

**REPORT TO: CABINET – 17 SEPTEMBER 2007**

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

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MANAGING DIRECTORS**

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**SUMMARY:**

**Members are asked to:**

- note the latest monitoring position on the revenue and capital budgets,
- note the changes to the capital programme,
- agree the capital virement of £2.45m from the re-phasing of the KHS co-location project to the projects listed in section 4.4.2, with the corresponding reduction of £2.45m in the KHS co-location budget being reinstated in the 2008-11 MTFP.

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**1. INTRODUCTION**

- 1.1 This is the first full monitoring report to Cabinet for 2007-08. The format of the revenue reporting has barely changed since last year, although we have introduced a summary of the gross, income and net position in table 1b, of section 3.2. Details of the changes to the capital reporting are provided in section 4.1.1.
- 1.2 The format of this report is:
- This summary report highlights only the most significant issues
  - There are 6 reports, each one an annex to this summary, one for each directorate and one for Financing Items. Each of these reports is in a standard format for consistency, and each one is a stand-alone report for the relevant directorate.

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

	Variance (£m)
Revenue	+8.052
Capital	-53.191
- real variance	-5.751
- re-phasing	-47.440*

*\* section 2.2 below explains that -£23.415m of this re-phasing relates to projects which are only in the planning stage, hence their timing remains uncertain.*

- 2.1 The revenue projection above is largely **before the implementation of management action** which is expected to substantially reduce this overspend. Directorates are currently working up action plans in order to try to balance their budgets by year end and details of these will be reported next month.
- 2.2 The capital 'underspend' is the result of £47.440m of re-phasing of projects into future years, of which £0.950m is as a result of projects at the initial planning stage which have yet to get underway and £22.465m relates to projects which are still only at the approval to plan stage, so their timing remains uncertain; and £5.751m of real underspending.

**3. REVENUE**

**3.1 Virements/changes to budgets**

Directorate cash limits have been adjusted to include the roll forward from 2006-07 of £7.740m, as approved by Cabinet on 16 July 2007. All other changes to cash limits reported this quarter are considered "technical adjustments" ie where there is no change in policy, including allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.

3.2 Table 1a – Portfolio/Directorate position – revenue

Portfolio	Budget	Variance	Directorate					
			CFE	KASS	E&R	CMY	CED	FI
	£k	£k	£k	£k	£k	£k	£k	£k
E&SI	-792,456	+62	+62					
C&FS	+98,956	+1,506	+1,506					
Kent Adult Social Services	+271,960	+3,592		+3,592				
E,H&W	+122,019	0			0			
Regen & SI	+8,316	+30			+30			
Communities	+53,576	+1,056				+1,056		
Public Health	+250	-50					-50	
Corporate Support	+26,921	-75					-75	0
Policy & Performance	+3,711	0					0	
Finance	+107,567	-1,059					0	-1,059
<b>SUB TOTAL (excl Schools)</b>	<b>-99,180</b>	<b>+5,062</b>	<b>+1,568</b>	<b>+3,592</b>	<b>+30</b>	<b>+1,056</b>	<b>-125</b>	<b>-1,059</b>
Asylum	0	+2,990	+2,990					
<b>TOTAL (excl Schools)</b>	<b>-99,180</b>	<b>+8,052</b>	<b>+4,558</b>	<b>+3,592</b>	<b>+30</b>	<b>+1,056</b>	<b>-125</b>	<b>-1,059</b>
Schools	+848,649	0	0					
<b>TOTAL</b>	<b>+749,469</b>	<b>+8,052</b>	<b>+4,558</b>	<b>+3,592</b>	<b>+30</b>	<b>+1,056</b>	<b>-125</b>	<b>-1,059</b>

Table 1b – Portfolio Gross, Income, Net (GIN) position – revenue

Portfolio	CASH LIMIT			VARIANCE		
	Gross	Income	Net	Gross	Income	Net
	£k	£k	£k	£k	£k	£k
E&SI	+167,319	-959,775	<b>-792,456</b>	+32	+30	<b>+62</b>
C&FS	+152,790	-53,834	<b>+98,956</b>	+1,790	-284	<b>+1,506</b>
Kent Adult Social Services	+426,305	-154,345	<b>+271,960</b>	+4,887	-1,295	<b>+3,592</b>
E,H&W	+141,031	-19,012	<b>+122,019</b>	-102	+102	<b>0</b>
Regen & SI	+11,791	-3,475	<b>+8,316</b>	+605	-575	<b>+30</b>
Communities	+99,760	-46,184	<b>+53,576</b>	+3,067	-2,011	<b>+1,056</b>
Public Health	+250	0	<b>+250</b>	-50	0	<b>-50</b>
Corporate Support	+45,312	-18,391	<b>+26,921</b>	+1,685	-1,760	<b>-75</b>
Policy & Performance	+4,089	-378	<b>+3,711</b>	+400	-400	<b>0</b>
Finance	+139,658	-32,091	<b>+107,567</b>	-557	-502	<b>-1,059</b>
<b>SUB TOTAL (excl Schools)</b>	<b>+1,188,305</b>	<b>-89,056</b>	<b>-99,180</b>	<b>+11,757</b>	<b>-6,695</b>	<b>+5,062</b>
Asylum	+13,200	-13,200	<b>0</b>	-1,122	+4,112	<b>+2,990</b>
<b>TOTAL (excl Schools)</b>	<b>+1,201,505</b>	<b>-102,256</b>	<b>-99,180</b>	<b>+10,635</b>	<b>-2,583</b>	<b>+8,052</b>
Schools	+929,166	-80,517	<b>+848,649</b>	0	0	<b>0</b>
<b>TOTAL</b>	<b>+2,130,671</b>	<b>+765,573</b>	<b>+749,469</b>	<b>+10,635</b>	<b>-2,583</b>	<b>+8,052</b>

3.3 Table 2 below details all projected revenue variances over £100k, in size order. Supporting detail to each of these projected variances is provided in individual Directorate reports as follows:

**Annex 1 Children, Families & Education**

*incl. Education & School Improvement & Children & Family Services portfolios*

**Annex 2 Kent Adult Social Services**

**Annex 3 Environment & Regeneration**

*incl. Environment, Highways & Waste & Regeneration & Supporting Independence portfolios*

**Annex 4 Communities**

**Annex 5 Chief Executives**

*incl. Public Health, Corporate Support, Policy & Performance & Finance portfolios*

**Annex 6 Financing Items**

*incl. elements of the Corporate Support & Finance portfolios*

Table 2 - All Revenue Budget Variances over £100k in size order

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFS	Asylum - Shortfall in income (income)	+4,112	KASS	Older People Income	-2,525
KASS	Older People Domiciliary Exp.	+1,711	EHW	Reduced tonnage through Allington WtE plant and lower waste growth	-2,262
KASS	Older People Residential and Nursing Care	+1,391	FIN	savings resulting from debt restructuring and higher investment income due to cash balances and increased interest	-1,309
EHW	Essential Routine Mtce. including vegetation control	+1,130	CFS	Asylum - potential draw down of residual balance in Corporate Asylum reserve (gross)	-1,122
KASS	Learning Disability Residential Inc.	+927	KASS	Learning Disability Domiciliary Exp.	-632
CFS	SEN Home to School Transport - savings	+870	CMY	YOS Prevention Grant Income	-566
EHW	The Waste WPEG grant was budgeted as 100% revenue grant but it is being paid as 50% capital grant and is therefore not available to support the revenue	+812	KASS	Underspend against Training Grant	-500
KASS	Learning Disability Independent Living Schemes	+760	RSI	Increased Volume of DCLG grant - Kent Thameside & Swale Delivery Boards	-460
KASS	Learning Disability Supported Accommodation	+735	CMY	AE Income for Immigration Contract	-373
EHW	Budgeted Management Action (covered from Waste under spend)	+730	KASS	Learning Disability Day Care Exp.	-318
KASS	Learning Disability Direct Payments	+722	KASS	Area Contracts & Planning Teams - Management action around staffing	-305
KASS	Physical Disability Direct Payments	+605	EHW	Additional Income in excess of budget, mainly from Education Service	-300
CMY	YOS Prevention Grant Expenditure covered by increased income	+532	KASS	Physical Disability Residential Exp.	-292
CFS	Other Services Support - Recharges from Legal services (gross)	+461	KASS	Assessment & Related - Management action around staffing	-264
RSI	Increased Volume of DCLG activity - Kent Thameside & Swale Delivery Boards	+460	CMY	AE Business Development Income	-260
KASS	Older Persons Direct Services Unit - Staffing Budget	+455	EHW	WEEE Grant not budgeted as income	-250
KASS	Physical Disability Residential Care Income	+424	CMY	Additional LSC AE Formula Grants	-230
KASS	Mental Health Residential Care	+384	KASS	Finance & Resources - Management action around staffing	-220
CMY	AE Immigration Contract Expenditure covered by increased income	+336	KASS	HQ Policy and Performance - Management action around staffing	-204
EHW	Extra take-up of Freedom Bus Pass	+300	KASS	Older People Day Care Spend	-187
KASS	Learning Disability Residential Exp.	+286	CMY	AE Project grants	-161
CFS	Assessment & Related - delay in achieving savings target (gross)	+264	CFS	Assessment & Related - additional income for Education for best project	-150
KASS	Part year impact of 'fairer charging' decision by Ombudsman	+250	EHW	Improved level of KHS Recharge income	-130
FIN	Commercial Services - delay in letting outdoor advertising contract	+250	CFS	KCC Family Support - management of staff vacancies (gross)	-128
KASS	Learning Disability Day Opportunities	+208	KASS	Physical Disability Day Care Exp.	-126
KASS	Learning Disability Group Homes	+207	KASS	Forecast income from District Councils towards costs of PFI	-126
RSI	1 Unfunded post and Seconded Staff funded externally in Change & Development Division	+205	RSI	Seconded Staff funded externally in Change & Development Division	-115
CMY	AE loss of Tuition Fees	+200	KASS	Part year saving on establishment of SRP Systems Support Team	-112

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
KASS	Physical Disability Supported Accommodation	+194	KASS	Underspensing against Office Accommodation budgets	-111
CMY	AE staff restructuring	+174	CFS	Other Services Support - Out of Hours service matched by additional expenditure (income)	-105
CMY	YOS Secure Accommodation	+163	KASS	Occupational Therapy Bureau - Provision for Replacement Hoists	-100
CMY	Increased guided learning hours for Family and Lifelong Learning in AE covered by increased income	+161			
CMY	Coroners Mortuary Fees	+142			
CFS	In house Residential Care - increased running costs (gross)	+139			
CMY	Neighbourhood Learning & SIP	+135			
KASS	Older People Direct Payments	+134			
CMY	AE fee and concessions policy revisions covered by increased income	+133			
CMY	AE Premises Costs	+126			
CMY	YOS staffing	+124			
CMY	AE Business Development Expenditure covered by increased income	+120			
KASS	Mental Health Domiciliary	+105			
CFS	Other Services Support - Out of Hours service covered by additional income (gross)	+105			
CMY	AE Project expenditure covered by increased income	+104			
CMY	Arts Unit reduction in grant income	+100			
		<b>+21,886</b>			<b>-13,943</b>

### 3.4 Key issues and risks

3.4.1 In the Children, Families & Education directorate, the key issues are:

1. **Children & Family Services portfolio:** Forecast excl. Asylum **+£1.506m**

This pressure is mainly due to the inability to achieve the budgeted savings on SEN transport in the current year and increased legal fees within Children's Social Services. The activity data for Children's Social Services has also highlighted some potential areas of concern which are currently being investigated.

2. **Children & Family Services portfolio - Asylum:** Forecast **+£2.990m**

The forecast assumes the same grant rules and unit costs as 2006-07. Also we have recently received notification from the Border & Immigration Agency that they will not be funding any increase in pay and prices in 2007-08. Overall this results in a forecast pressure of £4.112m which we have offset by the £1.122m balance in the Asylum Reserve. The position regarding 2006-07 and 2005-06 remains unresolved and negotiations continue with the Home Office and the DCSF.

Further details of these pressures are provided in Annex 1.

3.4.2 **Kent Adult Social Services portfolio:** Forecast **+£3.592m**

This pressure is mainly as a result of demographic and placement pressures on most client groups but most significantly people with learning difficulties where we are experiencing young adults transferring from Children's Services with complex needs and increasing numbers of clients over 65 in line with the trend for people to live longer. In addition our success in meeting the direct payments target continues to identify previously unmet demand/need. Further details are provided in Annex 2.

3.4.3 In the Environment & Regeneration directorate, the key issues are:

### **Environment, Highways & Waste portfolio: Forecast breakeven**

Although a breakeven position is forecast, a gap in the budget to be dealt with by in year management actions and additional routine highway maintenance have been offset by a large underspend on waste. This forecast also assumes that corrective work following the floods in June will be funded from the Emergency Conditions Reserve, consistent with previous practice. Further details are provided in Annex 3.

#### **3.4.4 Communities portfolio: Forecast +£1.056m**

The main pressures are within Adult Education, Youth Offending Service and Coroners. The pressures within the Adult Education service are largely in respect of unanticipated costs incurred in restructuring the service in order to make the necessary savings to bring the budget back into balance and a reduction in tuition fee income following the recent interest rate rises reducing household's disposable income. (Previous studies have shown a clear link between a household's disposable income after covering fixed overheads and take-up of AE courses). The Youth Offending Service is under pressure as a result of more young people being placed in secure accommodation or on remand and there is a continuation of the pressures experienced in 2006-07 on the Coroners Service.

Further details are provided in Annex 4.

#### **3.4.5 On the Financing Items budgets, the key issues are:**

##### **Finance portfolio: Forecast -£1.059m**

Savings as a result of debt restructuring and increased investment income are partially offset by an anticipated reduction in the contribution from Commercial Services as a result of a delay in letting the contract for outdoor advertising and sponsorship.

Further details are provided in Annex 6

#### **3.4.6 Directorates are currently drawing up Action Plans to offset these pressures (excluding Asylum). Details will be reported next month but there is a risk that a balanced position will not be achieved by year end. The position will be closely monitored throughout the remainder of the financial year. With regard to Asylum, the current forecast is after the balance of the Asylum Reserve is utilised. We therefore need to consider how we will manage this residual pressure at year end but this will be considered the first call on any Finance portfolio underspend.**

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

#### **3.5.1 The key issues and risks identified above will need to be addressed in directorate medium term financial plans (MTFP) for 2008-11. The Directorates are currently trying to assess the medium term impact of these issues. There are other pressures which, although not hugely significant this year, will also need addressing in the MTFP. These are detailed in the Annex reports.**

## **4. CAPITAL**

### **4.1 Changes to budgets**

#### **4.1.1 The format of these full monitoring reports has changed from last year, specifically with regard to the capital monitoring. It now focuses on projects which are re-phasing by £1m or more and it distinguishes between real variances/re-phasing on projects which are:**

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

With the previous format, the reported re-phasing figure was largely as a result of projects which had yet to get underway, but despite the uncertainty surrounding their timing they had been included in the budget because there is a firm commitment to the project. By identifying these projects separately, we can focus on the real re-phasing in the programme on projects which are up and running. It is intended that from 2008-09 the presentation of the capital budget will also change to show this distinction between projects.

4.1.2 This quarter, the following adjustments have been made to the 2007-08 capital budget. Further details are provided in the relevant annex reports, including the effect on the future years of the capital programme, where applicable.

	£000's	£000's
1 Original Programme (excl. PFI)		315,683
2 Roll forward from 2006-07 due to re-phasing:		
• Education & School Improvement	15,602	
• Education & School Improvement - Schools	12,932	
• Children & Family Services	1,094	
• Kent Adult Social Services	1,182	
• Environment, Highways & Waste	6,528	
• Regeneration & Supporting Independence	2,453	
• Communities	2,138	
• Corporate Support	351	
• Policy & Performance	34	
• Finance	1,061	
Total re-phasing from 2006-07		43,375
3 Marlowe Innovation Centre – to reflect the full gross cost of the scheme with the additional costs to be funded by external funding from Friends of Marlowe Academy and European Regional Development Fund (E&SI portfolio)		953
4 Modernisation 2006-08 (Sussex Road School) – additional costs to be funded by external funding from Sorrell Foundation (E&SI portfolio)		150
5 The Bridge Development, Dartford - to reflect the full cost of developing this innovative new cross-directorate learning campus, funded by developer contributions (E&SI portfolio)		76
6 DfES grant allocation for non delegated devolved capital for Pupil Referral Units (E&SI portfolio)		246
7 Reduction in DfES grant for schools devolved capital between actual allocation and budget assumption (E&SI portfolio – schools)		-904
8 Mobile Working Devices for Children's Social Workers - to be fully funded by DfES grant (C&FS portfolio)		305
9 East Kent Children's Resource Centre – additional external funding from Wooden Spoon, Kent & Medway Towns Fire Authority and Kent Handicapped Caring Association (C&FS portfolio)		68
10 Swale Kids Projects to be funded by a contribution from Eastern & Coastal Primary Care Trust (C&FS portfolio)		15
11 The modernisation of Learning Disability Day Services in the Sevenoaks Area to be funded by part of the capital receipt from the sale of the Horizons/Mountwood site (KASS portfolio):		
• Adaptations to Edenbridge Leisure Centre	80	
• New Edenbridge Community Centre	209	
		289
12 Removal of A228 Colts Hill Strategic Link from the capital programme, as the preliminary costs are to be met from revenue until Government Approval is obtained for this major road scheme (EH&W portfolio)		-10
		<b>360,246</b>
13 PFI		36,301
		<b>396,547</b>

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

Portfolio	Budget	Variance	Directorate				
			CFE	KASS	E&R	CMY	CED
			£k	£k	£k	£k	£k
E&SI	+148,455	-25,421	-25,421				
C&FS	+6,587	+10	+10				
KASS	+11,063	-3,506		-3,506			
E,H&W	+109,699	-11,998			-11,998		
Regen & SI	+10,057	0			0		
Communities	+23,656	-10,687				-10,687	
Corporate Support	+3,995	-93					-93
Policy & Performance	+506	0					0
Finance	+6,527	-1,496					-1,496
<b>TOTAL (excl Schools)</b>	<b>+320,545</b>	<b>-53,191</b>	-25,411	-3,506	-11,998	-10,687	-1,589
Schools	+39,701	0	0				
<b>TOTAL</b>	<b>+360,246</b>	<b>-53,191</b>	-25,411	-3,506	-11,998	-10,687	-1,589

Real Variance		-5,751	-4,243	+150	-	-162	-1,496
Re-phasing (detailed below)		-47,440	-21,168	-3,656	-11,998	-10,525	-93
		<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>Future yrs</b>		<b>Total</b>
Re-phasing		-47,440	+26,730	+16,858	+3,852		0

4.3 Table 4 below, splits the forecast variance on the capital budget for 2007-08 as shown in table 3, between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and the timing remains uncertain, and
- projects at the initial planning stage.

**Table 4** – Analysis of forecast capital variance by project status (excl. Devolved Capital to Schools & PFI)

Project Status	budget	Variance			
		real variance	re-phasing	total	
	£'000s	£'000s	£'000s	£'000s	
Rolling Programme	103,637	-1,335	-6,070	-7,405	
Approval to Spend	144,826	-453	-17,955	-18,408	
Approval to Plan	66,788	181	-22,465	-22,284	
Initial Planning Stage	5,294	-4,144	-950	-5,094	
<b>Total</b>	<b>320,545</b>	<b>-5,751</b>	<b>-47,440</b>	<b>-53,191</b>	
	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>future years</b>	<b>total</b>
	£'000s	£'000s	£'000s	£'000s	£'000s
<b>Re-phasing:</b>					
Rolling Programme	-6,070	3,694	2,376	-	-
Approval to Spend	-17,955	17,812	143	-	-
Approval to Plan	-22,465	4,274	14,339	3,852	-
Initial Planning Stage	-950	950	-	-	-
<b>Total</b>	<b>-47,440</b>	<b>26,730</b>	<b>16,858</b>	<b>3,852</b>	<b>-</b>

4.3.1 Table 4 shows that of the -£53.191m forecast capital variance -£5.094m is due to projects at the initial planning stage and -£22.284m is due to projects which are still only at the approval to plan stage and their timing remains uncertain. This leaves a variance of -£25.813m which relates to projects that are either underway or are part of our year on year rolling programme.

4.4 Table 5 below details all projected capital variances over £250k, in size order. These variances are also identified as being either a real variance i.e. real under or overspending which has

resourcing implications; or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

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

**Table 5** - All Capital Budget Variances over £250k in size order

portfolio	Project	real/ phasing	Project Status			
			Rolling Programme	Approval to Spend	Approval to Plan	Initial Planning Stage
			£'000s	£'000s	£'000s	£'000s
<b>Overspends/Projects ahead of schedule</b>						
ESI	The North School, Ashford	Real	+328			
ESI	Dev Opps - Greenfield	Phasing		+264		
ESI	Primary Pathfinder Programme	Real			+250	
			<b>+328</b>	<b>+264</b>	<b>+250</b>	<b>+0</b>
		<i>Real</i>	+328	0	+250	0
		<i>Phasing</i>	0	+264	0	0
<b>Underspends/Projects behind schedule</b>						
EHW	Re-shaping Kent Highways Accommodation	Phasing		-11,000		
CMY	Turner Contemporary	Phasing			-6,539	
ESI	Dev Opps - Kingsmead	Phasing			-4,000	
CMY	The Hub Southborough	Phasing			-3,225	
ESI	Dev Opps - Folkestone School for Girls	Real				-3,094
KASS	Dartford Social & Healthcare Centre	Phasing			-2,897	
ESI	Freshstart - Castle Hill	Phasing		-2,438		
ESI	Dartford Grammar Girls	Phasing	-2,000			
ESI	SSR - The Orchard School	Phasing		-1,723		
FIN	Commercial Services Vehicles, Plant & Equipment	Real	-1,496			
ESI	Dev Opps - Darford Campus	Phasing		-1,320		
ESI	Dev Opps - St James the Great	Phasing		-1,237		
ESI	SSR - Rowhill School	Phasing			-979	
	SSR - Rowhill School	Real			-69	
ESI	Dev Opps - Istead Rise	Phasing			-1,000	
ESI	Academies - Minster College	Phasing			-1,000	
ESI	Dev Opps - Axton Chase School	Real				-1,000
ESI	Dev Opps - The Towers School	Phasing				-950
	Dev Opps - The Towers School	Real				-50
ESI	Phoenix Community PS (Mod 06/7/8)	Phasing	-968			
ESI	Dev Opps - Headcorn PS	Phasing			-600	
EHW	Sittingbourne Northern Relief Road	Phasing			-583	
ESI	Maplesden Noakes (Mod 06/7/8)	Phasing	-582			
ESI	SSR - Milestone School	Real		-553		
ESI	Kennington Juniors (Mod 04/5/6)	Phasing	-551			
KASS	Princess Christian Farm	Phasing			-550	
ESI	Tovil PS (Archbishop Courtenay)	Phasing	-528			
ESI	SSR - Bower Grove School	Phasing		-406		



portfolio	Project	real/ phasing	Project Status			
			Rolling Programme	Approval to Spend	Approval to Plan	Initial Planning Stage
			£'000s	£'000s	£'000s	£'000s
ESI	SSR - Ridgeview School	Phasing			-303	
	SSR - Ridgeview School	Real			-98	
ESI	The Wildernesse School (Mod 06/7/8)	Phasing	-400			
CMY	Herne Bay Youth Centre	Phasing		-310		
	Herne Bay Youth Centre	Real		-90		
ESI	Non Delegated PRU's	Phasing	-387			
ESI	SSR - The Harbour School	Real		-363		
ESI	Crockenhill Primary (Mod 04/5/6)	Phasing	-344			
EHW	Newtown Road Bridge	Phasing			-320	
CMY	Village Halls & Com Ctrs - Grants	Real	-200			
	Village Halls & Com Ctrs - Grants	Phasing	-76			
			<b>-7,532</b>	<b>-19,440</b>	<b>-22,163</b>	<b>-5,094</b>
		<i>Real</i>	-1,696	-1,006	-167	-4,144
		<i>Phasing</i>	-5,836	-18,434	-21,996	-950
			<b>-7,204</b>	<b>-19,176</b>	<b>-21,913</b>	<b>-5,094</b>
		<i>Real</i>	-1,368	-1,006	83	-4,144
		<i>Phasing</i>	-5,836	-18,170	-21,996	-950

#### 4.3 Reasons for Real Variance and how it is being dealt with

4.3.1 The real variance identifies the actual over and underspends on capital schemes and not re-phasing of projects. The main areas of under and overspending in 2007-08 are listed below together with their resourcing implications:-

- -£3.1m on the Development Opportunities project at Folkestone School for Girls as the school is not progressing with the scheme at this time due to planning issues with the enabling development, which indicate that we are unlikely to achieve a capital receipt to the level necessary to develop the project to current proposals. The saving across all years of the capital programme is £9.1m but this is matched by a reduction in capital receipts.
- -£1m on the Development Opportunities project at Axton Chase School as this project is on hold pending Academy application, which if successful will change the current funding arrangements. The potential saving across all years of the capital programme could be up to £20m, funded by capital receipts.
- -£1.5m on Commercial Services Vehicle, Plant & Equipment replacement, which is largely due to continuing the trend adopted last year of leasing vehicles rather than purchasing outright. This will be matched by a reduced contribution to their Renewals Fund.

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

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

- -£11m reshaping Kent Highways accommodation due to delays in starting the Wrotham and Sandwich schemes because of objections to elements of the intended construction.
- -£6.5m Turner Contemporary - the budgeted phasing of the project was based on early discussions with architects before we had received their initial outline and concept design reports. This re-phasing simply represents movement between years and not a delay on completion.
- -£4m Development Opportunities project at Kingsmead as the start has been delayed due to time taken to agree the purchase of the new site from Canterbury City Council. The only expenditure that is likely to be incurred this financial year is the site purchase and minimal development costs.
- -£3.2m The Hub, Southborough due to delays in the planning process.

- -£2.9m Dartford Social & Healthcare Centre has been delayed due to the land predicated for the site not having yet been marketed by its owner. Planning surrounding this project has been generally delayed due to rejection of the major Lowfield Street regeneration application. The redevelopment of Dartford town centre is being reviewed by Dartford Borough Council (DBC) with consultation anticipated in the autumn. An alternative site is being investigated in conjunction with DBC.
- -£2.4m Castlehill Freshstart project - the development of this project has taken longer than expected.
- -£1.7m The Orchard School (Special Schools Review) - the project comprises a mixture of new-build and refurbishment to the main part of the school and two satellite centres for primary aged pupils. The re-phasing is due to the satellite centres being on hold.
- -£1.3m Dartford Campus – delays due to difficulties obtaining the necessary Section 77 and Schedule 22 approvals (regulations relating to the sale of school playing fields) from the DfES (as then was).
- -£2m Dartford Grammar Girls - the project start date has slipped into the next financial year as it cannot begin until the Dartford Campus project has finished (see above).
- -£1.2m Development Opportunities project at St James the Great school was unexpectedly delayed by an objection from English Heritage which has now been resolved.
- -£1m Development Opportunities project at Istead Rise has been delayed due to the school being unhappy with the original feasibility. A revised feasibility has been completed and the school are currently considering the proposals.
- -£1m Minster College Academy as a result of the Secretary of States decision to have an independent review of the planned provision undertaken, in light of objections.

