

**REPORT TO: CABINET – 3 December 2012**

**SUBJECT: REVENUE AND CAPITAL BUDGETS, KEY ACTIVITY AND RISK MONITORING 2012-13**

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**SUMMARY:**

**Members are asked to:**

- note the latest monitoring position on the revenue and capital budgets.
  - note that residual pressures are currently forecast within the SCS portfolio and management action is expected to be delivered within the BSP&HR portfolio in order to deliver a balanced position.
  - agree, pending approval of the Kent Lane Rental Scheme by the Department of Transport, that surplus funds from the scheme be transferred to a new specific earmarked reserve and drawn down as expenditure is incurred in line with initiatives approved by a Board set up to oversee the administration of the surplus revenues. The Board is to include representatives from each utility area (i.e. gas, communications, water and electricity) and Kent County Council.
  - note and agree the changes to the capital programme.
  - note the latest financial health indicators and prudential indicators.
  - note the directorate staffing levels as at the end of September.
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**1. INTRODUCTION**

1.1 This is the second full monitoring report to Cabinet for 2012-13.

1.2 The format of this report is:

- This summary report highlights only the most significant issues
- There are 7 reports, each one an annex to this summary, one for each directorate although there are two for Families & Social Care (FSC) separately identifying Children's and Adult's services, 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/service.

1.3 The style of the capital monitoring has changed this year to more closely reflect the budget book format, which is considered to be more appropriate given the duration of capital schemes. The capital monitoring now reports on the three year capital programme (2012-15) and focuses on real overspends and re-phasing which impacts on deadlines for service delivery. All projects within the capital programme have been assigned a red, amber or green status according to whether they are delivering to budget and on time.

1.4 **Headlines:**

1.4.1 **Revenue:**

- The latest forecast revenue position (excl Schools) before the implementation of management action is an underspend of -£5.152m, with management action within the BSP&HR portfolio expected to reduce this position further to an underspend of -£6.000m, which is an increase in the underspend, after management action, of -£1.140m since the October Cabinet report. However, within this position is a requirement to roll forward £1.930m of Big Society funding for the Kent Youth Employment Programme within the ELS portfolio as payments are only made to employers following completion of 6 months and 12 months in placements, so a significant amount of the budget will not be spent until 2013-14 and beyond. The underlying

2012-13 underspending position is therefore -£4.070m after management action. A residual pressure is currently forecast within the Specialist Children's Services portfolio. Robust monitoring arrangements are in place on a monthly basis to ensure that forecasts and expenditure are closely monitored and where necessary challenged.

- Within Specialist Children's Services there is a continuation of the demand led pressures experienced in 2011-12 totalling £5m. Within this position, the activity levels for Fostering and Residential Services are a particular cause for concern as they are very high compared to the affordable level despite additional funding being provided in the 2012-15 MTP. However, there are a number of control measures and early intervention services which have been put in place that should mean costs will begin to reduce.
- We are now forecasting a £3m potential net pressure against the Asylum Service. This pressure is in respect of both unaccompanied asylum seeking children and those eligible under the care leaving legislation. At this stage Kent is still to receive notification of the Gateway Grant, but this reported position assumes the same level of funding as we received in 2011-12. Kent, along with Hillingdon and Solihull Councils, has jointly written to the Minister of State for Immigration expressing their continued frustration of not being able to agree a resolution that ensures adequate funding levels. Until there is more certainty around a resolution it is prudent to report this pressure, but at time of writing no response had been received from the Minister. The council will continue to press the government vigorously, along with other key affected councils, to agree a means of funding which enables the Council to meet its obligations to the young people affected, but which is also fair to local residents.
- Within Adult Social Care an underspend of £2.7m is forecast reflecting a continuation of the trends experienced in 2011-12 with lower than budgeted demand for direct payments, day care and OP residential care. This is partially offset by increased demand for OP nursing care and supported accommodation, domiciliary care and residential care for clients with learning disabilities. From the 1<sup>st</sup> October, the Supporting Independence Service contract has been introduced and the forecast outturn includes the estimated effect of this contract on all client groups except mental health (where the impact on this service is still being reviewed). The Supporting Independence Service contract is a new purchasing method covering the purchase of community support services, supported accommodation and supported living services. Cash limits have been transferred to reflect the service lines that the current clients have transferred to, which include a transfer from domiciliary care and supported accommodation to either the supporting independence service (reported within the Supported Accommodation A-Z budget heading) or direct payments (where clients have chosen this option instead, in order to remain with their existing service providers).
- Schools reserves are forecast to reduce by £2.3m this year as a result of 39 more schools converting to new style academy status, which allows them to take their reserves with them.
- An underspend of £3.623m is forecast within the ELS portfolio on the non-delegated budgets mainly due to the re-phasing of the Kent Youth Employment Programme mentioned above, additional special school recoupment income, additional income from traded services within the Education Psychology Service and the release of contingency held against potential in year costs resulting from the ELS restructure. These underspends are partially offset due to savings not being achieved as anticipated on an Attendance & Behaviour contract.
- An underspend is expected on the Mainstream Home to School Transport budget based on numbers requiring transport in the new academic year and Transport Integration Unit are currently working to assess the financial impact of this. Any saving resulting from this exercise will be reflected in the 2013-16 MTFP.
- The savings on the waste budgets experienced last year, mainly due to lower than budgeted waste tonnage, look set to continue in 2012-13, with a £1.958m saving forecast, although there has been a small reduction in the anticipated underspend this month due to higher waste tonnages than previously anticipated. Tonnage of 720,400 is now forecast against a budgeted figure of 730,000 tonnes.
- A £1.2m shortfall in the contribution from Commercial Services is forecast due to additional costs of restructuring and a re-phasing of the increased income target built into the current year budget, now expected to be achieved in 2013-14. This will need to be reflected in the 2013-16 MTFP. However, a compensating underspend is forecast against the financing items budgets in the Finance & Business Support portfolio in annex 7, as these funds were being held back in anticipation of this forecast shortfall.

- Also within the Finance & Business Support portfolio, savings are being made on the debt charges budget largely as a result of the re-phasing of the capital programme in 2011-12 and no new borrowing being taken in the first half of 2012-13.
- Within the C&C portfolio a £1.1m underspend is forecast which is largely due to vacancy management and delays in the opening of Gateways.
- Within the BSP&HR portfolio, pressures are currently forecast within Property & Infrastructure (+£0.6m), where savings from vacating lease hold properties have not happened as quickly as anticipated due to service transformations and restructures throughout the Council together with a more cautious approach to capitalising expenditure. There is a pressure within Human Resources (+£0.2m) due to under-delivery of challenging income targets within the Schools Personnel Service and pressures on staffing due to increased demand to support many divisional restructures and service transformations. Also, there is a pressure within ICT (+£0.3m) as a result of additional staffing costs related to continued high demand for ICT services. Management action is expected to be delivered to offset these pressures.
- We have recovered a further £4.291m to date during 2012-13 from our principal investments in the collapsed Icelandic Banks, bringing our total recovery so far to £33.509m, of which £13.682m relates to our £18.350m investment with the UK registered Heritable Bank, £7.976m relates to our £17m investment with Landsbanki and £11.851m relates to our £15m investment with Glitnir.

