

To: CABINET – 18 June 2007

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- (1) REVENUE AND CAPITAL BUDGET OUTTURN 2006-07**
  - (2) 2006-07 RE-PHASING OF PERFORMANCE REWARD GRANT**
  - (3) 2006-07 FINAL MONITORING OF KEY ACTIVITY INDICATORS**
  - (4) 2006-07 FINAL MONITORING OF PRUDENTIAL INDICATORS**
  - (5) IMPACT OF 2006-07 REVENUE BUDGET OUTTURN ON RESERVES**
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## **1. Summary**

- 1.1 This report sets out the provisional revenue and capital budget outturn for 2006-07. It details:
  - where revenue projects have been rescheduled and/or are committed
  - where there is under or overspending.
- 1.2 Details of the re-phasing of projects funded from Performance Reward Grant are provided in Appendix 1
- 1.3 Final monitoring of key activity indicators for 2006-07 is detailed in Appendix 2.
- 1.4 The report also provides the year-end prudential indicators and impact on reserves.

## **2. Recommendations**

- 2.1 To note the provisional outturn position for 2006-07.
- 2.2 To agree the transfer of the 2006-07 revenue budget underspending to the rolling budget reserve, pending a decision by Cabinet in July on its use.
- 2.3 To note the re-phasing of projects funded from Performance Reward Grant as summarised in Appendix 1.
- 2.4 To note the final monitoring of the key activity indicators for 2006-07 as detailed in Appendix 2.
- 2.5 To note the final monitoring of the prudential indicators for 2006-07 as detailed in Appendix 3.
- 2.6 To note the impact of the 2006-07 provisional revenue budget outturn on reserves as detailed in section 3.5.
- 2.7 To note that the 2007-08 Capital Programme will be adjusted to reflect the re-phasing and other variances, of the 2006-07 Capital Programme.

## **3. BUDGET OUTTURN 2006-07**

### **3.1 INTRODUCTION**

- 3.1.1 This report sets out the provisional revenue and capital budget outturn for 2006-07. There may be minor variations in figures during the final stage of the closing of accounts process and the accounts are also still subject to external audit.
- 3.1.2 For the 7<sup>th</sup> consecutive year the Council is able to demonstrate sound financial management, by containing its revenue expenditure within the budgeted level.

### 3.2 REVENUE BUDGET OUTTURN 2006-07

- 3.2.1 The provisional outturn is an underspend of £11.459m, which represents a £3.719m increase in school reserves and a net underspend of £7.740m against all other budgets, including the shortfall in Dedicated Schools Grant (DSG).
- 3.2.2 This outturn compares with the variance of -£3.307m last reported to Cabinet at its meeting on 16 April. However, this position included a £2.787m pressure on Asylum, which is now shown as breakeven pending the outcome of our two Special Circumstances bids for 2006-07. The movement on all other budgets, excluding schools, is therefore -£1.646m since the last report. The provisional outturn by portfolio and the movement since the last report are shown below in table 1.

**TABLE 1: PROVISIONAL FINAL REVENUE OUTTURN BY PORTFOLIO**

| Portfolio                       | Budget            | Provisional Outturn | Variance       | Variance per last report | Movement      |
|---------------------------------|-------------------|---------------------|----------------|--------------------------|---------------|
|                                 | £k                | £k                  | £k             | £k                       | £k            |
| E&SI <sup>note 2</sup>          | -66,343           | -68,685             | -2,342         | -2,101                   | -241          |
| C&FS                            | +125,496          | +124,896            | -600           | -469                     | -131          |
| Adult Social Services           | +258,978          | +259,979            | +1,001         | +1,010                   | -9            |
| E,H&W                           | +114,089          | +111,703            | -2,386         | -2,375                   | -11           |
| Regen & SI                      | +8,022            | +7,524              | -498           | -290                     | -208          |
| Communities                     | +56,895           | +57,522             | +627           | -15                      | +642          |
| CS&H                            | +28,918           | +28,853             | -65            | -228                     | +163          |
| Policy & Performance            | +3,337            | +3,536              | +199           | +35                      | +164          |
| Finance                         | +98,030           | +92,544             | -5,486         | -3,471                   | -2,015        |
| <b>SUB TOTAL (excl Schools)</b> | <b>+627,422</b>   | <b>+617,872</b>     | <b>-9,550</b>  | <b>-7,904</b>            | <b>-1,646</b> |
| Asylum <sup>note 1</sup>        | 0                 | 0                   | 0              | +2,787                   | -2,787        |
| <b>TOTAL (excl Schools)</b>     | <b>+627,422</b>   | <b>+617,872</b>     | <b>-9,550</b>  | <b>-5,117</b>            | <b>-4,433</b> |
| Schools <sup>note 2</sup>       | +812,130          | +807,789            | -4,341         | -622                     | -3,719        |
| <b>TOTAL</b>                    | <b>+1,439,552</b> | <b>+1,425,661</b>   | <b>-13,891</b> | <b>-5,739</b>            | <b>-8,152</b> |
| DSG <sup>note 2</sup>           | -720,637          | -718,205            | +2,432         | +2,432                   | 0             |
| <b>TOTAL</b>                    | <b>+718,915</b>   | <b>+707,456</b>     | <b>-11,459</b> | <b>-3,307</b>            | <b>-8,152</b> |

Note 1: Although the Asylum Service is showing a nil variance, we do not yet know whether our Special Circumstances Bids of £3.173m will be successful. If not, any shortfall of grant will have to be met from the Asylum Reserve.

Note 2: £0.622m of the £4.341m schools underspend relates to Dedicated Schools Grant which was not distributed at the time of setting the schools budgets, as it was already anticipated at that time that there would be a shortfall in DSG compared to the budget assumption. The total shortfall in DSG compared to budget is £2.432m, with the remaining £1.810m shortfall being met from an underspend on payments for 3 & 4 year olds, included in the £2.342m underspend within the E&SI portfolio. The schools underspend of £4.341m, less the £0.622m relating to unallocated DSG, provides a £3.719m increase in schools reserves.

- 3.2.3 The £7.740m underspend will be transferred to the rolling budget reserve, pending a decision by Cabinet in July on its use. It is intended that, consistent with previous practice, directorates will roll forward both their underspends and their overspends into 2007-08. Of the £7.740m underspend, -£2.643m relates to the re-phasing of projects – this is simply a matter of rolling

budgets forward in line with expected delivery; +£1.393m relates to the rolling forward of overspends, the majority of which is in respect of Adult Social Services and was anticipated and allowed for at the time of setting the 2007-08 budget; -£3.299m relates to directorate underspendings for which they have prepared bids that focus upon achieving key priorities and service improvements. These bids will be considered at the July Cabinet meeting. This leaves £3.191m of underspending from within the Finance portfolio Financing Items budgets, which is intended to be used for one-off investment in our roads, subject to Cabinet approval in July.

3.2.4 The main reasons for the movement in the forecast since the last monitoring report to Cabinet on 16 April, as shown in Table 1, are as follows:

#### 3.2.5 **Education & School Improvement Portfolio:**

The overall underspend for the portfolio has increased by £0.241m since the last report to Cabinet. The main changes are:

- -£0.2m further re-phasing of the ICT broadband connectivity project into the latter 5 months of this 17 month project (April 06 to August 07), which is 50% funded by Standards Fund.
- -£0.2m net movement due to the reclassification of projects that are DSG funded. Any underspend on DSG classified projects is not reflected in the net monitoring position as any unspent DSG at the end of the year is treated as a Receipt in Advance in line with the accounting treatment agreed with our external auditors. This is because the grant will need to be repaid if it is not spent within the specified time period (by March 2009). Previously, we had underspending projects which were classified as DSG funded, and due to this treatment of unspent DSG at year end, the underspend was not reflected in our net outturn position, but these projects have now been confirmed as being outside of DSG.
- +£0.1m due to an increase in costs for two school tribunal cases

#### 3.2.6 **Children & Family Services Portfolio:**

The overall underspend for the portfolio has increased by £0.131m since the last report to Cabinet, which is largely due to an increased underspend on SEN home to school transport following renegotiation of contracts and a reduction in the number of journeys. There have also been some large movements across the Children's Social Services budgets, but with only a marginal net overall effect – an increase in Fostering costs, respite transport costs and legal fees has been offset by a reduction in adoption costs.

#### 3.2.7 **Adult Social Services Portfolio:**

The overall position for the portfolio has barely moved since the last report to Cabinet, with a £0.009m improvement in the position reported. However there have been some significant changes between client groups. The main changes are:

- +£0.2m on Older Persons: an increase of approx. 40 permanent placements in the East of the county has been compensated by a reduction in both residential and nursing placements in the west of the county in the last few weeks of the year. The outturn for domiciliary care has increased in both areas, which is in the main due to the manual forecasting processes that have been necessary due to the implementation of SWIFT (client activity system). The consequence of the manual process has meant a slight delay in the receipt of information, which at the end of the year has meant additional costs above that anticipated.
- +£0.1m on Learning Disability: residential costs reduced mainly due to respite/non-permanent weeks not being as high as anticipated, however direct payments increased as has the provision for bad debt following a dispute with the health sector.
- -£0.1m on Physical Disability: this mainly relates to Community Care Services, including domiciliary, day care and direct payments in the last 6 weeks of the year.
- +£0.3m on the Older Person's Direct Service Unit: a provision for £0.150m has been set up to offset the additional costs of the Broadmeadow capital project. Negotiations continue with the contractor and it is hoped that we will achieve a reduction in these costs but it is considered prudent to set up the provision based on current information. The rest of the increase arises from the closure of Whitegates Residential Home and increased energy costs.
- -£0.1m on the Adult Services Provider Unit due to a number of small movements.

- +£0.2m on Mental Health which mainly relates to an increase in the Section 117 provision, which is considered necessary due to the number of potential cases that are with Legal Services.
- +£0.1m Occupational Therapy & Sensory Disabilities Unit: This mainly relates to a £0.100m provision that has been set up in respect of the potential cost of having to replace hoists. The company who has provided a number of the hoists that we supply for clients has alerted us to the fact that due to health and safety reasons, all of the hoists must be replaced within a certain time period. We are in dispute with the company as to who is actually liable for these costs – which could be in the region of £0.300m. It is felt prudent at this stage to allow a provision for some of the costs.
- -£0.1m on Supporting People which relates to the Admin grant.
- -£0.2m Performance, Contracting & Planning: this reduction is due to a number of different reasons, including: further vacancy savings, additional income from our work with Swindon, and reduced agency staff costs.
- -£0.4m Training, Duty & Support Services: this reduction is also due to a number of different reasons, including: delay in the appointment of task force to implement changes in domiciliary charging policy, reduction in System Replacement Project revenue costs, slippage on recruitment and the training programme, delay in PFI development costs, additional income from our work with Swindon.

Also, £2.332m has been transferred to the Supporting People reserve to meet likely funding shortfalls in future years, to be drawn down to support delivery of their 5 year plan. This is consistent with the practice adopted in previous years and is in line with the estimated position reported in the last monitoring report (£2.343m).

The activity indicators shown at Appendix 2 generally show a continued increase in nursing care and direct payments. Older persons residential and domiciliary care have reduced, whilst expenditure on services for the disabled has continued to rise.

### 3.2.8 **Environment, Highways & Waste Portfolio:**

The overall underspend for the portfolio has only marginally increased by £0.011m since the last report to Cabinet. However there have been compensating movements within services:

- an increased underspend on waste, mainly due to increased income from recyclables and abandoned vehicles and a previous over-estimation of Contract Operations costs, has been offset by:
- increased costs due to a 10% increase in waste tonnage in March compared to March 06.
- increased highways maintenance works and forward design costs.

### 3.2.9 **Regeneration & Supporting Independence Portfolio:**

The overall underspend for the portfolio has increased by £0.208m since the last report to Cabinet. This is made up of a number of small movements including increased income, less spend on design work for the capital programme and less revenue support to the capital programme due to re-phasing of projects.

### 3.2.10 **Communities Portfolio:**

The outturn position for the portfolio has increased by £0.642m to an overspend of £0.627m since the last report to Cabinet. The main changes are:

- +£0.1m within Adult Education largely relating to the Neighbourhood Learning Programme. It was envisaged that there would be support from the Supporting Independence Programme but this has not happened.
- +£0.1m on the Coroners Service largely in respect of late invoices from the Health Sector for mortuary fees.
- +£0.2m within Policy & Resources due to a correction to the accounting treatment of the costs of the Service Development Team which have previously been charged to capital.
- +£0.1m within the Youth Offending Service due to late payments for secure accommodation.
- +£0.1m within the Registration Service due to the introduction of a new on-line Registration system.

Of the £0.627m overspend for the Communities portfolio, £0.604m relates to the final settlement costs of the original Turner Contemporary project which are to be met from the underspending within the Finance portfolio, leaving Communities with a £0.023m overspend to roll forward.

### 3.2.11 **Corporate Support & Health Portfolio:**

The underspend for the portfolio has reduced by £0.163m since the last report to Cabinet. The main changes are:

- +£0.6m on the Home Computing Initiative, as it has now been confirmed that the different accounting treatment we were investigating is not possible. It will therefore be necessary to roll forward an overspend on this initiative relating to the purchase of the equipment, which will be met from staff salary deductions in future years. This is offset by:
- -£0.2m on Public Health due to external 'Communities for Health' funding being secured for the ActivMobs project.
- -£0.1m on Gateways, Film Office and initiative activities within the Strategic Development Unit.
- -£0.1m due to a change in the accounting treatment of European funding on Information Systems projects within Business Solutions and Policy. This will need to be rolled forward to match the commitments in future years.

### 3.2.12 **Policy & Performance Portfolio:**

The pressure on this portfolio has increase by £0.164m since the last report to Cabinet, which is mainly due to confirmation that the different accounting treatment we were investigating for Kent Works is not possible. It will therefore be necessary to roll forward an overspend which will be met from the 2007-08 budget.

### 3.2.13 **Finance Portfolio:**

The underspend for the portfolio has increased by £2.015m since the last report to Cabinet. The main changes are:

- -£1m of further financing items savings.
- -£0.5m re-phasing of Local Scheme spending recommended by Local Boards, relating both to 2006-07 and 2005-06 Second Homes money, Member Community Grants, and grants to Districts for Local Priorities. These are all committed; it is purely a timing issue.
- -£0.2m further saving on Insurance following a review of the provision for Incidents Incurred but not Reported.
- -£0.1m reduction in bad debt provision.
- -£0.1m underspend on corporate subscriptions and levies.
- -£0.1m within the Property Group following lower than expected spend on management of properties activities and negotiated contributions from directorates for the increased energy costs at SHQ.

In addition, £0.4m has been transferred back to the rolling budget reserve in respect of the Finance Business Solutions and e-procurement programme to reflect re-phasing into 2007-08.

### 3.2.14 **Asylum:**

We will be submitting two special circumstances bids, one to the Home Office for £1.527m and another to the DfES for £1.646m. We have assumed that we will be successful in receiving part of this income with the balance to be met from the Asylum reserve. If we receive less income than we have assumed from our two special circumstances bids, any shortfall will need to be met from the Asylum reserve. If we receive more income from the special circumstances bids than we have assumed, then this can be added to the reserve. This remains a significant financial risk both for previous and future years.

## 3.3 **PERFORMANCE REWARD GRANT**

Directorates have underspent against their PRG allocations as a result of re-phasing of projects. In line with practice agreed by Cabinet in 2004-05, these underspends have been transferred to the earmarked PRG reserve to be drawn down as spend is incurred. Details of the re-phasing against individual PRG allocations are given in Appendix 1.

### 3.4 DELEGATED SCHOOLS BUDGET

In 2006-07 schools underspent their delegated budgets by £3.719m, which included £2.965m of unallocated schools budget. This has increased total school revenue reserves to £67.6m, £37.6m of which is committed to various projects, Standards Fund phasing and protecting against falling rolls.

### 3.5 IMPACT ON RESERVES

These are provisional figures and are subject to change during the final stages of the closing of accounts process.

| Account              | Balance at<br>31/3/07<br>£m | Balance at<br>31/3/06<br>£m |
|----------------------|-----------------------------|-----------------------------|
| Earmarked Reserves   | 81.2                        | 74.1                        |
| General Fund balance | 25.8                        | 25.8                        |
| Schools Reserves *   | 67.6                        | 65.6                        |

\* the overall increase in schools reserves of £2m is made up of an underspend of £3.7m offset by an increase in school loans of £1.7m. Under the school loans scheme, loans to schools are financed from the aggregate of school reserves, hence the sum of such reserves is accordingly reduced by the value of the loans outstanding.

3.5.1 The general reserves position at 31 March 2007 is estimated at £25.8m, which is unchanged from the position as at 31 March 2006, and amounts to 4.2% of the 2006-07 revenue budget (excluding schools). This is reviewed formally as part of the annual budget process, but the Director of Finance believes this level to be appropriate.