4.4.2 It is proposed that £2.45m of the re-phasing on the KHS co-location project within the Environment, Highways & Waste portfolio be vired for use on the following projects, also within the Environment, Highways & Waste portfolio:

- £330k investment in Street Lighting and Lit Signs, to reduce energy costs
- £120k Ramsgate Tunnel, insulation of new lighting with electronic controls
- £850k Major Bridge repairs
- £650k Replacement of damaged crash barriers/guard rails/parapets
- £500k Resurfacing of Strategic Roads,

with the corresponding £2.45m reduction in the KHS co-location budget being reinstated in the 2008-11 MTFP process. This will bring the 2007-08 budget for capital maintenance up to the figure in the Government's Local Transport Plan settlement for Kent. **Cabinet is asked to agree this virement.**

## 4.5 Key issues and risks

4.5.1 The impact on the quality of service delivery to clients as a consequence of re-phasing a capital project is always carefully considered, with adverse impact avoided wherever possible. The impact on service delivery of projects which are re-phasing by £1m or more, as identified in table 5 above, is highlighted in section 1.2.4 of the annex reports.

4.5.2 The funding of the 2007-10 capital programme, is reliant upon capital receipts of some £178.305m. It is not always possible to have receipts 'in the bank' before starting any replacement project, due to the obvious need to have the re-provision in place before the existing provision is closed. Management of the delivery of capital receipts is therefore rigorous and intensive.

## 4.6 Implications for future years/MTFP

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

## 4.7 Impact on Treasury Management

4.7.1 The re-phasing of the capital programme from 2006-07, resulting in high cash balances at the end of the 2006-07 financial year, and the re-phasing on the capital programme projected in this report are major factors in the £1.3m underspend reported against the Interest on cash balances/debt charges budget within the Financing Items revenue budget. Further details are provided in Annex 6. This re-phasing will impact upon the phasing of the debt charges within the revenue budget and this will be reflected in the 2008-11 MTFP.

#### 4.8 Resourcing issues

4.8.1 There will always be an element of risk relating to funding streams which support the capital programme until all of that funding is "in the bank". As detailed in section 2.1 of annex 5, there is an issue surrounding the timing of capital receipts, but over the three year period of the MTFP, the level of receipts required to support the programme is expected to have been 'banked'. At this stage, there are no other significant risks to report.

#### 4.9 Prudential Indicators

4.9.1 The latest monitoring of Prudential Indicators is detailed in **appendix 1**. There has been some deviation from the prudential indicator for the upper limit for principal sums invested for periods longer than 364 days. A £35m limit was set for sums invested for 2-3 years, however the best value in long term investments has mostly been in the period of up to 3 years duration. A decision was therefore taken to 'over-invest' against this indicator to take the best advantage of the market yield curve, however this has been compensated for by lower longer term investments. Investments are still within the overall prudential limit of £135m. Further details are provided in section 9 of appendix 1.

### 5. RISK MANAGEMENT

The strategic risk register was approved at the June meeting of the Governance & Audit Committee. The register will now be formally refreshed and presented to the Committee on a six monthly basis.

A series of Risk Management Workshops have been delivered to nearly 200 officers throughout the Council. A number of workshops for Members are planned to take place during the remainder of 2007.

Following on from this, Internal Audit is in the process of meeting all business unit managers in order to capture their objectives, risks and controls. The results of this exercise are currently being mapped into an internal controls framework, from which risk management action plans and the annual audit plan will be developed.

### 6. BALANCE SHEET AND CONSOLIDATED REVENUE ACCOUNT

#### 6.1 Impact on reserves

6.1.1 A copy of our balance sheet as at 31 March 2007 is provided at **appendix 2**. Highlighted are those items in the balance sheet that we provide a year-end forecast for as part of these quarterly budget monitoring reports, based upon the current forecast spend and activity for the year. The forecast for the three items highlighted are as follows:

Account	Projected balance at 31/3/08 £m	Balance at 31/3/07 £m
Earmarked Reserves	57.5	80.9
General Fund balance	25.8	25.8
Schools Reserves *	67.6	67.6

\* 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. The level of school reserves shown in section 2.3 of annex 1 is

prior to this reduction and hence differs from the figure in the table above. Both the table above and section 2.3 of annex 1 include delegated schools reserves and unallocated schools budget.

- 6.1.2 The reduction of £23.4m in earmarked reserves is mainly due to the anticipated movements in the rolling budget reserve, Asylum reserve, and Emergency Conditions reserve and planned movements in reserves such as PRG, Kent Regeneration, Environmental Initiatives, IT Asset Maintenance and the Kingshill Smoothing reserve.

## **7. RECOMMENDATIONS**

### **Cabinet is asked to:**

- 7.1 Note the latest monitoring position on both the revenue and capital budgets.
- 7.2 Note the changes to the capital programme, as detailed in section 4.1.
- 7.3 Agree to the virement of £2.45m from the re-phasing of the KHS co-location project to the projects listed in section 4.4.2, with the corresponding reduction of £2.45m in the KHS co-location budget being reinstated in the 2008-11 MTFP.

## 2007-08 JULY Monitoring of Prudential Indicators

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

Actual 2006-07	£237.059m	
Original estimate 2007-08	£315.683m	
Revised estimate 2006-07	£307.055m	(this includes the rolled forward re-phasing from 2006-07)

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

	2006-07 Actual	2007-08 Original Estimate	2007-08 Revised Estimate
	£m	£m	£m
Capital Financing Requirement	1,010.127	1,131.934	1,111.757
Annual increase in underlying need to borrow	96.796	104.598	101.630

In the light of current commitments and planned expenditure, forecast net borrowing by the Council will not exceed the Capital Financing Requirement.

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

Actual 2006-07	11.33%
Original estimate 2007-08	12.01%
Revised estimate 2007-08	11.19%

The lower ratio in the revised estimate reflects increased income from the investment of cash balances.

### 4. Operational Boundary for External Debt

The operational boundary for debt is determined having regard to actual levels of debt, borrowing anticipated in the capital plan, the requirements of treasury strategy and prudent requirements in relation to day to day cash flow management.

The operational boundary for debt will not be exceeded in 2007-08.

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

	Prudential Indicator 2007-08 £m	Position as at 31.07.07 £m
Borrowing	1,084.0	896.3
Other Long Term Liabilities	8.0	1.5
	1,092.0	897.8

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

	Prudential Indicator 2007-08 £m	Position as at 31.07.07 £m
Borrowing	1,139.0	952.8
Other Long Term Liabilities	8.0	1.5
	1,147.0	954.3

### 5. Authorised Limit for external debt

The authorised limit includes additional allowance, over and above the operational boundary to provide for unusual cash movements. It is a statutory limit set and revised by the County Council. The limits for 2007-08 are:

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

	£m
Borrowing	1,121
Other long term liabilities	8
	<u>1,129</u>
	————

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

	£m
Borrowing	1,179
Other long term liabilities	8
	<u>1,187</u>
	————

The additional allowance over and above the operational boundary has not needed to be utilised and external debt, has and will be maintained well within the authorised limit.

**6. Compliance with CIPFA Code of Practice for Treasury Management in the Public Services**

The Council has adopted the Code of Practice on Treasury Management and has adopted a Treasury Management Policy Statement. Compliance has been tested and validated by our independent professional treasury advisers.

**7. Upper limits of fixed interest rate and variable rate exposures**

The Council has determined the following upper limits for 2007-08

(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 2007-08. Total external debt is currently held at fixed interest rates.

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

	Upper limit	Lower limit	As at 31.7.07
	%	%	%
Under 12 months	8	0	0
12 months and within 24 months	8	0	0
24 months and within 5 years	24	0	0
5 years and within 10 years	24	0	9.24
10 years and above	100	40	90.76

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

	Indicator	Actual
1 year to 2 years	£35m	£34m
2 years to 3 years	£35m	£45m
3 years to 4 years	£35m	£17m
4 years to 5 years	£20m	£16m
5 years to 6 years	<u>£10m</u>	<u>£0m</u>
	<b>£135m</b>	<b>£112m</b>

The best value in long-term investments has mostly been in the period of up to 3 years duration. A decision was taken to over-utilise against the Prudential Indicator for investments with a duration of 2-3 years to take best advantage of the market yield curve. Investments are still within the overall prudential limit with £112m invested against an overall allowance of £135m.

## Balance Sheet

The County Fund Balance Sheet shows the financial position of Kent County Council as a whole at the end of the year. Balances on all accounts are brought together and items that reflect internal transactions are eliminated.

	31 March 2007		31 March 2006 Restated	
	£'000	£'000	£'000	£'000
<b>Fixed assets</b>				
<b>Intangible Fixed Assets</b>		4,732		5,935
<b>Tangible Fixed Assets</b>				
<b>Operational assets</b>				
Land and buildings	1,414,844		1,239,411	
Vehicles, plant and equipment	15,863		17,511	
Roads and other highways infrastructure	514,320		518,182	
Community assets	7,775		6,664	
<b>Non-operational assets</b>				
Investment Property	6,584		1,955	
Assets under construction	237,813		131,573	
Surplus and non-operational property	95,423		74,349	
<b>Total Tangible Assets</b>		2,292,622		1,989,645
<b>Total fixed assets</b>		2,297,354		1,995,580
Long-term investments		115,000		66,000
Long-term debtors		59,736		62,002
Deferred Premiums		20,990		21,940
PFI debtor		441		0
<b>Total long-term assets</b>		2,493,521		2,145,522
<b>Current assets</b>				
Stocks and work in progress	5,905		6,809	
Debtors	175,613		173,145	
Investments	153,059		153,234	
Cash and bank balances	96,652		102,615	
<b>Total current assets</b>		431,229		435,803
<b>Current liabilities</b>				
Temporary borrowing	-38		-40	
Creditors	-266,856		-237,452	
Cash balances overdrawn	-124,609		-101,924	
		-391,503		-339,416
<b>Total assets less current liabilities (Net Assets Employed)</b>		2,533,247		2,241,909
<b>Long-term liabilities</b>				
Long-term borrowing	-952,365		-882,523	
Deferred liabilities	-957		-1,523	
Deferred credit - Medway Council	-55,609		-57,926	
Provisions	-13,786		-12,855	
Government grant deferred account	-174,435		-173,058	
Liability related to defined benefit pensions schemes - KCC - DSO	-637,700 -2,487		-719,900 -2,017	
		-1,837,339		-1,849,802
<b>Total assets less liabilities</b>		695,908		392,107



## Balance Sheet

Fixed asset restatement account		-664,125	-498,986
Capital financing account		-462,092	-416,820
Earmarked capital reserve		-26,698	-24,884
Usable capital receipt reserve		-7,942	-7,473
Pensions reserve	- KCC	637,700	719,900
	- DSO	2,487	2,017
Earmarked reserves		-80,929	-74,094
General Fund balance		-25,835	-25,835
Schools reserves		-67,639	-65,626
Surplus on trading accounts		-835	-306
<b>Total net worth</b>		<b>-695,908</b>	<b>-392,107</b>

# CHILDREN, FAMILIES & EDUCATION DIRECTORATE SUMMARY JULY 2007-08 FULL MONITORING REPORT

## 1. FINANCE

### 1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered “technical adjustments” ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- This quarter cash limits have been adjusted to reflect a number of technical adjustments to budget, including the apportionment of -£0.235m of the e-recruitment saving from the Corporate Support portfolio and £0.530m of the provision for Kent Scheme revision from the Finance portfolio and the addition of £1.222m of roll forward from 2006-07, as agreed by Cabinet on 16 July 2007.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Education &amp; School Improvement portfolio</b>							
Delegated Budget:							
- Delegated Schools Budget	929,166	-80,517	848,649	0	0	0	
- Standards Fund (incl SSG)	0	0	0	0	0	0	
- Targeted Standards Fund			0	0	0	0	
- Direct Funding for Schools			0	0	0	0	
<b>TOTAL DELEGATED</b>	<b>929,166</b>	<b>-80,517</b>	<b>848,649</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Non Delegated Budget:							
- Finance	3,373	-931	2,442	0	0	0	
- Awards	4,891	-827	4,064	0	0	0	
- Grant income & contingency	2,338	-939,811	-937,473	0	0	0	
- Personnel & Development	15,651	-3,493	12,159	0	0	0	
- School Support Service	53	0	53	0	0	0	
- Capital Projects	4,877	-3,284	1,593	0	0	0	
- Client Services	4,391	-3,234	1,158	0	0	0	
- Business Management	2,758	-143	2,615	0	0	0	
- ICT	9,095	-1,893	7,203	0	0	0	
- Health & Safety	427	-8	419	0	0	0	
- Strategic Management	1,584	-103	1,481	0	0	0	
- Policy & Service Development	14,683	-2,735	11,948	0	0	0	
- Management Information	28,109	-35	28,074	0	0	0	
- International Development	192	-100	92	0	30	30	Shortfall in income for Hardelot
- School Organisation	3,136	-58	3,078	0	0	0	
- Mainstream HTST	15,432	-484	14,948	32	0	32	minor variance
- Early Years & Childcare	17,463	-234	17,230	0	0	0	
Operations unit							
- Clusters	13,889	-105	13,784	0	0	0	
- Advisory Service Kent (ASK)	3,458	0	3,458	0	0	0	
Secondary Team							
- ASK Primary Team	3,841	0	3,841	0	0	0	
- ASK Early Years Team	6,088	0	6,088	0	0	0	
- ASK Improvement & Leadership	2,818	-150	2,668	0	0	0	
- ASK Improvement Partnerships	3,982	0	3,982	0	0	0	
- ASK Professional Development	4,790	-2,149	2,641	0	0	0	
<b>TOTAL NON DELEGATED</b>	<b>167,319</b>	<b>-959,775</b>	<b>-792,456</b>	<b>32</b>	<b>30</b>	<b>62</b>	
<b>Total E&amp;SI</b>	<b>1,096,485</b>	<b>-1,040,292</b>	<b>56,193</b>	<b>32</b>	<b>30</b>	<b>62</b>	

Table 1

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Children &amp; Family Services portfolio</b>							
- Attendance & Behaviour Service	15,873	-4,828	11,046	0	0	0	
- AEN & Resources	13,162	-3,722	9,440	0	0	0	
- SEN HTST	14,806	0	14,806	942	-7	935	Travel requirements of SEN children have increased and the service is unable to meet all of the savings targets of £989k
- Independent Sector Provision	9,719	-260	9,459	0	0	0	
- Specialist Teaching Service	3,332	-252	3,081	0	0	0	
- Educational Psychology Service	3,662	-129	3,533	0	0	0	
- Minority Community Achievement	1,788	-98	1,691	0	0	0	
- Children's Safeguard Service	0	0	0	0	0	0	
- Joint Commissioning	2,364	-226	2,138	0	0	0	
- In House Residential care	2,512	-25	2,487	139	15	154	additional cost as a result of move to new buildings
- Ind sector residential care	3,341	-403	2,938	0	0	0	
- Residential care - not looked after children	649	-7	642	-14	0	-14	minor variance
- KCC Family support	9,685	-896	8,790	-128	85	-43	staff vacancies; various income
- Family group conferencing	1,108	-241	867	9	-16	-7	minor variance
- Fostering service	21,344	-97	21,247	0	0	0	
- Adoption service	5,972	-22	5,950	0	0	0	
- Independent Sector day care	885	0	885	-20	0	-20	minor variance
- Section 17	1,030	-5	1,025	0	0	0	
- Link placements	232	0	232	-24	0	-24	
- Grants to voluntary organisations	7,032	-398	6,633	0	0	0	
- Direct payments	636	0	636	-3	0	-3	
- Teenage pregnancy	616	0	616	0	0	0	
- Leaving care/16+	3,400	0	3,400	0	0	0	
- Other services support	4,646	-784	3,862	575	-142	433	legal costs, various income
- Assessment and related	18,584	-16	18,568	314	-219	95	high social worker recruitment costs, various income
- Grant income & contingency	6,412	-41,427	-35,015	0	0	0	
<b>Total C&amp;FS</b>	<b>152,790</b>	<b>-53,834</b>	<b>98,956</b>	<b>1,790</b>	<b>-284</b>	<b>1,506</b>	
<b>- Asylum Seekers</b>	<b>13,200</b>	<b>-13,200</b>	<b>0</b>	<b>-1,122</b>	<b>4,112</b>	<b>2,990</b>	
Total C&FS incl. Asylum	165,990	-67,034	98,956	668	3,828	4,496	
<b>Total Delegated</b>	<b>929,166</b>	<b>-80,517</b>	<b>848,649</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Non Delegated (excl. Asylum)</b>	<b>320,109</b>	<b>-1,013,609</b>	<b>-693,500</b>	<b>1,822</b>	<b>-254</b>	<b>1,568</b>	
<b>Total Directorate Controllable (excl. Asylum)</b>	<b>1,249,275</b>	<b>-1,094,126</b>	<b>155,149</b>	<b>1,822</b>	<b>-254</b>	<b>1,568</b>	
<b>Directorate Net Total (incl. Asylum)</b>	<b>1,262,475</b>	<b>-1,107,326</b>	<b>155,149</b>	<b>700</b>	<b>3,858</b>	<b>4,558</b>	

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

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

## **C&FS Portfolio**

### 1.1.3.1 SEN Transport

As part of the 2007-10 MTP process the SEN transport budget was reduced by 10% over the period 2007-09 and the Directorate was asked to look at implementing purchase cards as a way of delivering part of that saving (£870k) and keeping price increases to under 5% (£119k).

As part of that process to try and deliver the required savings we carried out a survey of all 3,500 users and a number of users have requested more information about making their own arrangements. Some of these may have the potential to be moved to a system of direct payments or a purchase card but whether that will generate savings will largely depend on the nature of the transport those students currently have. If they go by bus or are one of a number of students in a taxi then KCC is unlikely to be able to realise any saving by moving them to a direct payment/purchase card arrangement as the existing bus/taxi will still need to run.

The greater scope lies with those users who are single occupants in taxis. Commercial Services have reviewed every single occupancy taxi journey and put them out to tender to see if savings can be made. The tender was offered to all 300 taxi operators in Kent but obviously will not impact upon the 3000+ non-single occupancy taxi and bus journeys. The results of this will be known later this month.

The £870k savings target set within the budget is not going to be achieved for 2007/08. There is not a high level of demand from parents to organise their own transport. At present the impact of that, inflation and appeals decisions means we are currently forecasting a pressure of £935k.

### 1.1.3.2 In House Residential Care (Gross)

A pressure of £139k is forecast as a result of increased running costs on the new builds at the Sunrise centre and the Southdown's centre. This is partly offset by the closure of the Alderden Centre in December.

### 1.1.3.3 KCC Family Support (Gross)

A forecast underspend of £128k is due to the management of staff vacancies. A number of posts are being held vacant to help with the pressure on staffing on the Assessment and Related budget line.

### 1.1.3.4 Other Services Support (Gross and Income)

There is a potential pressure of £460.5k forecast against the budget for Legal services, based on the first quarter's charges and last year's outturn. This is expected to be a similar outturn to last year due to high cost bills coming in at year end. This service line is currently under review with a view to identifying efficiencies.

The Out of Hours Service is currently forecasted to overspend by £104.6k but this is offset by additional income of £104.6k.

### 1.1.3.5 Assessment and Related (Gross and Income)

The forecast pressure on the assessment and related gross budget line is down to a number of separate reasons. Firstly, this budget had a savings target to remove 66 staffing posts (not front line) by 31 March 2008. To date, two thirds of this target has been achieved and there are some delays in achieving the final third, which has resulted in a forecast pressure of £264k.

A market premium has been introduced to obtain new front line social work staff at a cost of £3k per post (approx £30k). Relocation fees (i.e. staff from Atlanta USA) have been capped at £2k per member of staff.

In terms of income, additional contributions have been received from Education for Best Project £150k (Social Workers visiting schools to promote best behaviour) and SSKY project £50k (Multi disciplinary team providing flexible and needs led community services to children and young people who are expected to have difficulties in behaviour, emotions and social relationships that

have not responded to tier 1 interventions and may not have a clinically recognised mental health difficulty), plus income for staff going to Swindon as per Swindon contract £12k (Mid & East Kent).

#### 1.1.3.6 Asylum

The Asylum Service is now forecast to have a funding shortfall of £4.112m for the 2007-08 financial years, £3.612m of direct spending and £0.500m of indirect spending. The estimates assume that the Home Office and Department for Children, Schools & Families (DCSF) use the same grant rules and unit costs as for 2006-07, but guidance has not been issued yet and therefore forecasts may alter if grant criteria change.

On 15 August 2007, the Border & Immigration Agency (BIA) wrote to the LA and confirmed the rates they will be paying for the current year remain unchanged from 2006/07. The estimated shortfall in income as a result of not funding the annual pay and price increase is £185k. This pressure has been reflected in the overall £4.112m funding shortfall for the year.

The overall funding shortfall is partly offset by the expected draw down of the remaining balance in the corporate asylum reserve of £1.122m, leaving a residual net pressure of £2.990m.

This represents an increase of £260k on the previously reported position, £185k is due to the non funding of pay and prices as reported above and the balance is due to the introduction in April of the New Asylum Model (NAM) by BIA. NAM is an attempt to streamline the decision process for new arrivals, with the aim of providing every applicant a decision in 7 weeks. The new processes and procedures that BIA have introduced has significantly increased the workloads on the Service for Unaccompanied Asylum Seeking Children (SUASC) staff, for example each of our clients is required to make at least three trips to either Croydon or Hayes, Middlesex for various immigration interviews - they have to be accompanied by members of staff on each trip. No additional funding has been made available to meet the increased costs of these changes.

There is also the issue of the 2006-07 outstanding grant income relating to our special circumstances bids, £1.5m from the Home Office and £1.6m from the DCSF. Additionally, there is £0.7m outstanding from the DCSF relating to the special circumstances bid for 2005-06.

As previously reported, we have assumed that we will be successful in receiving part of this income and the balance has been met from the Corporate Asylum reserve. If elements of these expected grants are challenged and we receive less income than we assumed from these special circumstances bids, then the forecast will increase from the current £4.112m. Officers are in the process of arranging meetings with the DCSF and Home Office to take these issues forward.

### **Other Issues**

#### 1.1.3.7 Children's Centres underspend (Sure Start Grant)

Early Years and Childcare Operations Unit has identified that work establishing Children's Centres is behind schedule due to the need for a thorough consultation and approval process before capital building works can begin. This has not been allowed for in the scheduling of revenue funding determined by the DCSF, which should kick in once projects are open. Early indications are that the level of underspend is between £1m and £1.5m. An exercise to identify possible alternative items of expenditure to re-badge against this predicted grant underspend is currently underway and therefore this has not been reported in table 1 above. If this exercise is not successful we will have to repay the unused grant income to Sure Start.

#### 1.1.3.8 Payments to PVI providers for the free entitlement for 3 and 4 year olds (DSG)

Whilst our forecast outturn variance has remained unchanged, early indications are that we will have an underspend on payments to PVI providers for 3 and 4 year olds. This budget is funded entirely from DSG and therefore any surplus or deficit at the end of the year must be carried forward to the next financial year in accordance with the regulations, and cannot be used to offset over or underspends elsewhere in the directorate budget. Therefore, as any unspent Early Years funding has to be returned to schools, at year end any underspend will be transferred to the schools unallocated reserve for DSG and hence is not included in the overall directorate forecast.

#### 1.1.3.9 Children's Social Services – Activity budgets

The activity data provided for this quarters monitoring has highlighted some potential areas of concern with the following budget lines:

- Independent Sector Residential Care (3 children placed in high cost placements for their own safety as directed by the court last year are continuing and a further child has been placed in a specialist unit for safety reasons)
- Fostering
- Adoption

At the end of the 2006/07 financial year, the fostering and adoption budgets overspent by £1,315k and this was addressed through the 2007-10 MTP process as £1,388k was funded as a demand led pressure. The majority of this increase was added to the adoption budget, which was where the greater pressure was experienced in 2006/07.

A piece of work has started to look in detail at these budget lines and any financial implications will be declared in next month's exception report. This piece of work will also be required for the work currently ongoing for the 2008-11 MTFP.

#### 1.1.3.10 Delegated Schools Budgets

In agreement with the Schools Funding Forum, it has been decided to reduce the administrative burden on schools by no longer asking them to submit a copy of their first quarter's financial monitoring report to the LA in July. The first return is now due in the middle of October based on the first six months actual income and expenditure and an update will be provided in the next quarters monitoring return.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFS	Asylum - Shortfall in income (income)	+4,112	CFS	Asylum - potential draw down of residual balance in Corporate Asylum reserve (gross)	-1,122
CFS	SEN Home to School Transport - savings target linked to purchase cards(gross)	+870	CFS	Assessment & Related - additional income for Education for best project (income)	-150
CFS	Other Services Support - Recharges from Legal services (gross)	+461	CFS	KCC Family Support - management of staff vacancies (gross)	-128
CFS	Assessment & Related - delay in achieving savings target (gross)	+264	CFS	Other Services Support - Out of Hours service matched by additional expenditure (income)	-105
CFS	In house Residential Care - increased running costs (gross)	+139			
CFS	Other Services Support - Out of Hours service covered by additional income (gross)	+105			
		+5,950			-1,505

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

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

We are undertaking a separate monitoring exercise to assess managers' progress towards delivering the agreed 2007-08 savings targets and we will be in a position to provide an update in the next monitoring report.

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

As part of the 2008-11 MTP exercise, the Directorate will be reviewing its current budget pressures at its senior management team meeting in September. This will include working up robust proposals for dealing with any overspends. Details of these proposals will be reported next month.

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

None

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

The Directorate has started to work up a management action plan to balance the 2007-08 budget and options being considered are listed below for information:

- Reviewing the Sure Start grant rules to see whether it would be possible to re-badge base budget funded expenditure against the predicted underspend on this grant.
- Review of all single occupancy taxi journeys including a tender process. Results will be known later this month.
- We have begun work with Children's Social Services managers to review the three potential areas of concern, independent sector residential care, fostering and adoption.

**1.2 CAPITAL**

1.2.1 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader or relevant delegated authority.

Cash limits have been adjusted this quarter to reflect:

	2007-08 £000s	2008-09 £000s	2009-10 £000s
<u>Education &amp; School Improvement portfolio:</u>			
▪ Roll forward of the re-phasing from 2006-07	15,602		
▪ Marlowe Innovation Centre – to reflect the full gross cost of the scheme with the additional costs to be funded by external funding from Friends of Marlowe Academy and European Regional Development Fund	953		
▪ Modernisation 2006-08 (Sussex Road School) – additional costs to be funded by external funding from Sorrell Foundation	150		
▪ The Bridge Development, Dartford - to reflect the full cost of developing this innovative new cross-directorate learning campus, funded by developer contributions	76	3,310	1,415
▪ DfES grant allocation for non delegated devolved capital for Pupil Referral Units	246		
Devolved Capital to Schools:			
▪ Roll forward of budgets devolved to schools	12,932		
▪ Reduction in DfES grant for schools devolved capital between actual allocation and budget assumption	-904		
<u>Children &amp; Family Services portfolio:</u>			
▪ Roll forward of the re-phasing from 2006-07	1,094		
▪ Mobile Working Devices for Children's Social Workers - to be fully funded by DfES grant	305		
▪ East Kent Children's Resource Centre – additional external funding from Wooden Spoon, Kent & Medway Towns Fire Authority and Kent Handicapped Caring Association	68		
▪ Swale Kids Projects to be funded by a contribution from Eastern & Coastal Primary Care Trust	15		

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position.