#### 1.4.2 Capital:

- The latest forecast capital position is a variance of -£9.223m. This is made up of an unfunded variance of +£1.238m, re-phasing to later years of -£21.428m, funded variances of £12.407m and project underspends of -£1.440m. Further detail is provided in the annexes that follow.

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

### 2.1 Revenue

The net projected variance against the combined portfolio revenue budgets is an underspend of -£6.000m after management action. Section 3 of this report provides the detail, which is summarised in Table 1a below.

**Table 1a – Portfolio position – net revenue position before and after management action**

Portfolio	Budget	Gross Variance	Proposed Management Action	Net Variance
	£k	£k	£k	£k
Education, Learning & Skills	+65,008	-3,623	0	-3,623
Specialist Children's Services	+150,818	+4,983	0	+4,983
Specialist Children's Services - Asylum	+280	+3,000	0	+3,000
Adult Social Care & Public Health	+337,083	-2,697	0	-2,697
Environment, Highways & Waste	+155,113	-774	0	-774
Customer & Communities	+81,479	-1,147	0	-1,147
Regeneration & Economic Development	+3,669	0	0	0
Finance & Business Support	+63,313	-5,448	0	-5,448
Business Strategy, Performance & Health Reform	+57,317	+848	-848	0
Democracy & Partnerships	+7,483	-294	0	-294
<b>TOTAL (excl Schools)</b>	<b>+921,563</b>	<b>-5,152</b>	<b>-848</b>	<b>-6,000</b>
<i>Schools (ELS portfolio)</i>	0	+2,286	0	+2,286
<b>TOTAL</b>	<b>+921,563</b>	<b>-2,866</b>	<b>-848</b>	<b>-3,714</b>

## 2.2 Capital

The Capital Programme 2012-15 has an approved budget of £621.362m, excluding PFI. The forecast outturn against this budget is £612.139m, giving a variance of -£9.223m. This is made up of an unfunded variance of +£1.238m, rephasing to later years of -£21.428m, funded variances of +£12.407m and project underspends of -£1.440m.

## 3. REVENUE

### 3.1 Virements/changes to budgets

3.1.1 Directorate cash limits have been adjusted to include:

- the inclusion of a number of 100% grants (i.e. grants which fully fund the additional costs) awarded since the budget was set or adjustments to the level of grant allocation assumed in the budget following confirmation from the awarding bodies. These are detailed in Appendix 1.

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

3.1.3 Specialist Children’s Services is currently going through a restructure and cash limits will need to be realigned later in the year, once the new structure is finalised and in place. This will impact on the variances reflected within this report against the individual A-Z budget lines of the SCS portfolio, but not on the overall position for the portfolio.

### 3.2 Forecast Revenue Position before Management Action

3.2.1 **Table 1b** – Portfolio/Directorate position – gross revenue position **before** management action

Portfolio	Budget	Variance	Directorate					
			ELS	FSC	E&E	C&C	BSS	FI
	£k	£k	£k	£k	£k	£k	£k	£k
Education, Learning & Skills	+65,008	-3,623	-3,623					
Specialist Children's Services	+150,818	+4,983	0	+4,983				
Specialist Children's Services - Asylum	+280	+3,000		+3,000				
Adult Social Care & Public Health	+337,083	-2,697		-2,697				
Environment, Highways & Waste	+155,113	-774			-774			
Customer & Communities	+81,479	-1,147				-1,147		
Regeneration & Economic Development	+3,669	0			0		0	
Finance & Business Support	+63,313	-5,448					-266	-5,182
Business Strategy, Performance & Health Reform	+57,317	+848		0			+848	0
Democracy & Partnerships	+7,483	-294					-144	-150
<b>SUB TOTAL (excl Schools)</b>	<b>+921,563</b>	<b>-5,152</b>	<b>-3,623</b>	<b>+5,286</b>	<b>-774</b>	<b>-1,147</b>	<b>+438</b>	<b>-5,332</b>
<i>Schools (ELS portfolio)</i>	<i>0</i>	<i>+2,286</i>	<i>+2,286</i>					
<b>TOTAL</b>	<b>+921,563</b>	<b>-2,866</b>	<b>-1,337</b>	<b>+5,286</b>	<b>-774</b>	<b>-1,147</b>	<b>+438</b>	<b>-5,332</b>

### 3.2.2 Table 1c – Gross, Income, Net (GIN) position – revenue (before management action)

Portfolio	CASH LIMIT			VARIANCE		
	Gross	Income	Net	Gross	Income	Net
	£k	£k	£k	£k	£k	£k
<b>Education, Learning &amp; Skills</b>	+184,085	-119,077	<b>+65,008</b>	-3,845	+222	<b>-3,623</b>
<b>Specialist Children's Services</b>	+201,175	-50,357	<b>+150,818</b>	+5,110	-127	<b>+4,983</b>
<b>Specialist Children's Services - Asylum</b>	+14,901	-14,621	<b>+280</b>	+123	+2,877	<b>+3,000</b>
<b>Adult Social Care &amp; Public Health</b>	+450,844	-113,761	<b>+337,083</b>	-5,589	+2,892	<b>-2,697</b>
<b>Environment, Highways &amp; Waste</b>	+179,538	-24,425	<b>+155,113</b>	-814	+40	<b>-774</b>
<b>Customer &amp; Communities</b>	+133,746	-52,267	<b>+81,479</b>	-1,650	+503	<b>-1,147</b>
<b>Regeneration &amp; Economic Development</b>	+5,729	-2,060	<b>+3,669</b>	+18	-18	<b>0</b>
<b>Finance &amp; Business Support</b>	+170,455	-107,142	<b>+63,313</b>	-7,069	+1,621	<b>-5,448</b>
<b>Business Strategy, Performance &amp; Health Reform</b>	+98,634	-41,317	<b>+57,317</b>	+3,972	-3,124	<b>+848</b>
<b>Democracy &amp; Partnerships</b>	+7,743	-260	<b>+7,483</b>	-227	-67	<b>-294</b>
<b>SUB TOTAL (excl Schools)</b>	<b>+1,446,850</b>	<b>-525,287</b>	<b>+921,563</b>	<b>-9,971</b>	<b>+4,819</b>	<b>-5,152</b>
<i>Schools (ELS portfolio)</i>	<i>+746,533</i>	<i>-746,533</i>	<i>0</i>	<i>+2,286</i>	<i>0</i>	<i>+2,286</i>
<b>TOTAL</b>	<b>+2,193,383</b>	<b>-1,271,820</b>	<b>+921,563</b>	<b>-7,685</b>	<b>+4,819</b>	<b>-2,866</b>