3.5.2 The provisional movement of +£7.1m in earmarked reserves since 31 March 2006 is mainly due to:

|  |        |
|--|--------|
| • Landfill Allowance Taxation Scheme reserve         | +£1.9m |
| • Increase in Supporting People Reserve              | +£2.3m |
| • Increase in IT Asset Maintenance Reserve           | +£3.0m |
| • Increase in Environmental Initiatives Reserve      | +£1.3m |
| • Increase in the Kingshill Smoothing Reserve        | +£0.8m |
| • Increase in the Regeneration Fund                  | +£0.8m |
| • Increase in Commercial Services earmarked reserves | +£0.8m |
| • Increase in the PFI Reserves                       | +£2.2m |
| • Reduction in the PRG Reserve                       | -£2.5m |
| • Reduction in the Asylum Reserve                    | -£2.7m |
| • Use of the East Kent Access Reserve                | -£1.8m |

### 3.6 CAPITAL BUDGET OUTTURN 2006-07

3.6.1 The following changes have been made to the capital programme this quarter:

- A virement of £110k for the Brussels Office refurbishment from the Policy & Performance portfolio to the Finance portfolio

- A virement of £10k for a Small Community Capital grant for the enhancement of the Mencap Hall in Sevenoaks from the Policy & Performance portfolio to the Adult Social Services portfolio.
- A virement of £4.5k for a Small Community Capital grant for Victoria Road, Margate kerb build-outs from the Policy & Performance portfolio to the Environment, Highways & Waste portfolio.

Overall the cash limit remains unchanged at £251,896k, excluding PFI of £51,462k.

3.6.2 The provisional outturn for the capital budget, excluding schools devolved capital and the Property Enterprise Fund is £192.1m, a variance of -£21.786m. This outturn compares with the variance of -£18.138m last reported to Cabinet at its meeting on 16 April. The provisional outturn by portfolio and the movement since the last report are shown below in table 2.

**TABLE 2: PROVISIONAL FINAL CAPITAL OUTTURN BY PORTFOLIO**

| Portfolio                       | Budget<br>£k    | Provisional<br>Outturn<br>£k | Variance<br>£k | Variance per<br>last report<br>£k | Movement<br>£k |
|---------------------------------|-----------------|------------------------------|----------------|-----------------------------------|----------------|
| <b>E&amp;SI</b>                 | <b>+111,722</b> | <b>+97,771</b>               | <b>-13,951</b> | -11,418                           | -2,533         |
| <b>C&amp;FS</b>                 | <b>+3,629</b>   | <b>+3,354</b>                | <b>-275</b>    | -518                              | +243           |
| <b>ASS</b>                      | <b>+11,728</b>  | <b>+10,719</b>               | <b>-1,009</b>  | -913                              | -96            |
| <b>E,H&amp;W</b>                | <b>+38,733</b>  | <b>+37,747</b>               | <b>-986</b>    | -1,590                            | +604           |
| <b>Regen &amp; SI</b>           | <b>+27,087</b>  | <b>+24,490</b>               | <b>-2,597</b>  | -758                              | -1,839         |
| <b>Communities</b>              | <b>+10,881</b>  | <b>+8,941</b>                | <b>-1,940</b>  | -1,371                            | -569           |
| <b>CS&amp;H</b>                 | <b>+2,434</b>   | <b>+2,332</b>                | <b>-102</b>    | +196                              | -298           |
| <b>Policy &amp; Performance</b> | <b>+504</b>     | <b>+470</b>                  | <b>-34</b>     | 0                                 | -34            |
| <b>Finance</b>                  | <b>+7,201</b>   | <b>+6,309</b>                | <b>-892</b>    | -1,766                            | +874           |
| <b>TOTAL (excl Schools)</b>     | <b>+213,919</b> | <b>+192,133</b>              | <b>-21,786</b> | <b>-18,138</b>                    | <b>-3,648</b>  |
| <b>Schools</b>                  | <b>+37,977</b>  | <b>+39,092</b>               | <b>+1,115</b>  | 0                                 | +1,115         |
| <b>TOTAL</b>                    | <b>+251,896</b> | <b>+231,225</b>              | <b>-20,671</b> | <b>-18,138</b>                    | <b>-2,533</b>  |

|                                 |                 |                 |                |                |               |
|---------------------------------|-----------------|-----------------|----------------|----------------|---------------|
| <b>Property Enterprise Fund</b> |                 | <b>+5,834</b>   | <b>+5,834</b>  | +5,701         | +133          |
| <b>TOTAL incl PEF</b>           | <b>+251,896</b> | <b>+237,059</b> | <b>-14,837</b> | <b>-12,437</b> | <b>-2,400</b> |

3.6.3 The main reasons for the movement in the forecast since the last monitoring report to Cabinet on 16 April, as shown in Table 2, are as follows:

3.6.4 **Education & School Improvement Portfolio:**

The overall capital position for the portfolio (excluding capital devolved to schools) has moved by -£2.533m since the last report to Cabinet on 16 April. The main movements are:

- -£1.2m Special Schools Review – mainly due to delays on the Rowhill School, largely due to planning difficulties due to it's position within the green belt; Goldwyn School due to difficulties with the supply of materials and Ifield School due to delays in decisions surrounding post 16 provision.
- -£0.6m Maintenance Review – this is mainly due to a reduction in Emergency Maintenance which is demand led and always difficult to accurately forecast.
- -£0.6m Dartford Campus – re-phasing mainly due to delays in the provision of utility services to the site.
- -£0.5m as the Site Acquisition for the Sissinghurst site was delayed. Contracts were exchanged early in April, therefore the costs have re-phased into 2007-08.
- -£0.4m re-phasing at The North School in line with delays on the main PFI programme.
- -£0.4m Capital Strategy Unit - due to a change in the accounting practice of non direct costs, which have now been charged to revenue.
- -£0.2m Children's Centres due to the Swanscombe centre being deferred and switched to phase 2 of the programme.
- -£0.1m re-phasing of the Specialist Schools Programme

- +£0.7m Vocational Education Programme due to increased mechanical and electrical costs on the Thanet Skills Centre project, this has been largely funded by additional developer and revenue contributions.
- +0.7m Modernisation Programme – this is made up of movements across a number of projects. A lot of this movement is because previous estimates were based on valuation dates during March and not as at 31 March.

### 3.6.5 Children & Family Services Portfolio:

The capital position for the portfolio has moved by +£0.243m since the last report to Cabinet on 16 April. The main movements are:

- +£0.15m on the Management of Assets due to additional minor works expenditure, which has been funded by additional revenue contributions.
- +£0.1m additional spend on the Sunrise Centre, which has been met by grant from the PCT and additional revenue contributions.

### 3.6.6 Adult Social Services Portfolio:

The overall capital position for the Adult Social Services portfolio has moved by only -£0.096m since the last report to Cabinet on 16 April which is made up of a number of small movements across the portfolio capital programme.

### 3.6.7 Environment, Highways & Waste Portfolio:

The overall capital position for the portfolio has moved by +£0.604m since the last report to Cabinet on 16 April. The main movements are:

- +£3.3m Edenbridge Relief Road – this is due to a change in the accounting treatment of this scheme. This scheme is the accountability of Sevenoaks District council but managed and delivered by KCC. Previously, the scheme had been accounted for as Rechargeable Works within the revenue budget, but is now treated as capital spend and is reported within the capital programme. This £3.3m of expenditure has been funded from external contributions, mainly from Sevenoaks District Council, and capital receipts earmarked for this project.
- -£2.3m on LTP funded Capital Highway Maintenance, Street Lighting and Integrated Transport Programme. Whilst the last monitoring report acknowledged that there would be underspending on this, the value was underestimated. The difficulty partly lies in the need for time for a new Works Ordering System to settle down and teething problems to be resolved (now in hand).
- -£0.2m KHS Co-location project – uncertainty over the progress of preparation processes for this project led to over-optimism in the last forecast reported to Cabinet.
- -£0.2m as the capital works programme for Environment (including Waste Management) did not progress as quickly as anticipated leading to further re-phasing.

### 3.6.8 Regeneration & Supporting Independence Portfolio:

The overall capital position for the portfolio has moved by -£1.839m since the last report to Cabinet on 16 April. The main movements are:

- -£1.4m – In the last monitoring report it was flagged that land acquired for the Fastrack scheme had increased in value by £1.425m and, at that time, a funding solution had not been determined. By closedown, a package of funding had been worked out, which included the release of funds not required for a creditor provision on another major road scheme.
- -£0.4m PSA Property Target – this project to bring empty dwellings back into use has struggled with a number of procedural delays. In the last monitoring report, a view was taken that some of the allocated funding would be used, but this did not prove entirely possible.

### 3.6.9 Communities Portfolio:

The overall capital position for the portfolio has moved by -£0.569m since the last report to Cabinet on 16 April. The main movements are:

- -£0.6m of re-phasing into 2007-08 of the Big Lottery Fund PE & Sport programme.
- -£0.3m on Modernisation of Assets largely as a result of commissioned works not proceeding as expected.



- -£0.2m re-phasing of the Turner Contemporary project as detailed estimates were previously unavailable. Overall the project remains on target.
- +£0.4m Adult Education at Canterbury High. The £0.2m of previously forecast re-phasing into 07-08 has been incurred in 06-07 and there is a £0.2m overspend on the project. Discussions are in hand with the school to resolve responsibility for this overspend but the directorate has been assumed that the school will fund this.
- +£0.1m of increased costs on the Library Upgrade Programme.

#### 3.6.10 Corporate Support & Health Portfolio:

The overall capital position for the portfolio has moved by -£0.298m since the last report to Cabinet on 16 April. The majority of this movement relates to the re-phasing of IT related projects including Connecting with Kent, Sustaining Kent and Oracle Development.

#### 3.6.11 Policy & Performance Portfolio:

The capital position for this portfolio has moved by -£0.034m since the last report to Cabinet on 16 April as some of the Small Community Capital Grants will be paid in 2007-08 to match the re-phasing of work into 2007-08.

#### 3.6.12 Finance Portfolio:

The overall capital position for the portfolio has moved by +£0.874m since the last report to Cabinet on 16 April. The main changes are:

- +£1.040m of LPSA2 pump priming activity, funded by pump priming grant, which has previously not been included in the capital monitoring reports to Cabinet. This activity is approved via the Kent Agreement Pump-Priming Grant Panel, which is made up of Members and officers and representatives from Kent Police and the Health Sector.
- -£0.180m in respect of re-phasing of the Modernisation of Assets programme.

3.6.13 The 2007-08 Capital Programme will now be revised to reflect the re-phasing and other variations of the 2006-07 Capital Programme that resulted in the £21.785m variance in 2006-07. The details of the changes will be included in the first quarter's monitoring report of the 2007-08 budget to be reported to Cabinet on 17 September 2007.

3.6.14 Capital Receipts realised in 2006-07 were £11.656m from the sale of property and £0.054m from the repayment of loans. All of these receipts are required to fund existing capital programme commitments. This position excludes the receipts generated through the Property Enterprise Fund which are referred to in section 3.8 below.

### 3.7 SCHOOLS DEVOLVED CAPITAL

3.7.1 Capital expenditure incurred directly by schools in 2006-07 was £39.1m. Schools have in hand some £12.9m of capital funding which will be carried forward as part of the overall schools reserves position. This represents an increase in schools capital reserves of £1.5m.

### 3.8 PROPERTY ENTERPRISE FUND

3.8.1 In November 2006, the County Council agreed the establishment of the Property Enterprise Fund, with a maximum permitted deficit of £10m to be funded by temporary borrowing, but to be self-funding over a period of 10 years.

3.8.2 In 2006-07, this Fund was used to acquire land at Manston Business Park. The costs of this purchase and the associated costs of the acquisition and disposal activity undertaken within the Fund amounted to £5.834m, as shown in table 4 above. The Property Enterprise Fund realised £2.633m of capital receipts from the sale of non-operational property. These receipts, together with £0.487m of receipts realised in 2005-06 from the disposal of non-operational property have been used to part fund the acquisition of the land at Manston Business Park, leaving a balance of £2.714m to be funded from the £10m temporary borrowing facility.

3.8.3 Further details of the Property Enterprise Fund are provided in section 5.2 of Appendix 2.

**4. 2006-07 FINAL MONITORING OF KEY ACTIVITY INDICATORS**

4.1 Details of the final monitoring of key activity indicators for 2006-07 are detailed in Appendix 2.

**5. PRUDENTIAL INDICATORS**

5.1 The final monitoring of the 2006-07 prudential indicators is detailed in Appendix 3.

**PERFORMANCE REWARD GRANT 2006-07**

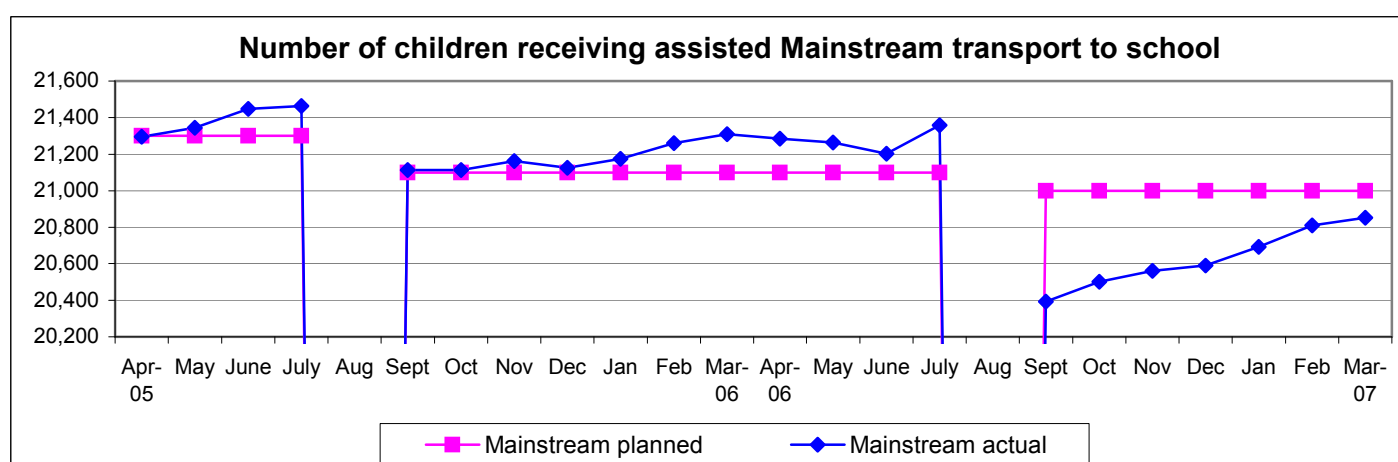
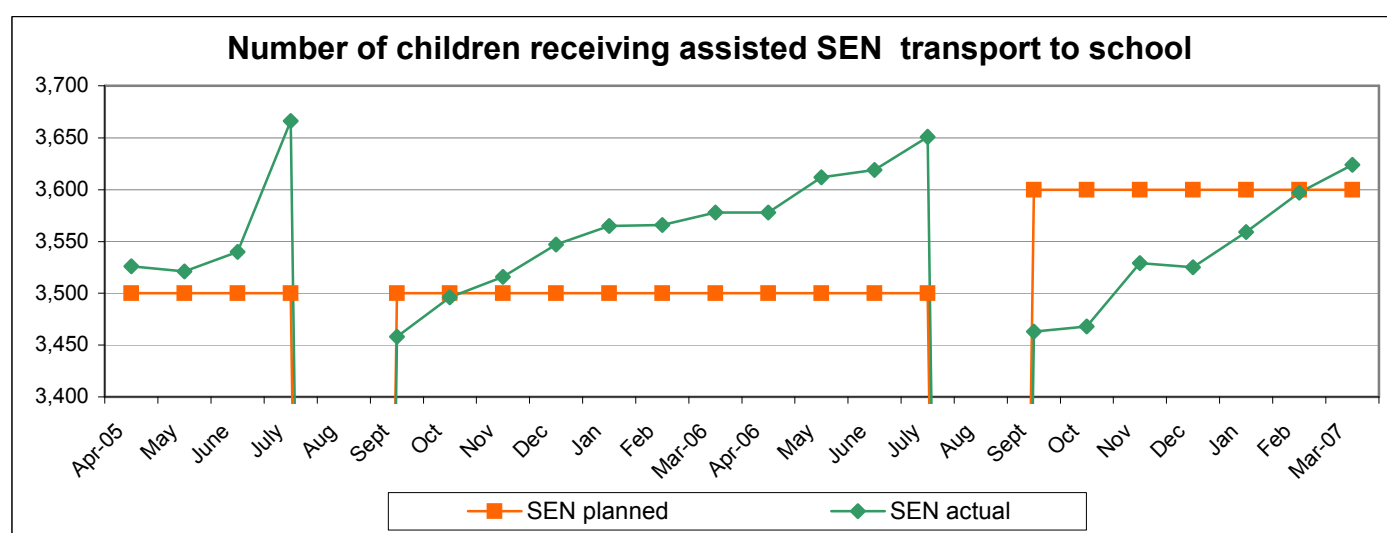
|   | <b>2006-07<br/>Budget</b> | <b>Transfer to<br/>PRG<br/>Reserve</b> | <b>Portfolio</b> |
|---|---------------------------|--|------------------|
|   | £000s                     | £000s                                  |                  |
| <b>Children, Families &amp; Education:</b>  |                           |  |                  |
| • Children - Preventive Strategy            | 1,320                     | 0                                      | C&FS             |
| • Adoption Services                         | 100                       | 0                                      | C&FS             |
|   | <u>1,420</u>              | <u>0</u>                               |                  |
| <b>Adult Social Services:</b>               |                           |  |                  |
| • Social Care Training - Vocational Centres | 130                       | 0                                      | ASS              |
| • Older People                              | 1,005                     | 0                                      | ASS              |
| • People with Learning Disabilities         | 432                       | 0                                      | ASS              |
| • People with Physical Disabilities         | 145                       | 0                                      | ASS              |
| • People with Mental Health problems        | 113                       | 0                                      | ASS              |
|   | <u>1,825</u>              | <u>0</u>                               |                  |
| <b>Environment &amp; Regeneration:</b>      |                           |  |                  |
| • CCTV & PROW - Clean Kent                  | 200                       | 0                                      | E,H&W            |
| • Road Safety                               | 750                       | 203                                    | E,H&W            |
| • Empty Homes/Regenerate coastal areas      | 193                       | 0                                      | R&SI             |
| • Staying Healthy                           | 73                        | 38                                     | E,H&W            |
|   | <u>1,216</u>              | <u>241</u>                             |                  |
| <b>Communities:</b>                         |                           |  |                  |
| • Sports on Schools Sites                   | 165                       | 0                                      | CMY              |
| • Youth Offending Service                   | 40                        | 0                                      | CMY              |
|   | <u>205</u>                | <u>0</u>                               |                  |
| <b>Chief Executives:</b>                    |                           |  |                  |
| • Efficiency Review Team                    | 620                       | 201                                    | Finance          |
| • Web Manager                               | 80                        | 0                                      | CS&H             |
|   | <u>700</u>                | <u>201</u>                             |                  |
|   | <u><u>5,366</u></u>       | <u><u>442</u></u>                      |                  |

