be established in order to focus on funding and the authority’s strategic priorities. As part of the centralisation of Communications and Engagement, only staff budgets transferred into the new Communication and Engagement division in C&C directorate, with activity budgets remaining within the service units.

The newly appointed Programme Managers will be visiting each service within KCC over the coming months to understand their required outcomes and priorities for the future years. The Communication and Engagement division will be reviewing all activity spend and ensuring that this represents best value for money and will aim to recycle certain funds to create such a campaign budget. A roll forward request of £200k will therefore be made in order to provide a budget for 2012-13, with future years’ budgets to be created through the work that the Programme Managers will be conducting with the service units.

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 2012-15 MTFP as agreed by County Council on 9 February 2012, 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 £m	2011-12 £m	2012-13 £m	2013-14 £m	Future Yrs £m	TOTAL £m
Customer & Communities						
Budget	37.088	18.035	6.512	5.006	10.199	76.840
Adjustments:						
Rephasing as per December Monitoring		-0.483	0.483			
Library Modernisation Programme		-0.006	0.043			0.037
The Beaney Centre - Additional Funding		0.329				0.329
Revised Budget	37.088	17.875	7.038	5.006	10.199	77.206
Variance		-0.308	0.646			0.338
split:						
- real variance		0.263	0.075			0.338
- re-phasing		-0.571	0.571			

Real Variance		**0.263**	**0.075**			**0.338**
Re-phasing		**-0.571**	**0.571**			

1.2.3 **Main Reasons for Variance**

Table 4 below, details all forecast capital variances over £250k in 2011-12 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

			Project Status			
portfolio	Project	real/ phasing	Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
	None					
			+0.000	**+0.000**	**+0.000**	**+0.000**
Underspends/Projects behind schedule						
C&C	Edenbridge Community Facility	Phasing		-0.421		
			-0.000	**-0.421**	**-0.000**	**-0.000**
			+0.000	**-0.421**	**+0.000**	**+0.000**

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

None

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

There is a real variance of +£0.338m (+£0.273m in 2011-12 and +£0.065m in 2012-13)

Modernisation of Assets: +£0.111m (in 2011-12): The increase in costs is a combination of the following:

- Hextable Dance: +£0.067m: necessary works required under the terms of the lease with South East Dance
- Swattenden Centre: +£0.031m: modernisation of the Duke of Edinburgh classroom
- Trading Standards: +£0.013m: purchase of a new vehicle

The increase costs will be funded from a revenue contribution.

Kent History & Library Centre: +£0.207m (+£0.142m in 2011-12 and £0.065m in 2012-13): Due to variations in the design, certain internal specifications have altered, such as IT infrastructure, and the fit out programme are scheduled to cost an additional £0.098m. There are also additional costs in relation to art installation. These have been fully funded from developer contributions received, but not previously included within this budget.

Overall this leaves a residual balance of +£0.020m on a number of minor projects.

1.2.6 **General Overview of capital programme**:

The risks set out in (a) below must be read in conjunction with section (b), which are the actions being taken to alleviate the potential risks.

(a) Risks

Library Modernisation Programme – Broadstairs is the main project, which if delayed, could result in significant re-phasing of costs into 2012-13. As this is linked to the Modernisation of Assets (MOA) programme (an aim to conduct works simultaneously in order to minimise cost and disruption), delays in relation to Disability Discrimination Act (DDA) works and planned maintenance would also ensue. The risk of increased costs for this or any other modernisation is not considered to be significant.
Modernisation of Assets Programme – the programme of works is determined in conjunction with service requirements, corporate priorities and largely the Library Modernisation programme. Any delay from whatever source will impact directly on delivering improvements to facilities and result in slippage of the inter-related programmes.
The Beaney – Higher costs from design team claims for additional fees, and additional fitting out costs could lead to unavoidable further increases to the overall project cost.
Gateways – Sheerness running costs exceed anticipated levels.
Kent History & Library Centre – Design or project variations may also cause additional pressures on the budget although the build is almost complete.
Turner – the gallery is now complete and therefore the risk of variations is limited but may still arise due to necessary changes to remedial works that have not been budgeted for.
Ramsgate Library – there is small risk that the costs of the final snagging works will exceed the funds available or that the surplus will have to be returned to the Administrator.
Tunbridge Wells Library – a risk that the associated costs to ensure full DDA and fire compliance, and the costs of the lift installation, cannot be met from the existing budget.
Community Centre at Edenbridge – now that the project has commenced, any delay could result in a delay to the completion and opening of the project.
Web Platform – programme delivery and cost is impacted by the availability of in-house technicians/external consultants.

(b) Details of action being taken to alleviate risks

Library Modernisation Programme – the Library Modernisation Project Board, 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, in line with latest information available.
Modernisation of Assets Programme – by working very closely with Property and Heads of Service, careful planning is in place to ensure that, as far as possible, investment is co-ordinated with other funds available and targets service priorities in the most cost effective manner.
The Beaney – a fixed price agreement with the contractor for the construction costs is now in place, with the anticipated opening date to be confirmed but remains on schedule. There is an ongoing assessment of all risks by the project managers and the schedule of associated costs is continually reviewed and challenged. Further value engineering in relation to the fit out is taking place and the project managers are actively and robustly addressing various claims by the design team to minimise/ eliminate any additional costs.
Turner – any variations would need to be assessed and funding sought where appropriate and should any occur, these will be reported through this report.
Gateways – The anticipated running costs and available budgets are being assessed in detail with Property and partner colleagues.
Kent History & Library Centre – The costs associated with the design changes will be met from banked developer contributions not allocated within the current budget. Additional funding is being sought from external partners and other sources towards the art installation, with the developer contributions to be reallocated should significant sums be achieved. Any further variations would need to be assessed and funding sought where appropriate.

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 tendered and will be monitored against the funds available. The tender process will commence in February 2012 and progress will be monitored through these reports.

Tunbridge Wells Library – any additional works and therefore funding will have to be prioritised alongside other DDA priorities within the MOA programme. Half the costs of the works to the library will be shared equally with TWBC.

Community Centre at Edenbridge – This is a design and build contract signed at a fixed price, limiting to a minimum future cost rises. The anticipated opening of the new centre remains on schedule.

Web Platform – With active support from ISG, delay to the programme should be minimised with completion now expected in 2012-13. Governance for Customer Service Strategy-related web projects will be overseen by the Access & Assessment Team.

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.

	2011-12	2012-13	2013-14	Future Years	Total
	£m	£m	£m	£m	£m
Village Halls & Community Centres					
Amended total cash limits	0.278	0.200	0.200	0.600	1.278
re-phasing	-0.110	0.110	0.000	0.000	0.000
Revised project phasing	**0.168**	**0.310**	**0.200**	**0.600**	**1.278**
Edenbridge Community Centre					
Amended total cash limits	0.451	0.248	0.000	0.000	0.699
re-phasing	-0.421	0.421			0.000
Revised project phasing	**0.030**	**0.669**	**0.000**	**0.000**	**0.699**
Total re-phasing >£100k	**-0.531**	**0.531**	**0.000**	**0.000**	**0.000**
Other re-phased Projects below £100k	**-0.040**	**0.040**	**0.000**	**0.000**	**0.000**
TOTAL RE-PHASING	**-0.571**	**0.571**	**0.000**	**0.000**	**0.000**

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

N/A

BUSINESS STRATEGY & SUPPORT DIRECTORATE SUMMARY
JANUARY 2011-12 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 virement of £0.070m from the Health Reform budget in the Business Strategy, Performance & Health Reform portfolio to the Public Health Management and Support budget within the Adult Social Care & Public Health portfolio for health inequalities and a number of other 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 1 of the executive summary.