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

3.3 Table 2 below details all projected revenue variances over £100k, in size order (shading denotes that a pressure/saving has an offsetting entry which is directly related). Supporting detail to each of these projected variances is provided in individual Directorate reports as follows:

- Annex 1 Education, Learning & Skills**  
incl. Education, Learning & Skills and elements of Specialist Children's Services portfolios
- Annex 2 Families & Social Care – Children's Services**  
incl. Specialist Children's Services portfolio
- Annex 3 Families & Social Care – Adult Services**  
incl. Adult Social Care & Public Health portfolio and elements of Business Strategy, Performance & Health Reform portfolio
- Annex 4 Enterprise & Environment**  
incl. Environment, Highways & Waste portfolio and elements of Regeneration & Economic Development portfolios
- Annex 5 Customer & Communities**  
incl. Customer & Communities portfolio
- Annex 6 Business Strategy & Support**  
incl. elements of Regeneration & Economic Development, Finance & Business Support, Business Strategy, Performance & Health Reform and Democracy & Partnerships portfolios
- Annex 7 Financing Items**  
incl. elements of the Finance & Business Support, Business Strategy, Performance & Health Reform and Democracy & Partnerships portfolios

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ELS	Schools delegated budgets (gross) - estimated drawdown of reserves following 39 schools converting to academies	+2,286	ELS	14-19 year olds (gross) - Kent Employment project	-1,930
ELS	Individual Learner Support (income) - Minority Communities Achievement Service reduced buy back from schools	+1,347	ELS	Individual Learner Support (gross) - Minority Communities Achievement Service reduced buy back from schools	-1,347
ELS	Schools' Other Services (gross) - cleaning and refuse contracts	+689	ELS	ELS Strategic Management & Directorate budgets (gross) - release of restructure contingency	-800
ELS	Schools' Non Delegated Staff costs (income) - excepted items reduced buy back from schools	+571	ELS	Schools' Other Services (income) - cleaning and refuse contracts	-772
ELS	Attendance & Behaviour (gross) - unachievable contract saving	+550	ELS	Special School & Hospital Recoupment (income) - additional income from other local authorities for places at our special schools	-712
ELS	Attendance & Behaviour (gross) - PRUs additional staffing & premises costs (matched by income from schools & academies)	+385	ELS	Schools' Non Delegated Staff costs (gross) - excepted items reduced buy back from schools	-571
ELS	Schools' Teachers Pensions costs - capitalisation costs	+336	ELS	Education Psychology Service (income) - income from traded service with schools and other customers	-547
ELS	Statemented Pupils (income) - reduced income from other local authorities for statemented support in our schools	+313	ELS	Attendance & Behaviour (income) - PRUs additional income from schools & academies	-385
ELS	Independent Special School Placements (income) - reduction in joint funded places income	+290	ELS	Statemented Pupils (gross) - reduced spend on statemented support for other local authority pupils in our schools	-313
ELS	ELS Strategic Management & Directorate budgets (gross) - academy converter legal costs	+285	ELS	Independent Special School Placements (gross) - reduction in joint funded places spend	-290
ELS	School Improvement Service (income) - under recovery of expected income	+189	ELS	ELS Strategic Management & Directorate budgets (gross) - Participation by Rights	-222
			ELS	Individual Learner Support (gross) - Early Years training	-215
			ELS	Early Years & Childcare (income) - income from course fees, training and support	-140
	<b>ELS PORTFOLIO TOTAL</b>	<b>+7,241</b>		<b>ELS PORTFOLIO TOTAL</b>	<b>-8,244</b>
SCS	Asylum - forecast shortfall in funding, awaiting resolution with Government	+3,000	SCS	Children's social care staffing - Gross - Staffing	-1,352
SCS	Fostering - Gross - Independent - forecast weeks higher than budgeted	+2,897	SCS	Fostering - Gross - Independent - forecast unit cost lower than budgeted	-569
SCS	Residential - Gross - Non Dis Independent Sector - forecast weeks higher than budgeted	+2,369	SCS	Preventative Children's services - Gross - management action and more detailed guidance on Section 17 payments	-565
SCS	Children's social care staffing - Gross - New County Referral Unit	+1,279	SCS	Preventative Children's services - Gross - Independent sector day care dis - reduction in core activity due to a shift to direct payments	-500

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
SCS	Preventative Children's services - Gross - Direct Payments - Forecast weeks/unit costs higher than budgeted (shift from Ind day care disability)	+492	SCS	Preventative Children's services - Gross - delay in investment in prevention strategy spend	-500
SCS	Fostering - Gross - Related foster payments - increase in reward payments	+437	SCS	Residential - Gross - Non Dis Independent Sector - forecast unit cost lower than budgeted	-494
SCS	Residential - Gross - Dis Independent Sector - Increase in high cost placements	+425	SCS	Leaving care - Gross - decrease in demand as 16-18 yr olds remaining in foster care, stricter controls around S24 payments	-477
SCS	Fostering - Gross - Non-related in house - forecast weeks higher than budgeted	+402	SCS	Fostering - Gross - Kinship non LAC - move to related fostering	-320
SCS	Children's centres - Gross - Various small overspends	+360	SCS	Early Years - Gross - Children's centre development team - release of uncommitted budget	-300
SCS	Fostering - Gross - Related foster payments - drive to move children from Kinship to Related Fostering	+320	SCS	Fostering - Gross - Kinship non LAC - move to SGO	-264
SCS	Leaving care - Gross - VAT liability	+295	SCS	Preventative Children's services - Gross - Costs re-classified as fostering	-235
SCS	Adoption - Gross - Increase in Special Guardianship Orders	+264	SCS	Residential - Gross - KCC residential - increase in income from District Health Authorities	-211
SCS	Fostering - Gross - Non-related in house - fostering costs moved from S.17	+235	SCS	Preventative Children's services - Gross - Costs re-classified as legal costs	-150
SCS	Preventative Children's services - Gross - increased cost of MASH due to lease charges	+188	SCS	Fostering - Gross - Non-related in house - forecast unit cost lower than budgeted	-150
SCS	Fostering - Gross - Non-related in house - enhanced payments for carers of disabled children	+186	SCS	Preventative Children's services - Gross - Independent sector day care non dis-renegotiated day care rate	-140
SCS	Safeguarding - Gross - staffing	+178	SCS	Residential - Gross - Dis Independent Sector - reduction in the overall number of placements	-128
SCS	Adoption - Gross - Increase in cost of placements	+168	SCS	Children's centres - Income - Various income for utilities, activities etc	-115
SCS	Children's Support Services - Gross - Staffing (Out of Hours Team)	+150			
SCS	Legal Charges - Gross - costs moved from S.17	+150			
SCS	Fostering - Gross - County fostering team - increase in number of staff	+148			
SCS	Residential - Income - Non Dis Independent Sector - reduction in income for placements from Health	+147			
SCS	Legal Charges - Gross - increased demand	+135			
SCS	Children's centres - Gross - Various spend on utilities, activities etc	+115			
	<b>SCS PORTFOLIO TOTAL</b>	<b>+14,340</b>		<b>SCS PORTFOLIO TOTAL</b>	<b>-6,470</b>