	Prev Yrs Exp	2007-08	2008-09	2009-10	Future Yrs	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Education &amp; School Improvement Portfolio</b>						
Budget	117,714	131,428	92,523	51,765	53,863	447,293
Additions:						
- roll forward		15,602				15,602
- Marlowe Innovation Centre		953				953
- Modernisation 2006-08 (Sussex Rd)		150				150
- Bridge Development		76	3,310	1,415		4,801
- devolved capital for PRUs		246				246
Revised Budget	117,714	148,455	95,833	53,180	53,863	469,045
Variance		-25,421	-3,411	+4,114	-495	-25,213
<b>split:</b>						
- real variance		-4,253	-19,655	-3,185	+1,880	-25,213
- re-phasing		-21,168	+16,244	+7,299	-2,375	0
<b>Children &amp; Family Services Portfolio</b>						
Budget	7,366	5,105	300	350	500	13,621
Additions:						
- roll forward		1,094				1,094
- mobile working devices		305				305
- East Kent Resource Centre		68				68
- Swale Kids Projects		15				15
Revised Budget	7,366	6,587	300	350	500	15,103
Variance		+10	0	0	0	+10
<b>split:</b>						
- real variance		+10	0	0	0	+10
- re-phasing		0	0	0	0	0
<b>Directorate Total</b>						
Revised Budget	125,080	155,042	96,133	53,530	54,363	484,148
Variance	0	-25,411	-3,411	4,114	-495	-25,203
<b>Education &amp; School Improvement Portfolio</b>						
<b>Devolved Capital to Schools</b>						
Revised Budget		39,701	27,673	27,673	55,346	150,393
Variance		0	0	0	0	0
<b>split:</b>						
- real variance		0	0	0	0	0
- re-phasing		0	0	0	0	0
<b>Real Variance</b>		<b>-4,243</b>	<b>-19,655</b>	<b>-3,185</b>	<b>+1,880</b>	<b>-25,203</b>
<b>Re-phasing</b>		<b>-21,168</b>	<b>+16,244</b>	<b>+7,299</b>	<b>-2,375</b>	<b>0</b>

### 1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2007-08 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and
- projects at initial planning stage.

The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.



Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the initial planning stage, is explained further in section 1.2.4 below.

All real variances are explained in section 1.2.5, together with the resourcing implications.

**Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER**

portfolio	Project	real/ phasing	Project Status			
			Rolling Programme £'000s	Approval to Spend £'000s	Approval to Plan £'000s	Initial Planning Stage £'000s
<b>Overspends/Projects ahead of schedule</b>						
ESI	The North School, Ashford	Real	+328			
ESI	Dev Opps - Greenfield	Phasing		+264		
ESI	Primary Pathfinder Programme	Real			+250	
			<b>+328</b>	<b>+264</b>	<b>+250</b>	<b>+0</b>
<b>Underspends/Projects behind schedule</b>						
ESI	Dev Opps - Kingsmead	Phasing			-4,000	
ESI	Dev Opps - Folkestone School for Girls	Real				-3,094
ESI	Freshstart - Castle Hill	Phasing		-2,438		
ESI	Dartford Grammar Girls	Phasing	-2,000			
ESI	SSR - The Orchard School	Phasing		-1,723		
ESI	Dev Opps - Darford Campus	Phasing		-1,320		
ESI	Dev Opps - St James the Great	Phasing		-1,237		
ESI	SSR - Rowhill School	Phasing			-979	
	SSR - Rowhill School	Real			-69	
ESI	Dev Opps - Isted Rise	Phasing			-1,000	
ESI	Academies - Minster College	Phasing			-1,000	
ESI	Dev Opps - Axton Chase School	Real				-1,000
ESI	Dev Opps - The Towers School	Phasing				-950
	Dev Opps - The Towers School	Real				-50
ESI	Phoenix Community PS (Mod 06/7/8)	Phasing	-968			
ESI	Dev Opps - Headcorn PS	Phasing			-600	
ESI	Maplesden Noakes (Mod 06/7/8)	Phasing	-582			
ESI	SSR - Milestone School	Real		-553		
ESI	Kennington Juniors (Mod 04/5/6)	Phasing	-551			
ESI	Tovil PS (Archbishop Courtenay)	Phasing	-528			
ESI	SSR - Bower Grove School	Phasing		-406		
ESI	SSR - Ridgeview School	Phasing			-303	
	SSR - Ridgeview School	Real			-98	
ESI	The Wildernesse School (Mod 06/7/8)	Phasing	-400			
ESI	Non Delegated PRU's	Phasing	-387			
ESI	SSR - The Harbour School	Real		-363		
ESI	Crockenhill Primary (Mod 04/5/6)	Phasing	-344			
			<b>-5,760</b>	<b>-8,040</b>	<b>-8,049</b>	<b>-5,094</b>
			<b>-5,432</b>	<b>-7,776</b>	<b>-7,799</b>	<b>-5,094</b>

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

Several of the projects detailed below are funded partially or entirely by capital receipts. Assumptions have been made regarding the timing of these receipts. If, however, the actual timing

of these receipts differs from our assumptions then we may need to borrow temporarily until the receipt is realised if we cannot manage this short term funding within the overall programme.

#### 1.2.4.1 Kingsmead (Development Opportunities) – slippage £4.0million

This scheme is designed to provide a new 1.5FE school to replace the existing Kingsmead & Diocesan Smith Payne Primary School. The only expenditure that is likely to be incurred in 2007/08 is the site purchase and minimal development costs. The project has slipped by £4m representing 57% of the total value of the scheme. Its start has been delayed due to time taken to agree the purchase of the new site from Canterbury City Council. Until the new facility becomes available, education provision will continue at Kingsmead and Diocesan Smith Payne Primary Schools. The project which was expected to complete in 2007/08 is now expected to become available in August 2009. Until the scheme has been developed and the existing site sold it is assumed that the scheme will be self funding although there is an expectation that the eventual position could require additional funding to be identified. This could be in the order of £2m. Any such cost pressures caused by the delay will be addressed either by management action to deliver compensating savings or by identification of additional funding to contain the overall capital programme within existing cash limits over the medium term.

Revised phasing of the scheme is now as follows:

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	10	7,000	0	0	0	7,010
Forecast	10	3,000	2,462	1,538		7,010
Variance	0	-4,000	2,462	1,538	0	0
<b>FUNDING</b>						
<b>Budget:</b>						
supported borrowing	10					10
prudential		7,000	-7,000			0
capital receipts			7,000			7,000
TOTAL	10	7,000	0	0	0	7,010
<b>Forecast:</b>						
supported borrowing	10					10
prudential		3,000	-3,000			0
capital receipts			5,462	1,538		7,000
TOTAL	10	3,000	2,462	1,538	0	7,010
<b>Variance</b>	<b>0</b>	<b>-4,000</b>	<b>2,462</b>	<b>1,538</b>	<b>0</b>	<b>0</b>

#### 1.2.4.2 Castle Hill PS (Freshstart Scheme) – slippage £2.438million

This scheme primarily funded by government grant is designed to provide a replacement facility. It has slipped by £2.438 million representing 65% of the total value of the scheme. It has taken longer than initially planned to develop the scheme to a position whereby Corporate Property can take the scheme forward. It is now with Corporate Property to progress. There will be an impact on the completion date but this will be minimised as we move forward. Education provision during the build/refurbishment, some of which was always planned to be in temporary mobile accommodation, will move forward as planned albeit in a different timescale. The pre tender estimated cost indicates a small overspend on the scheme, for which the precise funding still needs to be identified, but this will be managed within the overall capital programme.

Revised phasing of the scheme is now as follows:

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	217	3,544	0	0	0	3,761
Forecast	217	1,106	2,480	40	0	3,843
Variance	0	-2,438	2,480	40	0	82
<b>FUNDING</b>						
<b>Budget:</b>						
grant	217	3,044				3,261
capital receipts		500				500
TOTAL	217	3,544	0	0	0	3,761
<b>Forecast:</b>						
grant	217	1,106	1,938			3,261
capital receipts			500			500
Unidentified			42	40		82
TOTAL	217	1,106	2,480	40	0	3,843
<b>Variance</b>	<b>0</b>	<b>-2,438</b>	<b>2,480</b>	<b>40</b>	<b>0</b>	<b>82</b>

#### 1.2.4.3 Dartford Grammar School for Girls (Basic Need) – slippage £ 2.0million

This scheme is designed to provide the school with a new sports hall & refurbished classrooms and is linked to the main Dartford Campus scheme. It has slipped by £2.0m representing 100% of the total value of the scheme. The project start date has slipped into the next financial year as it cannot begin until the Dartford Campus scheme has finished. Work is expected to start in late 2008 and complete by Christmas 2009. Until the new facility becomes available the School will continue with their current arrangements, inadequate sporting facilities (school hall and small gymnasium) and mobile classrooms, until the new facility becomes available. Until such time as tenders are received we will not know if there will be any financial implications arising from the delay.

Revised phasing of the scheme is now as follows:

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	0	2,000	400	0	0	2,400
Forecast	0	0	100	2,300	0	2,400
Variance	0	-2,000	-300	2,300	0	0
<b>FUNDING</b>						
<b>Budget:</b>						
supported borrowing		1,000	400			1,400
capital receipts		1,000				1,000
TOTAL	0	2,000	400	0	0	2,400
<b>Forecast:</b>						
supported borrowing				1,400		1,400
capital receipts			100	900		1,000
TOTAL	0	0	100	2,300	0	2,400
<b>Variance</b>	<b>0</b>	<b>-2,000</b>	<b>-300</b>	<b>2,300</b>	<b>0</b>	<b>0</b>

#### 1.2.4.4 Dartford Campus (Development Opportunities) - slippage £1.320 million

This major scheme provides for replacement secondary, primary and nursery facilities plus Adult Education. It is a complicated scheme funded from a combination of funding sources. Difficulties were encountered obtaining the necessary Section 77 and Schedule 22 approvals (regulations relating to the sale of school playing fields) from the DfES (as then was). The result has been a delay in scheme delivery and an increase in cost. It has slipped by £1.320m representing approximately 7% of the total value of the scheme. Although the Dartford Technology College element of the scheme is not scheduled to complete until November 2008, Westgate Primary School opened in June and the Adult Education and Nursery are scheduled to open in March 2008 and July 2008 respectively. Current education provision will continue in its current format until the new facilities become available. The financial implications of this delay and disruption are forecast to add £3m to the overall cost of the scheme which will be addressed by a combination of management action elsewhere in the programme and the identification of additional capital receipts.

Revised phasing of the scheme is now as follows.

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	9,060	9,348	1,500	92	0	20,000
Forecast	9,060	8,028	5,912	0	0	23,000
Variance	0	-1,320	4,412	-92	0	3,000
<b>FUNDING</b>						
<b>Budget:</b>						
supported borrowing	5,846	1,526		92		7,464
grant	1,500	3,000	1,500			6,000
capital receipts	1,714	4,822				6,536
TOTAL	9,060	9,348	1,500	92	0	20,000
<b>Forecast:</b>						
supported borrowing	5,846	206	1,412			7,464
grant	1,500	3,000	1,500			6,000
capital receipts/unidentified	1,714	4,822	3,000			9,536
TOTAL	9,060	8,028	5,912	0	0	23,000
<b>Variance</b>	<b>0</b>	<b>-1,320</b>	<b>4,412</b>	<b>-92</b>	<b>0</b>	<b>3,000</b>

#### 1.2.4.5 The Orchard School (Special Schools Review) – slippage £1.723 million

The review of special schools in Kent, of which the Orchard School project is just one, reflects the commitment of the County Council to continue to provide parents with the potential to choose special school education for their child as close as possible to the family home.

The Orchard School's former designation was for 108 boys and girls aged between 5-16 with moderate learning difficulties. The school was re-designated in September 2004 to become a 5-16 day provision for 96 boys and girls with a combination of Behaviour and Learning needs (which includes up to 12 primary aged pupils with Behavioural, Emotional and Social need). The work comprises of a mixture of new-build and refurbishment to the main part of the school and two satellite centres for primary aged pupils, one in south Ashford and the other location to be determined. The scheme, which is at approval to plan stage, has slipped by £1.723m representing 29% of the total value of the scheme. The slippage from 2007/08 to 2008/09 is due to the satellite centres for Primary aged pupils being on hold. Delay to the programme of works will not significantly impact on the function of the school.

Revised phasing of the scheme is now as follows.

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	940	4,108	862	40	0	5,950
Forecast	940	2,385	2,636	0	0	5,961
Variance	0	-1,723	1,774	-40	0	11
<b>FUNDING</b>						
<b>Budget:</b>						
supported borrowing	905		862	40		1,807
prudential/revenue		139				139
capital receipts	35	3,969				4,004
TOTAL	940	4,108	862	40	0	5,950
<b>Forecast:</b>						
supported borrowing	905		902			1,807
prudential/revenue			139			139
capital receipts	35	2,385	1,584			4,004
unidentified			11			11
TOTAL	940	2,385	2,636	0	0	5,961
<b>Variance</b>	<b>0</b>	<b>-1,723</b>	<b>+1,774</b>	<b>-40</b>	<b>0</b>	<b>+11</b>

#### 1.2.4.6 St James the Great Primary School (Development Opportunities) – slippage £1.237 million

This scheme is a self funding replacement primary school scheme. It has slipped by £1.237m representing 47% of the total value of the scheme. The scheme was unexpectedly delayed by an objection from English Heritage. This has now been resolved and the scheme is progressing. Although the project will not be starting as early as expected we still expect the completion date of September 2008 to be achieved. Until such time as tenders are received we will not know if there will be any financial implications arising from the delay.

Revised phasing of the scheme is now as follows.

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	116	1,900	600	0	0	2,616
Forecast	116	663	1,824	13	0	2,616
Variance	0	-1,237	1,224	13	0	0
<b>FUNDING</b>						
<b>Budget:</b>						
supported borrowing	116					116
prudential		-150				-150
capital receipts		2,050	600			2,650
TOTAL	116	1,900	600	0	0	2,616
<b>Forecast:</b>						
supported borrowing	116					116
prudential		-150				-150
capital receipts		813	1,824	13		2,650
TOTAL	116	663	1,824	13	0	2,616
<b>Variance</b>	<b>0</b>	<b>-1,237</b>	<b>1,224</b>	<b>13</b>	<b>0</b>	<b>0</b>

#### 1.2.4.7 Istead Rise (Development Opportunities – slippage £1.0 million

This is a self funding replacement 1.5 FE primary school scheme which is planned to bring together the junior and infant elements into the same building. The scheme has slipped by £1.0m representing 25% of the total scheme value. The slippage has been caused by the school being unhappy with the original feasibility. A revised feasibility has been completed and the school are currently considering the proposals. Because of the delay, the completion date is now expected to be August 2009 rather than completion during 2008/09. The School will continue in its present split site format until the proposed provision becomes available. Until such time as tenders are received and appraised we will not know if there will be any financial implications arising from the delay.

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	0	1,100	2,750	150	0	4,000
Forecast		100	2,900	1,000	0	4,000
Variance	0	-1,000	150	850	0	0
<b>FUNDING</b>						
<b>Budget:</b>						
prudential		1,100	-1,100			0
capital receipts			3,850	150		4,000
TOTAL	0	1,100	2,750	150	0	4,000
<b>Forecast:</b>						
prudential		100	-100			0
capital receipts		0	3,000	1,000		4,000
TOTAL	0	100	2,900	1,000	0	4,000
<b>Variance</b>	<b>0</b>	<b>-1,000</b>	<b>150</b>	<b>850</b>	<b>0</b>	<b>0</b>

#### 1.2.4.8 Minster School (Academies) – slippage £1.0 million

This is an Academy scheme scheduled for the Isle of Sheppey. It has slipped by £1.0m representing 100% of the total value of the scheme. The scheme has slipped as a result of the Secretary of States decision to have an independent review of the planned provision undertaken in light of objections. Agreement has recently been agreed between the Secretary of State and the Leader as to the way forward which is to site the Academy at both Minster College and Cheyne Middle School. Other than the delay there are no financial implications as the £1.0m is KCC's sponsorship to the Academy project.

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	0	1,000	0	0	0	1,000
Forecast	0	0	1,000	0	0	1,000
Variance	0	-1,000	1,000	0	0	0
<b>FUNDING</b>						
<b>Budget:</b>						
capital receipts		1,000				1,000
TOTAL	0	1,000	0	0	0	1,000
<b>Forecast:</b>						
capital receipts		0	1,000			1,000
TOTAL	0	0	1,000	0	0	1,000
<b>Variance</b>	<b>0</b>	<b>-1,000</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### 1.2.5 Projects with real variances

The overall variance over the lifetime of the Medium Term Plan indicates an underspend of £25.213m. However an overspend of £0.572m on the Modernisation project at Crockenhill Primary School will be met by an additional contribution from the land disposal of Red House and Garages which form part of the school site. The receipt is expected to be £0.7m with the extra income contributing to other programme pressures.

After allowing for this additional funding the true underlying variance on the Education & School Improvement portfolio is a saving of £25.913m. The main contributing factors are as follows:

#### Savings:

- The Development Opportunity projects at Axton Chase School (£20m) and Folkestone School for Girls (£9.1m), where both projects are at initial planning stage, are on hold.
- Lesser savings have been achieved on the following: Development Opportunity projects at Greenfields (£0.274m) and Newington (£0.134m) where costs are now estimated to be less than the approved cash limits plus ICT replacement costs (£0.150m) where the budget manager is confident that savings against cash limit can be made.
- Although in Table 4 there are several Special Schools Review projects (SSR) that are showing real savings in 2007/08, there are pressures on other SSR projects in future years. Over the lifetime of the programme we expect to remain within the overall cash limit.

Overspends - There are a number of overspends which offset the savings listed above:

- Dartford Campus (£3.0m) - see template & reason at 1.2.4.4 above.
- An overspend on The North School, Ashford project (£0.328m) which is partly due to indexation costs and partly due to a lump sum life cycle contribution which wasn't previously forecast.
- There is also an overspend, estimated to be £0.250m on the Primary Pathfinder Programme where there is a need for development costs to be incurred in 2007/08 ahead of government funding which comes on stream in 2008/09.

Overall this leaves a residual balance of +£0.167m on a number of more minor projects.

## 1.2.6 General Overview of capital programme:

### (a) Risks

The major risk remains those that were associated with the programme when it was approved, namely that a number of projects are wholly or partly dependant on capital receipts and/or external funding and if this funding is not achieved the projects will not proceed. This is particularly relevant to The Bridge Development at Dartford which has been increased from £3.699m to £8.5m and is to be fully funded by development contributions. In the event that the developer contribution is insufficient to cover the costs of the project the capital programme will either need to be reduced to compensate or additional resources will need to be found.

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

If external funding/capital receipts are not realised and this shortfall cannot be managed within the capital programme, then Members would be asked to consider the cancellation of projects.

## 1.2.7 PFI projects

- Schools PFI

The £92.4m investment in the Schools PFI project represents investment by a third party. No payment is made by KCC for the new/refurbished assets until the assets are ready for use and this is by way of a unitary charge to the revenue budget through an equalisation reserve.

	<b>Previous Years</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>Total</b>
	£'000s	£'000s	£'000s	£'000s	£'000s
<b>Budget</b>	89,709	2,701	0	0	92,410
<b>Actual/Forecast</b>	85,735	6,675	0	0	92,410
<b>Variance</b>	-3,974	3,974	0	0	0

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

It is envisaged that the third party contractor will have incurred some additional costs beyond the capital expenditure originally priced as a result of the delays. This is a risk that is borne entirely by the third party contractor and is not reported to the Authority.

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

The delays to the construction programme do not impact on the level of the unitary charge that is payable by KCC to the contractor as any delays, unless caused by the Authority, are at the risk of the third party contractor. The unitary charge (as a percentage for each school) does not become payable until the relevant school has been completed and is ready for occupation. As a consequence, the revenue expenditure that is met from the equalisation reserve for 2006/07 and 2007/08 is less than expected.

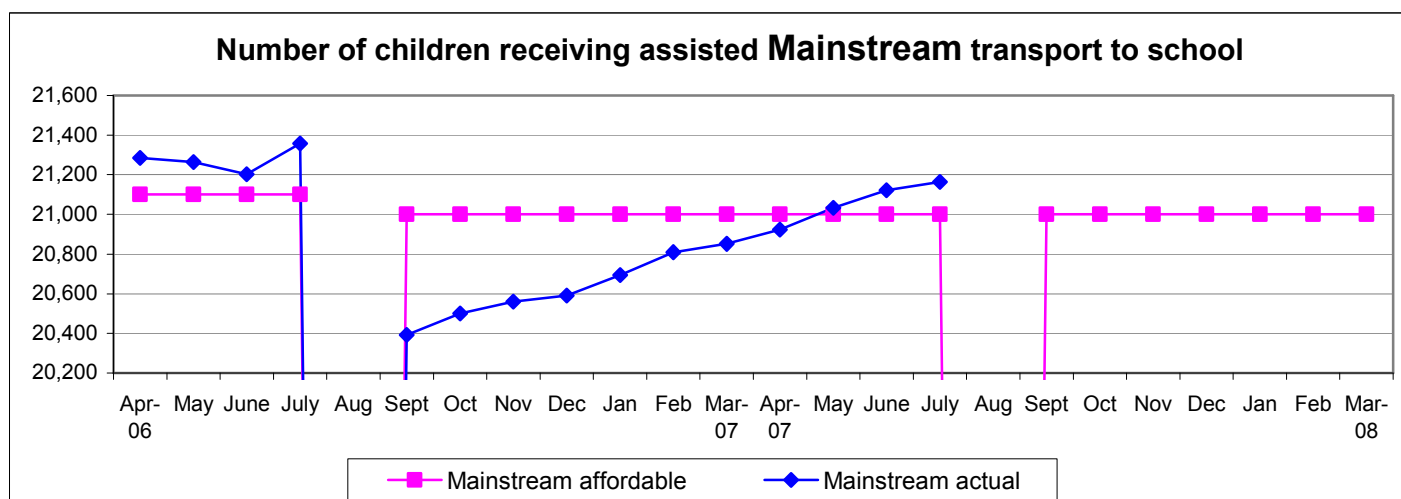
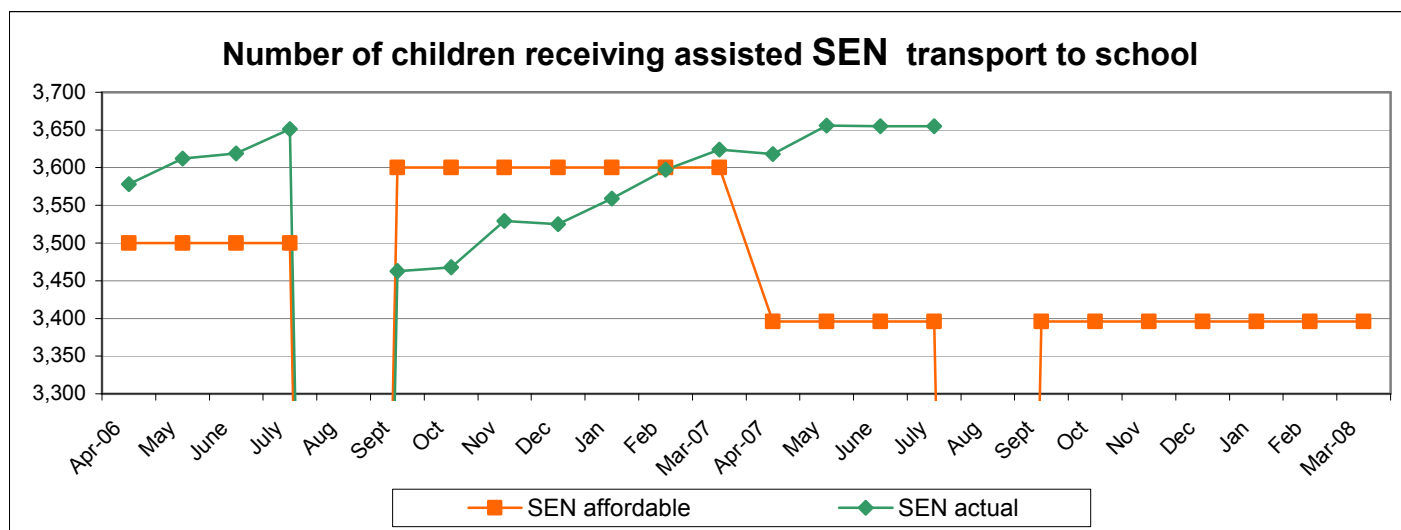
Overall, there will be no net effect on the forecast revenue position for the current year as payments will continue to be made into the equalisation reserve to meet future expenditure.



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

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

	2006-07				2007-08			
	SEN		Mainstream		SEN		Mainstream	
	planned	actual	planned	actual	affordable	actual	Affordable	actual
April	3,500	3,578	21,100	21,285	3,396	3,618	21,000	20,923
May	3,500	3,612	21,100	21,264	3,396	3,656	21,000	21,032
June	3,500	3,619	21,100	21,202	3,396	3,655	21,000	21,121
July	3,500	3,651	21,100	21,358	3,396	3,655	21,000	21,164
August	0	0	0	0			0	
September	3,600	3,463	21,000	20,392	3,396		21,000	
October	3,600	3,468	21,000	20,501	3,396		21,000	
November	3,600	3,529	21,000	20,561	3,396		21,000	
December	3,600	3,525	21,000	20,591	3,396		21,000	
January	3,600	3,559	21,000	20,694	3,396		21,000	
February	3,600	3,597	21,000	20,810	3,396		21,000	
March	3,600	3,624	21,000	20,852	3,396		21,000	

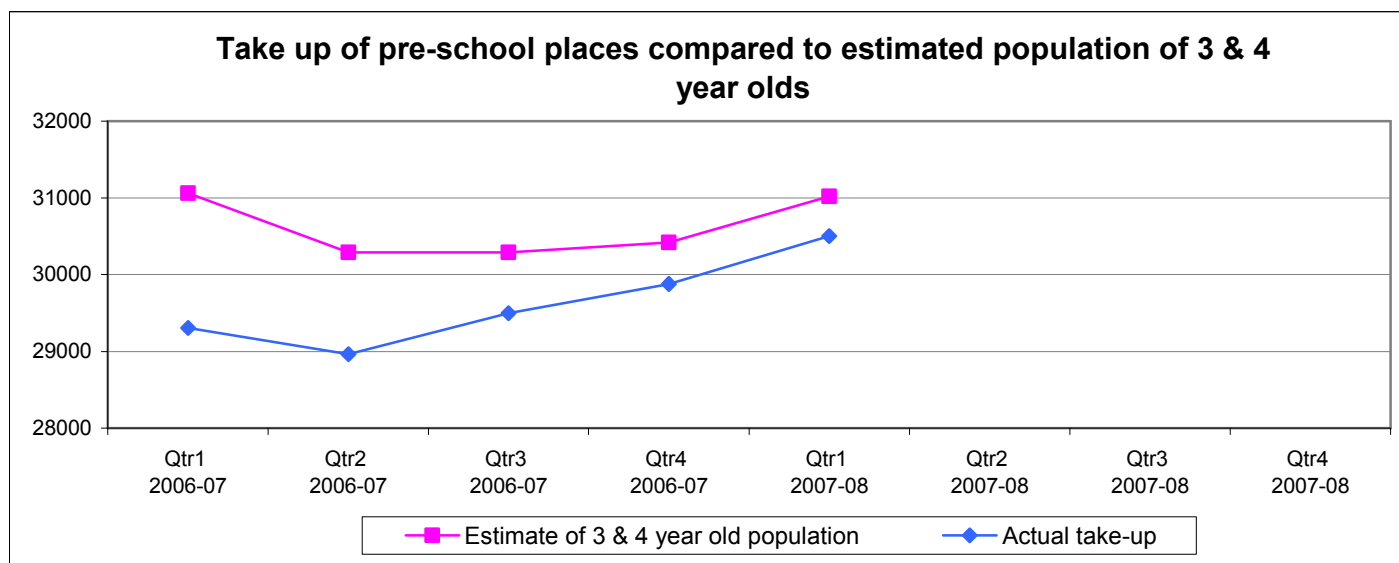


#### Comments:

- SEN HTST** - The significant gap between the actual and affordable assisted SEN transport to school relates to the savings targets which have significantly reduced the affordable level from last year. The affordable level has been calculated by dividing the 2007/08 budget (after it has been reduced for the savings target) by the current average cost per child.
- Mainstream HTST** - There is a slight increase on the actual number of children receiving assisted mainstream transport to schools and this is reflected by the £32k pressure shown in table 1 above.