1.1.2 **Table 1** below details the revenue position by A-Z budget line:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Adult Social Care & Public Health portfolio							
Public Health Management & Support	809	-430	379	31	-33	-2	£14k additional activity & income for Public Health Champions; £12k additional activity & income from C&C Directorate for Domestic Abuse Training
Public Health - Health Promotion	314	-221	93	-4	1	-3	
Public Health - Local Involvement Network (LINk)	0	0	0			0	
Total ASC&PH portfolio	**1,123**	**-651**	**472**	**27**	**-32**	**-5**	
Customer & Communities portfolio							
Public Health - Health Watch	78		78	2	0	2	
Total C&C portfolio	**78**	**0**	**78**	**2**	**0**	**2**	
Regeneration & Enterprise portfolio							
Directorate Management & Support	419		419	0	0	0	
Development Staff & Projects	4,421	-275	4,146	0	0	0	
Total R&E portfolio	**4,840**	**-275**	**4,565**	**0**	**0**	**0**	
Finance & Business Support portfolio							
Finance & Procurement	19,800	-7,102	12,698	290	194	484	Cost of back-fill for the dedicated Finance ERP team and short-term contracts to cover restructure of Unit; delays to delivery of savings in lieu of main restructure of whole Finance Function; reduced contracts with schools & academies

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
HR Business Operations	8,198	-5,810	2,388	-730	968	238	Under-delivery of increased income targets in SPS, partially offset by reduced staffing/ activity costs; overspend in ESC mainly on staffing; reduced activity in L&D offset by reduced income
Total F&BS portfolio	**27,998**	**-12,912**	**15,086**	**-440**	**1,162**	**722**	
Business Strategy, Performance & Health Reform portfolio							
Strategic Management & Directorate Support budgets	3,177	-5,153	-1,976	2	-11	-9	
Governance & Law	8,196	-9,647	-1,451	1,603	-2,036	-433	£863k disbursements costs & income; additional costs & income from trading activities
Business Strategy	3,462	-204	3,258	-54	-52	-106	U/spend on supplies & services across Unit; Interreg grant claim more than originally budgeted for
Property & Infrastructure	26,816	-6,787	20,029	-1,237	741	-496	U/spend on Corporate Landlord and Workplace Transformation - rephasing to 2012/13; savings from mgmt restructure & staff vacancies
Human Resources	12,668	-3,129	9,539	-592	-176	-768	-£328k Adult Learning Resource Team; -£209k Social Work Professional team
Information & Communication Technology (incl Schools ICT)	33,631	-14,070	19,561	2,178	-2,521	-343	IT pay as you go activity funded by income; KPSN renewals programme and project rephasing
Public Health - Local Involvement Network (LINk)	503	-30	473	-10	10	0	Reduced activity funded from Kent & Medway Network - receipt in advance set up for unspent money
Health Reform	180		180	-86	0	-86	Delays to planned Health Reform activity
Total BSP&HR portfolio	**88,633**	**-39,020**	**49,613**	**1,804**	**-4,045**	**-2,241**	
Democracy & Partnerships portfolio							
Finance - Audit	1,511	-701	810	-146	39	-107	-£65k u/spend on Insurance offset by reduced drawdown from Insurance Fund; -£68k delays in recruiting to vacancies/ -£27k additional income in Internal Audit

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Business Strategy - International, Partnerships & Cabinet Office	1,069	-269	800	-63	18	-45	General u/spend on activity across Unit resulting in reduced income, offset by £63k new income from Districts for Kent Forum support
Democratic & Member Services	3,935	-3	3,932	60	-60	0	£99k o/spend on staffing offset by underspend on transport; additional income from Academies for admission appeals & training
Local Democracy:							
- County Council Elections	505		505	0	0	0	
- District Grants	703		703	0	0	0	
Total D&P portfolio	**7,723**	**-973**	**6,750**	**-149**	**-3**	**-152**	
TOTAL CORPORATE POSC	**124,354**	**-52,905**	**71,449**	**1,215**	**-2,886**	**-1,671**	
Total BSS Controllable	**130,395**	**-53,831**	**76,564**	**1,244**	**-2,918**	**-1,674**	

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:

Finance & Business Support Portfolio:

1.1.3.1 Finance & Procurement: Gross +£290k, Income +£194k, Net +£484k

The projected net pressure is due to the following main issues: the cost of back-fill for the dedicated Finance Enterprise Resource Planning (ERP) team and the cost of short-term contracts during the restructure of the Unit **(+£353k)**; and a delay in delivering 2011-12 savings which transferred in from 'old' Directorate Finance Terms in lieu of the main restructure of the whole Finance Function **(+£238k)**.

There has also been a reduction in income from contracts with schools and academies **(+£227k)**, which has been offset by a corresponding reduction in related gross staffing and activity costs **(-£227k)**.

1.1.3.2 Human Resources – Business Operations: Gross -£730k, Income +£968k, Net +£238k

Schools Personnel Service (SPS) was given an additional income target of £150k for 2011-12, but this was set without the knowledge that there would be a £300k loss of guaranteed income from ELS as a result of responsibility for undertaking CRB checks and other support being devolved to schools, meaning that income levels are now dependent on the amount of business secured with schools. Consequently SPS are forecasting an under-delivery of income of **+£453k**, but also a partially compensating underspend mainly on salaries of **-£260k.** The Learning & Development unit is experiencing significantly reduced take-up of training courses compared to previous years, causing under-delivery of income of **+£592k**, which is offset by reduced expenditure of **-£625k.** Employee Services are also forecasting a gross pressure of **+£186k**, mainly on staffing.

Business Strategy, Performance & Health Reform Portfolio:

1.1.3.3 Strategic Management & Directorate Support budgets: Gross +£2k, Income -£11k, Net -£9k

A variance of **+£408k** has arisen as a result of the development of the Enterprise Resource Planning (ERP) project. Cabinet agreed in December that this can be met by a temporary drawdown from the IT Asset Maintenance reserve in the current year. A drawdown of £950k was originally identified but £542k of this has now rephased to 2012-13. The 2012-13 cost will also need to be met by a temporary drawdown from the IT Asset Maintenance reserve and repayment of the full £950k funding back to the IT Asset Maintenance Reserve will occur in 2012-13, as reflected in the recently approved 2012-15 MTFP.

1.1.3.4 Governance & Law – Legal Services: Gross +£1,603k, Income -£2,036k, Net -£433k

Variances on gross spend **(+£740k)** and income **(-£1,173k)** 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 **+/-£863k** are due to increased costs & their recovery for Disbursements.