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ASCPH	Domiciliary Care - Older People Income: under-recovery of community service income due to reduced activity	+1,525	ASCPH	Residential Care - Older People Gross: release of contingency to help fund pressures on nursing care	-1,345
ASCPH	Nursing Care - Older People Gross: forecast number of weeks higher than affordable level	+1,069	ASCPH	Direct Payments - Older People Gross: forecast number of weeks lower than affordable level	-1,337
ASCPH	Domiciliary Care - Learning Disability Gross: forecast unit cost higher than affordable level	+1,051	ASCPH	Residential Care - Learning Disability Gross: preserved rights number of weeks forecast to be lower than affordable level	-1,282
ASCPH	Supported Accommodation - Learning Disability Income: forecast unit charge lower than affordable level	+787	ASCPH	Residential Care - Older People Gross: forecast number of weeks lower than affordable level	-1,131
ASCPH	Residential Care - Learning Disability Gross: forecast number of weeks greater than affordable level	+755	ASCPH	Direct Payments - Learning Disability Gross: forecast number of weeks lower than affordable level	-1,037
ASCPH	Supported Accommodation - Learning Disability Gross: forecast number of weeks higher than affordable level	+752	ASCPH	Domiciliary Care - Older People Gross: forecast number of hours lower than affordable level	-962
ASCPH	Direct Payments - Older People Gross: forecast unit cost higher than affordable level	+674	ASCPH	Residential Care - Physical Disability Gross: forecast number of weeks lower than affordable level	-860
ASCPH	Residential Care - Older People Income: lower income resulting from the placing of less permanent clients in in-house units	+653	ASCPH	Domiciliary Care - Learning Disability Gross: forecast number of hours lower than affordable level	-815
ASCPH	Residential Care - Learning Disability Gross: preserved rights unit cost forecast to be higher than affordable level	+646	ASCPH	Domiciliary Care - Physical Disability Gross: forecast number of hours lower than affordable level	-692
ASCPH	Nursing Care - Older People Gross: forecast unit cost higher than affordable level	+646	ASCPH	Day Care - Older People Gross: savings from re-commissioning strategies in both in-house & external services	-645
ASCPH	Residential Care - Older People Income: forecast number of weeks lower than affordable level	+614	ASCPH	Assessment Adult's Social Care Staffing Gross: delay in recruitment of known vacancies	-584
ASCPH	Domiciliary Care - Physical Disability Gross: forecast unit cost higher than affordable level	+571	ASCPH	Direct Payments - Physical Disability Gross: forecast number of weeks lower than affordable level	-580
ASCPH	Residential Care - Older People Income: forecast unit charge lower than affordable level	+566	ASCPH	Domiciliary Care - Older People Gross: Savings from the Kent Enablement at Home service as a result of forecast activity below budgeted level	-574
ASCPH	Residential Care - Learning Disability Income: preserved rights unit charge forecast is lower than affordable level	+403	ASCPH	Supported Accommodation - Learning Disability Gross: forecast unit cost lower than budgeted level	-541
ASCPH	Domiciliary Care - Older People Gross: forecast unit charge higher than affordable level	+380	ASCPH	Nursing Care - Older People Income: forecast number of weeks higher than affordable level	-456
ASCPH	Domiciliary Care - Learning Disability Income: changing client profile in the Independent Living Service leading to reduced levels of support for those clients in receipt of external funding	+352	ASCPH	Supported Accommodation - Learning Disability Gross: expected drawdown from social care costs reserve	-444
ASCPH	Residential Care - Learning Disability Gross: delay in the review of in-house units	+269	ASCPH	Domiciliary Care - Learning Disability Income: over-recovery of community service income compared to budgeted level	-420



Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ASCPH	Direct Payments - Learning Disability Income: forecast unit charge lower than affordable level	+248	ASCPH	Residential Care - Learning Disability Income: forecast unit charge greater than affordable level	-419
ASCPH	Residential Care - Older People Gross: integrated care centre health costs to be recharged to the PCT	+240	ASCPH	Residential Care - Older People Gross: preserved rights forecast number of weeks lower than affordable level	-405
ASCPH	Direct Payments - Physical Disability Gross: one-off payments in excess of budgeted level	+216	ASCPH	Nursing Care - Older People Income: forecast unit charge higher than affordable level	-390
ASCPH	Residential Care - Mental Health Gross: unit cost forecast to be higher than affordable level	+199	ASCPH	Domiciliary Care - Older People Gross: savings on block contracts	-356
ASCPH	Residential Care - Physical Disability Gross: forecast unit cost is higher than affordable level	+192	ASCPH	Day Care - Learning Disability Gross: staffing savings on in-house service from modernisation strategy & reduced client numbers	-343
ASCPH	Domiciliary Care - Learning Disability Gross: pressure on Extra Care Sheltered Housing	+172	ASCPH	Residential Care - Older People Income: integrated care centre health costs to be recharged to the PCT	-240
ASCPH	Direct Payments - Older People Income: forecast number of weeks lower than affordable level	+170	ASCPH	Other Adult Services Gross: Learning Disability Development Fund underspend resulting from review of payments to organisations and redeployment of staff	-192
ASCPH	Residential Care - Older People Gross: forecast unit cost higher than affordable level	+155	ASCPH	Direct Payments - Older People Income: forecast unit charge higher than affordable level	-177
ASCPH	Residential Care - Older People Gross: staffing pressure on in-house units due to absences and vacancy cover	+152	ASCPH	Residential Care - Learning Disability Gross: forecast unit cost lower than affordable level	-150
ASCPH	Nursing Care - Older People Gross: additional nursing care to be recharged to health (RNCC)	+149	ASCPH	Nursing Care - Older People Income: additional nursing care to be recharged to health (RNCC)	-149
ASCPH	Residential Care - Learning Disability Income: preserved rights number of weeks forecast to be lower than affordable level	+141	ASCPH	Supported Accommodation - Physical Disability/Mental Health Income: forecast unit charge higher than affordable level	-141
ASCPH	Day Care - Learning Disability Gross: pressure on the commissioning of external day care services	+135	ASCPH	Domiciliary Care - Older People Gross: savings on the provision of domi care to clients within sheltered accommodation	-138
ASCPH	Strategic Management & Directorate Support Gross: estimated legal charges pressure based on 11-12 outturn.	+133	ASCPH	Residential Care - Older People Income: additional income received from other local authorities for in-house units	-113
ASCPH	Strategic Management & Directorate Support Gross: staffing pressure on Operational Support Unit.	+125	ASCPH	Direct Payments - Physical Disability Income: forecast unit charge higher than affordable level	-101
ASCPH	Domiciliary Care - Older People Gross: pressure on the provision of enablement services by external providers	+122			
ASCPH	Domiciliary Care - Older People Gross: estimated contribution to the bad debt provision to cover rising client debt levels	+111			
ASCPH	Contributions to Voluntary Organisations Gross: review and commissioning of new services to support transformation	+111			
ASCPH	Strategic Management & Directorate Support Gross: staffing pressure on Strategic Commissioning.	+110			