## 2006-07 FINAL MONITORING OF KEY ACTIVITY INDICATORS

### 1. CHILDREN, FAMILIES & EDUCATION DIRECTORATE

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

|           | 2005-06 |        |            |        | 2006-07 |        |            |        |
|-----------|---------|--------|------------|--------|---------|--------|------------|--------|
|           | SEN     |        | Mainstream |        | SEN     |        | Mainstream |        |
|           | planned | actual | planned    | actual | planned | actual | planned    | actual |
| April     | 3,500   | 3,526  | 21,300     | 21,295 | 3,500   | 3,578  | 21,100     | 21,285 |
| May       | 3,500   | 3,521  | 21,300     | 21,344 | 3,500   | 3,612  | 21,100     | 21,264 |
| June      | 3,500   | 3,540  | 21,300     | 21,447 | 3,500   | 3,619  | 21,100     | 21,202 |
| July      | 3,500   | 3,666  | 21,300     | 21,464 | 3,500   | 3,651  | 21,100     | 21,358 |
| August    | 0       | 0      | 0          | 0      | 0       | 0      | 0          | 0      |
| September | 3,500   | 3,458  | 21,100     | 21,113 | 3,600   | 3,463  | 21,000     | 20,392 |
| October   | 3,500   | 3,496  | 21,100     | 21,113 | 3,600   | 3,468  | 21,000     | 20,501 |
| November  | 3,500   | 3,516  | 21,100     | 21,163 | 3,600   | 3,529  | 21,000     | 20,561 |
| December  | 3,500   | 3,547  | 21,100     | 21,126 | 3,600   | 3,525  | 21,000     | 20,591 |
| January   | 3,500   | 3,565  | 21,100     | 21,175 | 3,600   | 3,559  | 21,000     | 20,694 |
| February  | 3,500   | 3,566  | 21,100     | 21,261 | 3,600   | 3,597  | 21,000     | 20,810 |
| March     | 3,500   | 3,578  | 21,100     | 21,310 | 3,600   | 3,624  | 21,000     | 20,852 |

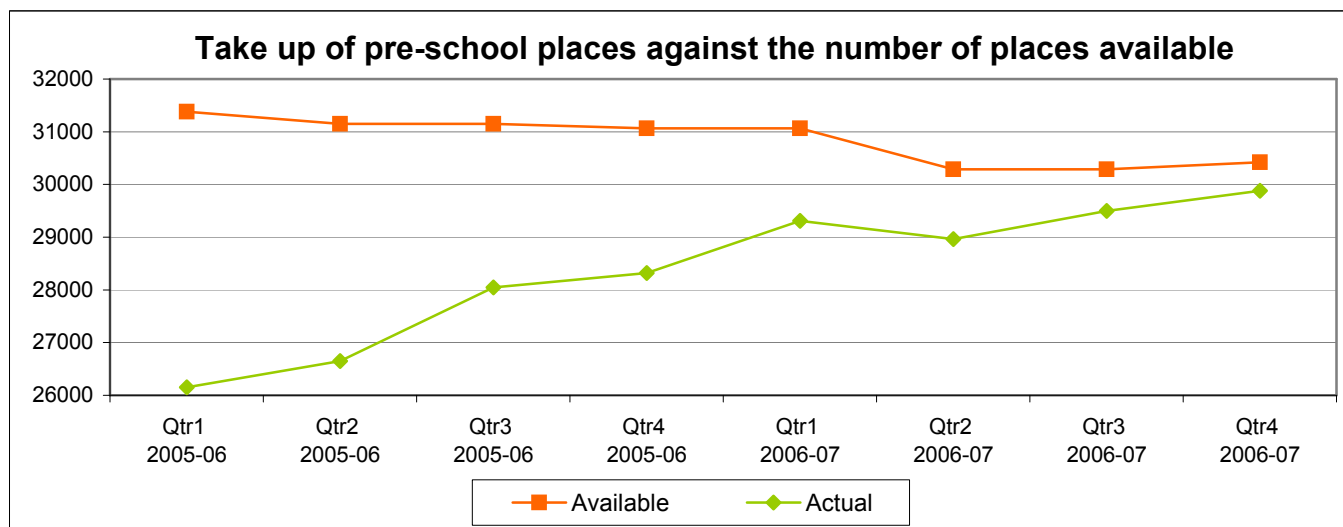


Comment:

- These graphs demonstrate increased demand over the summer term followed by a subsequent drop in the autumn term which is reflected by a small underspend against these budgets.

## 1.2 Take up of pre-school places against the number of places available:

|                    | 2005-06 |           |           | 2006-07 |           |           |
|--------------------|---------|-----------|-----------|---------|-----------|-----------|
|                    | Actual  | Available | % take up | Actual  | Available | % take up |
| April - June       | 26,152  | 31,378    | 83%       | 29,307  | 31,062    | 94%       |
| July - September   | 26,650  | 31,147    | 86%       | 28,963  | 30,287    | 96%       |
| October - December | 28,047  | 31,147    | 90%       | 29,498  | 30,289    | 97%       |
| January - March    | 28,319  | 31,062    | 91%       | 29,878  | 30,419    | 98%       |



Comment:

- This graph demonstrates that the take-up of the extended hours has increased gradually throughout the year but remains significantly below the budgeted level. The £1.8m underspend generated by this pattern of activity will be used to repay the DSG shortfall referred in note 2 to Table 1 of this report (page 2).

## 1.3 Number of schools with deficit budgets compared with the total number of schools:

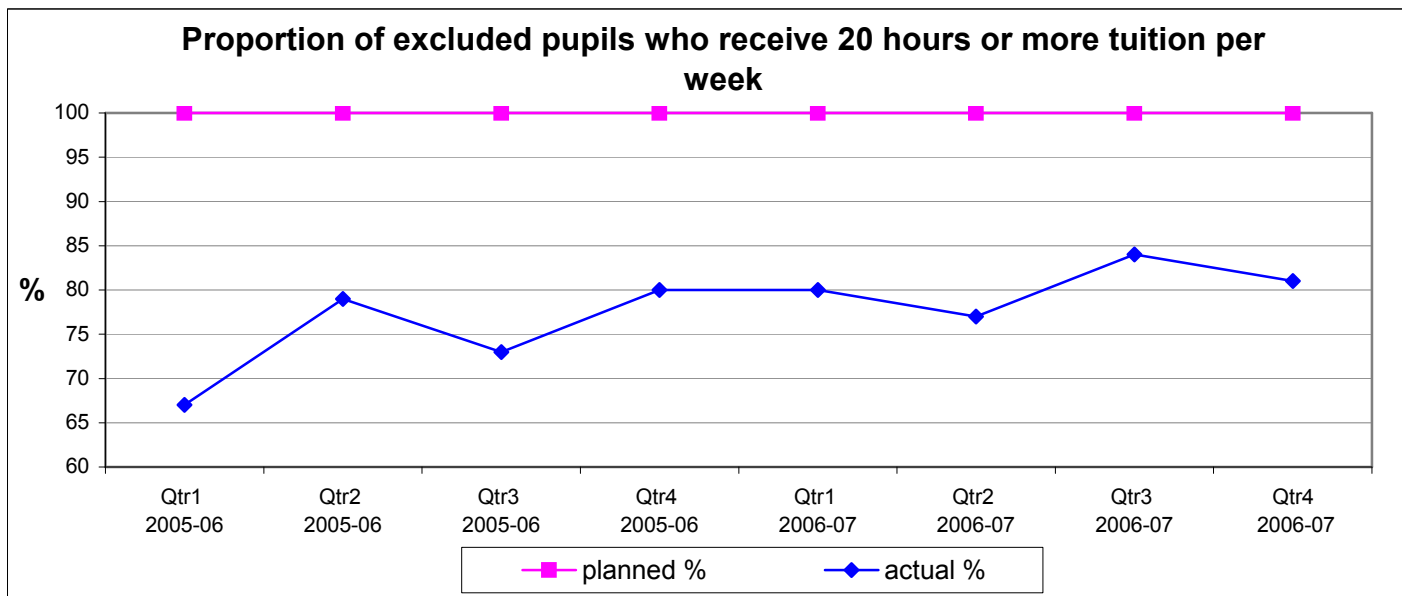
|  | 2005-06       | 2006-07       |
|--|---------------|---------------|
|  | as at 31-3-06 | as at 31-3-07 |
| Total number of schools                | 600           | 596           |
| Total value of school revenue reserves | £70,657k      | £74,376k      |
| Number of deficit schools              | 9             | 15            |
| Total value of deficits                | £947k         | £1,426k       |

Comments:

- 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 LEA, which could ultimately mean suspending delegation.
- The CFE Deficit and Compliance 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.

## 1.4 Proportion of excluded pupils who receive 20 hours or more tuition per week:

|                    | 2005-06 |        | 2006-07 |        |
|--------------------|---------|--------|---------|--------|
|                    | planned | actual | planned | actual |
| April - June       | 100%    | 67%    | 100%    | 80%    |
| July - September   | 100%    | 79%    | 100%    | 77%    |
| October - December | 100%    | 73%    | 100%    | 84%    |
| January - March    | 100%    | 80%    | 100%    | 81%    |

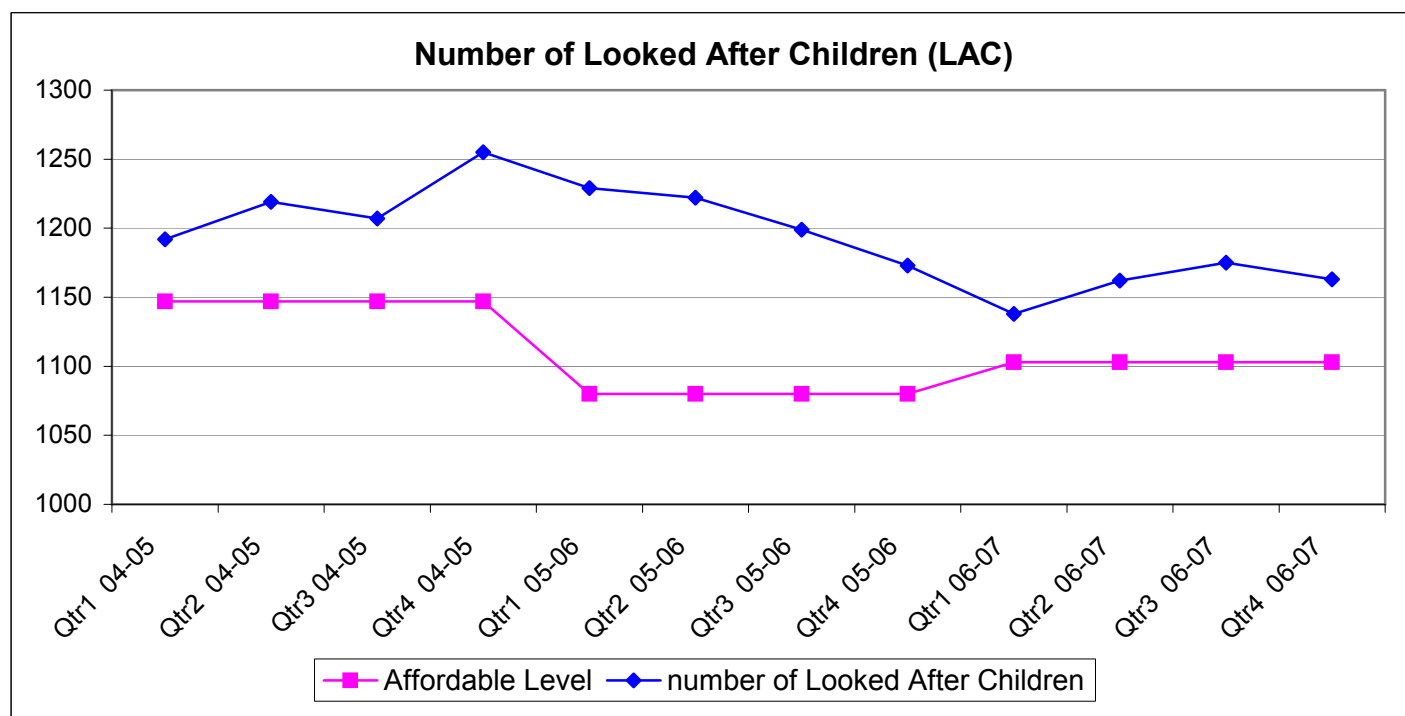


Comments:

- There are no excluded pupils receiving 20 hours or more home tuition per week. They either receive their tuition in Pupil Referral Units or alternative curriculum (which is currently mostly provided by external sources).
- Please note that this data applies to BVPI 159 which is the % of excluded pupils who receive 20 hours or more tuition **within 15 days of exclusion** and not the total proportion of excluded pupils receiving 20 hours or more which is **94%**.

## 1.5 Numbers of Looked After Children (LAC):

|           | 2004-05          |                                 | 2005-06          |                                 | 2006-07          |                                 |
|-----------|------------------|---------------------------------|------------------|---------------------------------|------------------|---------------------------------|
|           | Affordable Level | number of Looked After Children | Affordable Level | number of Looked After Children | Affordable Level | number of Looked After Children |
| Apr – Jun | 1,147            | 1,192                           | 1,080            | 1,229                           | 1,103            | 1,138                           |
| Jul – Sep | 1,147            | 1,219                           | 1,080            | 1,222                           | 1,103            | 1,162                           |
| Oct – Dec | 1,147            | 1,207                           | 1,080            | 1,199                           | 1,103            | 1,175                           |
| Jan – Mar | 1,147            | 1,255                           | 1,080            | 1,173                           | 1,103            | 1,163                           |



### Comments:

- The graph demonstrates a considerable gap between the number of Looked After Children and the affordable level.

Looked After Children includes children in Foster Care.