1.1.3.5 Property & Infrastructure: Gross -£1,237k, Income +£741k, Net -£496k

Some of the variance on gross spend **(-£584k)** relates to a reduction in Corporate Landlord activity; this is partially offset by a reduction in income of **+£315k** as a result of unachievable internal recharge and income targets inherited in the centralisation of Corporate Landlord budgets. The reduced activity relating to Corporate Landlord is one-off and has arisen as a result of the centralisation of budgets from 1 April 2011, which has caused some delays to activity. The centralisation of budgets occurred during a period of significant reorganisation within the Property & Infrastructure Group, and this has contributed to the one-off delays in expenditure both in Corporate Landlord, as well as the Workplace Transformation Programme **(-£257k)**.

A saving of **-£250k** has been realised from the first tier management restructure and vacancy management across Property & Infrastructure Group. There has also been a reduction in income from capital projects and the room booking unit of **+£305k**.

1.1.3.6 Human Resources: Gross -£592k, Income -£176k, Net -£768k

Much of the underspend on gross relates to a **-£328k** underspend in the Adult Learning Resource Team, mainly due to delays to planned activity such as developing new strategies for the Private & Voluntary sector. There is a further underspend on gross of **-£209k** which relates to a reduction in the cost of providing social work professional training due to a reduction in external commissioning and reduced venue costs.

The income variance is largely due to additional income in the Workforce & Professional Development Unit from trading services (-£72k) and savings resulting from greater take-up of salary sacrifice schemes recovered from directorates (-£71k).

1.1.3.7 Information & Communication Technology (including Schools ICT): Gross +£2,178k, Income -£2,521k, Net -£343k

Variances of **+£2,452k** and **-£2,452k** on gross and income respectively reflect the increased demand for additional IT Pay-as-you-go projects. Project demand is difficult to predict during budget setting.

A further underspend on gross of **-£309k** has arisen in Kent Public Services Network (KPSN) and is caused by a delay between orders being placed with our external provider and their anticipated completion due to delivery constraints, resulting in some orders not being completed before 31st March 2012.

1.1.3.8 Health Reform: Gross -£86k, Income -£0k, Net -£86k

The -£86k underspend is due to rephasing of the implementation of the Corporate Activities this money was identified to deliver. This underspend will be required to roll forward in order to fund the costs of implementing these activities in 2012-13.

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
BSPHR	ICT: Information Systems costs of additional pay as you go activity	+2,452	BSPHR	ICT: Information Systems income from additional pay as you go activity	-2,452
BSPHR	Legal Services: increased costs of Disbursements	+863	BSPHR	Legal income resulting from additional work (partially offset by increased costs)	-1,173
BSPHR	Legal services cost of additional work (offset by increased income)	+740	BSPHR	Legal Services: increased income relating to Disbursements	-863
FBS	HR Business Ops: Learning & Development reduced income due to reduced take-up of training courses	+592	FBS	HR Business Ops: Learning & Development reduced expenditure in line with reduced take-up of training courses	-625
FBS	HR Business Ops: Schools Personnel Service under delivery of increased income target/loss of internal income.	+453	BSPHR	Property & Infrastructure: one-off reduced Corporate Landlord activity as result of centralisation of budgets and reorganisation of Unit	-584
BSPHR	Strat Mgt & Dir Support: Development of ERP project	+408	BSPHR	Strat Mgmt & Dir Support: temporary drawdown of reserves to fund ERP project, to be repaid in 2012-13	-408
FBS	Finance & Procurement: back-fill for dedicated Finance ERP Oracle Project team and short-term contracts to cover the restructure of the Unit	+353	BSPHR	HR: Delays to planned activity such as developing new strategies for the PV sector in the Adult Learning Resource Team	-328
BSPHR	Property & Infrastructure: reduction in internal recharging/income as a result of unachievable income targets inherited in the centralisation of budgets to Corporate Landlord	+315	BSPHR	ICT: Kent Public Services Network work ordered but not completed before 31st March 2012	-309
BSPHR	Property & Infrastructure: reduced income from capital projects and room booking unit	+305	FBS	HR Business Ops: Schools Personnel Service underspend mainly on salaries, partially off-setting under delivery of income target	-260
FBS	Finance & Procurement: delay to 2011/12 savings which transferred in from 'old' Directorate Finance Teams in lieu of main restructure of the whole of the Finance Function	+238	BSPHR	Property & Infrastructure: rephasing of Workplace Transformation Programme	-257
FBS	Finance & Procurement: Reduction in income from contracts with schools & academies.	+227	BSPHR	Property & Infrastructure: part-year saving from first tier management restructure and vacancy management	-250
FBS	HR Business Ops: pressure on Employee Services budget mainly on staffing	+186	BSPHR	Finance & Procurement: Reduced staff costs & related expenditure as result of reduction in income from contracts with schools & academies.	-227
			BSPHR	HR: Reduction in the cost of providing social work professional training.	-209
		+7,132			**-7,945**

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

eg Management Action achieved to date including vacancy freeze, changes to assessment criteria etc. This section should provide details of the management action already achieved, reflected in the net position reported in table 1.

1.1.4.1 Vacancy management is in place across all BSS units.

1.1.5 **Implications for MTFP**:

1.1.5.1 <u>Finance & Procurement (Finance & Business Support Portfolio)</u>
Delayed savings in 2011-12 will be delivered in 2012-13 as part of the Finance & Procurement reorganisation. These savings are reflected in the recently approved 2012-15 MTFP.

1.1.5.2 <u>Strategic Management & Directorate Support budgets (Business Strategy, Performance & Health Reform Portfolio)</u>
Repayment of the full £950k funding for ERP to the IT Asset Maintenance Reserve will occur in 2012-13, and this has been built into the 2012-15 MTFP.

1.1.5.3 <u>HR (Finance & Business Support Portfolio & (Business Strategy, Performance & Health Reform Portfolio)</u>
Within HR, the allocation of the 2011-12 savings targets has been re-visited as part of setting the 2012-13 budgets for individual units to ensure that achievable budgets are set across the function.

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

<u>Business Strategy, Performance & Health Reform Portfolio</u>

1.1.6.1 <u>Property & Infrastructure</u>
Workplace Transformation activity has been significantly re-phased as a result of the need to revise strategic priorities such as the shaping of One Council/Bold Steps for Kent. Roll forward of £257k will be required in order to fund this re-phasing into 2012-13.

1.1.6.2 <u>ICT</u>
Kent Public Services Network – Orders have been placed with the External Provider (£309k) but due to delivery constraints, will not be completed before 31st March 2012. Consequently, roll forward will be required to fund this commitment in 2012-13.

1.1.6.3 <u>Health Reform</u>
The -£86k underspend on Health Reform is due to re-phasing of the implementation of the Corporate Activities this money was identified to deliver. Roll forward of this underspend will be required in order to complete these activities in 2012-13.

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

This section should provide details of the management action outstanding, as reflected in the assumed management action figure reported in table 1 and details of alternative actions where savings targets are not being achieved.