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ASCPH	Residential Care - Physical Disability Income: forecast number of weeks lower than affordable level	+110			
ASCPH	Direct Payments - Learning Disability Gross: forecast unit cost higher than affordable level	+100			
	<b>ASC&amp;PH PORTFOLIO TOTAL</b>	<b>+14,804</b>		<b>ASC&amp;PH PORTFOLIO TOTAL</b>	<b>-17,019</b>
EHW	Landfill Tax - Additional waste (approx. 21,500 tonnes) sent to landfill due to extended planned maintenance at the Allington WtE Plant. Offset by reduced contractual payments in Disposal Contracts.	+1,372	EHW	Disposal Contracts - reduced level of residual waste being processed at the Allington Waste to Energy plant and sent to landfill due to extended planned maintenance	-2,831
EHW	Commercial Services - shortfall in contribution due to approved costs of restructure and reorganisation to implement consultants' recommendations	+640	EHW	Highways: Streetlight energy	-540
EHW	Highways: Highways Drainage - additional costs due to exceptional wet weather conditions	+500	EHW	Payments to Waste Collection Authorities (District Councils) - reduced tonnage meaning reduced level of recycling credits paid to Districts	-462
EHW	Disposal Contracts - additional volumes of waste (approx 21,500 tonnes) sent to landfill as a result of the extended planned maintenance at the Allington WtE Plant. Offset by reduced contractual payments in Disposal Contracts.	+475	EHW	Highways: Road Safety - increased income for speed awareness courses to cover increased costs	-459
EHW	Recycling Contracts and Composting - increased level of waste	+436	EHW	Household Waste Recycling Centres - additional income from textiles contract	-390
EHW	Commercial Services - rephasing of delivery of increased income target into 2013-14	+430	EHW	Highways: Traffic Management - Permit Scheme income	-326
EHW	Highways: Road Safety - increased speed awareness costs offset by increased income	+332	EHW	Highways: Traffic Management - contract saving	-260
EHW	Highways: Tree maintenance, grass cutting and weed control - Tree stump removal	+252	EHW	Highways: Traffic Management - s74 and road closure income	-206
EHW	Transport Services: Freedom Pass - change of education transport policy	+246	EHW	Transport Services: Concessionary Fares - reduced usage	-205
EHW	Highways: General maintenance and emergency response - dual carriageway maintenance	+232	EHW	Haulage & Transfer Stations - waste tonnage below affordable level	-193
EHW	Highways: Tree maintenance, grass cutting and weed control - Additional weed control activity due to exceptional adverse weather	+216	EHW	Highways: Highways Improvements - savings from procurement exercise on resurfacing budget to offset drainage pressures	-179
EHW	Highways: Highways Drainage - backlog of scheduled cleaning	+200	EHW	Strategic Management & Directorate Support - saving on feasibility studies for major Transportation projects	-175
EHW	Strategic Management & Directorate Support Budgets - ICT development costs	+150	EHW	Household Waste Recycling Centres - income from lead acid batteries	-120
EHW	Highways: Tree maintenance, grass cutting and weed control - Shrub maintenance	+150	EHW	Highways: General maintenance and emergency response - depots maintenance and energy	-111

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
EHW	Commercial Services - shortfall in contribution due to one off restructuring costs	+150	EHW	Planning Applications - staffing vacancies offsetting reduced income from planning applications	-104
EHW	Highways: Traffic Management - Lane rental scheme development costs	+145			
EHW	Transport Services: Freedom Pass - increased usage	+145			
EHW	Planning Applications - under recovery of income due to reduced number of planning applications; offset by vacancies within staffing	+122			
EHW	Highways: General maintenance and emergency response - relocation of Transport Integration Team	+120			
EHW	Highways: Road Safety - reduced income for bike training	+109			
	<b>EH&amp;W PORTFOLIO TOTAL</b>	<b>+6,422</b>		<b>EH&amp;W PORTFOLIO TOTAL</b>	<b>-6,561</b>
C&C	Contact Centre & Consumer Direct: reduction in income linked to reduced call volumes for Consumer Direct	+446	C&C	Contact Centre & Consumer Direct: reduced staff numbers in line with reduced call volumes for Consumer Direct	-369
			C&C	Supported Independence & Supported Employment: staffing underspend within Kent Supported Employment	-228
			C&C	Registration Service: staffing savings pending restructure of service	-165
			C&C	Gateways: re-phasing of opening and change in specification of Swanley and Herne Bay gateways	-159
			C&C	Trading Standards: staff vacancy savings pending restructure of service	-156
			C&C	Youth Offending Service: staff vacancy savings pending notification of future year funding levels from Youth Justice Board	-140
			C&C	Community Wardens: staff vacancies	-134
	<b>C&amp;C PORTFOLIO TOTAL</b>	<b>+446</b>		<b>C&amp;C PORTFOLIO TOTAL</b>	<b>-1,351</b>
F&BS	transfer of forecast underspend on Insurance Fund to the Insurance reserve	+690	F&BS	savings on debt charges due to re-phasing of capital programme in 11-12, together with no new borrowing in 12-13	-3,895
F&BS	Increase in MRP	+403	F&BS	Earmarked funding held within unallocated budgets to offset anticipated shortfall in Commercial Services	-1,220
F&BS	Contribution to economic downturn reserve of 2012-13 write down of discount saving from 2008-09 debt restructuring	+159	F&BS	Reduction in anticipated insurance claims	-690
			F&BS	underspend on leases	-400
			F&BS	Finance & Procurement Gross - staffing underspend	-285
			F&BS	2012-13 write down of discount saving from 2008-09 debt restructuring	-159
	<b>F&amp;BS PORTFOLIO TOTAL</b>	<b>+1,252</b>		<b>F&amp;BS PORTFOLIO TOTAL</b>	<b>-6,649</b>