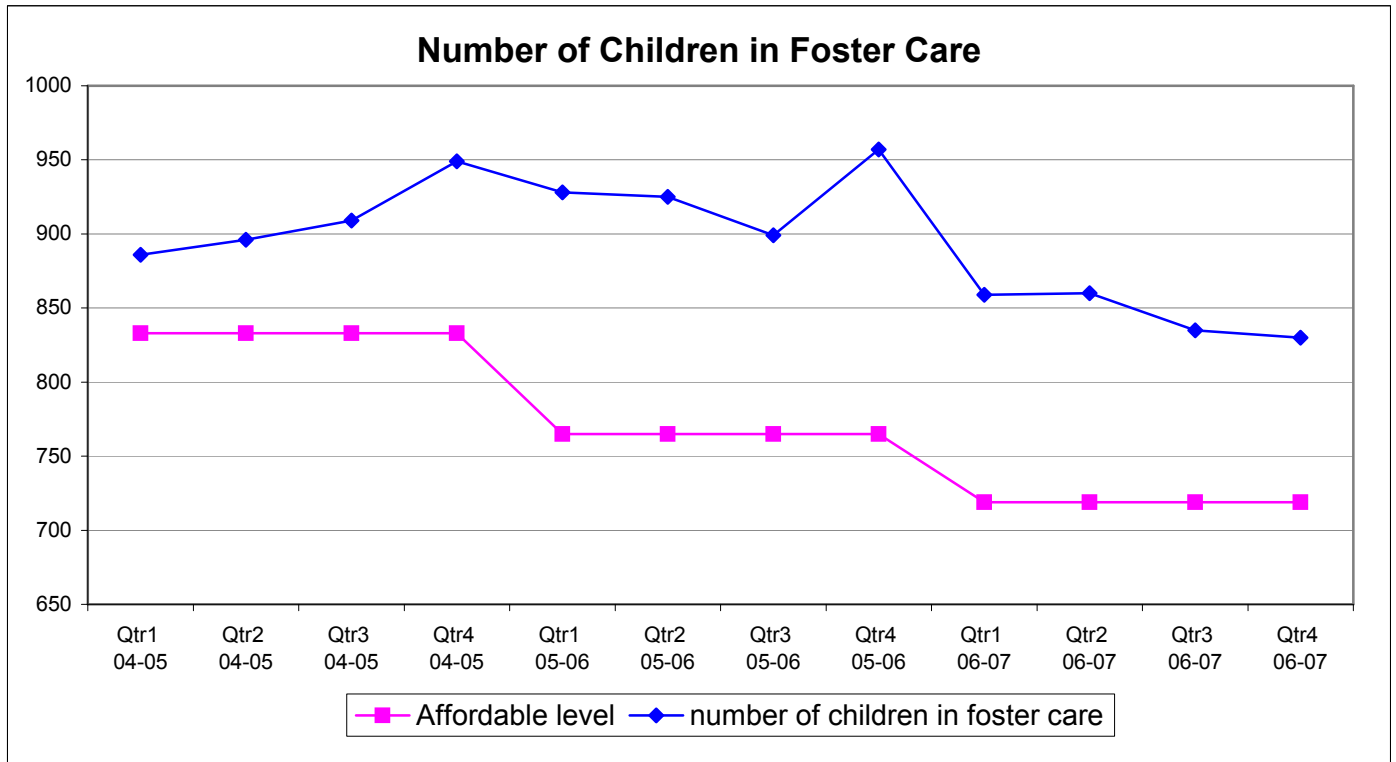
The main overspend for Looked After Children is within the residential and Independent Sector Fostering budgets. This is a result of the need to place children in higher cost placements in order that their needs can be met.

There were three children in very high cost (£4.5k per week) secured accommodation as directed by the Courts.

Additional funding of £1.39m has been provided through the 2007-10 MTFP process to help address the demand on the Fostering and Adoption budget.

## 1.6 Number of Children in Foster Care:

|           | 2004-05          |                                   | 2005-06          |                                   | 2006-07          |                                   |
|-----------|------------------|-----------------------------------|------------------|-----------------------------------|------------------|-----------------------------------|
|           | Affordable level | number of children in foster care | Affordable level | number of children in foster care | Affordable level | number of children in foster care |
| Apr - Jun | 833              | 886                               | 765              | 928                               | 719              | 859                               |
| Jul - Sep | 833              | 896                               | 765              | 925                               | 719              | 860                               |
| Oct - Dec | 833              | 909                               | 765              | 899                               | 719              | 835                               |
| Jan - Mar | 833              | 949                               | 765              | 957                               | 719              | 830                               |



Comment:

- The graph demonstrates a considerable gap between the number of children in foster care and the affordable level, which has resulted in a large overspend on the fostering budgets.

The main overspend was due to the need to place children in Independent Foster Care (IFA), which is higher cost than In-House Fostering. Ten of these children have been in long term stable IFA placements.

Additional funding of £1.39m has been provided through the 2007-10 MTFP process to help address the demand on the Fostering and Adoption budget.

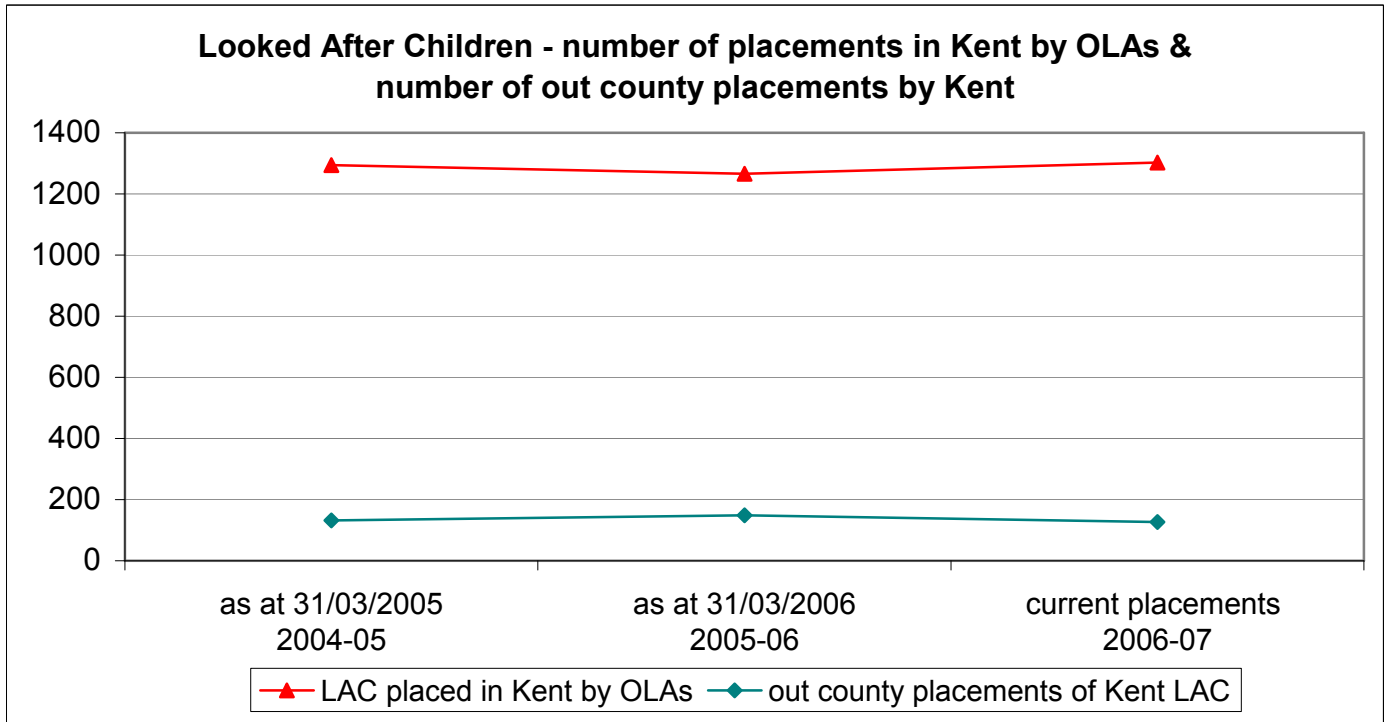
## 1.7 Number of Placements in Kent of LAC by other Authorities:



| 2004-05<br>as at 31/03/2005 | 2005-06<br>as at 31/03/2006 | 2006-07<br>current placements |
|-----------------------------|-----------------------------|-------------------------------|
| 1,294                       | 1,266                       | 1,303                         |

1.8 **Number of Out County Placements of LAC by Kent:**

| 2004-05<br>as at 31/03/2005 | 2005-06<br>as at 31/03/2006 | 2006-07<br>current placements |
|-----------------------------|-----------------------------|-------------------------------|
| 132                         | 149                         | 127                           |



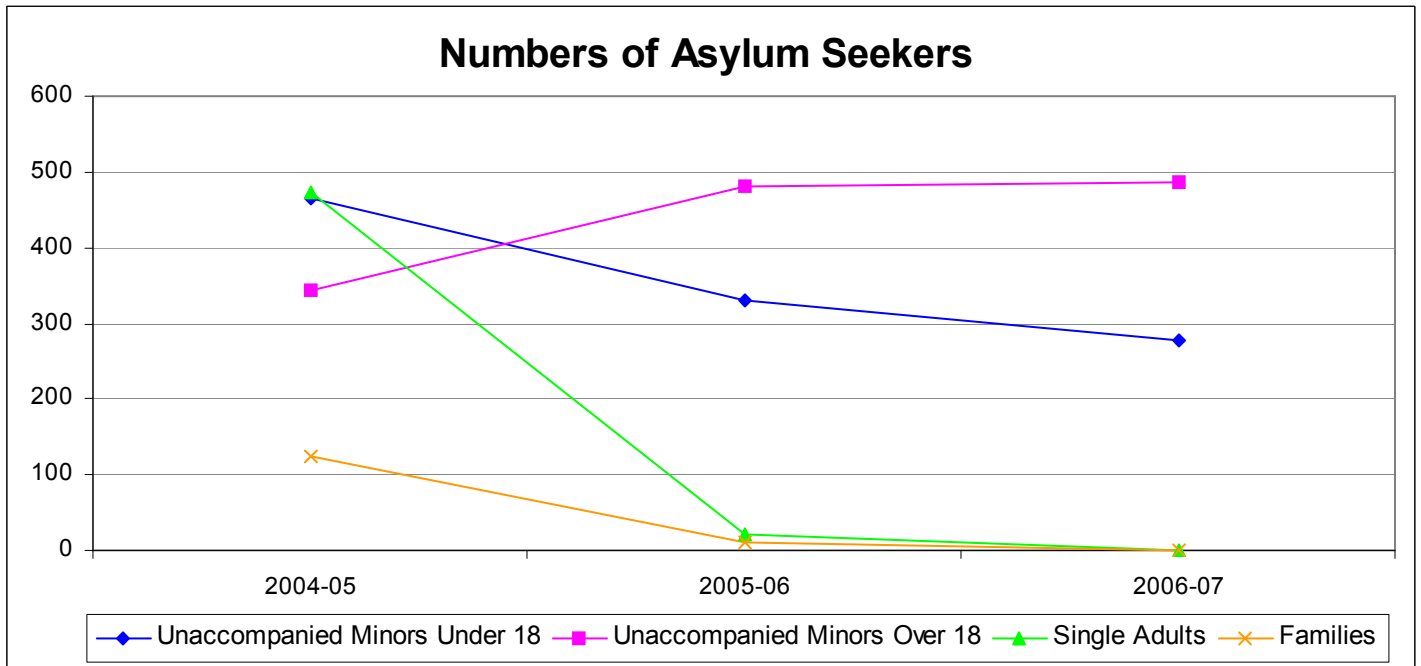
Comment:

- Children Looked After by KCC may on occasion be placed out of the County, which is undertaken using practice protocols that ensure that all long-distance placements are justified and in the interests of the child. All Looked After Children are subject to regular statutory reviews (at least twice a year), which ensures that a regular review of the child's care plan is undertaken. The majority (over 99%) of Looked After Children placed out of the Authority are either in adoptive placements, placed with a relative, specialist residential provision not available in Kent or living with KCC foster carers based in Medway.

1.9 **Numbers of Asylum Seekers (by category):**

| 2004-05 | 2005-06 | 2006-07 |
|---------|---------|---------|
|---------|---------|---------|

|                               | Number | Number | Number |
|-------------------------------|--------|--------|--------|
| Unaccompanied Minors Under 18 | 466    | 330    | 277    |
| Unaccompanied Minors Over 18  | 343    | 480    | 487    |
| Single Adults                 | 474    | 20     | 0      |
| Families                      | 123    | 10     | 0      |



Comment:

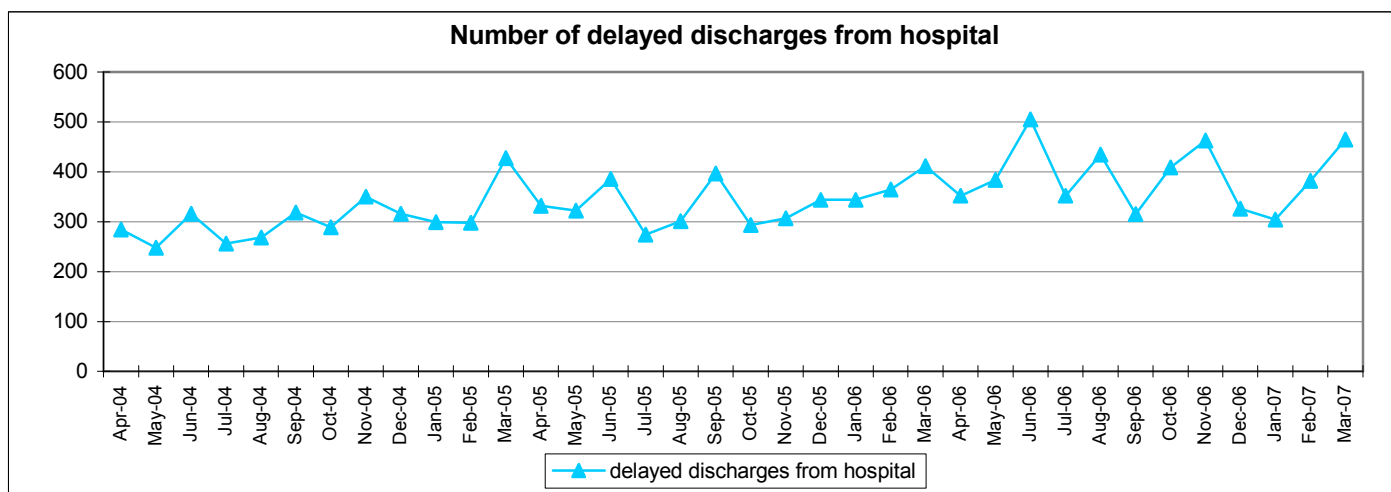
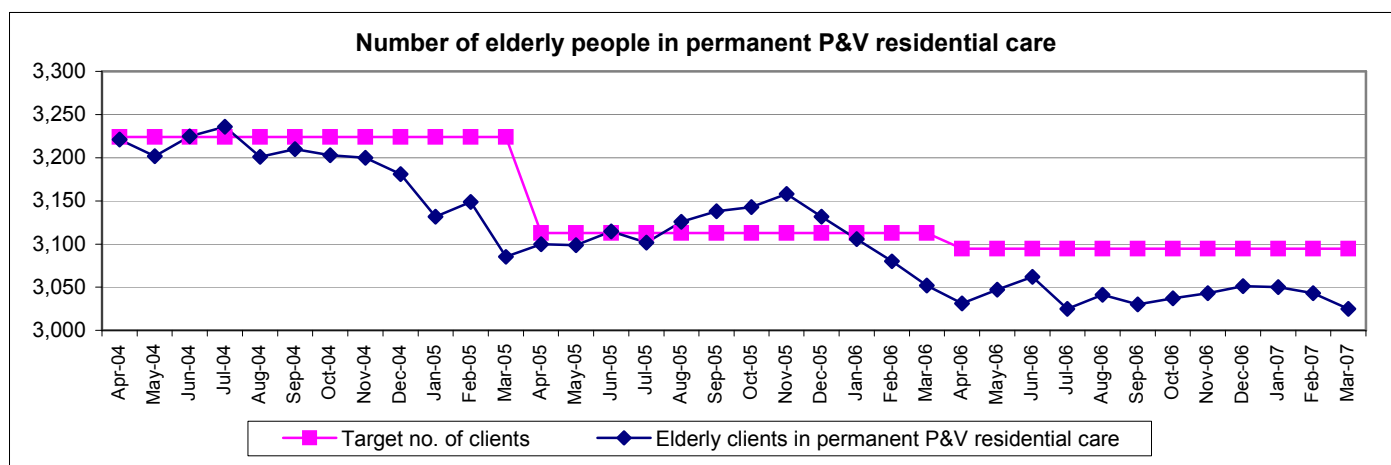
- The numbers above refer to clients who have been assessed as qualifying for asylum. The numbers have reduced in line with expectation. However this masks the problem of increased referrals being experienced by the asylum team. Currently only 30% of referrals become ongoing clients, compared to a forecast of 50%. In addition to this we are seeing a higher number of clients leaving the service as they no longer require assistance.

## 2. ADULT SOCIAL SERVICES DIRECTORATE

Owing to delays in implementing SWIFT (client activity system), the activity data for the period August 2006 to March 2007 has been reliant on local records and manual counts.