1.1.7.1 <u>Property & Infrastructure</u>
The remaining forecast net underspend in the Property & Infrastructure Group (£239k) is largely due to one-off delays in budgeted activity during a time of significant change caused by the centralisation of property budgets to form the Corporate Landlord function and the reorganisation of the Unit. During 2011-12 a lot of time has been invested in understanding the budgets and requirements of the buildings inherited by Corporate Landlord from across the authority, which has caused delays in activity such as maintenance. It is likely that this underspend will be the subject of a roll-forward request in order to undertake some of the maintenance backlog.

1.1.7.2 Of the -£1,674k underspend, revenue project re-phasing accounts for +£652k (as detailed in section 1.1.6 above), leaving an underlying underspend of -£1,022k. Of this, there is likely to be a request to roll-forward £239k for property maintenance, leaving £783k "uncommitted".

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 2012-15 MTFP as agreed by County Council on 9 February 2012, 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 £m	2011-12 £m	2012-13 £m	2013-14 £m	Future Yrs £m	TOTAL £m
Business Strategy, Performance & Health Reform						
Budget	11.489	11.309	13.291	6.701	4.245	47.035
Adjustments:						
Sustaining Kent-Maintaining the Infrastructure		0.598				0.598
						0.000
						0.000
Revised Budget	11.489	11.907	13.291	6.701	4.245	47.633
Variance		-4.063	3.944	0.000	0.000	-0.119
split:						
- real variance		-0.119				-0.119
- re-phasing		-3.944	3.944			0.000
Regeneration & Enterprise						
Budget	17.224	4.856	42.170	36.000	28.000	128.250
Adjustments:						
						0.000
						0.000
Revised Budget	17.224	4.856	42.170	36.000	28.000	128.250
Variance		-1.239	1.239	0.000	0.000	0.000
split:						
- real variance						0.000
- re-phasing		-1.239	1.239			0.000
Directorate Total						
Revised Budget	28.713	16.763	55.461	42.701	32.245	175.883
Variance	0.000	-5.302	5.183	0.000	0.000	-0.119
Real Variance	**0.000**	**-0.119**	**0.000**	**0.000**	**0.000**	**-0.119**
Re-phasing	**0.000**	**-5.183**	**5.183**	**0.000**	**0.000**	**0.000**

1.2.3 **Main Reasons for Variance**

Table 4 below, details all forecast capital variances over £250k in 2011-12 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

			Project Status			
portfolio	Project	real/ phasing	Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
			+0.000	**+0.000**	**+0.000**	**+0.000**
Underspends/Projects behind schedule						
BSPHR	Modernisation of Assets	phasing	-1.310			
BSPHR	Sustaining Kent - Maintaining the Infrastructure	phasing		-1.253		
Regen	Rural Broadband	phasing		-1.064		
BSPHR	Workplace Transformation Progran	phasing			-0.750	
BSPHR	Integrated childrens System	phasing			-0.502	
BSPHR	Energy Efficiency & Renewable Energy in the KCC Estate			-0.253		
			-1.310	**-2.570**	**-1.252**	**-0.000**
			-1.310	**-2.570**	**-1.252**	**+0.000**

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

1.2.4.1 **Modernisation of Assets re-phasing of -£1.310m** (in 2011-12)

The reduced activity relating to Modernisation of Assets is largely due to delays to planned activity during a time of significant change caused by the centralisation of property budgets to form the Corporate Landlord function on 1 April 2012, and the reorganisation of the Unit. During 2011-12 a lot of time has been invested in understanding the budgets and requirements of the buildings inherited by Corporate Landlord, which has caused delays in activity. A plan to ‘catch up’ on this re-phased activity is in place for 2012-13.

Revised phasing of the scheme is now as follows:

	Prior Years	2011-12	2012-13	2013-14	future years	Total
	£m	£m	£m	£m	£m	£m
BUDGET & FORECAST						
Budget		1.964	2.446	1.661	3.172	9.243
Forecast		0.654	3.756	1.661	3.172	9.243
Variance	0.000	-1.310	1.310	0.000	0.000	0.000
FUNDING						
Budget:						
prudential		1.653	1.885	1.261	2.772	7.571
revenue		0.061	0.061	0.000	0.000	0.122
grant		0.250	0.500	0.400	0.400	1.550
TOTAL	0.000	1.964	2.446	1.661	3.172	9.243
Forecast:						
prudential		0.493	3.045	1.261	2.772	7.571
revenue		0.061	0.061	0.000	0.000	0.122
grant		0.100	0.650	0.400	0.400	1.550
TOTAL	0.000	0.654	3.756	1.661	3.172	9.243
Variance	**0.000**	**-1.310**	**1.310**	**0.000**	**0.000**	**0.000**

1.2.4.2 **Sustaining Kent – Maintaining the Infrastructure re-phasing of -£1.253m** (in 2011-12)

£0.655m of this re-phasing relates to a delay in Unified Communications due to technical resource availability and a considerable amount of time spent on ensuring the technical design meets the Government Connects Code of Connection Security requirements. The remaining £0.598m re-phasing relates to other work-streams within the programme.

Revised phasing of the scheme is now as follows:

	Prior Years	2011-12	2012-13	2013-14	future years	Total
	£m	£m	£m	£m	£m	£m
BUDGET & FORECAST						
Budget	5.962	3.459	1.424			10.845
Forecast	5.962	2.206	2.677			10.845
Variance	0.000	-1.253	1.253	0.000	0.000	0.000
FUNDING						
Budget:						
prudential/revenue	5.815	2.861	1.424			10.100
revenue	0.147	0.213			0.000	0.360
prudential		0.292				0.292
external other		0.930				0.930
TOTAL	5.962	4.296	1.424	0.000	0.000	11.682
Forecast:						
prudential/revenue	5.815	1.608	2.677			10.100
revenue	0.147	0.213				0.360
prudential		0.292				0.292
external other		0.930				0.930
TOTAL	5.962	3.043	2.677	0.000	0.000	11.682
Variance	**0.000**	**-1.253**	**1.253**	**0.000**	**0.000**	**0.000**

1.2.4.3 **Rural Broadband re-phasing of -£1.064m** (in 2011-12)

The re-phasing reflects the agreed need to align this programme with delivery of the Kent & Medway Broadband UK (BDUK) programme.

Revised phasing of the scheme is now as follows:

	Prior Years	2011-12	2012-13	2013-14	future years	Total
	£m	£m	£m	£m	£m	£m
BUDGET & FORECAST						
Budget		1.064	0.520			1.584
Forecast			1.584			1.584
Variance	0.000	-1.064	1.064	0.000	0.000	0.000
FUNDING						
Budget:						
prudential		0.080	0.520		0.000	0.600
Capital receipt		0.984				0.984
TOTAL	0.000	1.064	0.520	0.000	0.000	1.584
Forecast:						
prudential			0.600			0.600
Capital receipt			0.984			0.984
TOTAL	0.000	0.000	1.584	0.000	0.000	1.584
Variance	**0.000**	**-1.064**	**1.064**	**0.000**	**0.000**	**0.000**

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

There is a real variance of -£0.119m in 2011-12.