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
BSPHR	ICT Gross: Information Systems costs of additional pay as you go activity	+2,786	BSPHR	ICT Income: Information Systems income from additional pay as you go activity	-2,786
BSPHR	Property & Infrastructure Gross - extension to leasehold payments; more cautious approach to capitalising expenditure	+1,299	BSPHR	Property and Infrastructure Income - Use of Local Authority Capital Maintenance Grant to fund revenue expenditure previously categorised as capital	-700
BSPHR	Governance & Law Income - reduced income due to revised business objectives (matched by reduced staffing costs)	+464	BSPHR	Governance & Law Gross - reduced staffing due to revised business objectives (matched by reduced income)	-490
BSPHR	Human Resources Income - under recovery of income target by Schools Personnel Service	+420	BSPHR	Human Resources Gross - underspend on Schools Personnel Service mainly on salaries, partially off-setting under delivery of income target	-310
BSPHR	Human Resources Gross - pressure on Employee Services budget mainly on staffing	+406	BSPHR	Business Strategy Gross - staffing underspend	-255
BSPHR	ICT Gross: additional staffing expenditure due to the continued high demand for ICT services	+314	BSPHR	Human Resources Income - increased Employee Services income	-227
			BSPHR	Human Resources Income - increased income relating to Rewards	-198
	<b>BSP&amp;HR PORTFOLIO TOTAL</b>	<b>+5,689</b>		<b>BSP&amp;HR PORTFOLIO TOTAL</b>	<b>-4,966</b>
			D&P	Reduction in External Audit Fee	-150
	<b>D&amp;P PORTFOLIO TOTAL</b>	<b>+0</b>		<b>D&amp;P PORTFOLIO TOTAL</b>	<b>-150</b>
		<b>+50,194</b>			<b>-51,410</b>

### 3.4 Key issues and risks

#### 3.4.1.1 Education, Learning & Skills portfolio: Forecast (excl. schools) -£3.623m

There is significant re-phasing of the Kent Youth Employment Programme as grants to employers for placements of unemployed young people are only made following completion of 6 months and 12 months in placements. In addition, there is a net surplus on traded activity within the Education Psychology Service, additional special school recoupment income, and the release of contingency held against potential in year costs resulting from the ELS restructure. These underspends are partially offset by additional capitalised pension costs for teachers and legal costs resulting from schools converting to academies. Also, it has not been possible to generate the anticipated savings on an Attendance & Behaviour contract. This has implications for the 2013-14 budget and alternative savings will need to be found. Further details are provided in Annex 1.

#### 3.4.1.2 Education, Learning & Skills portfolio – Schools Delegated: Forecast +£2.286m

The first monitoring returns from schools are currently being collected, therefore this forecast relates entirely to the reduction in schools reserves resulting from an anticipated 39 schools converting to academy status and taking their reserves with them. An update on the first monitoring returns from schools will be provided in the next exception report.

#### 3.4.2.1 Specialist Children's Services portfolio: Forecast +£4.983m

There has been a continuation of the pressures experienced during 2011-12 mainly on Fostering, Residential Children's Services and Adoption. A pressure arising from the new county referral unit, which has been set up in advance of the main SCS restructure is offset by underspending against other Children's Social Care staffing. In addition, there has been a shift in providing independent sector day care and short breaks to children with a disability to providing direct payments instead. Further details are provided in Annex 2.

#### 3.4.2.2 **Specialist Children's Services portfolio - Asylum: Forecast +£3.000m**

This potential pressure is in respect of both unaccompanied asylum seeking children and those eligible under the care leaving legislation and assumes the same level of funding as we received in 2011-12 for the Gateway Grant. Kent, along with Hillingdon and Solihull Councils, has jointly written to the Minister of State for Immigration expressing their continued frustration of not being able to agree a resolution that ensures adequate funding levels. Until there is more certainty around a resolution it is prudent to report this pressure, but at time of writing no response had been received from the Minister. The Council will continue to press the government vigorously, along with other key affected councils, to agree a means of funding which enables the Council to meet its obligations to the young people affected, but which is also fair to local residents.

#### 3.4.3 **Adult Social Care & Public Health portfolio: Forecast -£2.697m**

There is a continuation of the trends experienced in 2011-12 with lower than budgeted demand for direct payments, day care and Older People residential care. These underspends are partially offset by increased demand for OP nursing care and supported accommodation, domiciliary care and residential care for clients with learning disabilities. Further details are provided in Annex 3.

#### 3.4.4 **Environment, Highways & Waste portfolio: Forecast -£0.774m**

There is an underspend on the waste budgets of just under £2m, reflecting a continuation of the savings experienced in 2011-12 as a result of lower than budgeted waste tonnage and new income streams from recyclates. However this is offset by a £1.2m anticipated shortfall in the contribution from Commercial Services due to additional approved costs of restructuring to implement consultants' recommendations and a re-phasing of the increased income target built into the current year budget, now expected to be achieved in 2013-14. Within Highways and Transportation, additional costs of dual carriageway maintenance, shrub maintenance, tree stump removal and additional weed control and drainage costs as a result of the exceptionally rainy weather, together with development costs for a lane rental scheme are largely offset by additional income from the Permit Scheme and lower than anticipated costs of streetlight energy. Further details are provided in Annex 4.

#### 3.4.5 **Customer & Communities portfolio: Forecast -£1.147m**

This underspend is largely due to staffing savings within Kent Supported Employment, Trading Standards, Registration, Youth Offending Service and Community Wardens, as vacancies are being held in anticipation of future funding reductions and/or savings being approved as part of the 2013-16 MTFP, in order to minimise the impact of redundancies wherever possible, but only where the impact on front line delivery has been negligible or fully mitigated. However, there are some, largely one-off, emerging pressures within the Libraries, Registration & Archives Service, which need to be investigated further and quantified, that may offset part of this underspending and an update will be provided in the next monitoring report. Also, there is a delay in the opening of the Herne Bay and Swanley Gateways providing a saving on running costs in this financial year. In addition, there is a reduction in the call volumes being experienced within Consumer Direct resulting in a loss of income, as income is calculated on a price per call, however this is offset by reduced staffing costs in line with the reduction in call volumes. Further details are provided in Annex 5.

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

##### 3.4.6.1 **Finance & Business Support portfolio: Forecast -£0.266m**

This underspend is as a result of many appointments being made to the new structure at the bottom of the grade, whereas the budget is set at the mid-point of grade.

##### 3.4.6.2 **Business Strategy, Performance & Health Reform portfolio: Forecast +£0.848m**

Pressures are forecast within Property & Infrastructure where savings from vacating lease hold properties have not happened as quickly as anticipated due to changes in requirements as a result of service transformations and restructures throughout the Council, together with a more cautious approach to capitalising expenditure in accordance with accounting requirements. Dedicated resources have now been put in place to programme manage the New Work Spaces initiative which will give greater clarity on timelines for coming out of properties. A pressure is also forecast within Human Resources due to the under-delivery of challenging income targets within the Schools Personnel Service and pressures on staffing within Employee Services due to increased demand to support many divisional restructures and service transformations. Also, a pressure is forecast within ICT as a result of additional staffing due to continued high demand for ICT services. These pressures are partially offset by staffing vacancy savings within Business

Strategy due to delays in recruitment. In addition, there is a shortfall in income within Governance & Law and a compensating underspend on staffing and related costs, which reflects the impact of the Evolution, Efficiency & Enterprise project, which is seeking to reduce the cost of legal services to the council. Management action is expected to be delivered to offset these pressures.