### 2.2.1 Take up of pre-school places against the estimate of 3 & 4 year old population, split between Private Voluntary and Independent Sector (PVI) places and School places:

	2006-07			2007-08				
	Total places taken up	Estimate of 3 & 4 year old population	% take up	<i>PVI places taken up</i>	<i>School places taken up</i>	Total places taken up	Estimate of 3 & 4 year old population	% take up
April - June	29,307	31,062	94%	21,027	9,475	30,502	31,019	98%
July - Sept	28,963	30,287	96%					
Oct - Dec	29,498	30,289	97%					
Jan - March	29,878	30,419	98%					

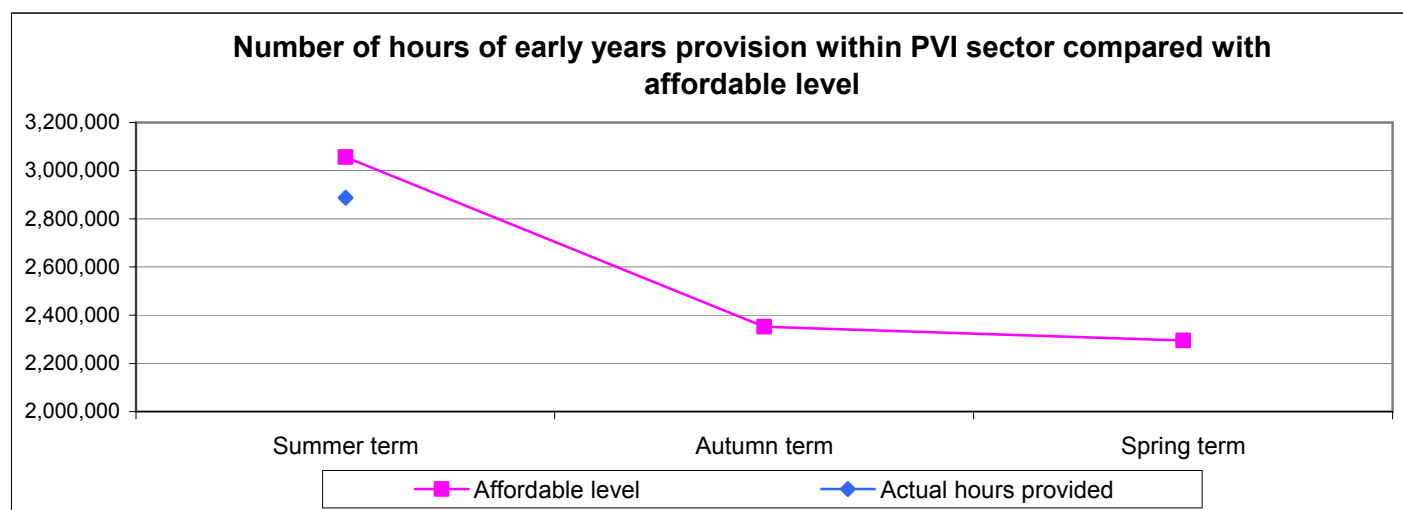


#### Comments:

- This graph shows that currently 98% of the estimated population of 3 and 4 year olds are receiving some level of early years provision, whether this be one session per week for 33 weeks or the maximum of five sessions per week for the full 38 weeks. This activity indicator is based on headcount and provides a snapshot position at a point in time, whereas the activity data in 2.2.2 below provides details of the number of hours provided in the Private, Voluntary & Independent sector, and will correlate with the variance on the Early Years budget within the Management Information Unit. However as this budget is funded entirely from DSG, any surplus or deficit at the end of the year must be carried forward to the next financial year in accordance with the regulations, and cannot be used to offset over or underspends elsewhere in the directorate budget. Therefore, as any unspent Early Years funding has to be returned to schools, at year end any underspend will be transferred to the schools unallocated reserve for DSG and hence is not included in the overall directorate forecast shown in table 1, but will be reported in the narrative in section 1.1.3 of this annex.

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

	2007-08	
	Affordable number of hours	Actual hours provided
Summer term	3,056,554	2,887,134
Autumn term	2,352,089	
Spring term	2,294,845	
	<b>7,703,488</b>	<b>2,887,134</b>



### Comments:

- The affordable number of hours per term is based on an assumed level of take-up and the assumed number of weeks the providers are open. The variation between the terms is due to two reasons: firstly, the movement of 4 year olds at the start of the Autumn term into reception year in mainstream schools; and secondly, the terms do not have the same number of weeks.
- The current activity suggests an underspend on this budget which has been mentioned in section 1.1.3.8 of this annex.
- It should be noted that not all parents currently take up their full entitlement and this can change during the year.

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

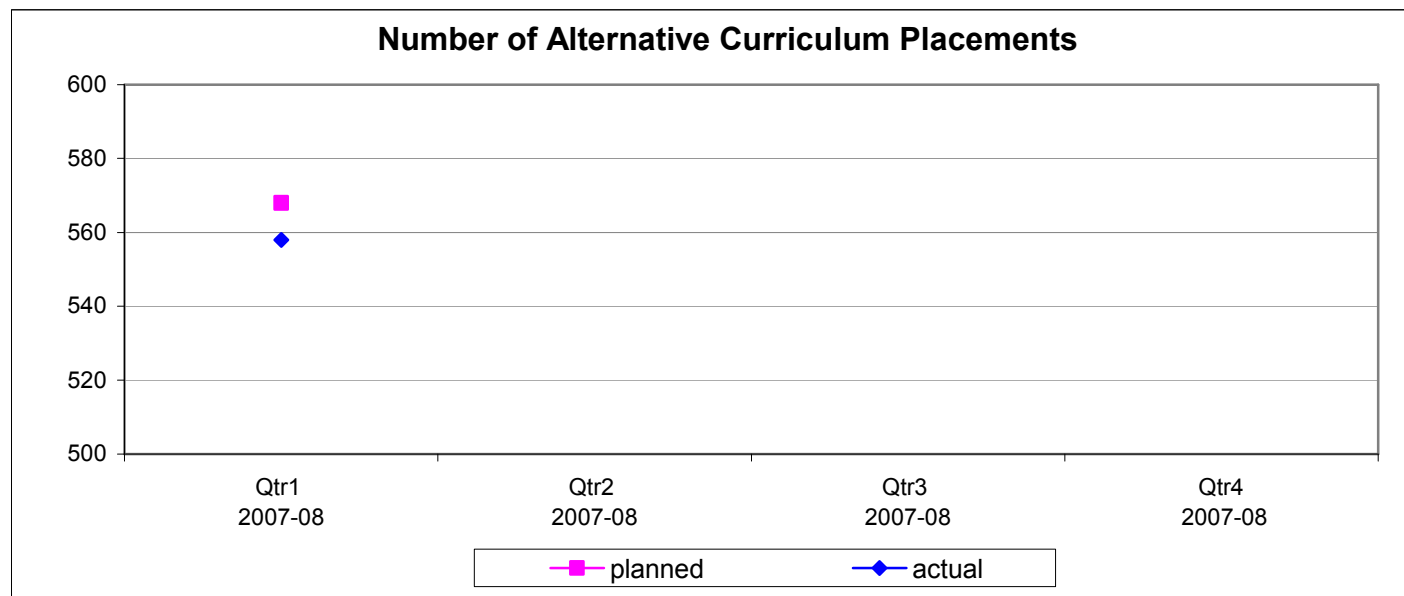
	2005-06	2006-07	2007-08
	as at 31-3-06	as at 31-3-07	Projection
Total number of schools	600	596	575
Total value of school revenue reserves	£70,657k	£74,376k	£74,376k
Number of deficit schools	9	15	14
Total value of deficits	£947k	£1,426k	£1,132.3k

### 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 LA, 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.

## 2.4 Number of Alternative Curriculum Placements:

	2007-08	
	planned	actual
April - June	568	558
July - September		
October - December		
January - March		

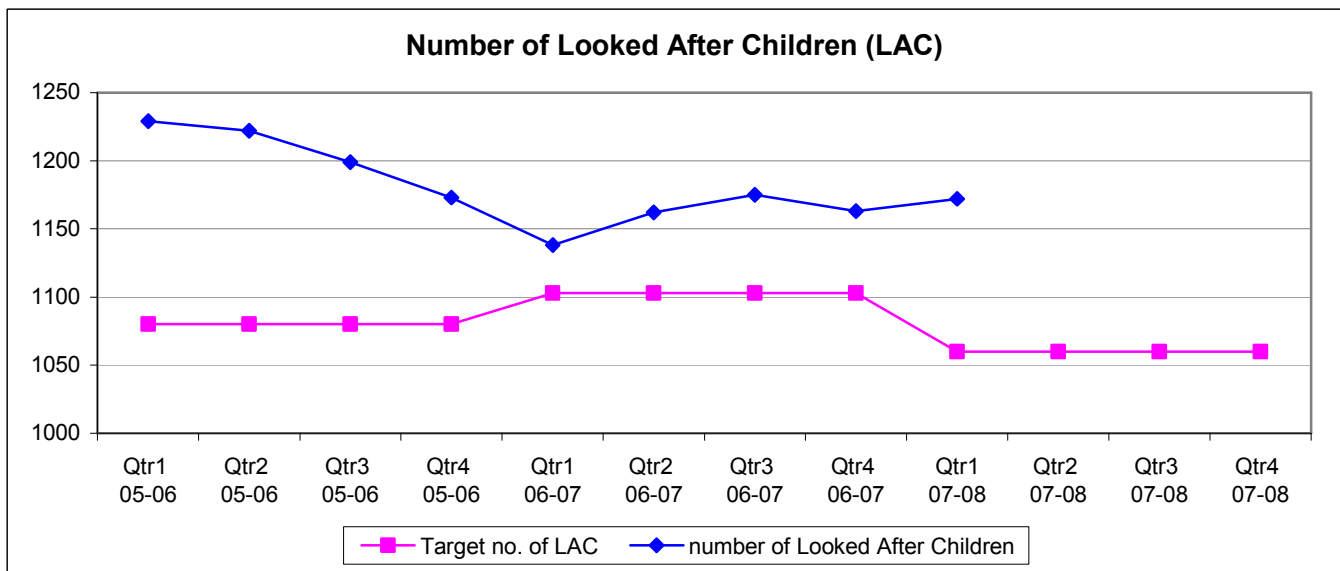


**Comments:**

- Full time alternative curriculum places need to be purchased 6 months in advance in order to secure them. From September 2007, new Government guidelines require excluded pupils to be placed in full-time education within 6 days of being excluded. The vast majority of excluded pupils are currently placed in alternative curriculum provision within 10 days, but the service is expected to meet the new target.
- The number of planned places will change in September 2007 when the new academic year's places are purchased. The above graph will be updated accordingly.

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

	2005-06		2006-07		2007-08	
	Target	number of Looked After Children	Target	number of Looked After Children	Target	number of Looked After Children
Apr – Jun	1,080	1,229	1,103	1,138	1,060	1,172
Jul – Sep	1,080	1,222	1,103	1,162	1,060	
Oct – Dec	1,080	1,199	1,103	1,175	1,060	
Jan – Mar	1,080	1,173	1,103	1,163	1,060	

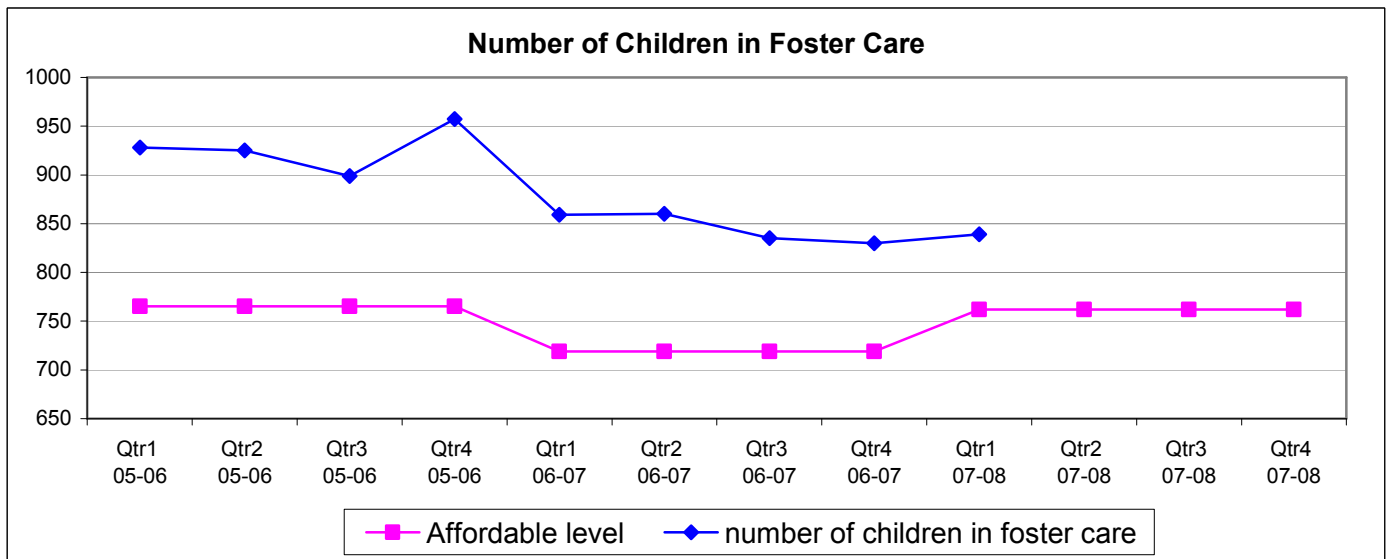


## Comments:

- The current number of looked after children compared to the targeted level is of cause for concern. A piece of work has started to look in detail at the associated budget lines and any financial implications will be reported next month.

## 2.6 Number of Children in Foster Care:

	2005-06		2006-07		2007-08	
	Target	number of children in foster care	Target	number of children in foster care	Target	number of children in foster care
Apr - Jun	765	928	719	859	762	839
Jul - Sep	765	925	719	860	762	
Oct - Dec	765	899	719	835	762	
Jan - Mar	765	957	719	830	762	



## Comments:

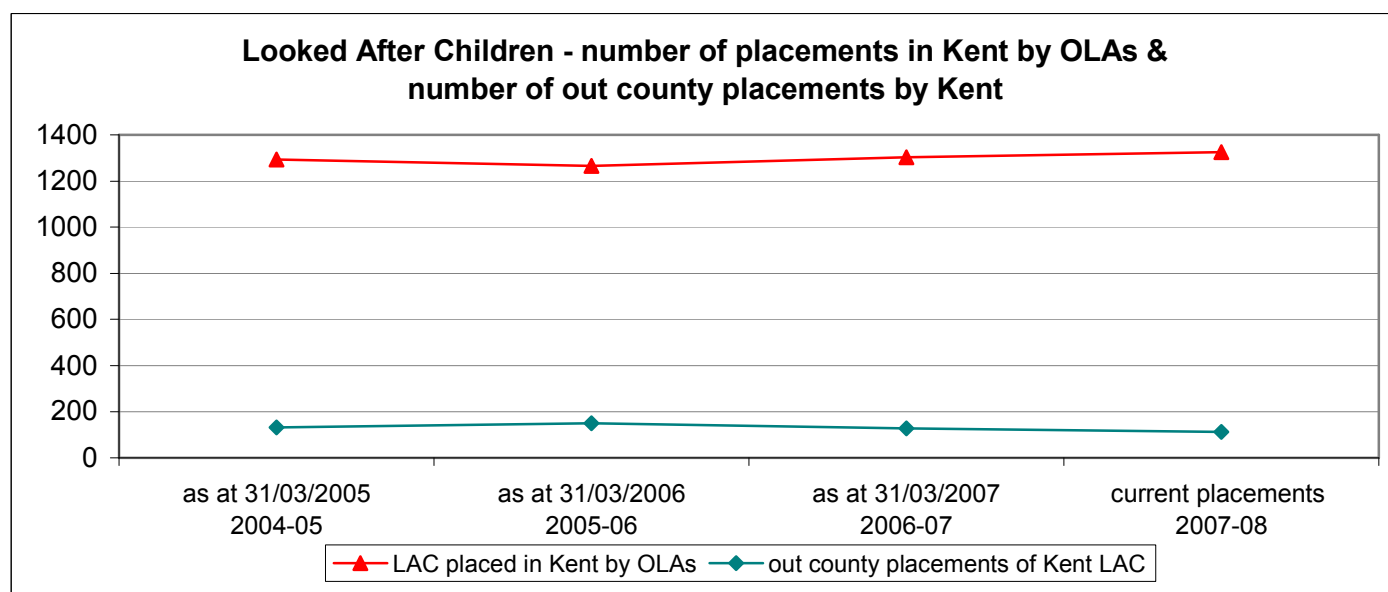
- The current number of children in foster care compared to the target is of cause for concern. A piece of work has started to look in detail at this budget and any financial implications will be reported next month.

2.7 **Number of Placements in Kent of LAC by other Authorities:**

2004-05 as at 31/03/2005	2005-06 as at 31/03/2006	2006-07 as at 31/03/2007	2007-08 Current placements
1,294	1,266	1,303	1,325

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

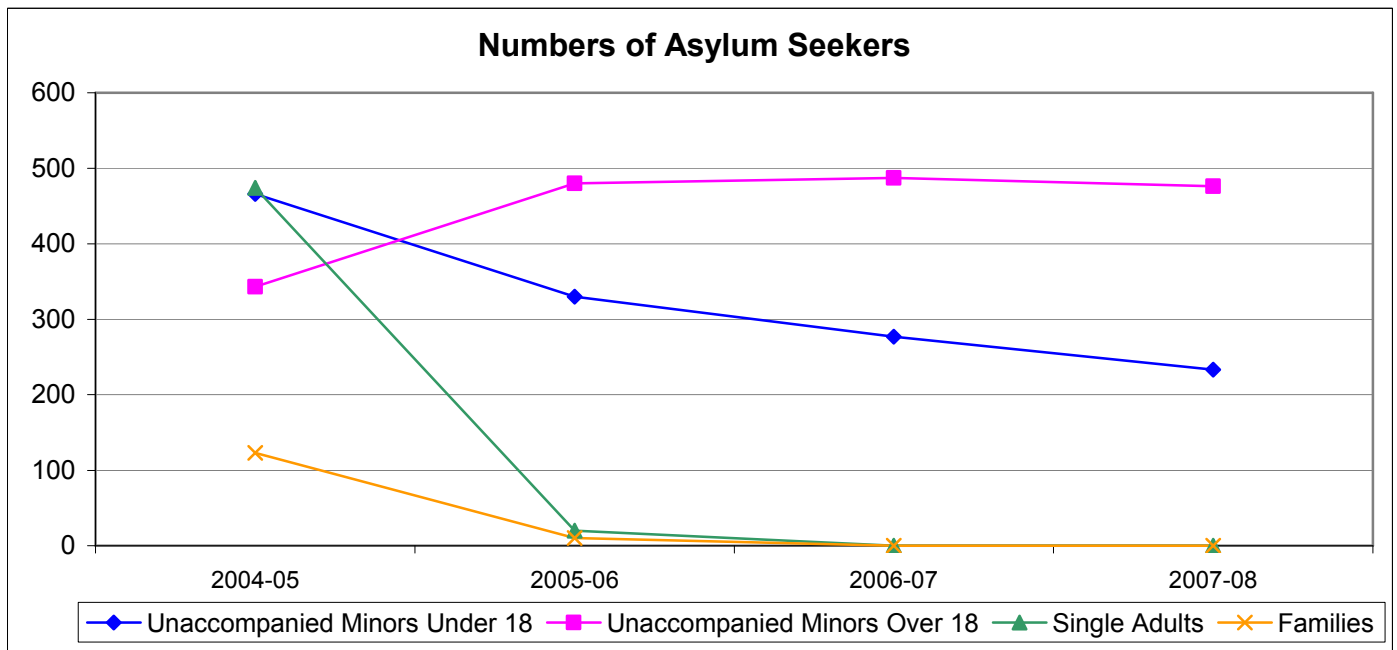
2004-05 as at 31/03/2005	2005-06 as at 31/03/2006	2006-07 As at 31/03/2007	2007-08 Current placements
132	149	127	112

**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.

## 2.9 Numbers of Asylum Seekers (by category):

	2004-05	2005-06	2006-07	2007-08
	31-03-05	31-03-06	31-03-07	30-06-07
	Number	Number	Number	Number
Unaccompanied Minors Under 18	466	330	277	233
Unaccompanied Minors Over 18	343	480	487	476
Single Adults	474	20	0	0
Families	123	10	0	0



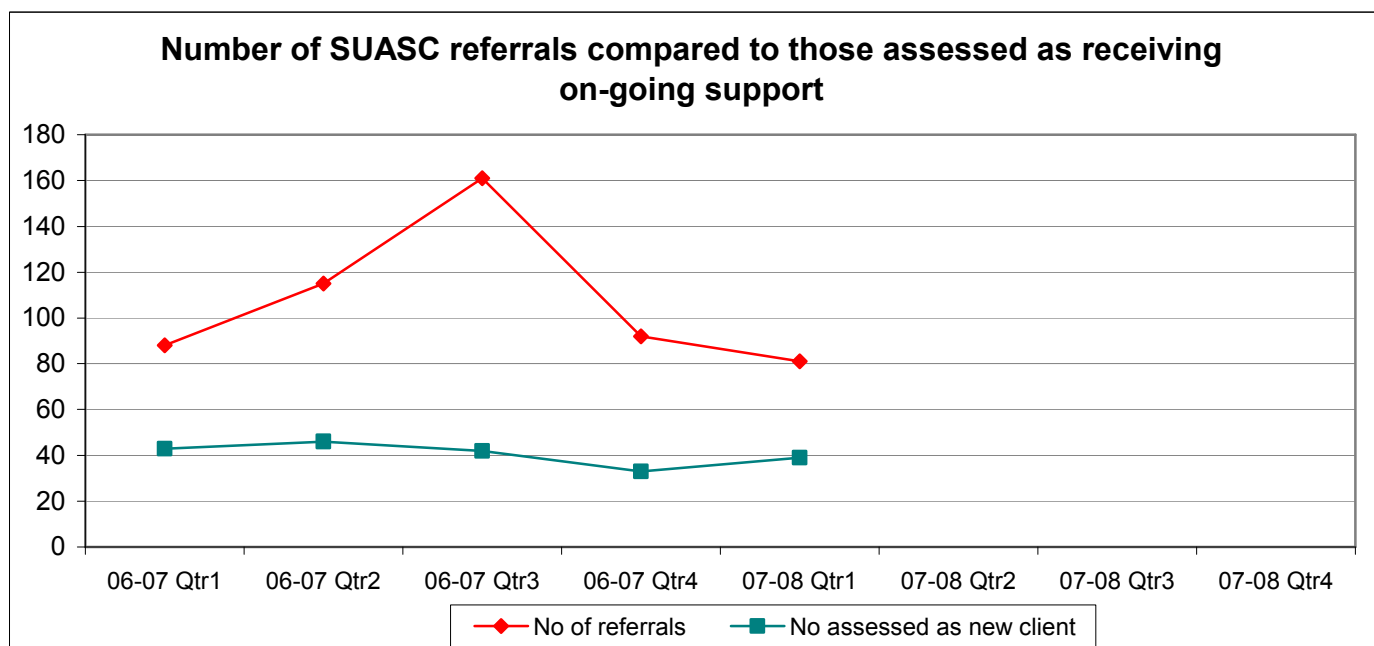
## Comment:

- The numbers above refer to clients who have been assessed as qualifying for asylum. The numbers have reduced in line with expectation.



2.10 **Numbers of Asylum Seeker referrals compared with the number assessed as qualifying for on-going support from Service for Unaccompanied Asylum Seeking Children (SUASC) ie new clients:**

	2006-07			2007-08		
	No. of referrals	No. assessed as new client	%	No. of referrals	No. assessed as new client	%
April - June	88	43	49%	81	39	48%
July - Sept	115	46	40%			
Oct - Dec	161	42	26%			
Jan - March	92	33	36%			



Comments:

- The number of referrals in the first quarter is slightly below forecast (90) and the same period last year (88). The percentage of referrals that become on-going referrals has risen to almost the forecast level of 50%.

## KENT ADULT SOCIAL SERVICES DIRECTORATE SUMMARY JULY 2007-08 FULL MONITORING REPORT

### 1. FINANCE

#### 1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered “technical adjustments” ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- This quarter cash limits have been adjusted to reflect a number of technical adjustments to budget, including the apportionment of -£0.170m of the e-recruitment saving from the Corporate Support portfolio and £0.061m of the provision for Kent Scheme revision from the Finance portfolio and the addition of -£1.001m of roll forward from 2006-07, as agreed by Cabinet on 16 July 2007.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Adult Services portfolio</b>							
Older People	167,714	-67,874	99,840	2,955	-2,110	845	Demographic and placement pressures
People with a Learning Difficulty	72,533	-20,623	51,910	1,871	1,071	2,942	Demographic and placement pressures
People with a Physical Disability	26,595	-6,705	19,890	396	491	887	Demographic and placement pressures
Adults Assessment & Related	29,380	-4,902	24,479	-264	0	-264	Management action around staffing
Older Persons Direct Service Unit	24,377	-3,712	20,665	686	-165	521	Single status and agency costs
Adult Service Provider Unit	13,942	-637	13,305	0	0	0	
SESEU	2,253	-602	1,651	-47	23	-24	
Occupational Therapy Bureau	9,422	-2,933	6,489	743	-844	-101	Release of provision for replacement hoists
Mental Health Service	22,992	-7,091	15,901	193	228	421	Residential placement pressures
Supporting People	33,006	-33,006	0	0	0	0	
Gypsy Unit	626	-280	346	0	0	0	
Asylum All Appeal Rights Exhausted	100	0	100	0	0	0	
Strategic & Area Management	649	-3	646	2	0	2	
Performance, Contracting & Planning	7,098	-1,736	5,362	-439	-30	-469	Management action around staffing
Training, Duty & Support	15,618	-4,240	11,378	-1,209	41	-1,168	Staff savings, training budget and facilities
<b>Total Adult Services controllable</b>	<b>426,305</b>	<b>-154,345</b>	<b>271,960</b>	<b>4,887</b>	<b>-1,295</b>	<b>3,592</b>	

#### 1.1.3 Major Reasons for Variance:

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

##### 1.1.3.1 General Comment

The current forecast position is a result of demographic pressures, specific to Adult Services and in common with other local authorities in the region.