Business Strategy, Performance & Health Reform portfolio:

Disposal Cost: -£0.126m (in 2011-12): The reorganisation of the Property & Infrastructure Group in 2011-12 has resulted in significant staff changes during the year. This has impacted on the disposals process, leading to a complete review of the disposals programme.

Overall this leaves a residual balance of +£0.007m on a minor project.

1.2.6 **General Overview of capital programme**:

(a) Risks

N/A

(b) Details of action being taken to alleviate risks

N/A

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.

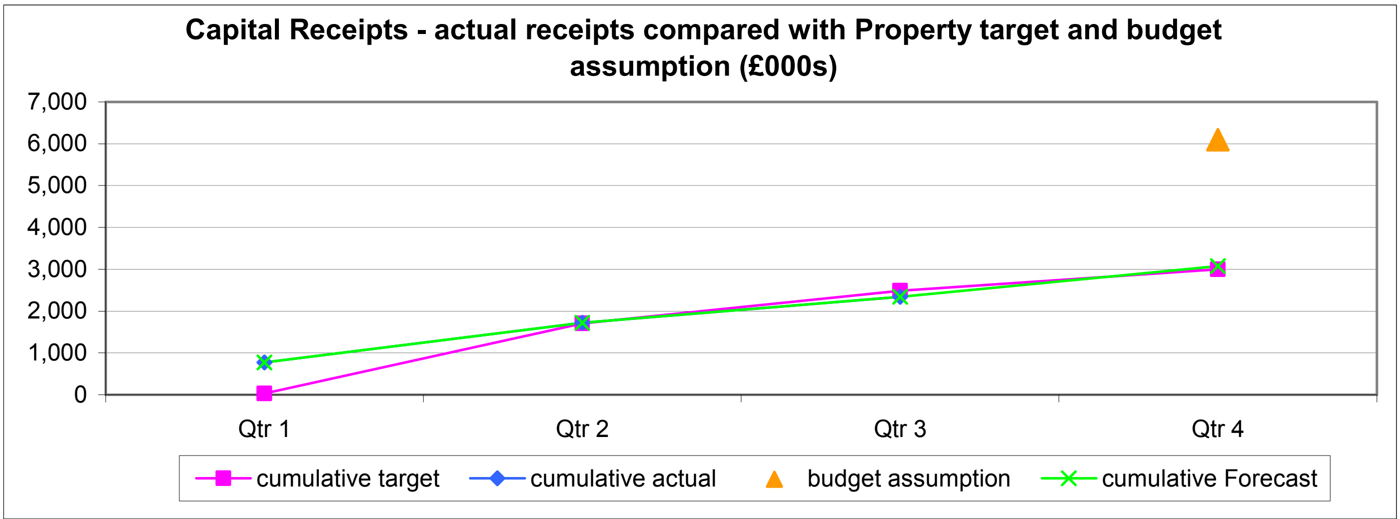
	2011-12	2012-13	2013-14	Future Years	Total
	£m	£m	£m	£m	£m
Rural Broadband (Regen)					
Amended total cash limits	1.064	0.520	0.000	0.000	1.584
re-phasing	-1.064	1.064	0.000	0.000	0.000
Revised project phasing	**0.000**	**1.584**	**0.000**	**0.000**	**1.584**
Swale Parklands (Regen)					
Amended total cash limits	0.534	0.000	0.000	0.000	0.534
re-phasing	-0.175	0.175	0.000	0.000	0.000
Revised project phasing	**0.359**	**0.175**	**0.000**	**0.000**	**0.534**
Modernisation of Assets (BSPHR)					
Amended total cash limits	1.964	2.446	1.611	3.172	9.193
re-phasing	-1.310	1.310	0.000	0.000	0.000
Revised project phasing	**0.654**	**3.756**	**1.611**	**3.172**	**9.193**
Sustaining Kent - Maintaining the Infrastructure (BSPHR)					
Amended total cash limits	3.459	1.424	0.000	0.000	4.883
re-phasing	-1.253	1.253	0.000	0.000	0.000
Revised project phasing	**2.206**	**2.677**	**0.000**	**0.000**	**4.883**
Energy Efficiency & Renewable Energy (BSPHR)					
Amended total cash limits	0.253	0.250	0.000	0.000	0.503
re-phasing	-0.253	0.253	0.000	0.000	0.000
Revised project phasing	**0.000**	**0.503**	**0.000**	**0.000**	**0.503**
Work Place Transformation (BSPHR)					
Amended total cash limits	0.750	3.320	4.250	0.000	8.320
re-phasing	-0.750	0.750	0.000	0.000	0.000
Revised project phasing	**0.000**	**4.070**	**4.250**	**0.000**	**8.320**
Enterprise Resource Programme (BSPHR)					
Amended total cash limits	0.648	0.750	0.000	0.000	1.398
re-phasing	0.126	-0.126	0.000	0.000	0.000
Revised project phasing	**0.774**	**0.624**	**0.000**	**0.000**	**1.398**
Integrated Children's System (BSPHR)					
Amended total cash limits	0.652	0.674	0.000	0.000	1.326
re-phasing	-0.502	0.502	0.000	0.000	0.000
Revised project phasing	**0.150**	**1.176**	**0.000**	**0.000**	**1.326**
Total re-phasing >£100k	**-5.181**	**5.181**	**0.000**	**0.000**	**0.000**
Other re-phased Projects below £100k	**-0.002**	**0.002**	**0.000**	**0.000**	**0.000**
TOTAL RE-PHASING	**-5.183**	**5.183**	**0.000**	**0.000**	**0.000**

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 Capital Receipts – actual receipts compared to budget profile:

	2011-12			
	Budget funding assumption £000s	Cumulative Target Profile £000s	Cumulative Actual Receipts £000s	Cumulative Forecast receipts £000s
April - June		30	769	769
July - September		1,710	1,725	1,725
October - December		2,490	2,345	2,345
January - March		3,000		3,079
TOTAL	**6,102**	**3,000**	**1,725**	**3,079**

Budget funding assumption has been updated to reflect the 2012-15 MTFP agreed at County Council on 9th February.
The cumulative target profile shows the anticipated receipts at the start of the year totalled £3.0m. 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 2011-12.