### 2.1 Numbers of elderly people in permanent P&V residential care, including indicators on delayed discharges:

|           | 2004-05 |   |                                  | 2005-06 |   |                                  | 2006-07 |   |                                  |
|-----------|---------|---|----------------------------------|---------|---|----------------------------------|---------|---|----------------------------------|
|           | Target  | Elderly clients in permanent P&V residential care | Delayed discharges from hospital | Target  | Elderly clients in permanent P&V residential care | Delayed discharges from hospital | Target  | Elderly clients in permanent P&V residential care | Delayed discharges from hospital |
| April     | 3,224   | 3,221   | 284                              | 3,113   | 3,100   | 332                              | 3,095   | 3,031   | 352                              |
| May       | 3,224   | 3,202   | 248                              | 3,113   | 3,099   | 322                              | 3,095   | 3,047   | 384                              |
| June      | 3,224   | 3,225   | 316                              | 3,113   | 3,115   | 386                              | 3,095   | 3,062   | 505                              |
| July      | 3,224   | 3,236   | 256                              | 3,113   | 3,102   | 274                              | 3,095   | 3,025   | 352                              |
| August    | 3,224   | 3,201   | 268                              | 3,113   | 3,126   | 301                              | 3,095   | 3,041   | 435                              |
| September | 3,224   | 3,210   | 318                              | 3,113   | 3,138   | 397                              | 3,095   | 3,030   | 315                              |
| October   | 3,224   | 3,203   | 289                              | 3,113   | 3,143   | 293                              | 3,095   | 3,037   | 409                              |
| November  | 3,224   | 3,200   | 350                              | 3,113   | 3,158   | 307                              | 3,095   | 3,043   | 463                              |
| December  | 3,224   | 3,181   | 316                              | 3,113   | 3,132   | 344                              | 3,095   | 3,051   | 326                              |
| January   | 3,224   | 3,132   | 299                              | 3,113   | 3,106   | 344                              | 3,095   | 3,050   | 304                              |
| February  | 3,224   | 3,149   | 298                              | 3,113   | 3,080   | 365                              | 3,095   | 3,043   | 382                              |
| March     | 3,224   | 3,085   | 428                              | 3,113   | 3,052   | 412                              | 3,095   | 3,025   | 465                              |

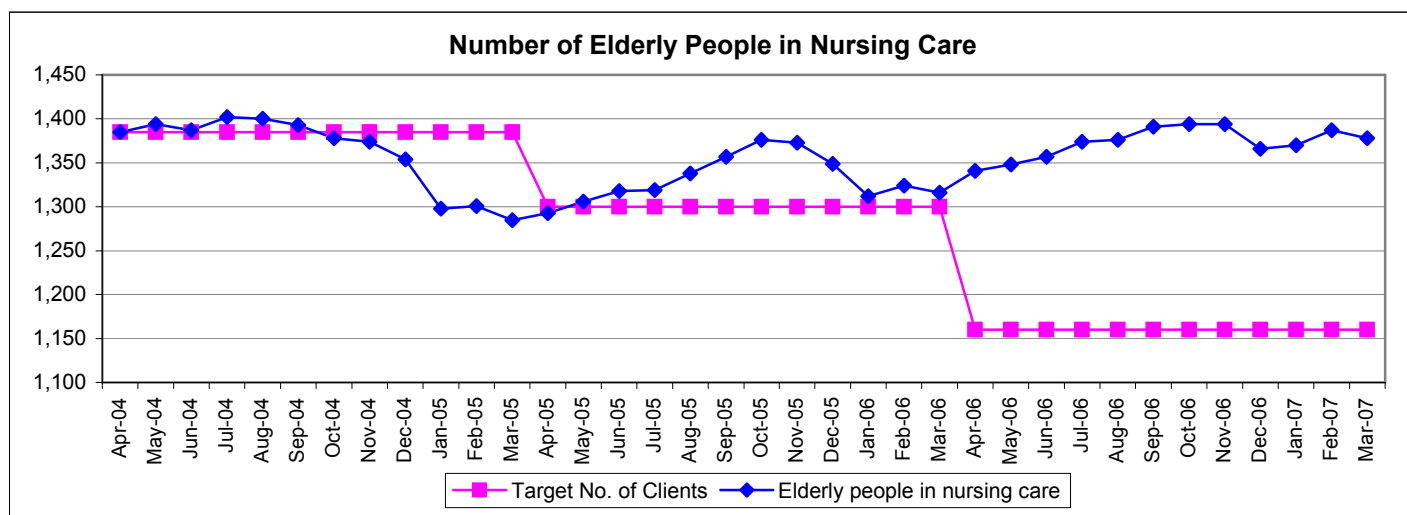


Comments:

- The Delayed Transfers of Care (DTCs) show the numbers of people whose movement from an acute hospital has been delayed. Typically this may be because they are waiting for an assessment to be completed, they are choosing a residential or nursing home placement, or waiting for a vacancy to become available. This figure shows all delays, but those attributable to Adult Social Services, and therefore subject to the reimbursement regime, are a minority. There are many reasons for fluctuations in the number of DTCs which result from the interaction of various different factors within a highly complex system over which we have very little influence. The average number of delayed discharges per week appears to have risen, relative to the 65-75 average levels experienced in previous years (measured by the number of delayed discharges as at midnight Thursday). Approximately 13%-22% of these will be the responsibility of Social Services, but this occasionally rises and there are some more predictable "seasonal" variations throughout the year. It should also be noted that each third month is a five-week month.
- The number of clients for the period September to December 2006 has been amended following revisions to the manual counts for that period.

## 2.2 Numbers of elderly people in nursing care:

|           | 2004-05 |                                | 2005-06 |                                | 2006-07 |                                |
|-----------|---------|--------------------------------|---------|--------------------------------|---------|--------------------------------|
|           | Target  | Elderly people in nursing care | Target  | Elderly people in nursing care | Target  | Elderly people in nursing care |
| April     | 1,385   | 1,385                          | 1,300   | 1,293                          | 1,160   | 1,341                          |
| May       | 1,385   | 1,394                          | 1,300   | 1,306                          | 1,160   | 1,348                          |
| June      | 1,385   | 1,387                          | 1,300   | 1,318                          | 1,160   | 1,357                          |
| July      | 1,385   | 1,402                          | 1,300   | 1,319                          | 1,160   | 1,374                          |
| August    | 1,385   | 1,400                          | 1,300   | 1,338                          | 1,160   | 1,376                          |
| September | 1,385   | 1,393                          | 1,300   | 1,357                          | 1,160   | 1,391                          |
| October   | 1,385   | 1,378                          | 1,300   | 1,376                          | 1,160   | 1,394                          |
| November  | 1,385   | 1,374                          | 1,300   | 1,373                          | 1,160   | 1,394                          |
| December  | 1,385   | 1,354                          | 1,300   | 1,349                          | 1,160   | 1,366                          |
| January   | 1,385   | 1,298                          | 1,300   | 1,312                          | 1,160   | 1,370                          |
| February  | 1,385   | 1,301                          | 1,300   | 1,324                          | 1,160   | 1,387                          |
| March     | 1,385   | 1,285                          | 1,300   | 1,316                          | 1,160   | 1,378                          |

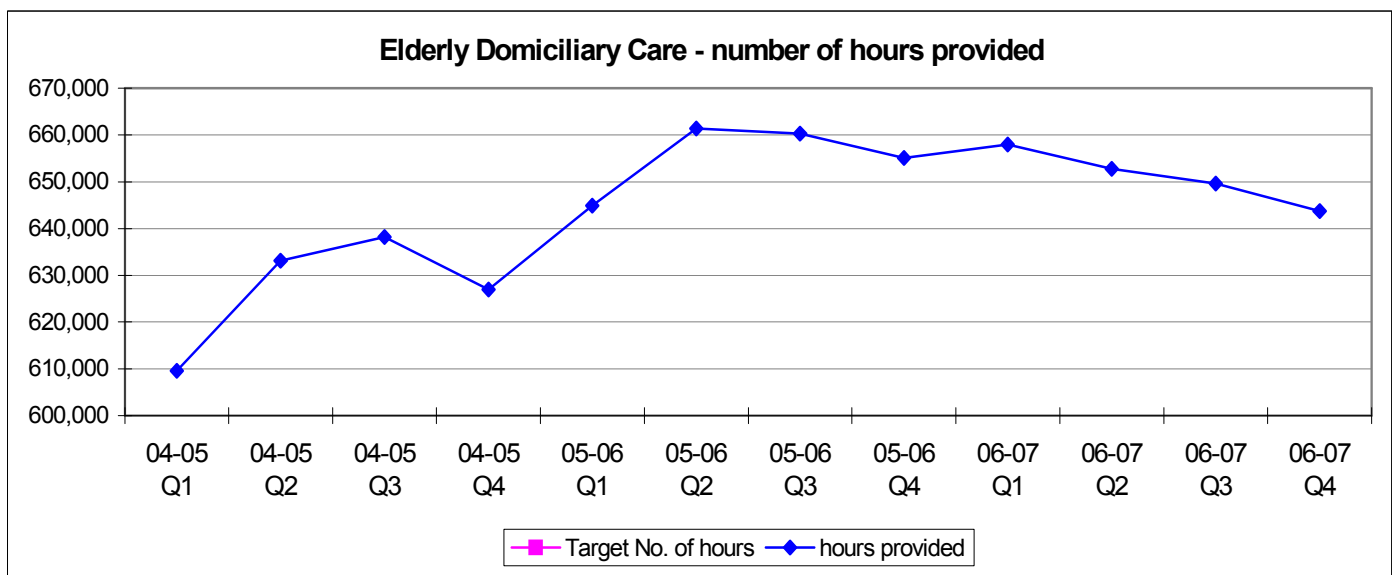
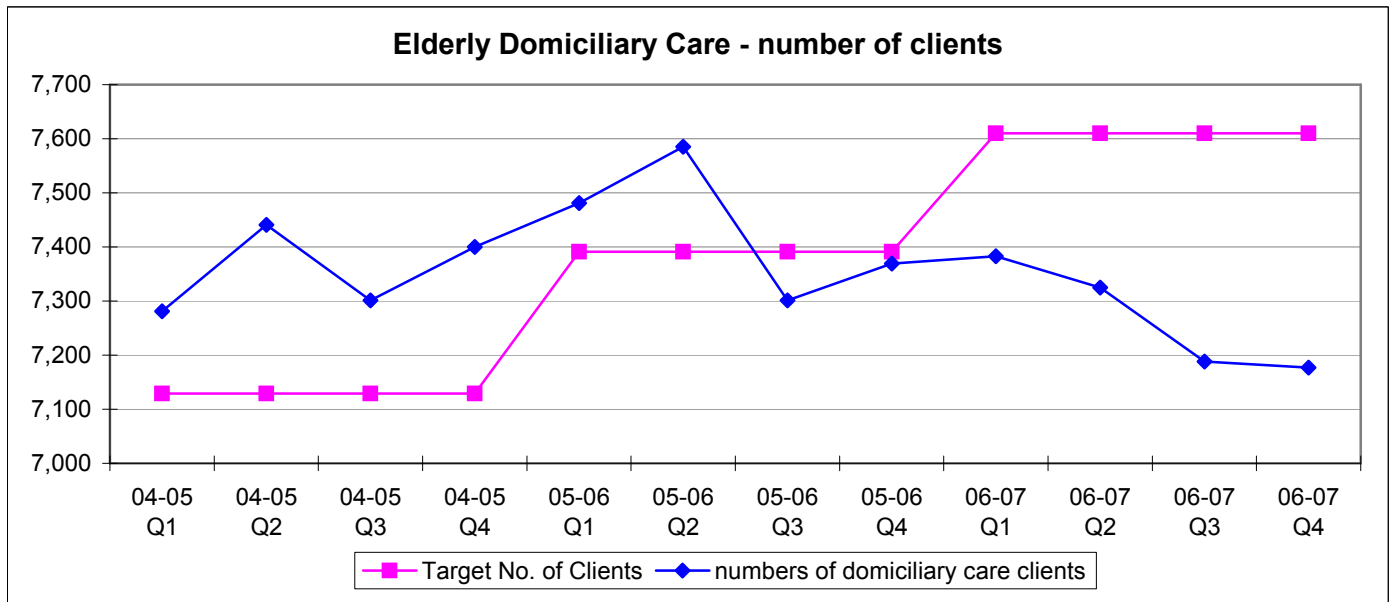


### Comment:

- Increases in permanent nursing care may happen for many reasons. The main influences over the last year have been the closure of significant numbers of hospital beds in the East of the County. The knock on effect of minimising delayed transfers of care has resulted in an increase in the number of older people being admitted to nursing 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 more intense nursing care.

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

|           | 2004-05 |                                     |                | 2005-06 |                                     |                | 2006-07 |                                     |                |
|-----------|---------|-------------------------------------|----------------|---------|-------------------------------------|----------------|---------|-------------------------------------|----------------|
|           | Target  | numbers of domiciliary care clients | hours provided | Target  | numbers of domiciliary care clients | hours provided | Target  | numbers of domiciliary care clients | hours provided |
| Apr - Jun | 7,129   | 7,281                               | 609,577        | 7,391   | 7,481                               | 644,944        | 7,610   | 7,383                               | 657,948        |
| Jul - Sep | 7,129   | 7,441                               | 633,134        | 7,391   | 7,585                               | 661,415        | 7,610   | 7,325                               | 652,789        |
| Oct - Dec | 7,129   | 7,301                               | 638,187        | 7,391   | 7,301                               | 660,282        | 7,610   | 7,188                               | 649,624        |
| Jan - Mar | 7,129   | 7,400                               | 626,996        | 7,391   | 7,369                               | 655,071        | 7,610   | 7,177                               | 643,777        |

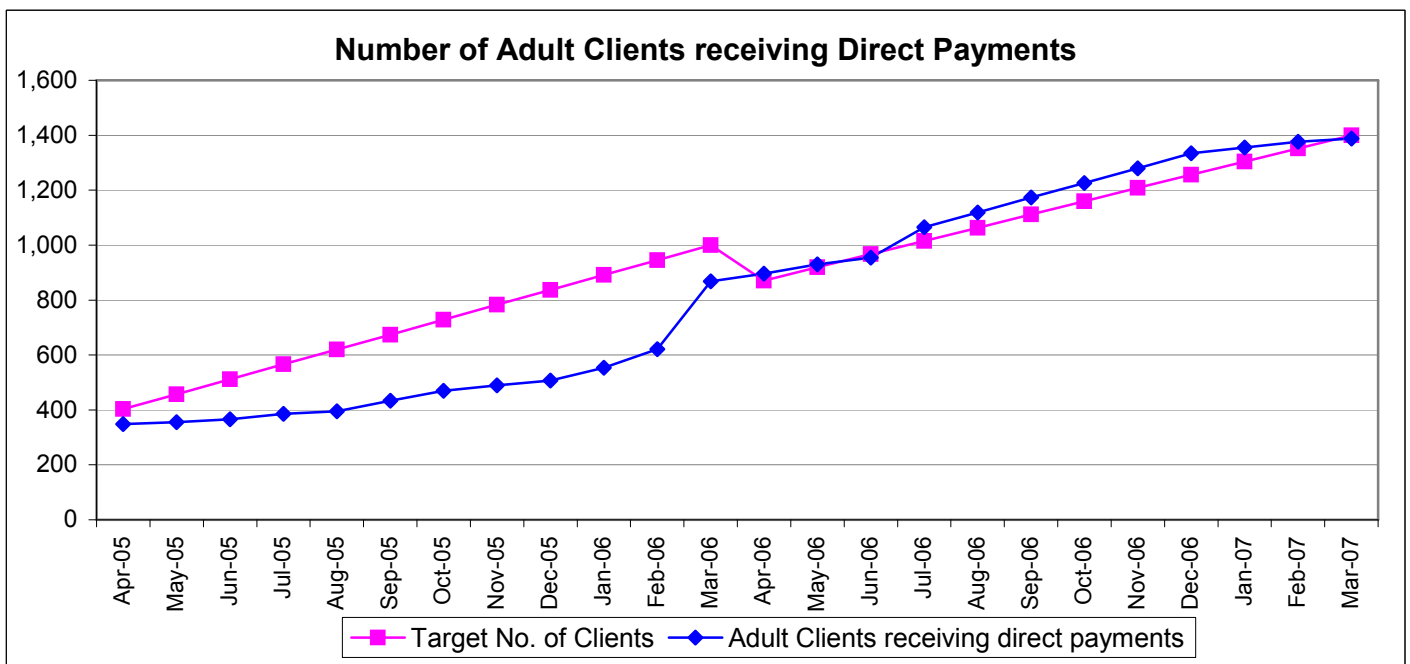


Comment:

- The decrease in numbers of people receiving domiciliary care is partly as a result of the increase in direct payments. This is not linked to nursing care placements, as the two cohorts of service users are completely different. There are a number of other factors reducing the need for formal domiciliary care. Ongoing service developments with the voluntary sector and other organisations mean that we continue to prevent people from needing 'mainstream' domiciliary care, and they can access services, very often involving social inclusion (e.g. luncheon clubs and other social activities), without having to undergo a full care management assessment. Public health campaigns and social marketing aimed at improving people's health is already starting to result in healthier older people. Increase in the use of Telecare and Telehealth similarly reduces the need for domiciliary care, and it is possible that this trend will continue despite the growth in numbers of older people.