### 1.1.3.2 Older People (+£845k)

Whilst residential client numbers are relatively static, this is not true of higher cost nursing placements, due principally to demand pressures and throughput in the NHS, together with some bed closures in acute and community hospitals. The directorate is forecasting a £1,391k pressure against residential and nursing budgets. This also includes pressure on commissioning budgets arising from delays in opening Broadmeadow.

There is a £1,711k pressure against domiciliary care owing to the fact that budget of around £2,000k was transferred to direct payment lines to meet targeted levels, but there appears to have been little corresponding reduction in domiciliary activity, due to general demand and demographic pressures.

Pressure against direct payments is to some extent met by a corresponding reduction in day care.

In line with the pressure against expenditure budgets, the directorate is forecasting £2,525k of additional income across all Older People headings. Budgets will be realigned later in the year. Offset against this, the directorate has recently been subject to an Ombudsman decision in relation to our 'fairer charging' practices, specifically that we backdate charges to the date that a service starts and not to the date of notification of the charge to the client. We have given an undertaking to ensure that our practices comply with the guidance. Initial indications are that this is likely to cost around £450k per annum, with an estimated £250k part year pressure in the current year.

### 1.1.3.3 People with Learning Disabilities (+£2,942k)

There has been a continuation in both demographic and placement price pressures, in excess of budgeted levels, across all headings. This relates to more clients coming through transition ie. young adults transferring from Children's Services, with significantly increased levels of complex need, together with the trend for people to live longer, where we are seeing increasing numbers of learning disabled clients over the age of 65.

Pressure against direct payments is to some extent met by a corresponding reduction in day care.

### 1.1.3.4 People with Physical Disabilities (+£887k)

The principal reason for the forecast pressure is the increase in direct payments, which appears not to have been offset by a corresponding reduction in domiciliary and other costs. There are also demand and demographic pressures against residential care budgets and supported accommodation.

Pressure against direct payments is to some extent met by a corresponding reduction in day care.

### 1.1.3.5 Assessment & Related (-£264k)

As in previous years, management action around staffing vacancies has been implemented to fund pressure elsewhere within the budget, but the extent to which this strategy can be employed has been restricted by the recent budget reductions to reflect the MTFP modernisation savings, which has delivered a reduction in headcount.

### 1.1.3.6 Older People Direct Services Unit (+£521k)

This is primarily a result of staffing pressures, arising in part from the difficulties in accurately forecasting the impact of single status due to the differences in pay rates and shift patterns, but also due to the continuing need to cover sickness and other absence with agency staff in order to meet care standards set by the regulator (Commission for Social Care Inspection).

### 1.1.3.7 Adult Services Provider Unit (+£0k)

Savings arising from the closure of Crispe House have been transferred to commissioning budgets to fund the cost of re-provision in the private sector.

### 1.1.3.8 Supported Employment & Social Economy Unit (SESEU) (-£24k)

Slight underspend forecast against staffing budgets.

#### 1.1.3.9 Occupational Therapy Bureau (-£101k)

Comment: A £100k provision was created at the end of 2006-07 to fund the bulk replacement of hoists on health and safety grounds. The OTB has reported that it can absorb this pressure within the existing budget, thus allowing the provision to be released as an underspend.

#### 1.1.3.10 Mental Health (+£421k)

Principally demographic and placement price pressures impacting on the provision of residential care, together with some pressure against domiciliary care budgets.

#### 1.1.3.11 Other (-£1,637k)

Principally relates to management action around staffing vacancies, but there are some specific savings including:

- £500k management action against training.
- £126k contribution from district councils towards the legal costs associated with PFI schemes.
- £112k part year savings on the establishment of systems support team.
- £111k underspending across the directorates facilities budgets.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
KASS	Older People Domiciliary Exp.	+1,711	KASS	Older People Income	-2,525
KASS	Older People Residential and Nursing Care	+1,391	KASS	Learning Disability Domiciliary Exp.	-632
KASS	Learning Disability Residential Inc.	+927	KASS	Underspend against Training Grant	-500
KASS	Learning Disability Independent	+760	KASS	Learning Disability Day Care Exp.	-318
KASS	Learning Disability Supported Accommodation	+735	KASS	Area Contracts & Planning Teams - Management action around staffing	-305
KASS	Learning Disability Direct Payments	+722	KASS	Physical Disability Residential Exp.	-292
KASS	Physical Disability Direct Payments	+605	KASS	Assessment & Related - Management action around staffing	-264
KASS	Older Persons Direct Services Unit - Staffing Budget	+455	KASS	Finance & Resources - Management action around staffing	-220
KASS	Physical Disability Residential Care Income	+424	KASS	HQ Policy and Performance - Management action around staffing	-204
KASS	Mental Health Residential Care	+384	KASS	Older People Day Care Spend	-187
KASS	Learning Disability Residential Exp.	+286	KASS	Physical Disability Day Care Exp.	-126
KASS	Part year impact of 'fairer charging' decision by Ombudsman	+250	KASS	Forecast income from District Councils towards costs of PFI	-126
KASS	Learning Disability Day Opportunities	+208	KASS	Part year saving on establishment of SRP Systems Support Team	-112
KASS	Learning Disability Group Homes	+207	KASS	Underspending against Office Accommodation budgets	-111
KASS	Physical Disability Supported Accommodation	+194	KASS	Occupational Therapy Bureau - Provision for Replacement Hoists	-100
KASS	Older People Direct Payments	+134			
KASS	Mental Health Domiciliary	+105			
		+9,498			-6,022

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

Significant action around managing vacancies is already reflected in this forecast position, however the directorate is working on detailed management action plans designed to bring the directorate to a breakeven position and these should be finalised and reported in the next monitoring return.

### 1.1.5 Implications for MTFP:

At this stage the Medium Term Financial Plan for future years assumes that we will reach a breakeven position in the current year.

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

No revenue projects have been rephased.

### 1.1.7 Details of proposals for residual variance:

See 1.1.4 above.

## 1.2 CAPITAL

1.2.2 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader or relevant delegated authority.

Cash limits have been adjusted this quarter to reflect:

	2007-08 £000s 1,182
▪ Roll forward of the re-phasing from 2006-07	
▪ The modernisation of Learning Disability Day Services in the Sevenoaks Area to be funded by part of the capital receipt from the sale of the Horizons/Mountwood site:	
• Adaptations to Edenbridge Leisure Centre	80
• New Edenbridge Community Centre	209

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position.

	Prev Yrs Exp	2007-08	2008-09	2009-10	Future Yrs	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Kent Adult Social Services portfolio</b>						
Budget	18,398	9,592	5,786	1,794	4,687	40,257
Additions:						
- roll forward		1,182				1,182
- Edenbridge Leisure Centre		80				80
- Edenbridge Community Centre		209				209
Revised Budget	18,398	11,063	5,786	1,794	4,687	41,728
Variance		-3,506	-827	2,673	1,810	150
<b>split:</b>						
- real variance		+150				+150
- re-phasing		-3,656	-827	+2,673	+1,810	0
<b>Real Variance</b>		<b>+150</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>+150</b>
<b>Re-phasing</b>		<b>-3,656</b>	<b>-827</b>	<b>+2,673</b>	<b>+1,810</b>	<b>0</b>

### 1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2007-08 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and
- projects at initial planning stage.

The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the initial planning stage, is explained further in section 1.2.4 below.

All real variances are explained in section 1.2.5, together with the resourcing implications.

**Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER**

portfolio	Project	real/ phasing	Project Status			
			Rolling Programme	Approval to Spend	Approval to Plan	Initial Planning Stage
			£'000s	£'000s	£'000s	£'000s
<b>Overspends/Projects ahead of schedule</b>						
			<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>
<b>Underspends/Projects behind schedule</b>						
KASS	Dartford Town Centre project	Phasing			-2,897	
KASS	Princess Christian Farm	Phasing			-550	
			<b>0</b>	<b>0</b>	<b>-3,447</b>	<b>0</b>
			<b>+0</b>	<b>+0</b>	<b>-3,447</b>	<b>+0</b>

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

##### 1.2.4.1 Social & Healthcare Centre in Dartford Town Centre – slippage £2.9 million

The Dartford Town Centre project is a Health and Social Care Centre aiming to relocate and modernise a number of existing day care services into a new building incorporating voluntary services, independent living flats, social enterprise and potentially health care services.

It has been delayed due to the land predicated for the site not having yet been marketed by its owner. Planning surrounding this project has been generally delayed due to rejection of the major Lowfield Street regeneration application. The redevelopment of Dartford town centre is being reviewed by Dartford Borough Council (DBC) with consultation anticipated in the autumn. An alternative site is being investigated in conjunction with DBC. It is not clear, to KASS or DBC, when land will be available but the following estimates assume July 2008, a delay of 21 months.

Consequently its costs are estimated to have slipped by £1.8m within the period 2007/8 to 2009/10, representing 33% of total costs of the scheme. Completion is estimated to have slipped by 21 months to August 2010. Services will be provided from existing or temporary locations until completion within current revenue budgets.

The project is funded by a mix of allocated back-to-back receipts and developer contributions. It is anticipated back-to-back receipts will be obtained before significant expenditure commences. It is expected Dartford planning issues will also delay the anticipated developer contributions.

Revised phasing of the costs of the scheme and developer contributions are estimated as follows but will be subject to further change.

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget		2,930	2,570	40		5,540
Forecast		33	1,227	2,470	1,810	5,540
Variance	0	-2,897	-1,343	+2,430	+1,810	0
<b>FUNDING</b>						
<b>Budget:</b>						
external		470	1,230	580		2,280
capital receipts		2,460	1,340	-540		3,260
TOTAL	0	2,930	2,570	40	0	5,540
<b>Forecast:</b>						
external				470	1,810	2,280
capital receipts		33	1,227	2,000		3,260
TOTAL	0	33	1,227	2,470	1,810	5,540
<b>Variance</b>	<b>0</b>	<b>-2,897</b>	<b>-1,343</b>	<b>+2,430</b>	<b>+1,810</b>	<b>0</b>

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

There is a forecast £150k overspend relating to the Broadmeadow project, it is planned to offset this using a provision made in 2006/07, together with underspending elsewhere within the programme.

After allowing for these funding issues the true underlying variance is £0k.

#### 1.2.6 General Overview of capital programme:

##### (a) Risks

The majority of the directorate's capital programme comprises 'back to back' schemes predicated on generating capital receipts. There is a risk around the valuations.

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

Schemes reliant on capital receipts are being reviewed.

#### 1.2.7 PFI projects

- PFI Housing

The £72.489m investment in the PFI Housing project represents investment by a third party. No payment is made by KCC for the new/refurbished assets until the asset are ready for use and this is by way of an annual unitary charge to the revenue budget, to be funded from the PFI credits.

	<b>Previous years</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>TOTAL</b>
	£000s	£000s	£000s	£000s	£000s
<b>Budget</b>	-	33,600	38,700	189	72,489
<b>Forecast</b>	-	33,600	38,700	189	72,489
<b>Variance</b>	-	-	-	-	-

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

Costings are still as planned.

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

It is likely that the unitary charge will be fixed for the duration of the contract period and therefore the risk of an increase in the costs is extremely low. Any proposal by a partner in the project that results in either additional costs or risks must be agreed by the Project Board unanimously. Each partner has a vote and KCC could therefore vote against action that would result in an increase in costs if it chose to.

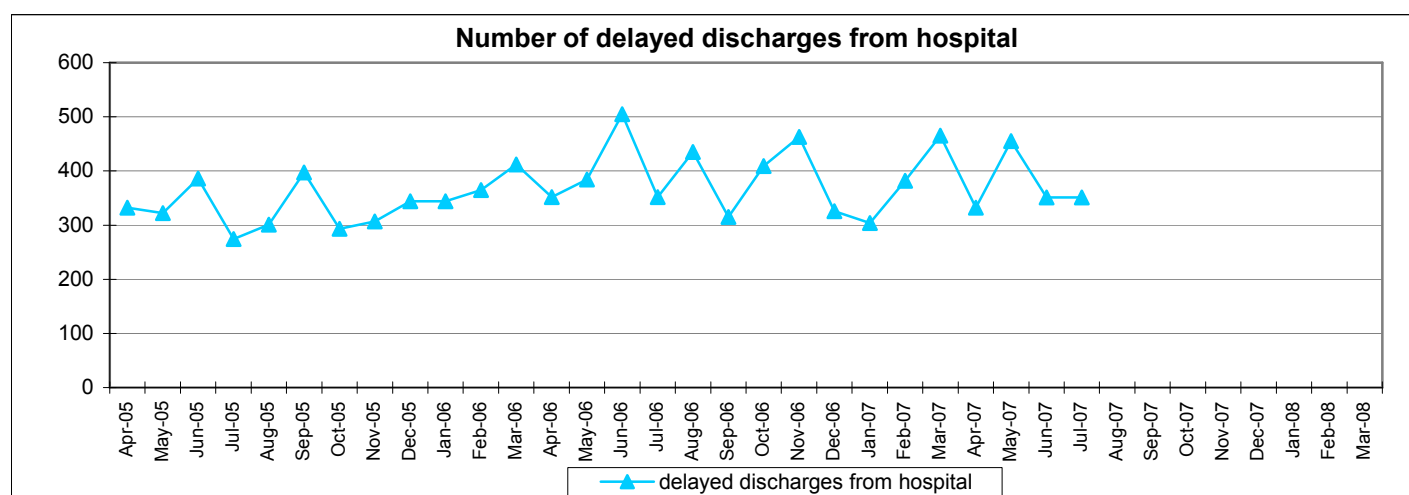
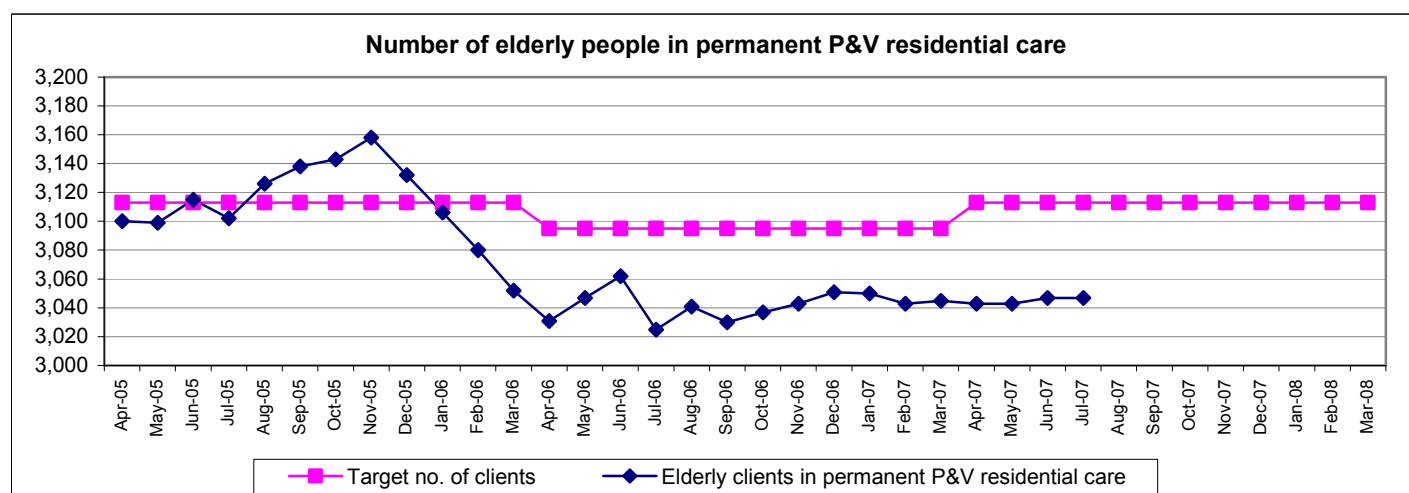


## 2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

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:

	2005-06			2006-07			2007-08		
	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 (DTCs)
April	3,113	3,100	332	3,095	3,031	352	3,113	3,043	332
May	3,113	3,099	322	3,095	3,047	384	3,113	3,043	455
June	3,113	3,115	386	3,095	3,062	505	3,113	3,047	351
July	3,113	3,102	274	3,095	3,025	352	3,113	3,047	351
August	3,113	3,126	301	3,095	3,041	435	3,113		
September	3,113	3,138	397	3,095	3,030	315	3,113		
October	3,113	3,143	293	3,095	3,037	409	3,113		
November	3,113	3,158	307	3,095	3,043	463	3,113		
December	3,113	3,132	344	3,095	3,051	326	3,113		
January	3,113	3,106	344	3,095	3,050	304	3,113		
February	3,113	3,080	365	3,095	3,043	382	3,113		
March	3,113	3,052	412	3,095	3,045	465	3,113		

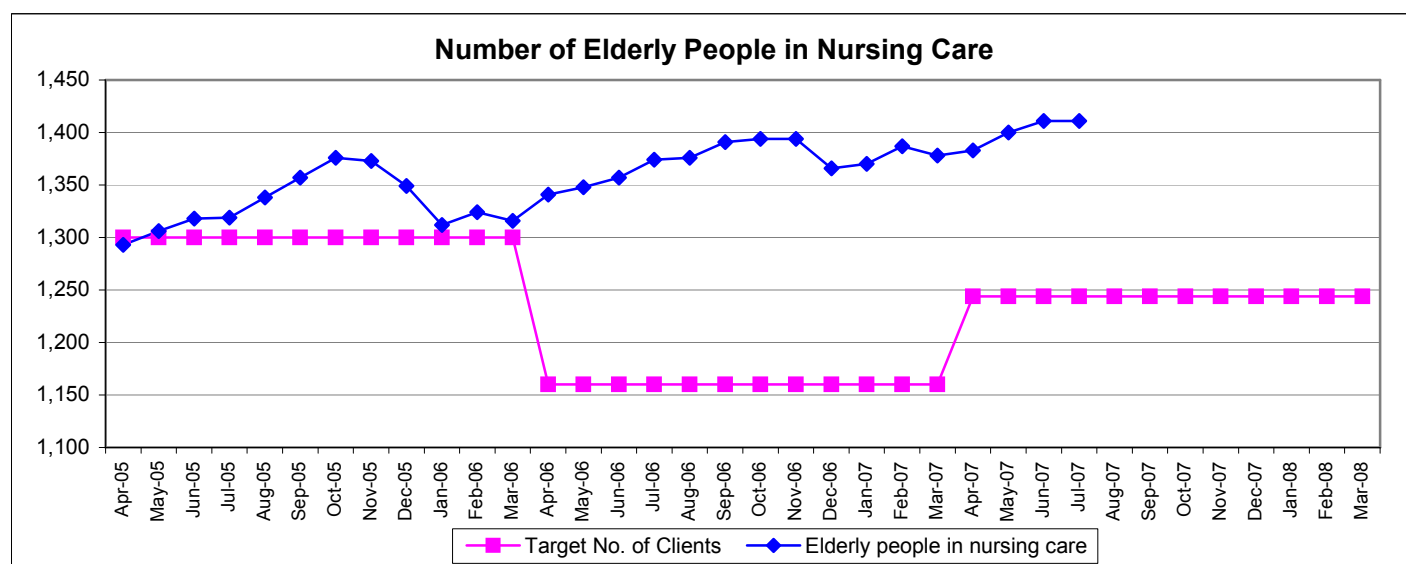


Comments:

- 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. 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.

## 2.2 Numbers of elderly people in nursing care:

	2005-06		2006-07		2007-08	
	Target	Elderly people in nursing care	Target	Elderly people in nursing care	Target	Elderly people in nursing care
April	1,300	1,293	1,160	1,341	1,244	1,383
May	1,300	1,306	1,160	1,348	1,244	1,400
June	1,300	1,318	1,160	1,357	1,244	1,411
July	1,300	1,319	1,160	1,374	1,244	1,411
August	1,300	1,338	1,160	1,376	1,244	
September	1,300	1,357	1,160	1,391	1,244	
October	1,300	1,376	1,160	1,394	1,244	
November	1,300	1,373	1,160	1,394	1,244	
December	1,300	1,349	1,160	1,366	1,244	
January	1,300	1,312	1,160	1,370	1,244	
February	1,300	1,324	1,160	1,387	1,244	
March	1,300	1,316	1,160	1,378	1,244	

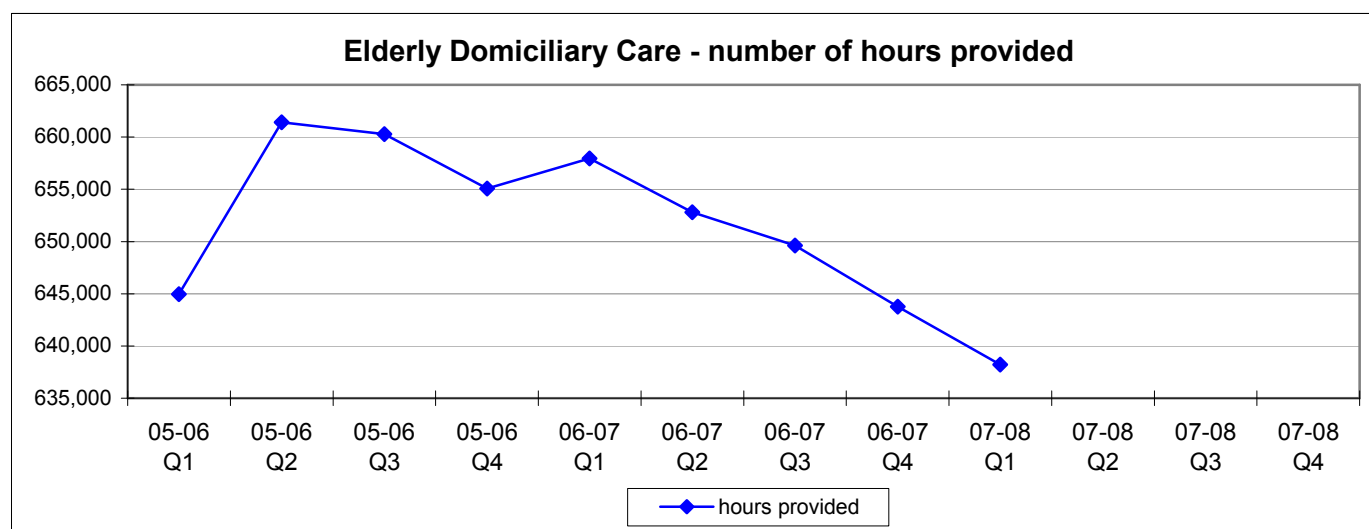
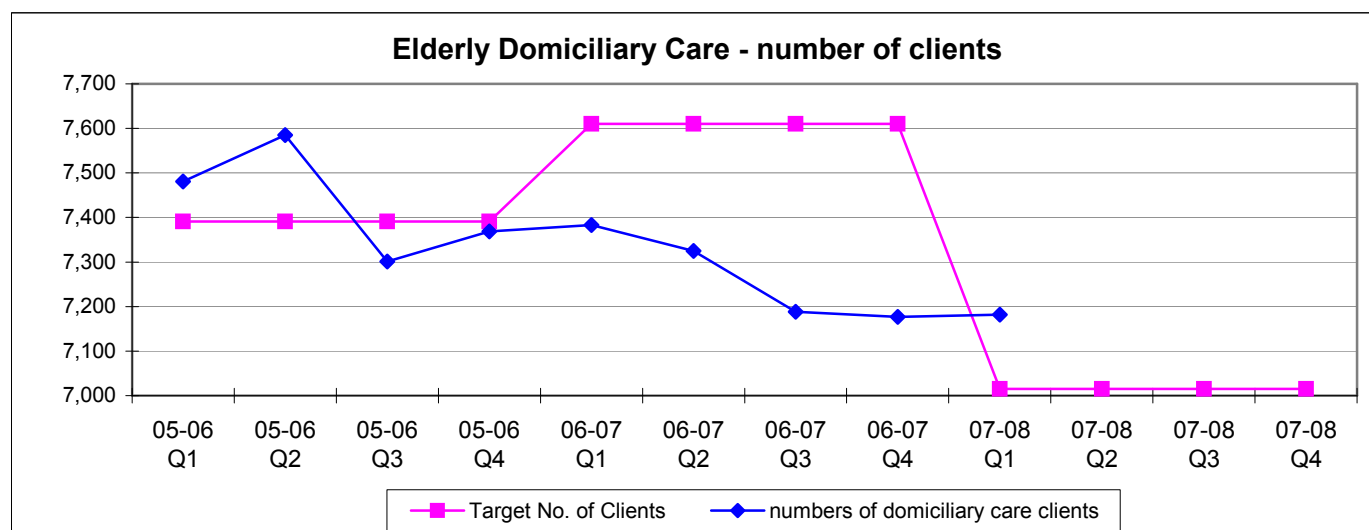


### Comment:

- Increases in permanent nursing care may happen for many reasons. The main influences over the last year have been the closure 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:

	2005-06			2006-07			2007-08		
	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	7,391	7,481	644,944	7,610	7,383	657,948	7,015	7,182	638,211
Jul - Sep	7,391	7,585	661,415	7,610	7,325	652,789	7,015		
Oct - Dec	7,391	7,301	660,282	7,610	7,188	649,624	7,015		
Jan - Mar	7,391	7,369	655,071	7,610	7,177	643,777	7,015		

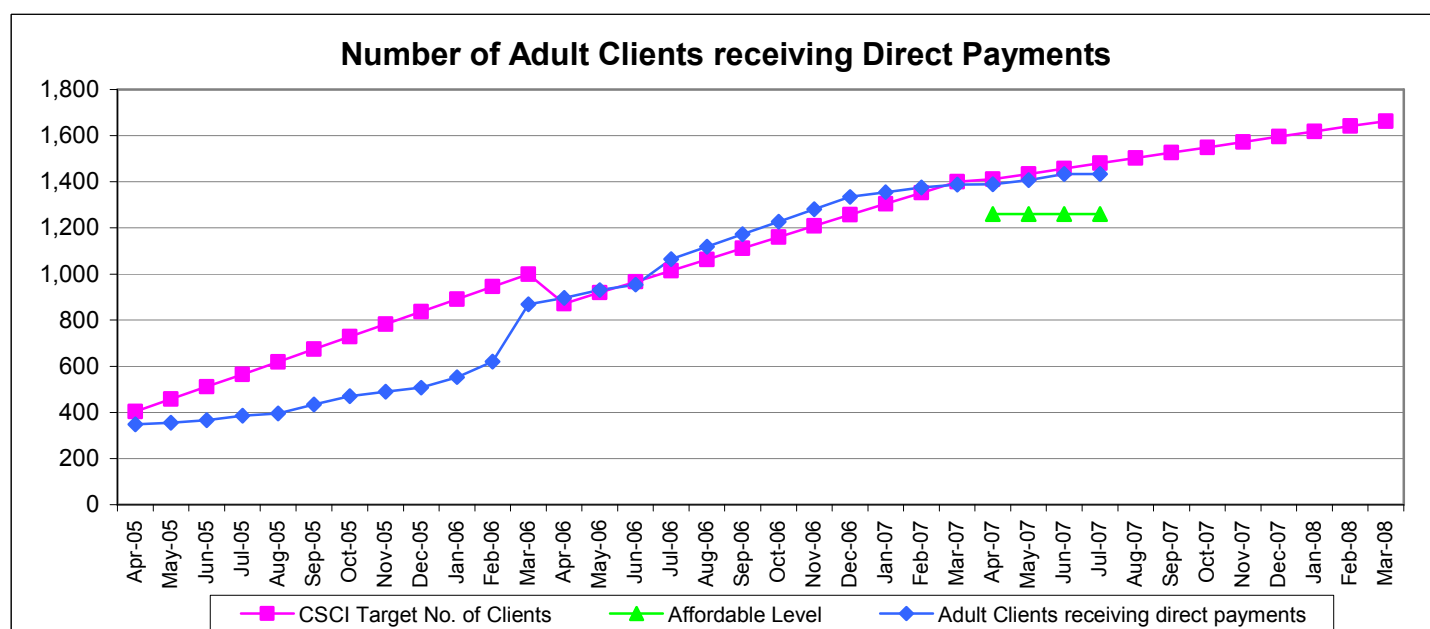


Comment:

- The downward trend in 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		2007-08		
	CSCI Target	Adult Clients receiving Direct Payments	CSCI Target	Adult Clients receiving Direct Payments	CSCI Target	Affordable Level	Adult Clients receiving Direct Payments
April	403	349	871	896	1,411	1,259	1,390
May	457	355	919	930	1,434	1,259	1,407
June	511	366	967	954	1,457	1,259	1,434
July	566	386	1,015	1,065	1,480	1,259	1,434
August	620	395	1,063	1,119	1,503		
September	674	434	1,112	1,173	1,526		
October	728	470	1,160	1,226	1,549		
November	783	489	1,208	1,280	1,572		
December	837	507	1,256	1,334	1,595		
January	891	553	1,304	1,355	1,618		
February	945	621	1,352	1,376	1,641		
March	1,000	868	1,400	1,388	1,662		

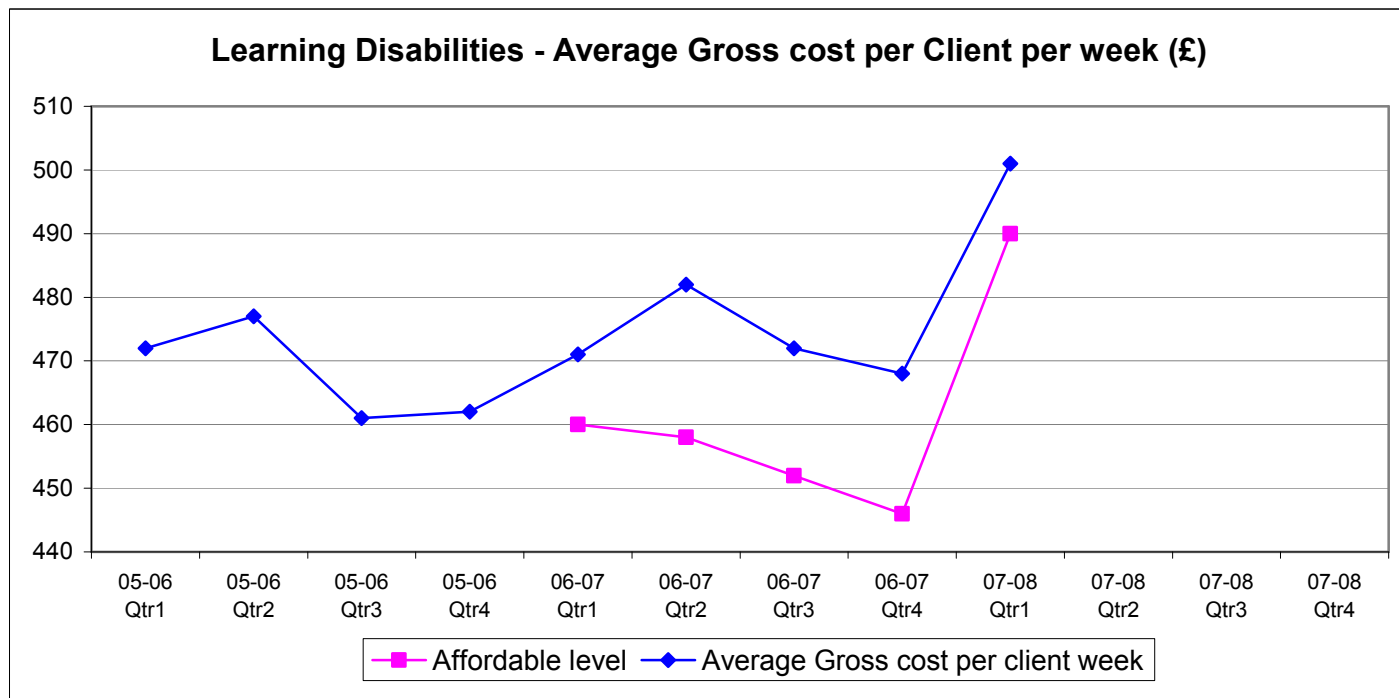


#### Comments:

- Direct payments are increasing, however a body of evidence is growing which suggests that the introduction of direct payments is identifying some previously unmet demand/need. Work is ongoing to track all new direct payment clients to prove /disprove this belief.
- It should be noted that the affordable level is 1,259, which relates to the budgets that are currently set for direct payments. During the year, budgets will be vired from other service lines such as domiciliary and daycare, to recognise the move away from traditional services into self directed support. The affordable level will then be adjusted accordingly.
- The financial forecast and variances being reported cover the ongoing costs of the 1,434 direct payment users we currently have.
- The 1,662 is the Commission for Social Care Inspection (CSCI) target for the end of year required position.

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

	2005-06	2006-07		2007-08	
	Average Gross cost per client £	Affordable level £	Average Gross cost per client £	Affordable level £	Average Gross cost per client £
April - June	472	460	471	490	501
July - September	477	458	482		
October - December	461	452	472		
January - March	462	446	468		

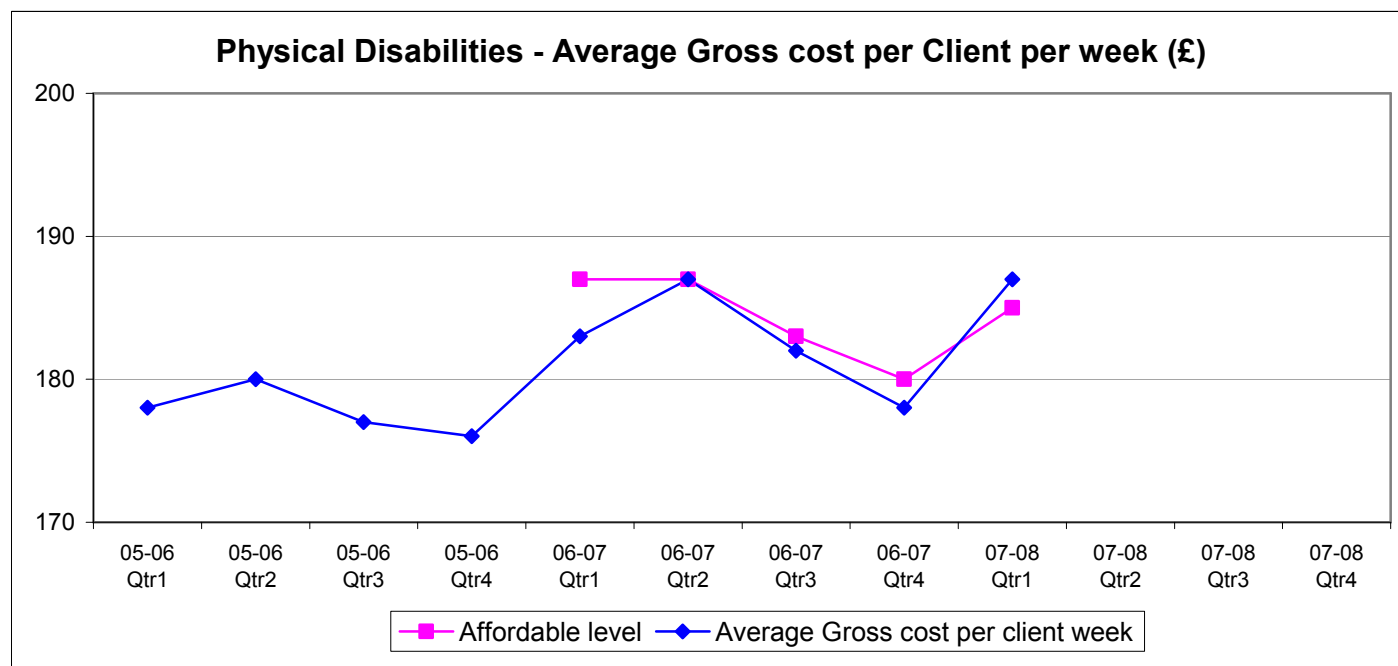


Comments:

- Targets did not exist prior to 2006-07 as this average cost is not a real performance indicator. It is merely intended to demonstrate the general upward trend in the cost of supporting clients with Learning Disabilities.
- This graph reflects the average cost per client week across all Learning Disability services, including those with the lowest levels of need.
- The basis for calculation has changed from last year in order to include both the costs of services provided by the private and voluntary sector and in-house service provision. The previous years figures have been adjusted accordingly.

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

	2005-06	2006-07		2007-08	
	Average Gross cost per client £	Affordable level £	Average Gross cost per client £	Affordable level £	Average Gross cost per client £
April - June	178	187	183	185	187
July - September	180	187	187		
October - December	177	183	182		
January - March	176	180	178		



#### Comments:

- Targets did not exist prior to 2006-07 as this average cost is not a real performance indicator. It merely attempts to demonstrate the general upward trend in the cost of supporting clients with Physical Disabilities.
- This graph reflects the average cost per client week across all Physical Disability services, including those with the lowest levels of need.
- The basis for calculation has changed from last year in order to include both the costs of services provided by the private and voluntary sector and in-house service provision. The previous years figures have been adjusted accordingly.

## ENVIRONMENT & REGENERATION DIRECTORATE SUMMARY JULY 2007-08 FULL MONITORING REPORT

### 1. FINANCE

#### 1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered “technical adjustments” ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- This quarter cash limits have been adjusted to reflect a number of technical adjustments to budget, including the apportionment of -£0.085m of the e-recruitment saving from the Corporate Support portfolio and the addition of £6.625m of roll forward from 2006-07, as agreed by Cabinet on 16 July 2007.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Environment, Highways &amp; Waste portfolio</b>							
Kent Highways Services	56,919	-8,511	48,408	1,130	-130	1,000	Additional routine mtce. Extra Recharge income.
Public Transport Contracts	7,677	-634	7,043	300	-300	0	Freedom Pass take-up. Extra income.
Rural Bus Grant	2,276	-2,276	0	0	0	0	
Capital Programme Group	689	-444	245	0	0	0	
Waste Management	60,627	-2,749	57,878	-2,262	562	-1,700	Less tonnage / Allington commissioning period. 50% WPEG grant for capital.
Environmental Group	7,908	-3,931	3,977	0	0	0	
Transport Strategy	559	0	559	0	0	0	
Resources	4,376	-467	3,909	730	-30	700	Budget Gap. Extra recharge income.
<b>Total E, H &amp; W</b>	<b>141,031</b>	<b>-19,012</b>	<b>122,019</b>	<b>-102</b>	<b>102</b>	<b>0</b>	
<b>Regeneration &amp; Supporting Independence portfolio</b>							
Regeneration & Projects - Area Teams & Major Projects	4,837	-1,112	3,725	460	-460	0	Extra DCLG activity
Economic Development	2,950	-988	1,962	0	0	0	
Planning & Development	1,183	-57	1,126	-60	0	-60	delay in Local Development Framework to be bid for roll forward
Planning Applications	1,583	-468	1,115	0	0	0	
Change & Development	285	0	285	205	-115	90	Unfunded post and seconded staff with income
Kent Regeneration Fund	954	-850	104	0	0	0	
<b>Total Regen &amp; SI</b>	<b>11,791</b>	<b>-3,475</b>	<b>8,316</b>	<b>605</b>	<b>-575</b>	<b>30</b>	
<b>Total Directorate Controllable</b>	<b>152,822</b>	<b>-22,487</b>	<b>130,335</b>	<b>503</b>	<b>-473</b>	<b>30</b>	

#### 1.1.3 Major Reasons for Variance:

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

**Environment, Highways & Waste portfolio:**

- 1.1.3.1 Kent Highway Services (KHS) needs to undertake additional routine highway maintenance, particularly including vegetation control, at a cost of £1.13m, to improve the current conditions on the highway network.
- 1.1.3.2 Recharge income for KHS is estimated to exceed the budget, particularly in the area of Section 38 Agreements (developer contributions towards the KHS design and supervision fee in respect of new housing developments).
- 1.1.3.3 The Resources Division within the E,H&W Portfolio holds the Directorate-wide budget imbalance of £730k, which relies upon a Management Action Plan to ensure a balanced Portfolio budget by the year-end. The under spending of the Waste Management budget, detailed in 1.1.3.5 below, will provide the needed funding cover.
- 1.1.3.4 One of the Towards 2010 targets is the provision of a Freedom Pass for public transport usage by 11 to 16 year olds. Two pilots are in progress. The take-up of passes has exceeded expectations and a further £300k will be required to re-imburse the operators. This sum will be covered by the income received from the Education Service exceeding the budget set.
- 1.1.3.5 The Allington Waste to Energy plant is still in the commissioning stage. At present, it is not working at full capacity. As a result more waste is going to Landfill than budgeted for, but this is at a cheaper rate, for the moment, and hence a saving on the budget is being achieved. An assessment has been made as to the period needed before full working is achievable. Also, the waste tonnage to date, compared to last year, is reduced.  
We have received WEEE grant income of £250k that was not built into the budget.  
50% of the WPEG grant (50% = £812k) has been paid as a capital grant and therefore is not available to support the revenue budget, as planned.

**Regeneration & Supporting Independence portfolio:**

- 1.1.3.6 There is an increased volume of DCLG activity within Regeneration & Projects, in relation to the Kent Thameside and Swale Delivery Boards, which will be matched by 100% grant (+/- £460k). The budget for this item has to be determined often before knowledge of all programmes of work is available.
- 1.1.3.7 Within Change and Development, one occupied post is unfunded, and there are three seconded staff matched by 100% external funding of £115k.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
EHW	Essential Routine Mtce. including vegetation control	+1,130	EHW	Reduced tonnage through Allington WtE plant and lower waste growth	-2,262
EHW	The Waste WPEG grant was budgeted as 100% revenue grant but it is being paid as 50% capital grant and is therefore not available to support the revenue budget	+812	RSI	Increased Volume of DCLG grant - Kent Thameside & Swale Delivery Boards	-460
EHW	Budget Gap (covered from Waste under spend)	+730	EHW	Mainly Income from Education Service in excess of budget	-300
RSI	Increased Volume of DCLG activity - Kent Thameside & Swale Delivery Boards	+460	EHW	WEEE Grant not budgeted as income	-250
EHW	Extra take-up of Freedom Bus Pass	+300	EHW	Improved level of KHS Recharge income	-130
RSI	1 Unfunded post and Seconded Staff funded externally in Change & Development Division	+205	RSI	Seconded Staff funded externally in Change & Development Division	-115
		+3,637			-3,517

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



Whilst the Regeneration and Supporting Independence Portfolio shows a modest £30k over spending, it should be noted that the £60k under spending on Planning & Development Group will be requested to roll forward into 2008/09 and is not available to “offset”. Hence the imbalance is in reality £90k. A solution is being sought.

The E, H & W Portfolio position is balanced due to the utilisation of the estimated net under spending, as explained above, of the Waste Management budget.

It should be noted that this forecast assumes that the County Council’s Emergency Reserve will provide funding to meet the estimated cost of £250k, for corrective work following the floods in June.

#### 1.1.5 Implications for MTFP:

The reduction in waste tonnage, should it continue, will require an adjustment to the assumptions contained within the current MTFP. The Directorate budget gap of £730k is to be re-aligned within the 2008/09 budget year.

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

The forecast under spending of £60k for the Planning & Development Group (R&SI Portfolio), in respect of a delay in the Local Development Framework for Waste and Mineral Studies, will need to be rolled forward to 2008/09.

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

A solution is being sought to the unfunded post within Change & Development.

## 1.2 CAPITAL

1.2.3 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader, or relevant delegated authority.

Cash limits have been adjusted this quarter to reflect:

	2007-08 £000s	2008-09 £000s	2009-10 £000s
<u>Environment, Highways &amp; Waste portfolio:</u>			
▪ Roll forward of the re-phasing from 2006-07	6,528		
▪ Removal of A228 Colts Hill Strategic Link from the capital programme, as the preliminary costs are to be met from revenue until Government Approval is obtained for this major road scheme	-10	-10	-10
▪ Virement of Small Community Capital Grant budget from the Policy & Performance portfolio	28		
<u>Regeneration &amp; Supporting Independence portfolio:</u>			
▪ Roll forward of the re-phasing from 2006-07	2,453		

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position.

	Prev Yrs Exp	2007-08	2008-09	2009-10	Future Yrs	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Environment, Highways &amp; Waste Portfolio</b>						
Budget	87,667	103,153	67,038	53,805	88,428	400,091
Adjustments:						
- roll forward		6,528				6,528
- removal of A228 Colts Hill preliminary costs		-10	-10	-10		-30
- virement of SCCG budget		28				28
Revised Budget	87,667	109,699	67,028	53,795	88,428	406,617
Variance		-11,998	11,998	0	0	0
<b>split:</b>						
- real variance						0
- re-phasing		-11,998	+11,998			0
<b>Regeneration &amp; Supporting Independence Portfolio</b>						
Budget	3,904	7,604	1,500	2,000	1,000	16,008
Additions:						
- roll forward		2,453				2,453
-						0
-						0
Revised Budget	3,904	10,057	1,500	2,000	1,000	18,461
Variance		0	0	0	0	0
<b>split:</b>						
- real variance						0
- re-phasing						0
<b>Directorate Total</b>						
Revised Budget	91,571	119,756	68,528	55,795	89,428	425,078
Variance	0	-11,998	11,998	0	0	0
<b>Real Variance</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Re-phasing</b>		<b>-11,998</b>	<b>+11,998</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2007-08 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and
- projects at initial planning stage.

The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the initial planning stage, is explained further in section 1.2.4 below.

All real variances are explained in section 1.2.5, together with the resourcing implications.

**Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER**

			Project Status			
portfolio	Project	real/ phasing	Rolling Programme	Approval to Spend	Approval to Plan	Initial Planning Stage
			£'000s	£'000s	£'000s	£'000s
<b>Overspends/Projects ahead of schedule</b>						
			0	0	0	0
<b>Underspends/Projects behind schedule</b>						
EHW	Re-shaping Kent Highways Accommodation	Phasing		-11,000		
EHW	Sittingbourne Northern Relief Road	Phasing			-583	
EHW	Newtown Road Bridge	Phasing			-320	
			0	-11,000	-903	0
			0	-11,000	-903	0

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

##### 1.2.4.1 KHS co-location project – slippage £11 million

This scheme is designed to deliver service improvements and efficiencies and replacements for some of the existing depots which do not meet modern day environmental standards. The project has slipped by £11 million representing 40% of the total value of the scheme. There has been delay in starting the Wrotham and Sandwich schemes because of objections to elements of the intended construction. There will be a delay in completion. The service implications of this delay are a continuation of the usage of existing office accommodation. The financial implications of this delay are currently being assessed with regard to the overall capital cost of the scheme. It is anticipated that revenue costs will be contained within the budget allocation. These cost pressures will be contained within the Project Contingency, to contain the overall capital programme within existing cash limits over the medium term. Revised phasing of the scheme is now as follows:

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	5,052	22,550	250			27,852
Forecast	5,052	11,550	11,250			27,852
Variance	0	-11,000	11,000	0	0	0
<b>FUNDING</b>						
<b>Budget:</b>						
prudential	2,000					2,000
prudential/revenue	2,843	20,780	-4,120			19,503
external	9					9
capital receipts	200	1,770	4,370			6,340
TOTAL	5,052	22,550	250	0	0	27,852
<b>Forecast:</b>						
prudential	2,000					2,000
prudential/revenue	2,843	9,780	6,880			19,503
external	9					9
capital receipts	200	1,770	4,370			6,340
TOTAL	5,052	11,550	11,250	0	0	27,852
<b>Variance</b>	<b>0</b>	<b>-11,000</b>	<b>11,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

It is proposed that £2.45m of this slippage be vired for use on the following projects, but a decision has yet to be taken on the appropriate spread over 2007/08 and 2008/09, given the planning and preparation time needed for some of this work:

- £330k investment in Street Lighting and Lit Signs, to reduce energy costs
- £120k Ramsgate Tunnel, insulation of new lighting with electronic controls
- £850k Major Bridge repairs
- £650k Replacement of damaged crash barriers/guard rails/parapets
- £500k Resurfacing of Strategic Roads,

with the corresponding £2.45m reduction in the KHS co-location budget being reinstated in the 2008-11 MTFP process. This will bring the 2007-08 budget for capital maintenance up to the figure in the Government's Local Transport Plan settlement for Kent. **Cabinet is asked to agree this virement.**

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

N/A

#### 1.2.6 General Overview of capital programme:

##### (a) Risks:

It is still early in the year to be confident of all project/scheme over/under spends. The quality of the forecast will improve as we move through the financial year.

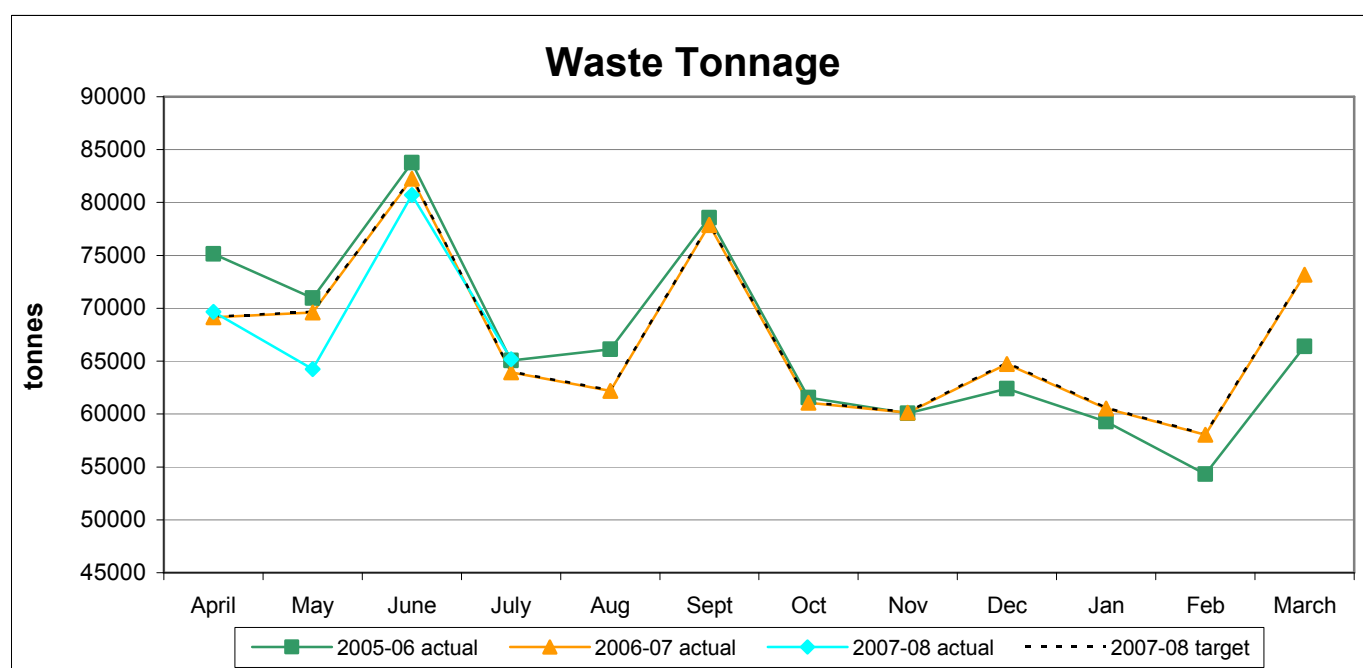
##### (b) Details of action being taken to alleviate risks:

Regular meetings with project managers take place to revise the forecast.

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

### 2.1 Waste Tonnage:

	2005-06	2006-07	2007-08	
	Waste Tonnage	Waste Tonnage	Waste Tonnage	Business Plan Target
April	75,142	69,137	69,677	69,212
May	70,964	69,606	64,230	69,681
June	83,770	82,244	80,700	82,333
July	65,063	63,942	65,171	64,011
August	66,113	62,181		62,249
September	78,534	77,871		77,956
October	61,553	61,066		61,132
November	60,051	60,124		60,189
December	62,397	64,734		64,804
January	59,279	60,519		60,585
February	54,337	58,036		58,098
March	66,402	73,170		73,230
<b>TOTAL</b>	<b>803,605</b>	<b>802,630</b>	<b>279,778</b>	<b>803,480</b>



#### Comments:

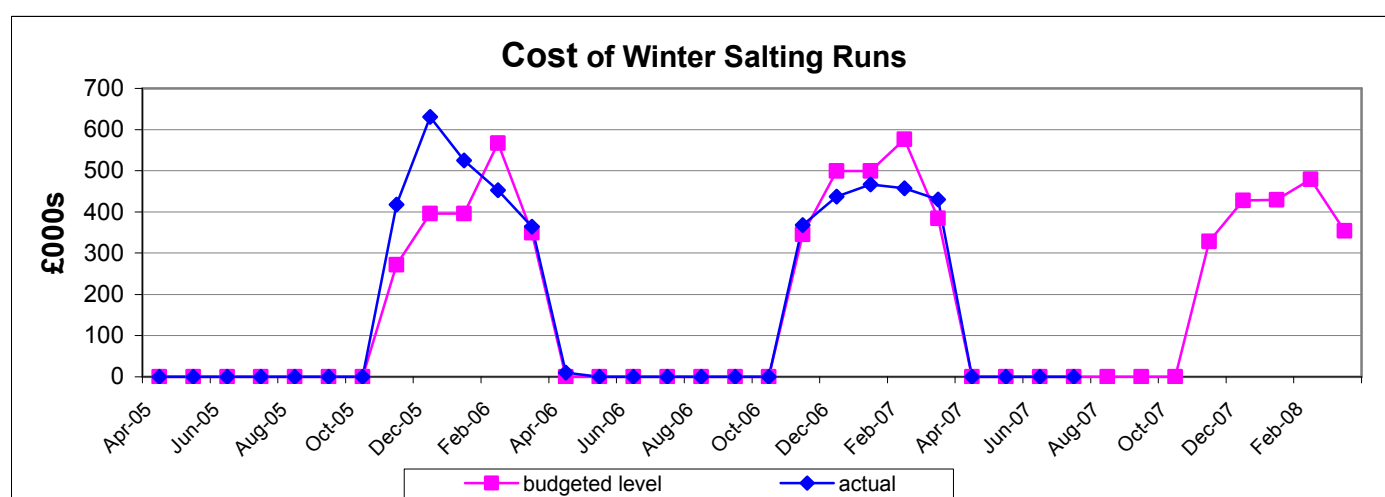
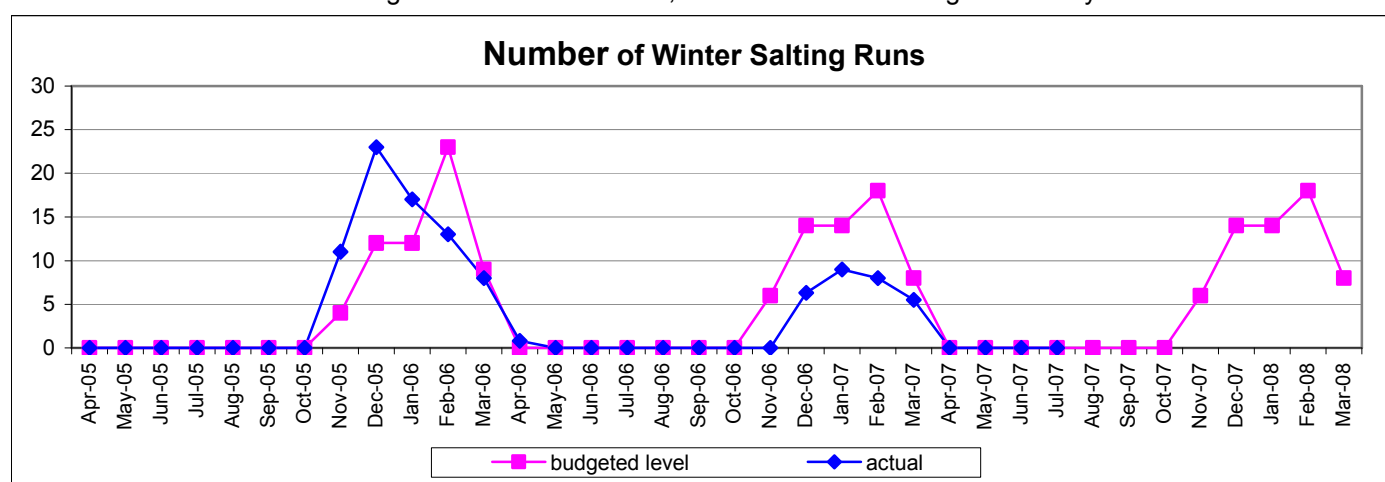
- Tonnage has declined from last year, and also the expected volume to be put through the Allington WtE Plant, which is still in the commissioning stage. As, in the early years, the cost of Allington processing is higher than standard Landfill, the budget benefits from reduced costs. So, even if the total tonnage to be managed was the same as last year, there would still be an under spending on the budget, all other things being equal.