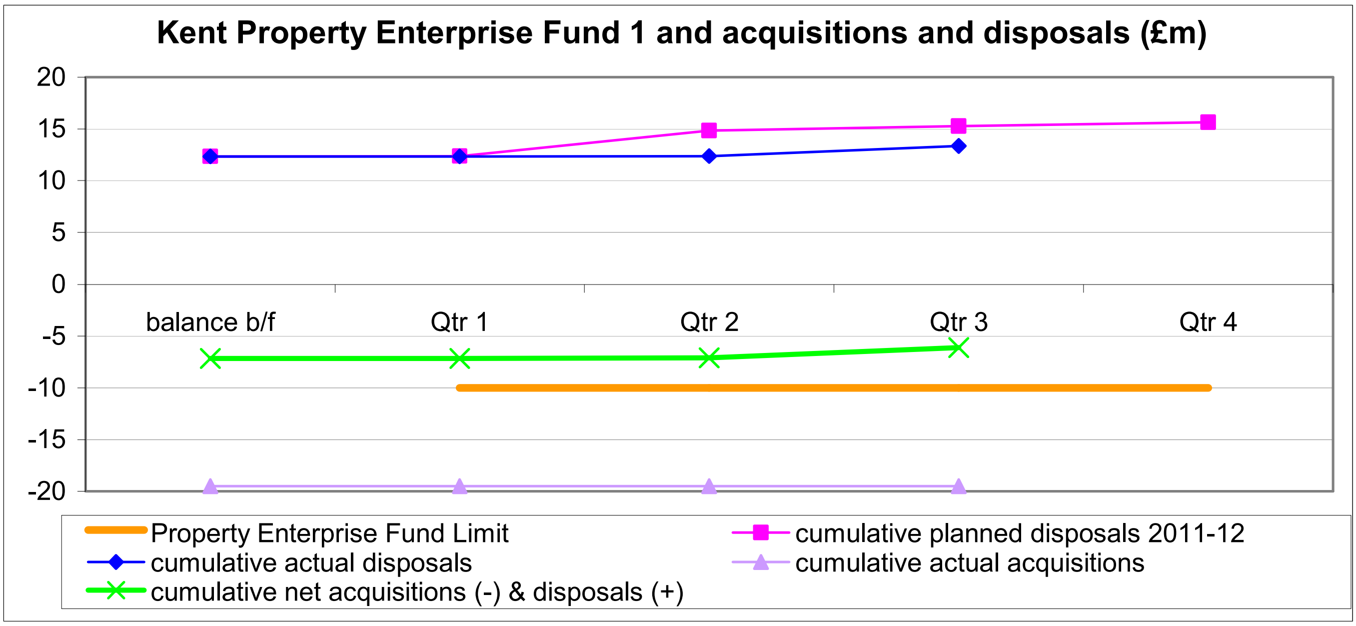
Comments:

- 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 is actually forecasting a total of £2.993m 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 £2.082m in 2011-12. This is due to receipts being forecast to be achieved during 2011-12 which are held to fund spend in future years of the programme.

	2011-12 £'000
Capital receipt funding per revised 2012-15 MTFP	6,102
Property Groups' actual (forecast for 11-12) receipts	2,993
Receipts banked in previous years for use	3,735
Capital receipts from other sources	1,456
Potential Surplus Receipts	**2,082**

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

	2011-12				
	Kent Property Enterprise Fund Limit *£m*	Cumulative Planned Disposals (+) £m	Cumulative Actual Disposals (+) £m	Cumulative Actual Acquisitions (-) £m	Cumulative Net Acquisitions (-) & Disposals (+) £m
Balance b/f		12.342	12.342	-19.504	-7.162
April - June	*-10*	12.377	12.342	-19.504	-7.162
July - September	*-10*	14.862	12.393	-19.504	-7.111
October - December	*-10*	15.282	13.373	-19.504	-6.131
January - March	*-10*	15.638			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 2010-11 on PEF1 was **-£7.162m**.

A value of **£1.909m** has been identified for disposal in 2011-12. This is the risk adjusted figure to take on board the potential difficulties in disposing some of the properties.

As at the 31 January 2012 there have been two disposals generating a receipt of £1.031m.

The fund has been earmarked to provide **£0.197m** for Gateways and **£0.300m** for improvements to Maidstone High Street in this financial year.

There has been a **£0.212m** repayment towards the £5.304m owed by East Kent Opportunities for the Spine Road, Manston.

At present there are no committed acquisitions to report, however forecast outturn for costs of disposals (staff and fees) is currently estimated at **£0.043m**.

Forecast Outturn

Taking all the above into consideration, the Fund is expected to be in a deficit position of £5.581m at the end of 2011-12.

Opening Balance – 01-04-11	-£7.162m
Planned Receipts (Risk adjusted)	£1.909m
Costs	-£0.043m
Acquisitions	-
Other Funding: - Gateways - Improvements to Maidstone High Street	 -£0.197m -£0.300m
Repayment of Spine Road, Manston	£0.212m
Closing Balance – 31-03-12	**-£5.581m**

Revenue Implications

In 2011-12 the fund is currently forecasting £0.022m of low value revenue receipts but, with the need to fund both costs of borrowing (£0.549m) against the overdraft facility and the cost of managing properties held for disposal (net £0.277m), the PEF1 is forecasting a £2.407m 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

	2011-12 Forecast
	£m
Capital:	
Opening balance	-22.209
Properties to be agreed into PEF2	-2.009
Forecast sale of PEF2 properties	12.771
Disposal costs	-0.511
Closing balance	-11.958
Revenue:	
Opening balance	-3.417
Interest on borrowing	-0.683
Holding costs	-0.407
Closing balance	-4.507
Overall closing balance	-16.465

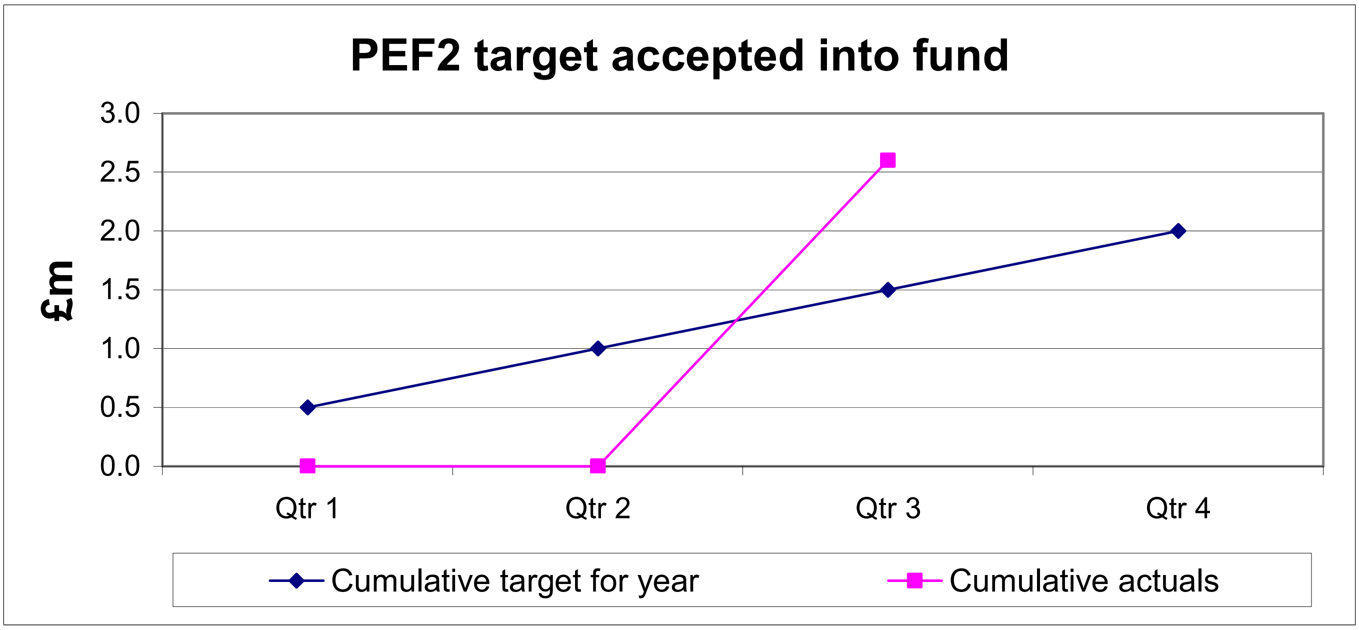
The forecast closing balance for PEF2 is -£16.465m, this is within the overdraft limit of £85m.