**3.4.6.3 Democracy & Partnerships portfolio: Forecast -£0.144m**

This forecast underspend is made up of a number of small variances, mainly within Finance – Internal Audit.

Further details are provided in Annex 6.

**3.4.7 The key issues within the Financing Items budgets are:**

**3.4.7.1 Finance & Business Support portfolio: Forecast -£5.182m.**

There are savings on the net debt charges budget as a result of deferring borrowing in 2011-12 due to the re-phasing of the capital programme, cash balances have been relatively high and no new borrowing has been taken in the first half of 2012-13. The current year write down of the discount saving from the debt restructuring undertaken in 2008-09 is being transferred to the Economic Downturn reserve as planned and there are savings on the leases budget reflecting a continuation of the trend in recent years. A forecast underspend against the insurance fund will be transferred to the insurance reserve at year end in line with usual practice. In addition, unallocated funds were being held back in anticipation of the shortfall in the Commercial Services contribution reported within the EH&W portfolio and these have now been released in order to offset this pressure.

**3.4.7.2 Democracy & Partnerships portfolio: Forecast -£0.150m.**

This underspend relates to the external audit fee where a combination of outsourcing of the Audit Commission's in-house Audit Practice and their own internal efficiency savings means that the Audit Commission is able to pass on significant reductions in audit fees this year to audited bodies. These lower fees are fixed for five years irrespective of inflation, and will help public bodies at a time when budgets are under pressure

Further details are provided in Annex 7.

**3.4.8** By the end of the financial year, management action is expected to be delivered to achieve a balanced budget within the Business Strategy, Performance & Health Reform portfolios, with an overall underspend for the authority of -£6.000m forecast at this stage. In the context of a savings requirement of £100m and on the back of delivering a £95m saving target last year, this is a very promising position at this stage of the year. The forecasts show that the vast majority of the £100m savings are on track to be delivered. The intention remains that where delivery proves to be unlikely, that equivalent savings elsewhere within the relevant portfolio will be made as appropriate. The position will be closely monitored throughout the remainder of the financial year and every effort will be made to ensure that we remain within a balanced position.

### **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 plans (MTFP) for 2013-16. Although most pressures, excluding those within Specialist Children's Services (SCS), are forecast to be largely offset by underspending or management action this year, some of the underspending and management action is likely to be one-off or not sustainable for the longer term. 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. With regard to the pressures within SCS, controls and early intervention services have been put in place, which are expected to reduce the financial pressure on these services over the medium term.

#### 4. CAPITAL

4.1 The Capital Programme 2012-15 has an approved budget of £621.362m, excluding PFI. The forecast outturn against this budget is £612.139m, giving a variance of -£9.223m. This is made up of an unfunded variance of +£1.238m, rephasing to later years of -£21.428m, funded variances of +£12.407m and project underspends of -£1.440m.

4.2 Table 1 – Revised approved budget

	Portfolios							
	Total	Adults Social Care & Public Health	Business Strategy, Performance & Health Reform	Customer & Communities	Education, Learning & Skills	Environment, Highways & Waste	Regeneration & Economic Development	Specialist Childrens Services
	£m	£m	£m	£m	£m	£m	£m	£m
Approved budget last reported to Cabinet	621.312	21.468	33.211	13.501	274.096	173.875	104.392	0.769
Approvals made since last reported to Cabinet	0.050	0.000	0.000	0.050	0.000	0.000	0.000	0.000
Revised approved budget excl PFI	621.362	21.468	33.211	13.551	274.096	173.875	104.392	0.769

4.3 Table 2 – Funded and Revenue Funded Variances

	Portfolios							
	Total	Adults Social Care & Public Health	Business Strategy, Performance & Health Reform	Customer & Communities	Education, Learning & Skills	Environment, Highways & Waste	Regeneration & Economic Development	Specialist Childrens Services
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Cabinet to approve cash limit changes</b>								
Academies	1.564				1.564			
Shepway Sports Centre - LD Strategy	0.030	0.030						
Integrated Transport	-0.013					-0.013		
Highway Major Maintenance (REV)	6.000					6.000		
Dartford & Gravesham NHS Trust Capital Cont'n	0.128			0.128				
Modernisation of Assets	-0.061		-0.061					
ERP Phase 1	0.620		0.620					
Oracle Release 12	-0.120		-0.120					
<b>No cash limit changes to be made</b>								
Archbishop Courtenay - Primary Improvement Programme (REV)	0.040				0.040			
Primary Improvement programme - Other Projects	0.024				0.024			
Basic Need Programme	-0.073				-0.073			
Modernisation Programme	0.049				0.049			
Ashford, Thanet & Swale MASH (REV)	0.006							0.006
Self Funded Projects - Quarryfields (REV)	0.060							0.060
Integrated Transport	0.630					0.630		
Non TSG Land Compensation	0.185					0.185		
Member Highway Fund	-0.018					-0.018		
A2 Cyclopark	0.018					0.018		
A2 Cyclopark (REV)	0.012					0.012		
Victoria Way	0.033					0.033		
Drovers Roundabout	1.451					1.451		
Highway Major Maintenance	0.950					0.950		
Member Highway Fund (REV)	0.377					0.377		
Energy Water Efficiency	0.286					0.286		
Youth Vehicles (REV)	0.141			0.141				
Public Rights of Way (REV)	0.063			0.063				
Tonbridge Youth Facility (REV)	0.025			0.025				
<b>Total</b>	<b>12.407</b>	<b>0.030</b>	<b>0.439</b>	<b>0.357</b>	<b>1.604</b>	<b>9.911</b>	<b>0.000</b>	<b>0.066</b>



#### 4.4 Table 3 – Summary of variance

	Portfolios							
	Total	Adults Social Care & Public Health	Business Strategy, Performance & Health Reform	Customer & Communities	Education, Learning & Skills	Environment, Highways & Waste	Regeneration & Economic Development	Specialist Childrens Services
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Unfunded variance</b>	<b>1.238</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.120</b>	<b>0.000</b>	<b>1.118</b>
Funded variance (from table 2)	4.447	0.030	0.439	0.128	1.564	2.286	0.000	0.000
Variance to be funded from revenue (from table 2)	7.960	0.000	0.000	0.229	0.040	7.625	0.000	0.066
Project Underspend	-1.440	0.000	-0.700	0.000	0.000	-0.456	-0.284	0.000
<b>Rephasing (beyond 2012-15)</b>	<b>-21.428</b>	<b>-1.418</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>-3.700</b>	<b>-16.310</b>	<b>0.000</b>
Total variance	-9.223	-1.388	-0.261	0.357	1.604	5.875	-16.594	1.184

#### 4.5 Summary of schemes with real variance over £0.100m and proposed actions to mitigate:

4.5.1 The following schemes have been identified which show a real unfunded variance in excess of £0.100m:

- A28 Chart Road - EHW (Real overspend in later years of +£1.600m). This project is likely to be delivered in phases, as funding streams are confirmed. The initial phase has funding approval in principle from the Growing Places Fund. It is unlikely to require planning consent on land and should therefore be able to deliver soon. Other phases are likely to be related to the rate of development in South Ashford. The forecast overspend is anticipated to be funded from developer contributions.
- MASH - SCS – (Real overspend +£1.118m) Latest MASH estimates show a forecast variance of £1.124m in 2012-13, £0.006m of this is to be funded from a revenue contribution. This reflects a continuing pressure and has increased by £0.024m since last reported to Cabinet mainly due to additional consultancy fees. There is anticipated external funding of £0.800m which is awaiting confirmation from the NHS. If this is forthcoming there remains an unfunded variance of £0.318m, the funding of which is yet to be resolved.
- Coldharbour Gypsy site - EHW: (Real overspend +£0.120m) The overspend is mainly due to unplanned works to be carried out by utility companies to avoid any damage to the existing cables and pipes. The initial survey did not pick up these anomalies. Action is being taken to find additional external funding to cover the overspend.