**2.4 Direct Payments – Number of Adult Social Services Clients receiving Direct Payments:**

|           | 2005-06 |   | 2006-07 |   |
|-----------|---------|---|---------|---|
|           | Target  | Adult Clients receiving Direct Payments | Target  | Adult Clients receiving Direct Payments |
| April     | 403     | 349                                     | 871     | 896                                     |
| May       | 457     | 355                                     | 919     | 930                                     |
| June      | 511     | 366                                     | 967     | 954                                     |
| July      | 566     | 386                                     | 1,015   | 1,065                                   |
| August    | 620     | 395                                     | 1,063   | 1,119                                   |
| September | 674     | 434                                     | 1,112   | 1,173                                   |
| October   | 728     | 470                                     | 1,160   | 1,226                                   |
| November  | 783     | 489                                     | 1,208   | 1,280                                   |
| December  | 837     | 507                                     | 1,256   | 1,334                                   |
| January   | 891     | 553                                     | 1,304   | 1,355                                   |
| February  | 945     | 621                                     | 1,352   | 1,376                                   |
| March     | 1,000   | 868                                     | 1,400   | 1,388                                   |

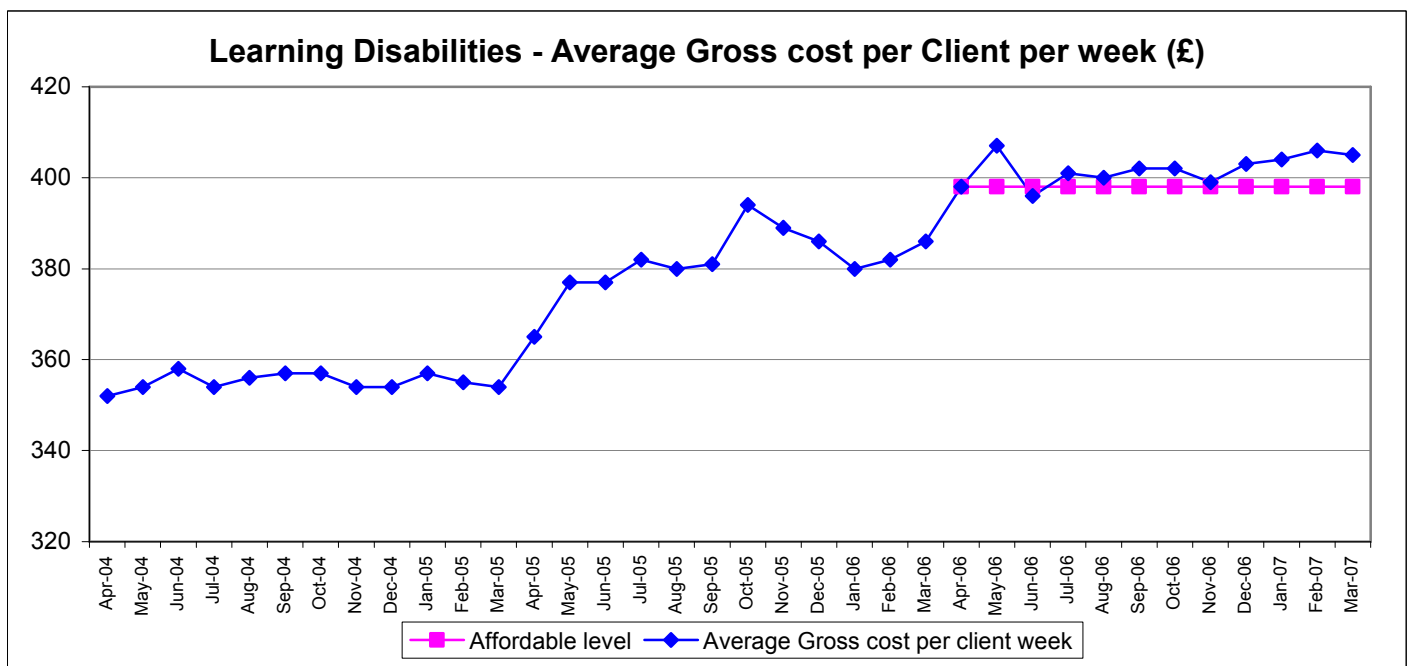


**Comments:**

- Direct payments are increasing, however work is ongoing to ascertain:
  - (i) the extent to which direct payments are identifying previously unmet demand/need and
  - (ii) whether evidence exists that direct payments are on average more expensive than traditional packages of care.
- The 2005-06 target of 1,000 clients was not met and whilst the 2006-07 target remained at 1,400 clients, the monthly targets have been revised to reflect the fact that actual client numbers were at a lower level than they were expected to be at the beginning of the year.
- The previously reported number of adult clients receiving direct payments for the period March 2006 onwards, excluded Mental Health clients in receipt of direct payments. These figures have now been adjusted to include these clients.

**2.5 Learning Disabilities – Average Gross Cost per Client per Week:**

|           | 2004-05                         | 2005-06                         | 2006-07            |                                 |
|-----------|---------------------------------|---------------------------------|--------------------|---------------------------------|
|           | Average Gross cost per client £ | Average Gross cost per client £ | Affordable level £ | Average Gross cost per client £ |
| April     | 352                             | 365                             | 398                | 398                             |
| May       | 354                             | 377                             | 398                | 407                             |
| June      | 358                             | 377                             | 398                | 396                             |
| July      | 354                             | 382                             | 398                | 401                             |
| August    | 356                             | 380                             | 398                | 400                             |
| September | 357                             | 381                             | 398                | 402                             |
| October   | 357                             | 394                             | 398                | 402                             |
| November  | 354                             | 389                             | 398                | 399                             |
| December  | 354                             | 386                             | 398                | 403                             |
| January   | 357                             | 380                             | 398                | 404                             |
| February  | 355                             | 382                             | 398                | 406                             |
| March     | 354                             | 386                             | 398                | 405                             |

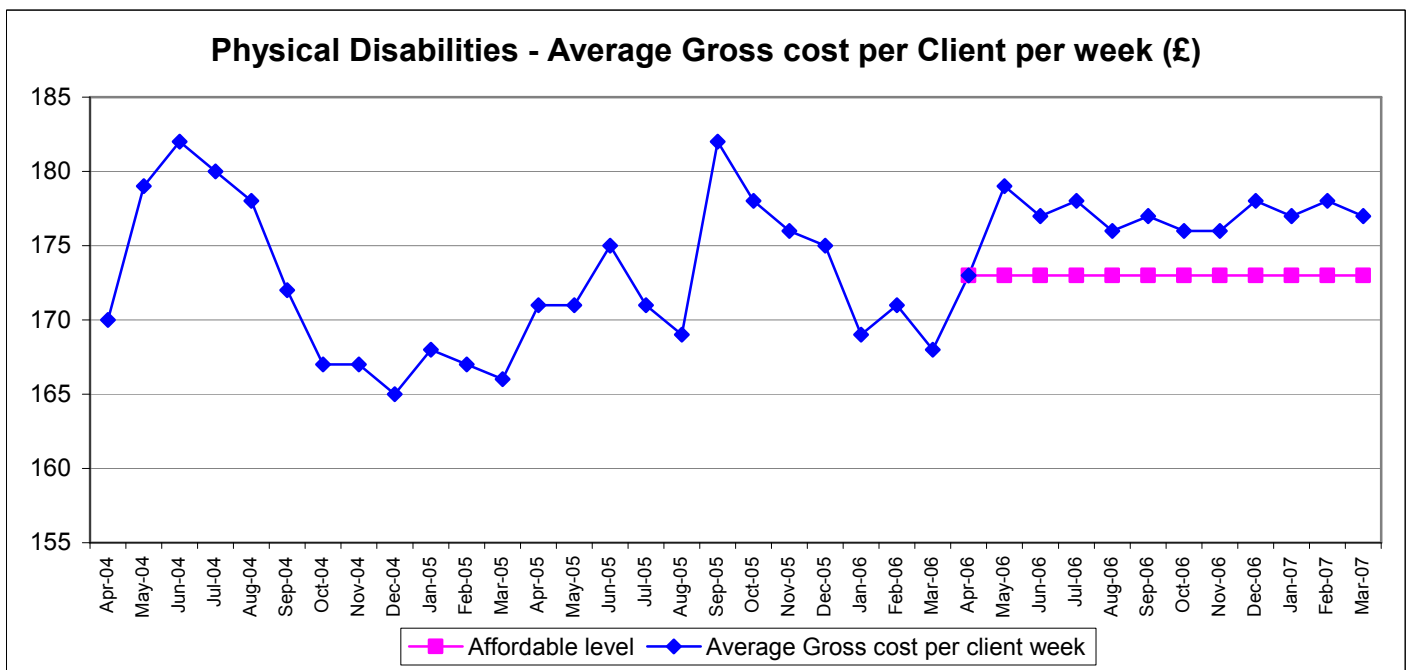


Comments:

- Targets did not exist prior to 2006-07 as this average cost is not a real performance indicator. It merely serves to demonstrate the general upward trend in the cost of supporting clients with Learning Disabilities, however targets have been created retrospectively based upon the previous years outturn plus 3% inflation.
- This graph reflects the average cost per client week across all Learning Disability services, including those with the lowest levels of need.

2.6 **Physical Disabilities – Average Gross Cost per Client per Week:**

|           | 2004-05                         | 2005-06                         | 2006-07            |                                 |
|-----------|---------------------------------|---------------------------------|--------------------|---------------------------------|
|           | Average Gross cost per client £ | Average Gross cost per client £ | Affordable level £ | Average Gross cost per client £ |
| April     | 170                             | 171                             | 173                | 173                             |
| May       | 179                             | 171                             | 173                | 179                             |
| June      | 182                             | 175                             | 173                | 177                             |
| July      | 180                             | 171                             | 173                | 178                             |
| August    | 178                             | 169                             | 173                | 176                             |
| September | 172                             | 182                             | 173                | 177                             |
| October   | 167                             | 178                             | 173                | 176                             |
| November  | 167                             | 176                             | 173                | 176                             |
| December  | 165                             | 175                             | 173                | 178                             |
| January   | 168                             | 169                             | 173                | 177                             |
| February  | 167                             | 171                             | 173                | 178                             |
| March     | 166                             | 168                             | 173                | 177                             |



**Comments:**

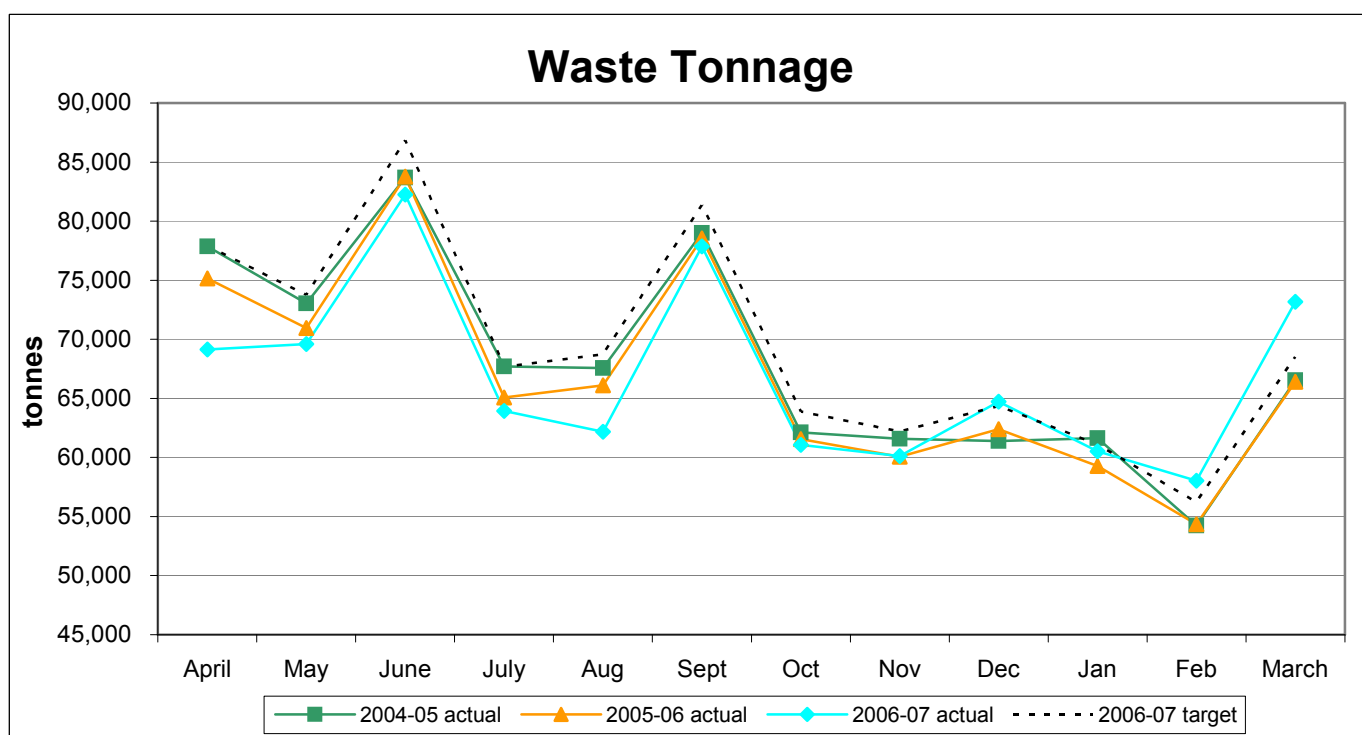
- Targets did not exist prior to 2006-07 as this average cost is not a real performance indicator. It merely serves to demonstrate the general upward trend in the cost of supporting clients with Physical Disabilities, however targets have been created retrospectively based upon the previous years outturn plus 3% inflation.
- This graph reflects the average cost per client week across all Physical Disability services, including those with the lowest levels of need.



### 3. ENVIRONMENT & REGENERATION DIRECTORATE

#### 3.1 Waste Tonnage:

|              | 2004-05        | 2005-06        | 2006-07        |                      |
|--------------|----------------|----------------|----------------|----------------------|
|              | Waste Tonnage  | Waste Tonnage  | Waste Tonnage  | Business Plan Target |
| April        | 77,866         | 75,142         | 69,137         | 77,897               |
| May          | 73,042         | 70,964         | 69,606         | 73,751               |
| June         | 83,690         | 83,770         | 82,244         | 86,840               |
| July         | 67,709         | 65,063         | 63,942         | 67,682               |
| August       | 67,556         | 66,113         | 62,181         | 68,746               |
| September    | 78,999         | 78,534         | 77,871         | 81,347               |
| October      | 62,118         | 61,553         | 61,066         | 63,870               |
| November     | 61,580         | 60,051         | 60,124         | 62,198               |
| December     | 61,379         | 62,397         | 64,734         | 64,336               |
| January      | 61,630         | 59,279         | 60,519         | 61,099               |
| February     | 54,235         | 54,337         | 58,036         | 56,228               |
| March        | 66,546         | 66,402         | 73,170         | 68,506               |
| <b>TOTAL</b> | <b>816,350</b> | <b>803,605</b> | <b>802,630</b> | <b>832,500</b>       |



#### Comments:

A sizeable underspend on the waste budget of £4.694m is due to:

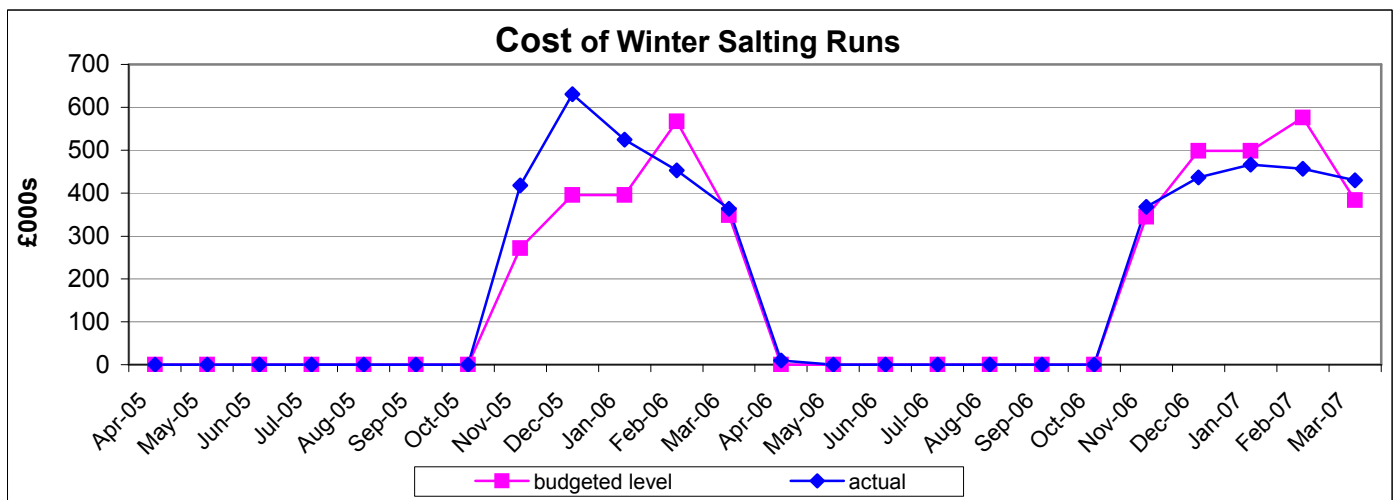
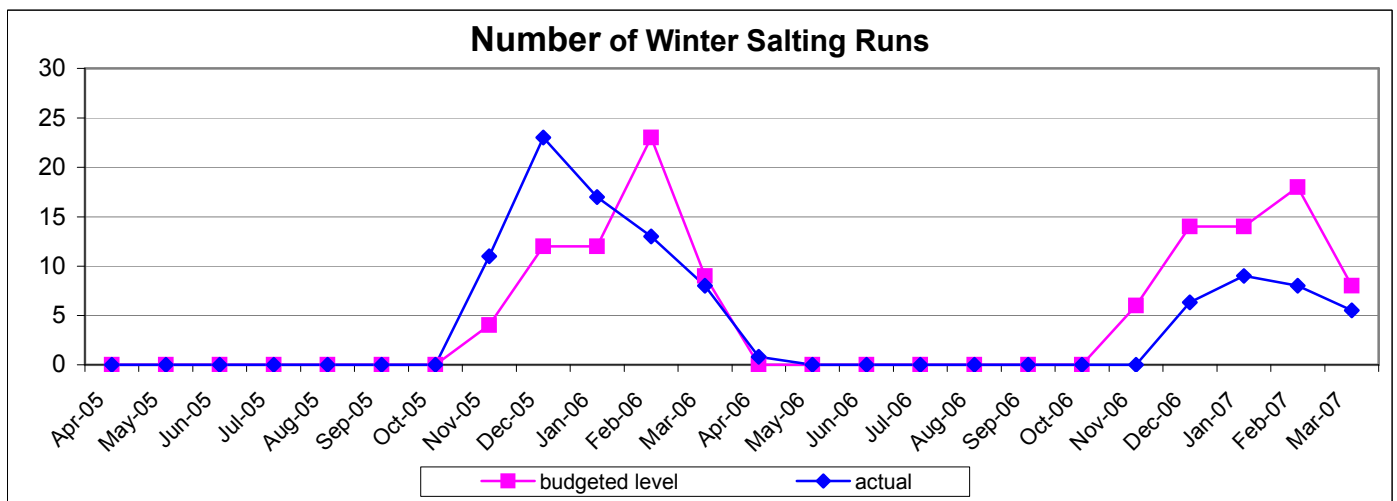
- A lower tonnage start-point for the year, than assumed when setting the 2006-07 budget, together with the cumulative tonnage for the year being 0.16% below the tonnage for last year (as shown in the graph above). The budget assumed growth of +2.5%. As a result, the service had some 30,000 less tonnes to manage than assumed in the budget. This equates to a saving of approx. £1.2m.
- Less tonnage through the Waste to Energy plant at Allington than anticipated, due to occasional part operation, providing a net saving £2.5m.
- A higher level of impact from contract indexation than assumed in the budget, leading to an overspend of £0.243m.
- Improved income levels from sales of recyclates (£0.444m), Operation Cubit – Abandoned Vehicles (£0.280m) and WEEE grant (£0.846m).
- An accounting adjustment for the value of 2005-06 unsold Landfill Allowance Permits (+£0.333m)

#### 3.2 Number and Cost of winter salting runs:

|              | 2005-06                |                |                      |                      | 2006-07                |                |                           |                      |
|--------------|------------------------|----------------|----------------------|----------------------|------------------------|----------------|---------------------------|----------------------|
|              | 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 <sup>2</sup> £000s | Budgeted Level £000s |
| April        | -                      | -              | -                    | -                    | 0.8 <sup>1</sup>       | -              | 10                        | -                    |
| May          | -                      | -              | -                    | -                    | -                      | -              | -                         | -                    |
| June         | -                      | -              | -                    | -                    | -                      | -              | -                         | -                    |
| July         | -                      | -              | -                    | -                    | -                      | -              | -                         | -                    |
| August       | -                      | -              | -                    | -                    | -                      | -              | -                         | -                    |
| September    | -                      | -              | -                    | -                    | -                      | -              | -                         | -                    |
| October      | -                      | -              | -                    | -                    | -                      | -              | -                         | -                    |
| November     | 11                     | 4              | 418                  | 272                  | -                      | 6              | 368                       | 345                  |
| December     | 23                     | 12             | 631                  | 396                  | 6.3                    | 14             | 437                       | 499                  |
| January      | 17                     | 12             | 525                  | 396                  | 9.0                    | 14             | 467                       | 499                  |
| February     | 13                     | 23             | 453                  | 567                  | 8.0                    | 18             | 457                       | 576                  |
| March        | 8                      | 9              | 364                  | 349                  | 5.5                    | 8              | 430                       | 384                  |
| <b>TOTAL</b> | <b>72</b>              | <b>60</b>      | <b>2,391</b>         | <b>1,980</b>         | <b>29.6</b>            | <b>60</b>      | <b>2,169</b>              | <b>2,303</b>         |

Note<sup>1</sup>: only part of the Kent Highways Network required salting

Note<sup>2</sup>: under a new contract, the charges for the Winter Maintenance Service reflect a large element of fixed cost; the smaller element being the variable cost of the salting runs. Compared to the previous report to Members, there has been an adjustment to the presentation of the fixed and variable costs.

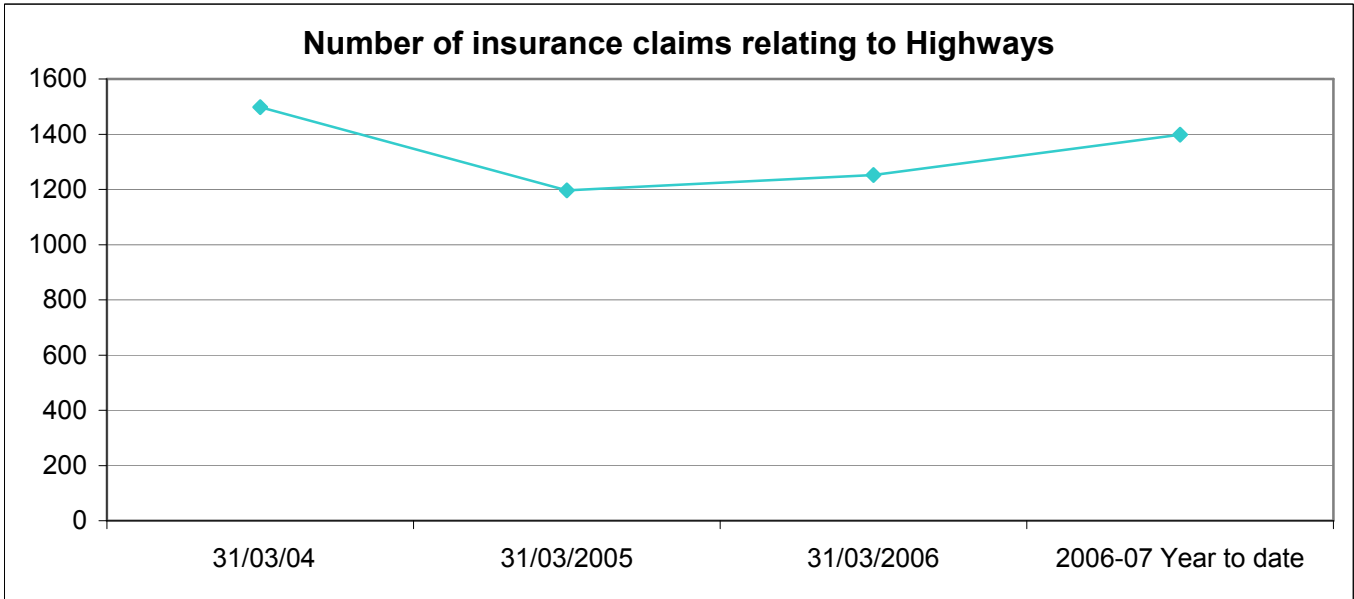


Comment:

- Contractual fixed costs have been apportioned equally over the 5 months of the salting period, hence there are costs in November 06 despite there being no salting runs.

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

| <b>2003-04</b>      | <b>2004-05</b>      | <b>2005-06</b>      | <b>2006-07</b>      |
|---------------------|---------------------|---------------------|---------------------|
| as at<br>31/03/2004 | as at<br>31/03/2005 | as at<br>31/03/2006 | as at<br>31/03/2007 |
| 1,498               | 1,197               | 1,252               | 1,398               |



**Comments:**

- The figure for the number of Highway Insurance Claims for 2005-06 stated in the 2005-06 outturn report was 1,030. This was incorrect and a revised figure is included in the above Table.
- The increase in claims between 2005-06 and 2006-07 appears to reflect a national trend. Carriageway claims are starting to increase. Nearly all other county councils in South East England have reported a similar rise in 2006.

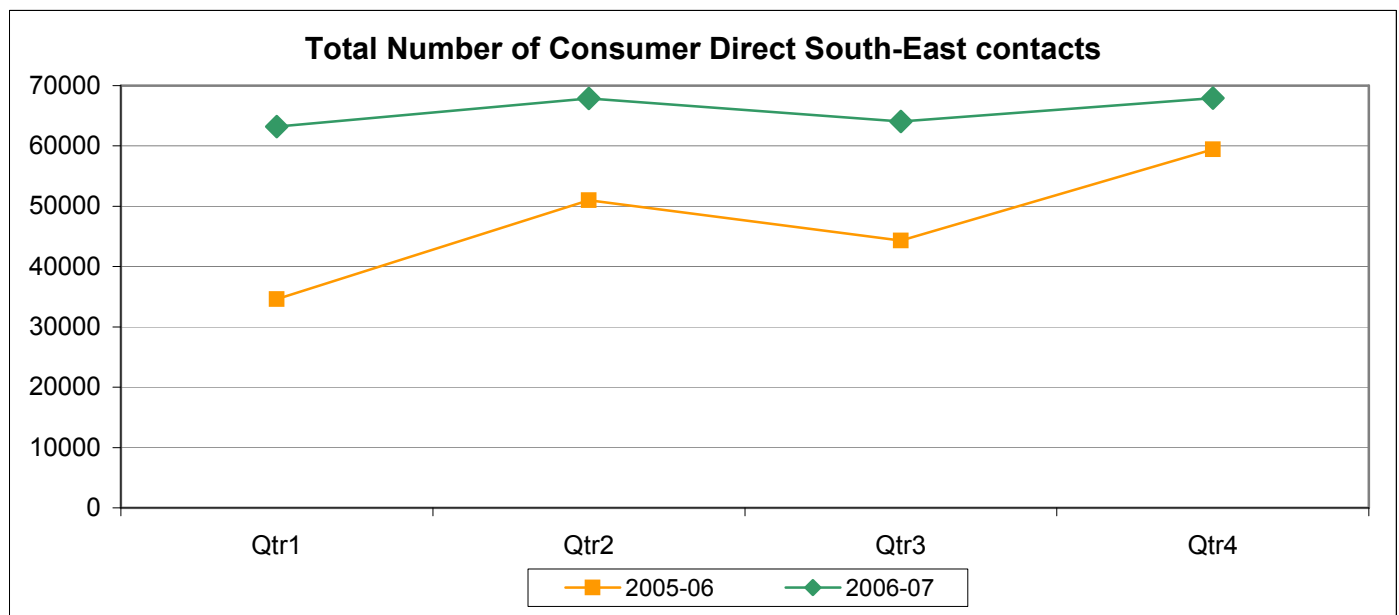
## 4. COMMUNITIES DIRECTORATE

### 4.1 Number of Consumer Direct South-East contacts, by local authority area:

|  | 2005-06   | 2006-07  |                      |                      |                      | TOTAL          |
|--|---|--|----------------------|----------------------|----------------------|----------------|
|  |   | Qtr1   | Qtr2                 | Qtr3                 | Qtr4                 |                |
|  | Total for the year  | 01/04/06 to 30/06/06                                   | 01/07/06 to 30/09/06 | 01/10/06 to 31/12/06 | 01/01/07 to 31/03/07 |                |
| Bracknell Forest                                   | 715   | 47   | 33                   | 11                   | 239                  | 330            |
| Brighton & Hove                                    | 7,116   | 1,489  | 1,637                | 1,420                | 1,288                | 5,834          |
| Buckinghamshire                                    | 9,006   | 1,192  | 1,166                | 827                  | 827                  | 4,012          |
| East Sussex  | 9,717   | 2,376  | 2,726                | 2,323                | 2,468                | 9,893          |
| Hampshire  | 19,105  | 3,352  | 3,632                | 2,999                | 2,537                | 12,520         |
| Isle of Wight                                      | 2,129   | 513  | 639                  | 490                  | 464                  | 2,106          |
| Kent   | 29,074  | 5,887  | 5,694                | 5,000                | 4,919                | 21,500         |
| Medway   | 1,671   | 266  | 286                  | 319                  | 378                  | 1,249          |
| Milton Keynes                                      | 1,037   | 264  | 174                  | 135                  | 98                   | 671            |
| Oxfordshire  | <b>No immediate plans to switch</b>                       |  |                      |                      |                      |                |
| Portsmouth   | 5,524   | 1,367  | 1,299                | 856                  | 810                  | 4,332          |
| Reading  | 2,582   | 706  | 847                  | 700                  | 699                  | 2,952          |
| Royal Borough of Windsor & Maidenhead <sup>2</sup> | 809   | <b>Callers to RBWM are asked to redial CDSE direct</b> |                      |                      |                      |                |
| Slough   | 1,826   | 537  | 462                  | 341                  | 377                  | 1,717          |
| Southampton  | 4,680   | 1,058  | 1,071                | 842                  | 809                  | 3,780          |
| Surrey   | 21,660  | 5,012  | 5,352                | 4,796                | 4,118                | 19,278         |
| West Berkshire                                     | 1,503   | 351  | 369                  | 753                  | 358                  | 1,831          |
| West Sussex  | <b>Diverted calls &amp; e-mails to CDSE from Jan 2007</b> |  |                      |                      | 2,334                | 2,334          |
| Wokingham  | 758   | 165  | 144                  | 158                  | 181                  | 648            |
| Main English Landline <sup>*1</sup>                | 60,248  | 27,908   | 33,464               | 32,108               | 33,584               | 127,064        |
| Main English Mobile <sup>*1</sup>                  | 7,712   | 6,857  | 6,283                | 5,937                | 5,996                | 25,073         |
| Calls handled for other regions                    | 2,532   | 1,722  | 571                  | 1,521                | 2,559                | 6,373          |
| Call-backs handled for other regions               |   | 325  | 81                   | 530                  | 81                   | 1,017          |
| E-Mails  |   | 1,791  | 1,935                | 2,014                | 2,806                | 8,546          |
| <b>2006-07 TOTAL</b>                               |   | <b>63,185</b>  | <b>67,865</b>        | <b>64,080</b>        | <b>67,930</b>        | <b>263,060</b> |
| <b>2005-06 TOTAL by Qtr</b>                        | <b>189,404</b>  | <b>34,616</b>  | <b>51,015</b>        | <b>44,334</b>        | <b>59,439</b>        |                |

\*1 – These are calls received directly on the 0845 number which, although known to be from one of the local authorities in the CDSE area, cannot be identified by individual local authority.

\*2 – since 01/01/06 callers to RBWM Trading Standards are asked to redial CDSE direct



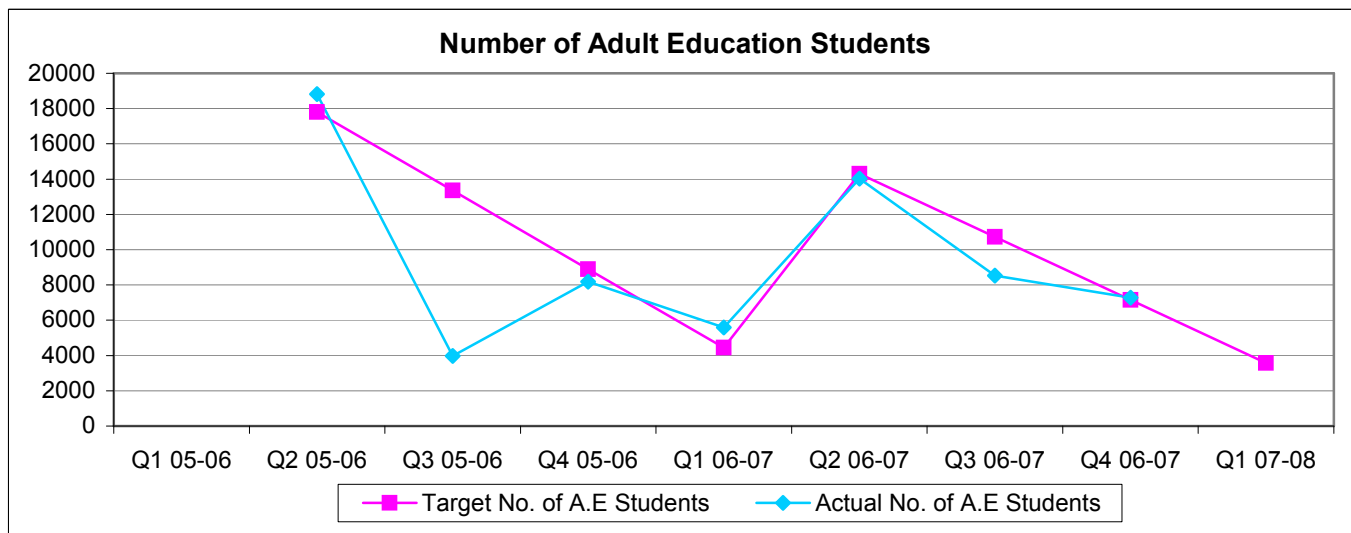
Comment:

- West Sussex Trading Standards diverted their calls & e-mails to CDSE from January 2007, which was expected to result in a further estimated 18,000 contacts per year. The first quarter's activity indicates that calls are below this estimated number. However, evidence suggests that some West Sussex residents have already started to call the 0845 number directly, as the profile of Consumer Direct increases and as such, calls to historic Trading Standards numbers have reduced. This was not accounted for in previous estimates. In addition call volumes generally are lower than anticipated in the first quarter and we are investigating whether the initial forecast, which was provided by West Sussex Trading Standards may have been inaccurate.