The target receipts to be accepted into PEF2 during 2011-12 equate to the PEF2 funding requirement in the 2012-15 budget book, and achievement against this is shown below:

	2011-12	
	Cumulative target for year	Cumulative actuals
	£m	£m
Qtr 1	0.5	0
Qtr 2	1.0	0
Qtr 3	1.5	2.6
Qtr 4	2.0	

Comments:

- The above table shows a £2.0m target is required, this is a net figure based the PEF2 funding required of £4.766m as per the 2012-15 MTFP less £2.757m of PEF2 achieved in previous years by FSC and E&E that was not required until later years.
- To date one property has been transferred into PEF2



PEF2 Disposals

To date nine PEF2 properties have been sold and three are in the process of completing. The cumulative profit on disposal to date is £1.304m. 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 2011-12 were expected to total £0.878m.

Latest forecasts show interest costs of £0.683m, a decrease of £0.195m. This is due to a lower level of properties being required to transfer into PEF2 to fund the capital programme during 2011-12.

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

FINANCING ITEMS SUMMARY
JANUARY 2011-12 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:
  - the virement of £0.199m from the underspend on debt charges to reduce the budgeted contribution from Commercial Services within the Environment, Highways & Waste portfolio due to a reduction in the number of lease cars following the County Council decision to remove essential user status, as approved by Cabinet on 9 January;
  - the transfer of £3.150m contingency previously held within the Adult Social Care & Public Health portfolio against the ending of Social Care Reform Grant, following agreement to the use of the £16.226m NHS funding for Social Care
  - and a number of other 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 1 of the executive summary.

1.1.2 **Table 1** below details the revenue position by A-Z budget line:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Finance & Business Support Portfolio							
Carbon Reduction Commitment Levy	1,368		1,368	-1,088		-1,088	saving following recharge to schools
Contribution to/from Reserves	-11,245		-11,245	2,375		2,375	transfer of 11-12 write down of discount saving from 08-09 debt restructuring to reserves; transfer of MRP saving to reserves to fund potential impact in future years; drawdown of Insurance Reserve to cover pressure on Insurance Fund; contribution to reserves to support next years budget
Insurance Fund	3,479		3,479	1,590		1,590	increase in liability claims forecast to be paid & increase in provision for period of time claims
Modernisation of the Council	2,709		2,709			0	
Net Debt Charges (incl Investment Income)	123,231	-8,877	114,354	-7,795	1,180	-6,615	2011-12 write down of discount saving from 2008-09 debt restructuring; re-phasing of capital programme in 10-11 has provided savings on debt charges; saving on leasing costs; in year MRP reduction; savings as no new borrowing against current requirement

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Other	11,140	0	11,140	-6,267	0	-6,267	-£1.546m unexpected unringfenced grant increase held to offset pressures across Authority; -£1.5m release of EIG smoothing money; -£3.15m release of contingency held against the ending of SCRG; -£0.1m subscriptions; +£0.079m costs of Transformation Programme Manager for Change & related project costs
Total F&BS portfolio	**130,682**	**-8,877**	**121,805**	**-11,185**	**1,180**	**-10,005**	
Business Strategy, Performance & Health Reform portfolio							
Contribution to IT Asset Maintenance Reserve	**2,352**		**2,352**			**0**	
Democracy & Partnerships portfolio							
Audit Fees	**464**		**464**	**-100**		**-100**	rebate & cut in external audit fees
Total Controllable	**133,498**	**-8,877**	**124,621**	**-11,285**	**1,180**	**-10,105**	

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:

Finance & Business Support portfolio:

1.1.3.1 Carbon Reduction Commitment Levy:

There is a £1.088m saving against the Carbon Reduction Commitment Levy reflecting the intention to charge schools for their share of this cost in line with a recent change in school finance legislation.

1.1.3.2 Insurance Fund

A forecast pressure on the Insurance Fund, currently estimated at £1.590m, will need to be met by a drawdown from the Insurance Reserve (see 1.1.3.4b below). This is due to an increase in liability claims forecast to be paid in year and an increase in the provision for period of time claims. These are claims which span a number of years and are distinguishable from claims resulting from a single incident on a particular date. With period of time claims, a number of successive annual insurance policies held by an authority are triggered/become active and this raises difficulties where there are varying terms across the policies and the interests of more than one insurer to consider. We are maintaining our provision for each of our registered period of time claims to reflect a worse case settlement position whilst consideration is being given to correspondence received in connection with interpretation of policy terms by relevant insurers.

1.1.3.3 Net Debt Charges (including Investment Income):

a) There is a saving of £4.129m as a result of:
   - deferring borrowing in 2010-11 due to the re-phasing of the capital programme and also no new borrowing in the first ten months of 2011-12, other than the replacement of maturing debt.
   - assumptions on the capital programme for 2011-12 and on cash flows generally.

b) The complex calculation to establish the Minimum Revenue Provision (MRP) saving resulting from the re-phasing of the capital programme in 2010-11 has now been completed and this has confirmed a saving of £1.599m this year. This is because fewer assets became operational than anticipated last year. 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, therefore we have transferred this £1.599m to reserves in order to fund the potential impact in future years of this re-phasing as approved by Cabinet in December (see 1.1.3.4c below).

c) There is a saving of £0.487m which relates to the write-down in 2011-12 of the £4.024m discount saving on debt restructuring undertaken at the end of 2008-09. (£3.378m was written down during the period 2008-11, therefore leaving a further £0.159m to be written in 2012-13) (see 1.1.3.4a below).

d) There is a saving on leasing costs of £0.4m.

1.1.3.4 Contributions to/from reserves:

a) As planned and as referred to in 1.1.3.3c above, the £0.487m write down of the discount saving earned from the debt restructuring in 2008-09, will be transferred to the Economic Downturn reserve to offset the Icelandic investments impairment cost incurred in 2010-11 (future interest receipts from the Icelandic investments will also go towards offsetting this impairment cost).

b) As referred to in 1.1.3.2 above, at year end there will be a draw down from the Insurance Reserve to cover the pressure on the Insurance Fund, currently estimated at £1.590m.

c) As referred to in 1.1.3.3b above, £1.599m will be transferred to reserves in order to fund the potential impact in future years of the current year saving on MRP.

d) £1.879m of the underspend within the Finance & Business Support portfolio has been transferred to reserves to support the 2012-13 budget as approved by County Council on 9 February 2012.