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

	2005-06				2006-07				2007-08			
	Number of salting runs		Cost of salting runs		Number of salting runs		Cost of salting runs		Number of salting runs		Cost of salting runs	
	Actual	Budgeted level	Actual	Budgeted level	Actual	Budgeted Level	Actual	Budgeted Level	Actual	Budgeted level	Actual	Budgeted Level <sup>2</sup>
				£000s	£000s	£000s	£000s			£000s	£000s	
April	-	-	-	-	0.8 <sup>1</sup>	-	10	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-	-	-
August	-	-	-	-	-	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-	-	-	-	-	-
October	-	-	-	-	-	-	-	-	-	-	-	-
November	11	4	418	272	-	6	368	345	6	6	328	
December	23	12	631	396	6.3	14	437	499	14	14	428	
January	17	12	525	396	9.0	14	467	499	14	14	429	
February	13	23	453	567	8.0	18	457	576	18	18	479	
March	8	9	364	349	5.5	8	430	384	8	8	354	
<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>	<b>0</b>	<b>60</b>	<b>0</b>	<b>2,018</b>

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

Note<sup>2</sup>: the 2007-08 budget excludes overheads, as these are now charged centrally

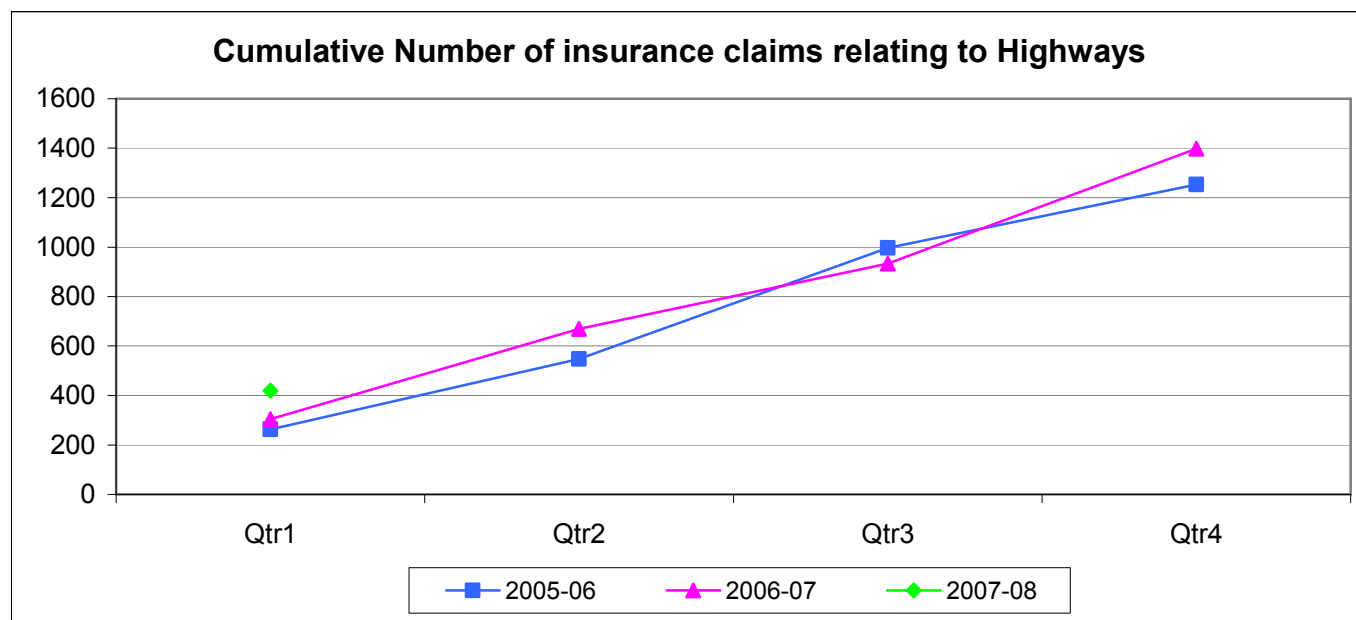


Comment:

- 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. Contractual fixed costs have been apportioned equally over the 5 months of the salting period.

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

	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>
	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims
April – June	263	303	419
July – September	547	669	
October – December	997	933	
January - March	1,252	1,398	



Comments:

- The increase in claims between 2005-06 and 2006-07 appears to reflect a national trend. Nearly all other county councils in South East England have reported a similar rise in 2006. Carriageway claims are starting to increase and this may be evidenced by the relatively high figure for the first quarter of this financial year.

## COMMUNITIES DIRECTORATE SUMMARY JULY 2007-08 FULL MONITORING REPORT

### 1. FINANCE

#### 1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered "technical adjustments" i.e. where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- This quarter cash limits have been adjusted to reflect a number of technical adjustments to budget, including the apportionment of -£0.120m of the e-recruitment saving from the Corporate Support portfolio and £0.005m of the provision for Kent Scheme revision from the Finance portfolio and the addition of £0.127m of roll forward from 2006-07, as agreed by Cabinet on 16 July 2007.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Communities portfolio</b>							
Turner Contemporary	885	-82	803			0	
Kent Drug & Alcohol Action Team	15,219	-13,438	1,781			0	
Youth Offending Service	5,472	-1,889	3,583	1,129	-949	180	Cash limit incorrectly reflects balance of expenditure and income. Net overspend is mainly due to increased number of young people placed in secure accommodation or on remand
Adult Education	12,667	-13,213	-546	1,662	-1,162	500	Increased income is due to higher than anticipated formula grant from LSC and additional grants. Increased spending is in part due to increased ringfenced income and partly due to unanticipated costs for staff restructuring, premises rationalisation and
Cultural Development	1,404	-225	1,179		100	100	Ongoing impact of the loss of EU grants which have supported unit budget since restructuring in 2003/04
Libraries, Information & Archives	25,708	-2,787	22,921			0	
Sports, Leisure & Olympics	1,127	-312	815			0	
Youth Services	9,151	-1,570	7,581			0	
Key Training	3,865	-3,865	0			0	



Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Kent Community Safety Partnership	4,703	-159	4,544			0	
Contact Centre	4,877	-1,947	2,930			0	
Coroners	2,077	-333	1,744	276		276	Continuation of pressures which arose during 2006/07 after the MTP had been set
Emergency Planning	752	-165	587			0	
Kent Scientific Services	1,575	-1,587	-12			0	
Registration	4,237	-2,475	1,762			0	
Trading Standards	4,431	-399	4,032			0	
Policy & Resources	1,543	-97	1,446			0	
Centrally Managed directorate budgets	67	-1,641	-1,574			0	
<b>Total Communities controllable</b>	<b>99,760</b>	<b>-46,184</b>	<b>53,576</b>	<b>3,067</b>	<b>-2,011</b>	<b>1,056</b>	

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

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

1.1.3.1 Youth Offending Service – The latest forecast gross expenditure on YOS is £1.129m more than the cash limit and income is £949k more than cash limit giving a net pressure of £180k, which is mainly attributable to £163k of pressures on the budget for secure accommodation and transport for offenders on court ordered remand. The number sentenced by courts is increasing and offenders are being placed outside the county more frequently. The service has secured additional prevention grant from the Youth Justice Board that was not included in the budget which provides £566k income and £532k direct expenditure. The net difference of £34k income contributes towards the service's overheads which accounts for the remainder of the variance including an additional £124k on staffing. The remainder of increase in income is due to increased contributions from partners and support for specific projects that were not included when the original budget was set (each additional contribution is less than £100k and not shown in table 2).

1.1.3.2 Adult Education – The latest forecast gross expenditure on the AE is £1.662m more than cash limit, income is £1.1.62m more than the cash limit giving a net pressure of £500k, which is due to one-off costs associated with staff restructuring and premises rationalisation that were not allowed for in the budget and the potential loss of £200k income on tuition fees due to lower than anticipated take-up resulting from families being worse off due to recent interest rate increases. All the other variances reflect both income and expenditure and have no impact on the net costs. The major reasons for the variances are:

- *Immigration Service* – The budget included the removal of the previous contract for the prisons service which came to end in July 2006 and transferred to the voluntary sector. Following a review the service has retained the provision of education services to the Immigration Service effective from April 2007. The revised forecast includes planned income of £373k and expenditure of £336k under this contract.
- *Business Development* – since the budget was agreed the AE service has agreed a new strategy towards business development and has employed a business development manager with a remit to generate more than twice as much income (£260k) than the annual salary and running costs (£120k).
- *LSC Formula Grants* – The service has received £230k more in its final settlement from the LSC for Adult and Community Learning (ACL) and Further Education (FE) than expected when the budget was set. Some of this additional funding has to be spent on particular activities e.g. £161k additional guided learning hours for Family Language, Literacy and Numeracy (FLLN) and Family Learning (FL) programmes.
- *Tuition Fees* – The budget included proposed changes to the fee and concession structures which would have increased total fee income by £133k but these have not been fully

implemented as they were deemed not necessary in light of the other changes in income and expenditure. Since this change the service has identified concerns that it will not meet the revised budgeted level of tuition fees by a further £200k due to the impact on family budgets of recent interest rate increases and price rises for energy meaning some families can no longer afford to join courses. This potential further loss of £200k income is included in the overall net pressure of £500k.

- *Staff Restructure & Redundancies* – The restructuring of the service in response to reductions in LSC funding has resulted in significant redundancies in 2006/07 and 2007/08. It was agreed that up to £240k would be funded from a corporate reserve. In 2007/08 the service is estimating redundancy costs of £176k of which only £95k can be funded out of the remainder of the £240k available leaving a net pressure of £81k. The service has also identified other pressures resulting from the restructuring including delays in implementing the new arrangements and the cost of transferring staff to employee services. The total pressure from staff restructuring and redundancies is £174k which is included in the overall £500k net pressure.
- *Projects* – these include a number of projects that were not finalised at the time the budget was set that attract external funding increasing income (£161k) and expenditure (£104k).
- *Neighbourhood Learning and SIP* – The original budget included contributions of £135k towards the cost of these programmes which we no longer expect to receive. There has been a one-off contribution from the roll forward of Finance Portfolio under spend from 2006/07 towards the deficit carried forward from the 2006/07 programme but the service has to cover the ongoing cost of the programme within its overall income from 2007/08 and beyond without receiving these additional contributions.
- *Premises* – The service is undertaking a rationalisation of premises including developments in Folkestone, Maidstone, Snodland and Canterbury/Whitstable. The service is facing a number of one-off costs in 2007/08, totalling £126k, in relation to this programme, which is included in the overall £500k net pressures.

1.1.3.3 Coroners Service – The latest forecast spending is £276k more than budget. The single major reason for this overspend is the increased cost of mortuary fees (£142k). This pressure arises from a number of factors including more referrals by doctors following the Shipman report, above inflation fees being charged by NHS hospital trusts for post mortems, and the cost of the transfer of bodies from Maidstone to Medway following the closure of the mortuary at Maidstone hospital.

1.1.3.4 Arts Unit – The pressure of £100k is due to a reduction in INTERREG grants which we were unaware of at the time of setting the budget.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CMY	YOS Prevention Grant Expenditure covered by increased income	+532	CMY	YOS Prevention Grant Income	-566
CMY	AE Immigration Contract Expenditure covered by increased income	+336	CMY	AE Income for Immigration Contract	-373
CMY	AE loss of Tuition Fees	+200	CMY	AE Business Development Income	-260
CMY	AE staff restructuring	+174	CMY	Additional LSC AE Formula Grants	-230
CMY	YOS Secure Accommodation	+163	CMY	AE Project grants	-161
CMY	Increased guided learning hours for Family and Lifelong Learning in AE covered by increased income	+161			
CMY	Coroners Mortuary Fees	+142			
CMY	Neighbourhood Learning & SIP	+135			
CMY	AE fee and concessions policy revisions covered by increased income	+133			
CMY	AE Premises Costs	+126			
CMY	YOS staffing	+124			
CMY	AE Business Development Expenditure covered by increased income	+120			
CMY	AE Project expenditure covered by increased income	+104			
CMY	Arts Unit reduction in grant income	+100			
		+2,550			-1,590

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

We are in the process of reviewing the budget for YOS. A paper is currently being prepared to report to the Youth Justice board in September to agree a strategy to bring the budget back into balance and to address pressures. The net budget pressure has been reduced from earlier estimates. As a result the base budget for 2008/09 will need to be reviewed to ensure that it includes up to date estimates for all sources of income and all expenditure headings to ensure gross and income budgets are correct and expenditure is not netted off.

The Adult Education service has undertaken a major restructuring in response to a 16% reduction in LSC funding allocations and made changes to its tuition fee structure. Some unforeseen one-off costs associated with the restructuring and anticipated loss of tuition fee income means the service cannot return to a balanced budget position this year and repay the £500k loan from the Finance portfolio to cover previous years overspends without resulting in irreparable damage to the service's reputation. Other ways of financing this within the directorate are currently being investigated.

#### 1.1.5 Implications for MTFP:

The pressures on Coroners and YOS for secure accommodation are imposed outside the direct control of the authority.

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

N/A

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

The directorate is reviewing the forecast over spends and looking at other budgets where savings might be possible to offset the over spends. The directorate is also reviewing the amounts held in reserve as a possible source of off-setting some of the additional one-off costs in 2007/08. It is planned to take-up the issue of over spending on the Coroners service with the government. We are also exploring the opportunity to use developer contributions to fund the purchase of new library books currently funded from revenue budget.

## 1.2 CAPITAL

1.2.4 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader or relevant delegated authority.

Cash limits have been adjusted this quarter to reflect:

	2007-08 £000s	2008-09 £000s	2009-10 £000s
▪ Roll forward of the re-phasing from 2006-07	2,138		
▪ Ramsgate Library, an increase in the element of 'betterment' not covered by the insurance policy, reflecting a number of enhancements required to meet current building standards (funded by £80k external funding, £123k capital receipt from the sale of Newington Library and £46k revenue contribution)			249

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position.

	Prev Yrs Exp £000s	2007-08 £000s	2008-09 £000s	2009-10 £000s	Future Yrs £000s	TOTAL £000s
<b>Communities</b>						
- per budget	21,627	21,518	14,073	5,010	5,820	68,048
- roll forward		2,138				2,138
- Ramsgate Library				249		249
						0
<b>Revised Budget</b>	<b>21,627</b>	<b>23,656</b>	<b>14,073</b>	<b>5,259</b>	<b>5,820</b>	<b>70,435</b>
Variance		-10,687	-778	6,886	4,417	-162
<b>split:</b>						
- real variance		-162				-162
- re-phasing		-10,525	-778	+6,886	+4,417	-0
<b>Real Variance</b>		<b>-162</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-162</b>
<b>Re-phasing</b>		<b>-10,525</b>	<b>-778</b>	<b>+6,886</b>	<b>+4,417</b>	<b>-0</b>

### 1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2007-08 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and
- projects at initial planning stage.

The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the initial planning stage, is explained further in section 1.2.4 below.

All real variances are explained in section 1.2.5, together with the resourcing implications.

**Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER**

Portfolio	Project	real/ phasing	Project Status			
			Rolling Programme	Approval to Spend	Approval to Plan	Initial Planning Stage
			£'000s	£'000s	£'000s	£'000s
<b>Overspends/Projects ahead of schedule</b>						
			<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>
<b>Underspends/Projects behind schedule</b>						
CMY	Turner Contemporary	Phasing			-6,539	
CMY	The Hub Southborough	Phasing			-3,225	
CMY	Herne Bay Youth Centre	Phasing		-310		
	Herne Bay Youth Centre	Real		-90		
CMY	Village Halls & Com Ctrs - Grants	Real	-200			
	Village Halls & Com Ctrs - Grants	Phasing	-76			
			<b>-276</b>	<b>-400</b>	<b>-9,764</b>	<b>-0</b>
			<b>-276</b>	<b>-400</b>	<b>-9,764</b>	<b>+0</b>

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

##### 1.2.4.1 Turner Contemporary – slippage £6.5 million

This scheme is to build an art gallery in Margate which will play a key role in the economic regeneration of the area. There has been slippage of over £6.5 million (37% of the total value of the scheme) since the budget was published. The project is still scheduled to be completed by 2010 within the £17.4m budget allocated and thus the slippage simply represents movement between years and not a delay on completion or additional cost. The published budget was based on early discussions with architects before we had received their initial outline and concept design reports (RIBA stage A/B).

We are now drawing to the end of the outline planning of the gallery (RIBA stage C) and are about to embark on the detailed planning (RIBA stage D). The outline planning stage has slipped by 3 months from the original project plan and the tender process (RIBA stage G/H) will commence in May 2008 with site works commencing in September 2008. This shortened time frame should get the project back on schedule for completion in spring 2010. It is not uncommon that the planning stages for an architectural building of the type envisaged can take more than 2 years.

Running in parallel with the project is the de-dualling of Fort Hill. This has to be completed before work on the construction of the gallery can commence.

We are planning that we will receive £11m in external funding towards the cost of the project from partners. This will reduce the level of prudential borrowing reflected in the published budget by £0.75m. However, it is unlikely that the external funding will be confirmed until early in the new year.

Revised phasing of the scheme is now as follows:

## Turner Contemporary

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	374	9,483	6,803	740	-	17,400
Forecast	374	2,944	2,109	7,556	4,417	17,400
Variance	-	-6,539	-4,694	6,816	4,417	-
<b>FUNDING</b>						
<b>Budget:</b>						
prudential	374	6,003	373	400	-	7,150
external	-	3,480	6,430	340	-	10,250
TOTAL	374	9,483	6,803	740	-	17,400
<b>Forecast:</b>						
prudential	374	1,249	342	4,431	4	6,400
external		1,695	1,767	3,125	4,413	11,000
TOTAL	374	2,944	2,109	7,556	4,417	17,400
<b>Variance</b>	<b>-</b>	<b>-6,539</b>	<b>-4,694</b>	<b>6,816</b>	<b>4,417</b>	<b>-</b>

## 1.2.4.2 The Hub, Southborough – slippage £3.2 million

This scheme is designed to deliver joint service improvements and cost efficiencies with Southborough Town Council. It has slipped by £3.2 million representing 99% of the total value of the scheme. It has been delayed in the planning process due to prolonged discussions with the Co-op who own the adjoining site and have now come forward with an offer to buy land owned by the Town Council (over which KCC has a claw back covenant).

It is not yet clear when the project will be able to start or indeed be completed. Further discussions are underway with both the Town and Borough councils to reach agreement on the way forward. The service implications of this delay are that the existing library will continue to operate and be maintained to ensure continuity of service.

There are no financial implications because it's an in and out scheme funded by the capital receipt from the Co-op, the library and the Ridgeway Centre. Revised phasing of the scheme is now as shown as follows until more detailed information is available:

## The Hub, Southborough

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget		3,250				3,250
Forecast		25	3,225			3,250
Variance	-	-3,225	3,225	-	-	-
<b>FUNDING</b>						
<b>Budget:</b>						
capital receipt		3,250				3,250
						-
TOTAL	-	3,250	-	-	-	3,250
<b>Forecast:</b>						
capital receipt		25	3,225			3,250
						-
TOTAL	-	25	3,225	-	-	3,250
<b>Variance</b>	-	<b>-3,225</b>	<b>3,225</b>	-	-	-

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

- Sevenoaks Kaleidoscope - overspend of £20k to be met from external funding and development contributions.
- BLF – PE and Sport – additional spend of £108k to be met from development contributions of £66k and external funding of £42k.
- Village Halls and Community Centre Capital Grants – an under spend of £200k will be vired to Herne Bay Youth Centre project.
- Herne Bay Youth Centre – the overall project cost is now expected to be £910k, however, £200k relates to the Children’s Centre which is included in the CFE budget and so £710k is forecast within Communities against a budget of £800k. The funding package has also changed from the original budget with less Youth Capital grant and lower development contributions being available. Consequently, this reduced funding by £330k, but an additional £200k will be vired from Village Halls grants and £40k Members Grants have been promised. The expenditure in 2007-8 will be reduced by £400k with £310k re-phasing into 2008-09.

After allowing for these funding issues the true underlying variance is nil.

### 1.2.6 General Overview of capital programme:

#### (a) Risks

- Adult Education at Canterbury High School – we may need to make provision for a part of any potential overspend on this project (a) if the school will not contribute the additional £160k spent last year on the project, and/or (b) if there is an over spend attributable to the adult education facility.

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

- Adult Education at Canterbury High School – the school are taking legal action against their professional advisors to reduce the overspend and further detailed work is in hand to identify how the additional costs should, if appropriate, be shared between the school and AE.

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

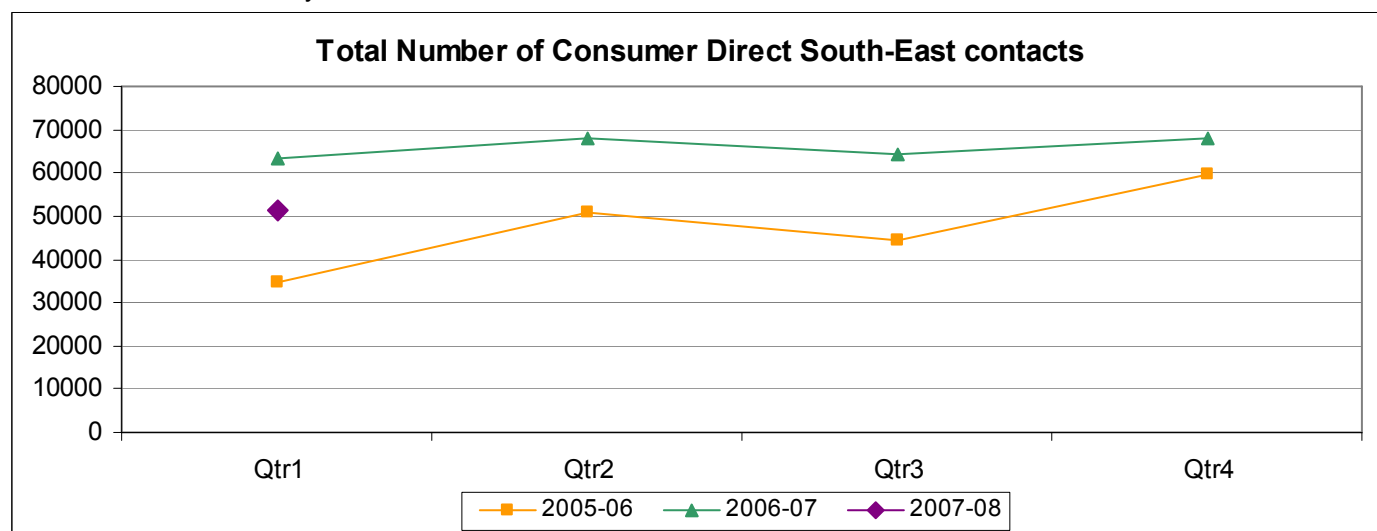
### 2.1 Number of Consumer Direct South-East contacts, by local authority area:

	2005-06	2006-07	2007-08				TOTAL
			Qtr1	Qtr2	Qtr3	Qtr4	
	Total for the year	Total for the year	01/04/07 to 30/06/07	01/07/07 to 30/09/07	01/10/07 to 31/12/07	01/01/08 to 31/03/08	Total for the year
Bracknell Forest	715	330	209				
Brighton & Hove	7,116	5,834	987				
Buckinghamshire	9,006	4,012	614				
East Sussex	9,717	9,893	1,843				
Hampshire	19,105	12,520	2,237				
Isle of Wight	2,129	2,106	346				
Kent	29,074	21,500	3,571				
Medway	1,671	1,249	267				
Milton Keynes	1,037	671	85				
Oxfordshire			No immediate plans to switch				
Portsmouth	5,524	4,332	571				
Reading	2,582	2,952	534				
Royal Borough of Windsor & Maidenhead <sup>2</sup>	809		Callers to RBWM are asked to redial CDSE direct				
Slough	1,826	1,717	346				
Southampton	4,680	3,780	24				
Surrey	21,660	19,278	2,846				
West Berkshire	1,503	1,831	278				
West Sussex <sup>3</sup>		2,334	1,441				
Wokingham	758	648	176				
Main English Landline <sup>*1</sup>	60,248	127,064	26,852				
Main English Mobile <sup>*1</sup>	7,712	25,073	5,398				
Calls handled for other regions	2,532	6,373	407				
Call-backs handled for other regions		1,017	0				
E-Mails		8,546	2,405				
<b>2007-08 TOTAL</b>			<b>51,437</b>				
<b>2006-07 TOTAL by Qtr</b>		<b>263,060</b>	<b>63,185</b>	<b>67,865</b>	<b>64,080</b>	<b>67,930</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

\*3 – since January 2007, West Sussex calls and e-mails have been diverted to CDSE.