4.2 Number of Adult Education Students:

|                    | Financial Year |              |         |              |         |              |
|--------------------|----------------|--------------|---------|--------------|---------|--------------|
|                    | 2005-06        |              | 2006-07 |              | 2007-08 |              |
|                    | Target         | A.E Students | Target  | A.E Students | Target  | A.E Students |
| April – June       |                |              | 4,450   | 5,589        | 3,573   |              |
| July – September   | 17,800         | 18,822       | 14,293  | 14,033       |         |              |
| October – December | 13,350         | 3,977        | 10,718  | 8,525        |         |              |
| January - March    | 8,900          | 8,183        | 7,148   | 7,286        |         |              |

This data is collected on an academic year rather than a financial year basis ie quarters 2, 3 & 4 of one financial year plus quarter 1 of the following financial year make up an academic year. The data shaded in yellow relates to the 2005-06 academic year and the 2006-07 academic year is shaded in green.



Comments:

- Targets are agreed with the Learning and Skills Council (LSC) for the number of student enrolments for the academic year (running from July to June). The LSC funding for adult learners depends on the course of study. Students taking non-vocational courses not leading to a formal qualification are funded via a block grant, referred to as Adult and Community Learning Grant (ACL). Students taking courses leading to a qualification are funded via Further Education (FE) grant based upon the course type and qualification – student numbers are gathered via a census at three points during the academic year.

Students pay a fee to contribute towards costs of tuition and examinations. There is a concession on ACL tuition fees for those aged under 19, those in receipt of benefits and those over 60. FE courses are free for those aged under 19 or in receipt of benefits undertaking Basic Skills or Skills for Life Courses

The LSC targets for ACL courses were 32,000 students in 2005-06 school year and 25,500 in 2006-07. The targets for FE courses were 12,500 in 2005-06 and 10,232 in 2006-07. The actual enrolments in 2005-06 were 36,571.

- Note – the actual figures for 2005/06 show the number of enrolments for the respective months in each quarter. In the quarter 1 report, the numbers reflected the number for each term (3 terms during the year).

#### 4.3 **Number of Uneconomic Adult Education Classes**

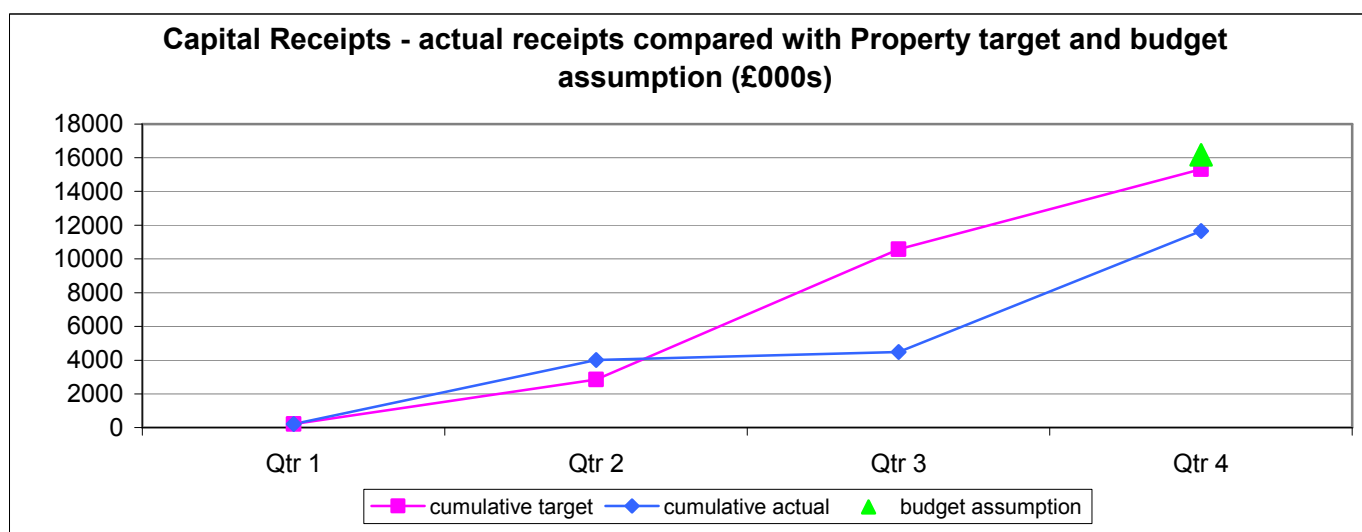
This graph was removed for 2006/07 whilst more work is undertaken to agree definition of uneconomic classes and to identify those classes that make a surplus. Part of the strategy that is being considered to bring the service back onto a sound financial footing is to relocate classes into AE centres from community localities e.g. schools, pubs, etc, and to look at fees. If agreed this would significantly change the pattern of “uneconomic” courses.

## 5. CHIEF EXECUTIVES DIRECTORATE

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

|                    | 2006-07                            |                                    |                                     |
|--------------------|------------------------------------|------------------------------------|-------------------------------------|
|                    | Budget funding assumption<br>£000s | Cumulative Target profile<br>£000s | Cumulative Actual receipts<br>£000s |
| April - June       |                                    | 217                                | 217                                 |
| July - September   |                                    | 2,851                              | 4,015                               |
| October - December |                                    | 10,562                             | 4,492                               |
| January - March    |                                    | 15,312                             | 11,656                              |
| <b>TOTAL</b>       | <b>*16,177</b>                     | <b>15,312</b>                      | <b>11,656</b>                       |

\* figure updated from 2006-07 budget assumption to reflect 2007-10 MTP



#### Comments:

- The gap shown in the graph between the budget assumption and the Property target is due to a timing issue. The capital receipts need to be looked at over the three year span of the Medium Term Plan (MTP), in conjunction with the funding assumption, as shown in the table below.
- Actual earmarked receipts for 2006-07 totalled £11.656m. There has been some re-phasing into early 2007-08 and this has an impact on the cost of disposals for the year, some of which have also been re-phased into 2007-08.

|  | 2006-07<br>£'000 | 2007-08<br>£'000 | 2008-09<br>£'000 | Total<br>£'000 |
|--|------------------|------------------|------------------|----------------|
| Capital receipt funding per 2007-10 MTP                                  | 16,177           | 47,973           | 71,943           | 136,093        |
| Property Group's forecast receipts                                       | *11,656          | 41,312           | 45,590           | 98,558         |
| Net re-phasing of receipts **  |                  | 6,047            |                  | 6,047          |
| Receipts banked in previous years for use                                | 1,451            | 907              | 10               | 2,368          |
| Receipt funding from other sources                                       | 0                | 500              | 1,500            | 2,000          |
| Sites identified by Directorates for Property to work up for disposal*** | 0                | 3,106            | 29,670           | 32,776         |
| <b>Potential Surplus\Deficit Receipts (-)</b>                            | <b>-3,070</b>    | <b>3,899</b>     | <b>4,827</b>     | <b>5,656</b>   |

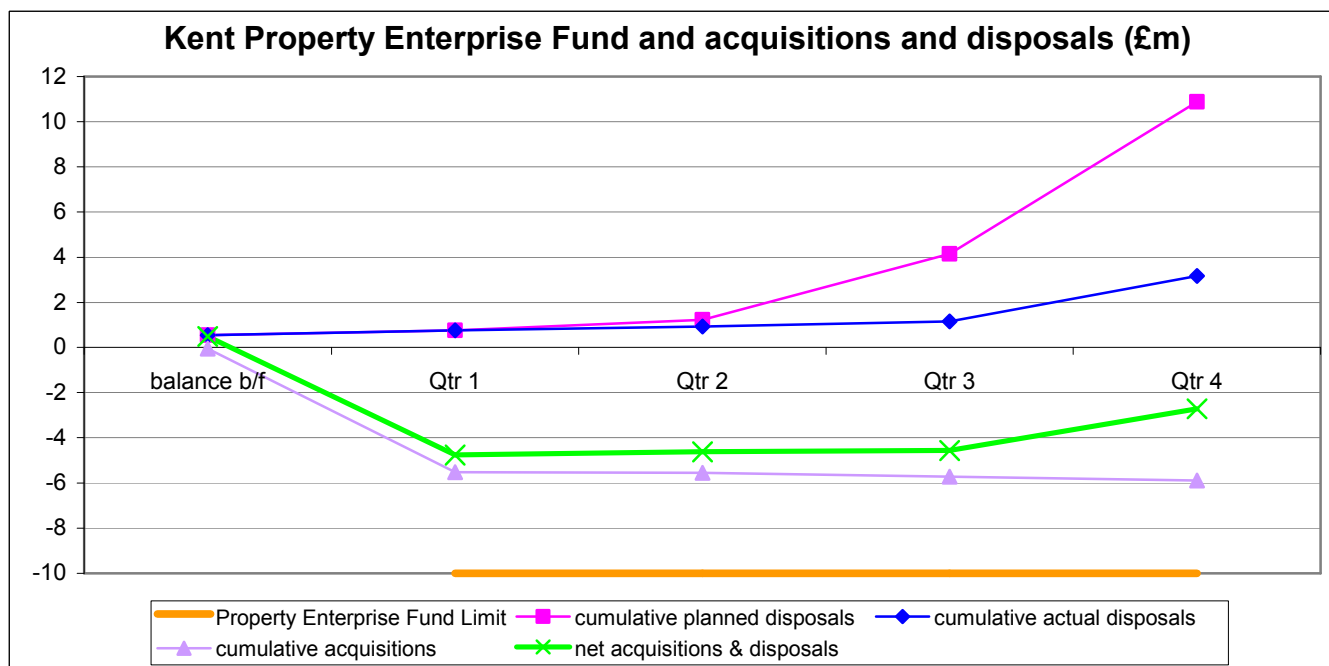
\* Includes £561k for Edenbridge properties to be used on Edenbridge Road Scheme

\*\* Some property disposals included in the £15.3m target for 2006-07 have slipped into 2007-08; these have also been revalued and are now expected to achieve a greater receipt in total. In addition, some receipts originally expected in 2007-08 are now forecast to proceed in 2006-07. This represents the net movement.

\*\*\* Timescale for delivery uncertain until worked up by Property Group

### 5.2 Capital Receipts – Kent Property Enterprise Fund:

|                    | <i>Kent<br/>Property<br/>Enterprise<br/>Fund Limit<br/>£m</i> | Cumulative<br>Planned<br>Disposals<br>(+)<br>£m | Cumulative<br>Actual<br>Disposals<br>(+)<br>£m | Cumulative<br>Actual<br>Acquisitions<br>(-)<br>£m | Cumulative<br>Net<br>Acquisitions (-)<br>& Disposals (+)<br>£m |
|--------------------|---|---|--|---|--|
| Balance b/f        |   | 0.541   | 0.541  | -0.054  | +0.487   |
| April - June       | -10   | 0.756   | 0.756  | -5.517  | -4.761   |
| July - September   | -10   | 1.226   | 0.926  | -5.545  | -4.619   |
| October - December | -10   | 4.151   | 1.161  | -5.720  | -4.559   |
| January - March    | -10   | 10.875  | 3.174  | -5.888  | -2.714   |



#### Comments:

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

Any temporary deficit will be offset as disposal income from assets is realised. It is anticipated that the Fund will be in surplus at the end of the 10 year period.

#### **Balance brought forward from 2005-06**

In 2005-06, £0.541m of capital receipts were realised from the disposal of non-operational property. The associated disposal costs of £0.054m were funded from these receipts, leaving a balance of £0.487m available for future investment in the Kent Property Enterprise Fund.

#### **Actual Disposals**

During 2006-07 the Fund realised £2.633m of receipts from the sale of 15 non-operational properties.

Property Group also realised £1.345m of targeted receipts in relation to the Leybourne/West Malling by-pass that are locked into the Rouse Kent partnership arrangement.

#### **Acquisitions**



The Enterprise Fund was used to purchase land at Manston Business Park. This land has been vested with Environment & Regeneration to optimise its development opportunity.

With no further acquisitions during the year, expenditure against the fund in 2006-07 is £5.834m (cumulative spend against the Fund is £5.888m as it includes £0.054m from 2005-06). This reflects the cost of the only acquisition to date and the associated costs of both the acquisition and disposal activity.

## 2006-07 Final Monitoring of Prudential Indicators

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

|                           |           |
|---------------------------|-----------|
| Actual 2005-06            | £237.449m |
| Original estimate 2006-07 | £309.170m |
| Actual 2006-07            | £237.059m |

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

|  | <b>2005-06<br/>Actual</b> | <b>2006-07<br/>Original<br/>Estimate</b> | <b>2006-07<br/>Actual</b> |
|--|---------------------------|--|---------------------------|
|  | <b>£m</b>                 | <b>£m</b>                                | <b>£m</b>                 |
| Capital Financing Requirement                | 913.331                   | 1,040.522                                | 1,010.127                 |
| Annual increase in underlying need to borrow | 85.656                    | 111.375                                  | 96.796                    |

In the light of actual capital expenditure incurred, net borrowing by the Council did not exceed the Capital Financing Requirement.

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

|                             |        |
|-----------------------------|--------|
| Actual 2005-06              | 5.89%  |
| Original estimate 2006-07 * | 12.23% |
| Actual 2006-07 *            | 11.33% |

The lower ratio in the actual for 2006-07 reflects increased income from the investment of cash balances.

\* With the introduction of the Dedicated Schools Grant in 2006-07, the budget requirement has broadly halved and the ratio quoted above broadly doubles from the indicator for 2005-06. There is, however, no underlying change to the council's overall spending and funding position. The figures prior to 2006-07 are therefore not comparable.

### 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 was not exceeded in 2006-07.

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

|                             | <b>Prudential Indicator<br/>2006-07<br/>£m</b> | <b>Actual<br/>2006-07<br/>£m</b> |
|-----------------------------|--|----------------------------------|
| Borrowing                   | 960.0  | 896.9                            |
| Other Long Term Liabilities | 6.0  | 1.5                              |
|                             | 966.0  | 898.4                            |

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

|                             | <b>Prudential Indicator</b><br><b>2006-07</b><br><b>£m</b> | <b>Actual</b><br><b>2006-07</b><br><b>£m</b> |
|-----------------------------|--|--|
| Borrowing                   | 1,024.0  | 952.4  |
| Other Long Term Liabilities | 6.0  | 1.5  |
|                             | 1,030.0  | 953.9  |

## 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 limits for 2006-07 were:

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

|                             |       |
|-----------------------------|-------|
|                             | £m    |
| Borrowing                   | 1,001 |
| Other long term liabilities | 6     |
|                             | 1,007 |

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

|                             |       |
|-----------------------------|-------|
|                             | £m    |
| Borrowing                   | 1,064 |
| Other long term liabilities | 6     |
|                             | 1,070 |

The additional allowance over and above the operational boundary was not utilised in 2006-07 and external debt, was 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 2006-07

### (a) Borrowing

|                              |      |
|------------------------------|------|
| Fixed interest rate exposure | 100% |
| Variable rate exposure       | 30%  |

### (b) Investments

|                              |      |
|------------------------------|------|
| Fixed interest rate exposure | 100% |
| Variable rate exposure       | 20%  |

These limits have been complied with in 2006-07. Total external debt is currently held at fixed interest rates.

## 8. **Upper limits for maturity structure of borrowings**

|                                | <b>Upper limit</b> | <b>Lower limit</b> | <b>Actual</b> |
|--------------------------------|--------------------|--------------------|---------------|
|                                | <b>%</b>           | <b>%</b>           | <b>%</b>      |
| Under 12 months                | 8                  | 0                  | 1.1           |
| 12 months and within 24 months | 8                  | 0                  | 0             |
| 24 months and within 5 years   | 24                 | 0                  | 0             |
| 5 years and within 10 years    | 40                 | 0                  | 10.5          |
| 10 years and above             | 100                | 40                 | 88.4          |

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

|                    | <b>Indicator</b> | <b>Actual</b> |
|--------------------|------------------|---------------|
| 1 year to 2 years  | £30m             | £24m          |
| 2 years to 3 years | £30m             | £30m          |
| 3 years to 4 years | £30m             | £30m          |
| 4 years to 5 years | £25m             | £20m          |
| 5 years to 6 years | £20m             | £0m           |

There has been some movement in the position since the last monitoring as call options have been exercised by borrowing banks and some deals have been replaced with deals with differing maturity.