1.1.3.5 Other Financing Items:

a) After the budget had been set we received notification of an unexpected un-ringfenced grant increase of £1.546m for Extended Rights to Free Travel. In light of the pressures faced by the Authority in the current year, we are holding this funding increase within the Finance & Business Support portfolio to offset pressures elsewhere across the Authority.

b) Following the Government reduction of Early Intervention Grant in the 2011-12 budget, we held a one-off contingency to smooth the effects of this reduction in the short term. However, we have been successful in achieving the efficiencies required earlier than anticipated enabling £1.5m of this smoothing money to be released.

c) A contingency of £3.15m was held within the ASC&PH portfolio against the ending of the Social Care Reform Grant, but now that agreement has been reached on the use of the £16.226m NHS funding for Social Care, this contingency has been released to the Finance & Business Support portfolio.

d) There is a £0.1m saving on local authority subscriptions.

e) There is a pressure of £0.079m relating to the Council restructure for the costs of the Transformation Programme Manager for Change and related project costs. It was originally anticipated that this work would be completed by 31 March 2011 but it continued through the first quarter of 2011-12.

Democracy & Partnerships portfolio:

1.1.3.6 Audit Fee

A £0.1m underspend is forecast which includes a rebate on the current year fee from the Audit Commission and a cut in fees reflecting lower continuing audit costs after implementing International Financial Reporting Standards (IFRS) and a new approach to local VFM audit work.

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
F&BS	Contribution to reserves of in year MRP saving to cover potential impact in future years	+1,599	F&BS	treasury savings: assumptions on capital programme for 11-12 and on cash flows generally, together with savings on debt charges due to re-phasing of capital programme in 10-	-4,129
F&BS	Pressure on the Insurance Fund due to increase in liability claims forecast to be paid & increase in provision for period of time claims	+1,590	F&BS	release of contingency previously held within the ASC&PH portfolio against the ending of Social Care Reform Grant	-3,150
F&BS	contribution to reserves to support next years budget (as approved by County Council on 9 Feb 12)	+1,879	F&BS	In year Minimum Revenue Provision saving as a result of 2010-11 re-phasing of the capital programme	-1,599
F&BS	Contribution to economic downturn reserve of 2011-12 write down of discount saving from 2008-09 debt restructuring	+487	F&BS	drawdown from Insurance Reserve to cover pressure on the Insurance Fund	-1,590
			F&BS	unexpected un-ringfenced grant for Extended Rights to Free Travel to be used to offset pressures across Authority	-1,546
			F&BS	release of Early Intervention Grant smoothing money	-1,500
			F&BS	Carbon Reduction Commitment Levy saving following recharge to schools	-1,088
			F&BS	2011-12 write down of discount saving from 2008-09 debt	-487
			F&BS	savings on leasing costs	-400
			F&BS	local authority subscriptions	-100
			D&P	Rebate & cut in external audit fee	-100
		+5,555			**-15,689**

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

N/A

1.1.5 **Implications for MTFP**:

The 2012-15 MTFP reflects a £1.879m contribution to reserves in 2011-12 from the reported underspending to support the 2012-13 budget, which is reported in section 1.1.3.4.d above. In addition, the Carbon Reduction Commitment Levy budget has been reduced in the 2012-15 MTFP to reflect the impact of recharging to schools and additional funding has been put into the Insurance fund.

The £3.15m contingency against the ending of Social Care Reform Grant has also been removed from the MTFP and remains unallocated in the 2012-13 budget.

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

N/A

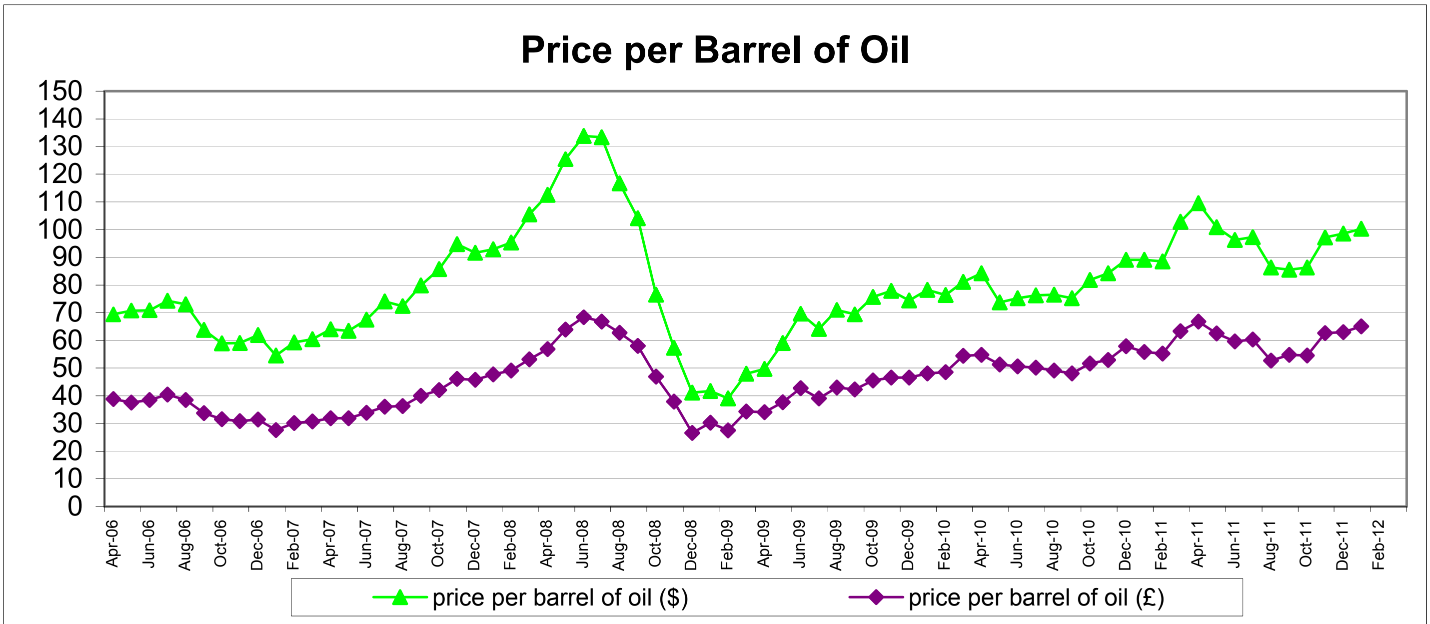
1.1.7 **Details of proposals for residual variance**: *[eg roll forward proposals; mgmt action outstanding]*

The underspending on the Financing Items budgets is largely offsetting the pressures reported within Specialist Children's Services.

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**	**2011-12**
	$	$	$	$	$	$
April	69.44	63.98	112.58	49.65	84.29	109.53
May	70.84	63.45	125.40	59.03	73.74	100.90
June	70.95	67.49	133.88	69.64	75.34	96.26
July	74.41	74.12	133.37	64.15	76.32	97.30
August	73.04	72.36	116.67	71.05	76.60	86.33
September	63.80	79.91	104.11	69.41	75.24	85.52
October	58.89	85.80	76.61	75.72	81.89	86.32
November	59.08	94.77	57.31	77.99	84.25	97.16
December	61.96	91.69	41.12	74.47	89.15	98.56
January	54.51	92.97	41.71	78.33	89.17	100.27
February	59.28	95.39	39.09	76.39	88.58	
March	60.44	105.45	47.94	81.20	102.86	



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.