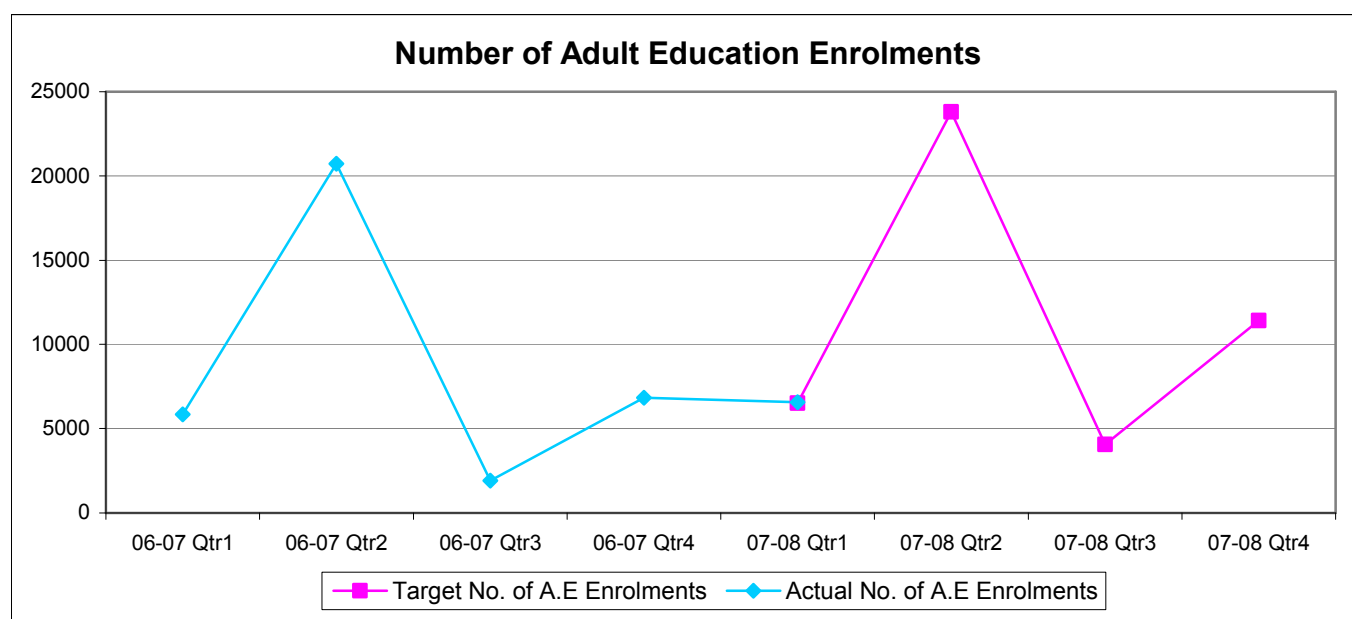


### 2.2 Number of Adult Education Enrolments:



	Financial Year		
	2006-07	2007-08	
	A.E Enrolments	Target	A.E Enrolments
April – June	5,849	6,501	6,567
July – Sept	20,713	23,803	
Oct – Dec	1,925	4,071	
Jan - March	6,829	11,416	
<b>TOTAL</b>	<b>35,316</b>	<b>45,791</b>	<b>6,567</b>

In previous years we have shown the number of Adult Education learners. This year we have revised the data to show the number of enrolments as this gives a better picture, as some learners enrol on more than one course. Enrolments is a better indicator of income levels than student numbers as both LSC Further Education (FE) formula grants and tuition fees are based on enrolments.



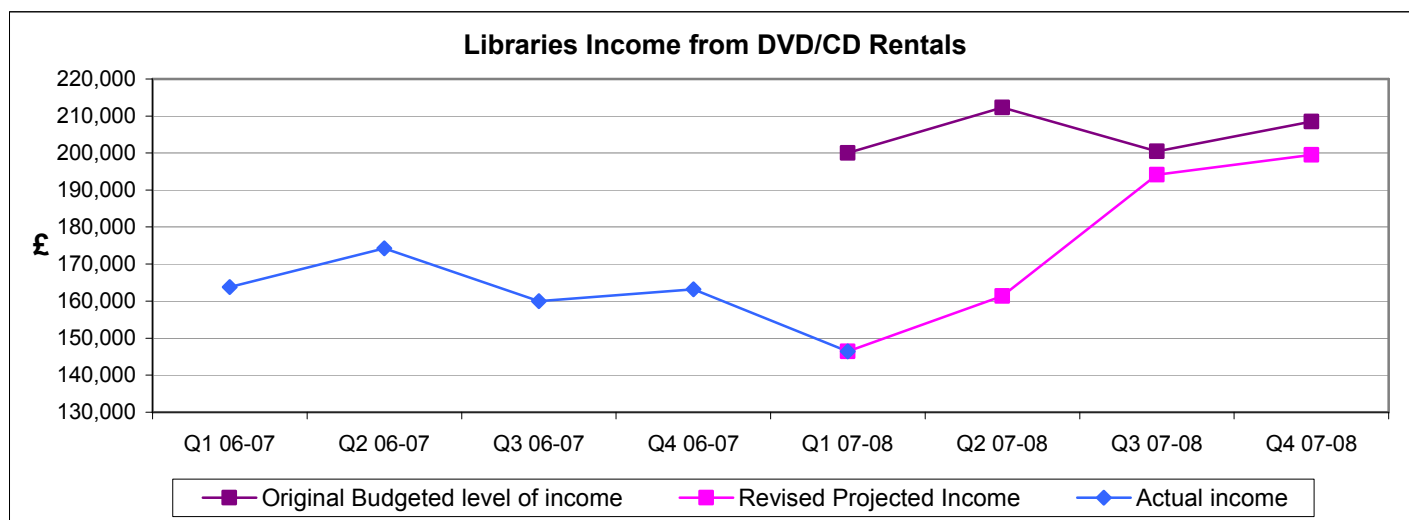
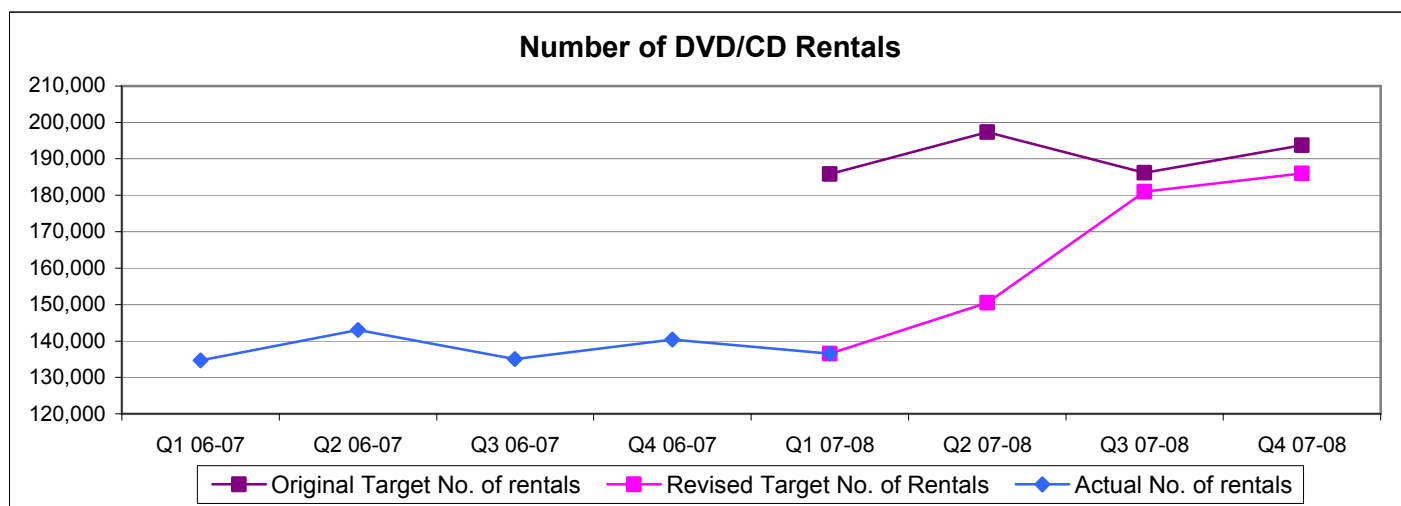
#### Comments:

- The LSC formula grants depend partly on enrolments to courses. Students taking courses leading to a qualification are funded via Further Education (FE) grant based upon the course type and qualification. However, students taking non-vocational courses not leading to a formal qualification are funded via a block allocation not related to enrolments, referred to as Adult and Community Learning Grant (ACL) grant. Student enrolments are gathered via a census at three points during the academic year.

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

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

	2006-07		2007-08					
	No of rentals	Income (£)	No of rentals			Income (£)		
	actual	actual	Budgeted target	revised target	actual	budget	revised projected income	actual
April – June	134,736	163,872	185,800	136,556	136,566	200,000	146,437	146,437
July – Sept	143,023	174,247	197,300	150,500		212,300	161,390	
Oct – Dec	135,010	160,027	186,200	181,000		200,400	194,096	
Jan – March	140,419	163,269	193,700	186,000		208,500	199,458	
<b>TOTAL</b>	<b>553,188</b>	<b>661,415</b>	<b>763,000</b>	<b>654,056</b>	<b>136,566</b>	<b>821,200</b>	<b>701,381</b>	<b>146,437</b>



**Comments:**

- Target figures for 2006/07 have not been shown as this data was not presented in monitoring reports last year
- Rentals of videos and CDs continue to decline as videos become more obsolete and alternative sources for music become more widely available. Demand for spoken word materials and DVDs has remained.
- Research undertaken by the service indicates issues can be increased if loans are offered for longer periods at a reduced fee. The service has also identified that it has a niche market for certain genres where demand can be sustained and there is little competition e.g. old TV shows.
- The service has reviewed its marketing strategy and set more realistic levels of rentals both in terms of volume and value. The service is looking to get income from other sources or, as a last resort, make compensatory expenditure savings to offset the estimated loss of £120k income.

## CHIEF EXECUTIVES DIRECTORATE SUMMARY JULY 2007-08 FULL MONITORING REPORT

### 1. FINANCE

#### 1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered “technical adjustments” ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- This quarter cash limits have been adjusted to reflect a number of technical adjustments to budget, including an increase of £0.610m due to the apportionment of the e-recruitment saving to other directorates and the addition of £0.255m of roll forward from 2006-07, as agreed by Cabinet on 16 July 2007.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Public Health portfolio</b>							
Kent Department of Public Health	250	0	250	-50	0	-50	R/fwd to support promotion activities in 2008-09
<b>Corporate Support portfolio</b>							
Personnel & Development	10,075	-3,941	6,134	-79	4	-75	Delayed start to Health Checks
Business Solutions & Policy (inc Information Systems)	21,442	-5,782	15,660	925	-925	0	
Democratic Services	4,091	-93	3,998	27	-27	0	
Legal	4,546	-4,853	-307	864	-864	0	
Corporate Management & Strategic Development	2,725	-250	2,475	-52	52	0	
Dedicated Schools Grant	0	-2,789	-2,789	0	0	0	
<b>Total CS&amp;H</b>	<b>42,879</b>	<b>-17,708</b>	<b>25,171</b>	<b>1,685</b>	<b>-1,760</b>	<b>-75</b>	
<b>Policy &amp; Performance portfolio</b>							
Policy & Performance	1,840	-209	1,631	168	-168	0	
Kent Partnerships & Kent Works	368	0	368	79	-79	0	
International Affairs Group	375	-77	298	151	-151	0	
Corporate Communications	1,506	-92	1,414	2	-2	0	
<b>Total P&amp;P</b>	<b>4,089</b>	<b>-378</b>	<b>3,711</b>	<b>400</b>	<b>-400</b>	<b>0</b>	
<b>Finance Portfolio</b>							
Strategic Management	1,619	-110	1,509	59	-59	0	
Finance Group	8,373	-3,320	5,053	-7	7	0	
Property Group	17,499	-10,995	6,504	0	0	0	
<b>Total Finance</b>	<b>27,491</b>	<b>-14,425</b>	<b>13,066</b>	<b>52</b>	<b>-52</b>	<b>0</b>	
<b>Total Directorate Controllable</b>	<b>74,709</b>	<b>-32,511</b>	<b>42,198</b>	<b>2,087</b>	<b>-2,212</b>	<b>-125</b>	

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

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

N/A

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
		+0			-0

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

N/A

#### 1.1.5 Implications for MTFP:

N/A

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

Public Health: -£50k will need to be re-phased into 2008/09 to help fund the continued support and promotional activity within the Kent Department of Public Health to successfully promote healthy living for Kent's residents.

Personnel: -£75k will need to be re-phased into 2008/09 as there was a delayed start to the Health Checks programme resulting in part-year costs in 2007/08 and 2008/09.

Corporate Support: Although the portfolio is currently forecasting a breakeven position, this excludes the Home Computing Initiative which, due to the accounting treatment, will require a scheduled overspend of £263k to roll forward into 2008/09 to be met from staff salary deductions.

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

N/A

## 1.2 CAPITAL

1.2.5 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader or relevant delegated authority.

Cash limits have been adjusted this quarter to reflect:

	2007-08 £000s
<u>Corporate Support portfolio:</u>	
▪ Roll forward of the re-phasing from 2006-07	351
<u>Policy &amp; Performance portfolio:</u>	
▪ Roll forward of the re-phasing from 2006-07	34
▪ Virement of Small Community Capital Grant budget to the Environment, Highways & Waste portfolio	-28
<u>Finance portfolio:</u>	
▪ Roll forward of the re-phasing from 2006-07	1,061

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position.

	Prev Yrs Exp	2007-08	2008-09	2009-10	Future Yrs	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Corporate Support Portfolio</b>						
Budget	2,680	3,644	4,757	1,239	497	12,817
Additions:						
- roll forward		351				351
-						0
Revised Budget	2,680	3,995	4,757	1,239	497	13,168
Variance		-93	93	0	0	0
<b>split:</b>						
- real variance		0	0	0	0	0
- re-phasing		-93	+93	0	0	0
<b>Policy &amp; Performance Portfolio</b>						
Budget		500	500			1,000
Additions:						
- roll forward		34				34
- virement of SCCG budget		-28				-28
-						0
Revised Budget	0	506	500	0	0	1,006
Variance		0	0	0	0	0
<b>split:</b>						
- real variance		0	0	0	0	0
- re-phasing		0	0	0	0	0
<b>Finance Portfolio</b>						
Budget	1,103	5,466	4,344	4,079	9,185	24,177
Additions:						
- roll forward		1,061				1,061
-						0
Revised Budget	1,103	6,527	4,344	4,079	9,185	25,238
Variance		-1,496	0	0	0	-1,496
<b>split:</b>						
- real variance		-1,496	0	0	0	-1,496
- re-phasing		0	0	0	0	0
<b>Directorate Total</b>						
Revised Budget	3,783	11,028	9,601	5,318	9,682	39,412
Variance	0	-1,589	93	0	0	-1,496
<b>Real Variance</b>		<b>-1,496</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,496</b>
<b>Re-phasing</b>		<b>-93</b>	<b>+93</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2007-08 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and
- projects at initial planning stage.

The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the initial planning stage, is explained further in section 1.2.4 below.

All real variances are explained in section 1.2.5, together with the resourcing implications.

**Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER**

portfolio	Project	real/ phasing	Project Status			
			Rolling Programme	Approval to Spend	Approval to Plan	Initial Planning Stage
			£'000s	£'000s	£'000s	£'000s
<b>Overspends/Projects ahead of schedule</b>						
			+0	+0	+0	+0
<b>Underspends/Projects behind schedule</b>						
FIN	Commercial Services Vehicles, Plant & Equipment	Real	-1,496			
			-1,496	-0	-0	-0
			+1,496	+0	+0	+0

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

N/A

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

##### Finance Portfolio

An underspend of -£1,496.1k on Commercial Services Vehicle, Plant & Equipment replacement is largely due to continuing the trend adopted last year of leasing vehicles rather than purchasing outright. This will be matched by a reduced contribution to their Renewals Fund.

After allowing for this funding issue there is no underlying variance.

#### 1.2.6 General Overview of capital programme:

(a) Risks

N/A

(b) Details of action being taken to alleviate risks

N/A

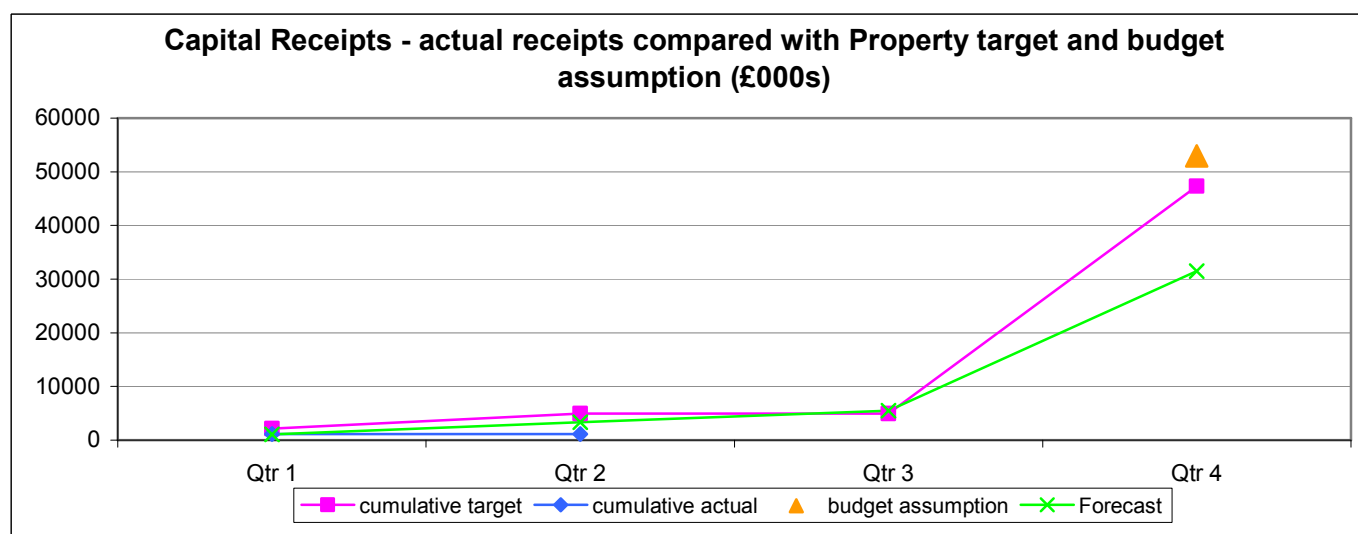
## 2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

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

2007-08				
	Budget funding assumption £000s	Cumulative Target profile £000s	Cumulative Actual receipts £000s	Forecast receipts £000s
April - June		2,150	1,148	1,072
July - September		4,929	**1,148	3,314
October - December		4,929		5,444
January - March		47,359		31,540
<b>TOTAL</b>	<b>*52,958</b>	<b>47,359</b>	<b>1,148</b>	<b>31,540</b>

\* figure updated from 2007-08 budget assumption to reflect roll forward from 2006-07

\*\*actuals to 31 July 2007



#### 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.
- If a reasonable level of capital receipts is not achieved this financial year there is also a risk that the 5% top slice on those actually achieved will be insufficient to meet the capitalised revenue costs of Property Group's disposal activity, creating a pressure upon Property Group's revenue budget.
- With the high percentage of the current year's receipts forecast to be delivered in the final quarter, there is an obvious risk that the actual receipts banked by 31 March 2008 are lower than projected. This could have to be compensated by short term borrowing.

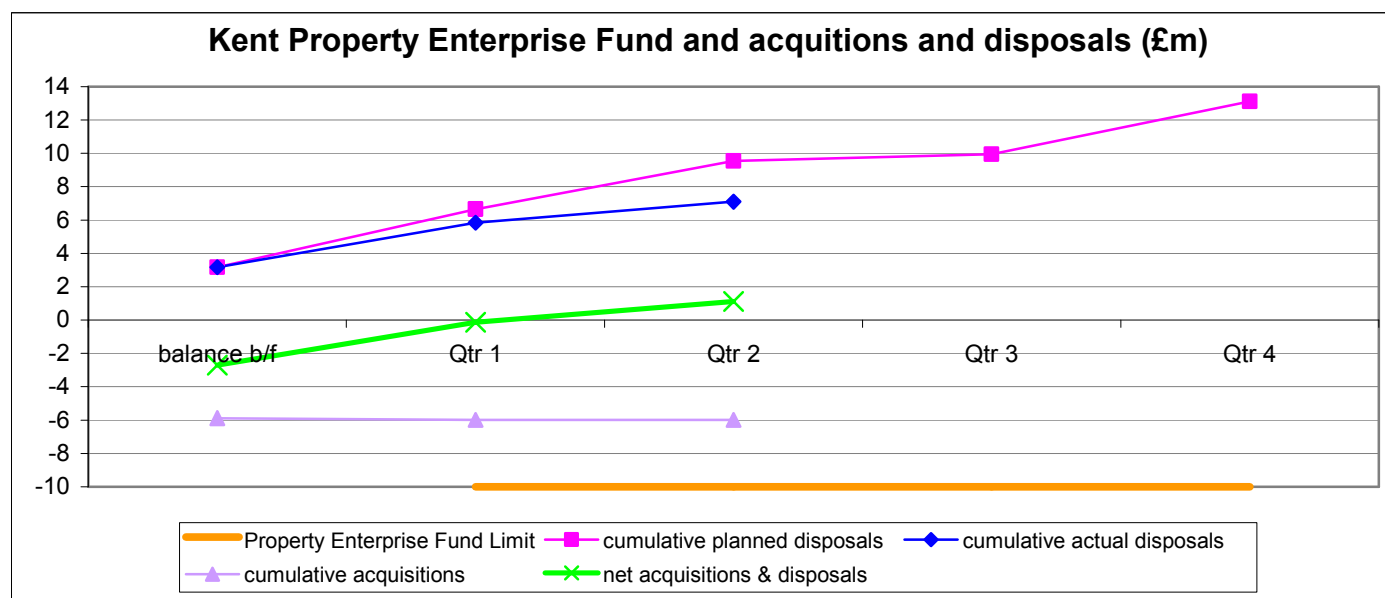
	2007-08 £'000	2008-09 £'000	2009-10 £'000	Total £'000
Capital receipt funding per 2007-10 MTP	47,973	71,943	50,424	170,340
Capital receipt roll forward changes	4,985	-10	-10	4,965
	<b>52,958</b>	<b>71,933</b>	<b>50,414</b>	<b>175,305</b>
Property Group's forecast receipts	31,540	54,725	22,800	109,065
Receipts banked in previous years for use	2,208	256		2,464
Receipt funding from other sources	1,782	1,500	4,500	7,782
<b>Potential Surplus/Deficit (-) Receipts</b>	<b>-17,428</b>	<b>-15,452</b>	<b>-23,114</b>	<b>-55,994</b>
Sites identified by Directorates for Property to work up for disposal*				<b>57,800</b>
<b>Overall Potential Surplus</b>				<b>1,806</b>

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

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

	<i>Kent Property Enterprise Fund Limit £m</i>	Cumulative Planned Disposals (+) £m	Cumulative Actual Disposals (+) £m	Cumulative Actual Acquisitions (-) £m	Cumulative Net Acquisitions (-) & Disposals (+) £m
Balance b/f		3.173	3.173	-5.888	-2.715
April - June	-10	6.655	5.847	-5.983	-0.136
July – September *	-10	9.540	7.093	-5.983	1.110
October - December	-10	9.938			
January - March	-10	13.122			

\* reflects position to the end of July



#### Comments:

- County Council 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**

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. In 2006-07, £2.632m of capital receipts were realised from the disposal of non-operation property giving a balance of £3.173m for investment. The Fund was used to acquire land at Manston Business Park, which together with the acquisition and disposal costs in the year totalled £5.834m, leaving a deficit of £2.715m to be temporarily funded from the £10m borrowing facility.

#### **Planned Disposals**

At the start of 2007-08 Property Group identified £9.949m worth of potential non-earmarked receipts to be realised this financial year.



Disposals to date this year have been encouraging but there are signs that the market is hardening, potentially affecting the ability to achieve the £9.949m. A review of the target will be undertaken following a planned September auction.

### **Actual Disposals**

As at the end of July 2007 the Fund had realised £3.92m of capital receipts this financial year through the sale of 27 non-operational properties.

### **Acquisitions**

At present there are no committed acquisitions to report.

### **Other Fund Commitments**

The 2007-08 revenue budget includes income of £3.3m of receipts to be generated by the Fund in the current year.

The Fund has been earmarked to provide funding of £5.2m for the Eurokent Access Road scheme in Ramsgate, Thanet.

## FINANCING ITEMS SUMMARY JULY 2007-08 FULL MONITORING REPORT

### 1. FINANCE

#### 1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered “technical adjustments” ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- This quarter cash limits have been adjusted to reflect a number of technical adjustments to budget, including the apportionment of £0.596m of the provision for Kent Scheme revision to service portfolios and the addition of £0.512m of roll forward from 2006-07, as agreed by Cabinet on 16 July 2007.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Corporate Support portfolio</b>							
Contribution to IT Asset Maintenance Reserve	2,433		2,433			0	
PFI Grant		-683	-683			0	
<b>Total Corporate Support</b>	<b>2,433</b>	<b>-683</b>	<b>1,750</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Finance Portfolio</b>							
Insurance Fund	3,479		3,479			0	
County Council Elections	255		255			0	
Workforce Reduction	1,463		1,463			0	
Environment Agency Levy	331		331			0	
Joint Sea Fisheries	252		252			0	
Audit Fees & Subscriptions	800		800			0	
Interest on Cash Balances / Debt Charges	103,948	-6,297	97,651	-609	-700	-1,309	debt restructuring & increased base rates
Contribution from Commercial Services		-5,010	-5,010		250	250	delay in letting outdoor advertising contract
Public Consultation	100		100			0	
Provision for Kent Scheme Revision	18		18			0	
Local Priorities	682		682			0	
Local Scheme spending recommended by Local Boards	764		764			0	
Local Boards - Member Community Grants	38		38			0	
Transferred Services Pensions	22		22			0	
PRG & Capital Reserves		-2,159	-2,159			0	
Income from Kings Hill		-1,000	-1,000			0	
LABGI income		-3,200	-3,200			0	
Margate's Big Event	10		10			0	
Kent Celebration of Youth Event	5		5			0	
<b>Total Finance</b>	<b>112,167</b>	<b>-17,666</b>	<b>94,501</b>	<b>-609</b>	<b>-450</b>	<b>-1,059</b>	
<b>Total Controllable</b>	<b>114,600</b>	<b>-18,349</b>	<b>96,251</b>	<b>-609</b>	<b>-450</b>	<b>-1,059</b>	

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

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

#### 1.1.3.1 Financing Costs:

##### Interest on Cash Balances

- There have been 2 base rate rises since the budget was set and market pessimism persists making investment returns higher than originally forecast.
- Longer term callable deposits have been restructured to give an improved interest return.
- Balances have increased with the receipt of grants earlier than we had profiled at the time of setting the budget.

##### Debt Charges

- No new borrowing has yet been taken in 2007-08 thereby saving against interest costs.
- Restructuring of £144.1m of existing debt has made further savings against the budget.

#### 1.1.3.2 Commercial Services:

Due to delays in letting the contract for outdoor advertising and sponsorship, we will not achieve all of the expected £500k in the current year.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
FIN	Commercial Services - delay in letting outdoor advertising contract	+250	FIN	savings resulting from debt restructuring and higher investment income due to cash balances and increased interest rates	-1,309
		+250			-1,309

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

N/A

#### 1.1.5 Implications for MTFP:

N/A

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

N/A

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

N/A

## 1.2 CAPITAL

N/A

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

N/A