#### 4.6 Summary of schemes whereby completion is delayed and impact on delivery:

- Regional Growth Fund – REG: The rephasing of -£9.710m into 2016-17 is due to the re-profiling of the programme based on the best estimates of applications expected for the Expansion East Kent Fund.
- Broadband- REG: - £5.000m has been rephased to beyond 2012-15. This is due to delays at a national level in finalising the BDUK procurement framework and the UK state aid notification with the EU. As a result, suppliers are now informing Government it will be necessary to extend the implementation window beyond March 2015.

- Sandwich Sea Defence – EHW: (Re-phasing beyond 2012-15 -£1.016m). The schedule of planned contributions from KCC now reflects the anticipated progression of the scheme, giving more realistic phasing, as was reported in the last exception report to Cabinet.
- Drovers Roundabout-M20 J9 and Victoria Way – EHW: (Risk) These schemes have been classed as amber due to the risk around these. As previously reported contractors' claims assessments and the negotiations are still ongoing. The assessment and the negotiation are showing good progress, however the full extent of the final costs have not yet been resolved.
- Community Care Centre – Thameside Eastern Quarry/Ebbsfleet - ASC&PH: (Rephasing beyond 2012-15 -£1.418m). This is due to the housing development relating to this project not progressing at the expected rate. There has also been a budget refreshment to the Ebbsfleet project resulting in a reduction of £0.321m to the cash limit in 2015-16.
- Information Technology Strategy/Modernisation of Assets - ASC&PH: As a result of the decision to postpone the implementation of the Adults Integration Solution (AIS) workstream to all localities, pending further conclusive outcomes, coupled with an over-arching strategic review scheduled to be carried out by the Authority's Director of ICT, the Directorate has decided to show prudence and delay elements of this project into 2013-14.
- Tunbridge Wells Library – C&C: (Rephasing) Practical completion is now likely to occur in the next financial year - hence the Amber status - and this is due to a combination of issues including protracted procurement and contractual processes. This is a listed building and there is a potential risk that once work commences, issues could be encountered which may increase the scope and costs of works. However, a contingency has been built in as part of the procurement process and this has been increased slightly in an attempt to mitigate any such risks.
- Edenbridge Community Centre – C&C: (Rephasing - no change from prior month). The contractor has submitted an extension of time request in relation to the construction of the Edenbridge Centre and the associated housing development. The impact of this is that the opening of the centre has moved from October 2012 to January 2013. The fixed price Design and Build contract means that there are no financial risks to KCC in relation to the build or this claim but as the estimated completion date has been extended, an AMBER status has been applied.

#### 4.7 Summary of projects by Status

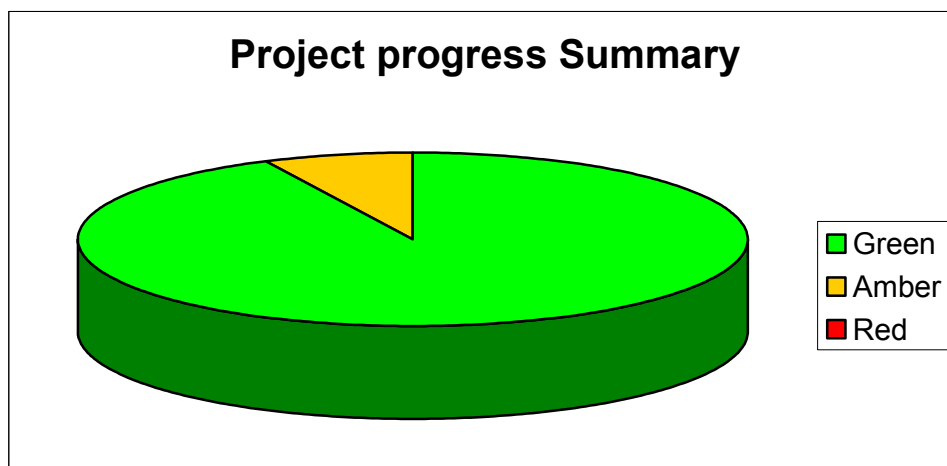
4.7.1 All projects within the capital programme have been assigned a Red, Amber or Green status using the following assessments:

- 4.7.2 Green – Projects on time and budget  
 Amber – Projects either delayed, or over <sup>1</sup>budget  
 Red – Projects both delayed and over budget

4.7.3 Table 5 – Project Progress summary by Directorate

	Green - number of schemes	Amber - number of schemes	Red - number of schemes	Total Number of Schemes
ELS	58	0	0	58
FSC	16	3	0	19
E&E	30	5	0	35
C&C	21	2	0	23
BSS	31	2	0	33
	<b>156</b>	<b>12</b>	<b>0</b>	<b>168</b>

<sup>1</sup> Only show as over budget if unfunded and above £100k or 10% of project budget. Any considered amendments to projects, for which additional funding is available would not be deemed as over budget.



4.8 Across the capital programme we may need to set up a provision for between £2.5m - £4.5m.

## 5. FINANCIAL HEALTH

5.1 The latest Financial Health indicators, including cash balances, our long term debt maturity, outstanding debt owed to KCC, the percentage of payments made within 20 and 30 days and the recent trend in inflation indices (RPI & CPI) are detailed in **Appendix 2**.

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

## 6. RISK MANAGEMENT

6.1 The risk management work plan continues to be implemented across the Authority, with all previous risk management audit recommendations due to be completed, or systems in place by end of Q3 2012-13.

6.2 KCC's Risk Management Policy was updated to reflect the new governance arrangements and approved by Governance & Audit Committee on 25<sup>th</sup> September 2012.

6.3 The annual refresh of the Corporate Risk Register is underway. Meetings have been held with Cabinet Members and the Corporate Management Team to gain their views on the most significant areas of concern for KCC, with key messages being fed back to Corporate Board. An updated register will be produced to reflect the feedback received, including agreement on the critical actions required to mitigate these risks. In addition, progress against mitigating actions listed in the current version of the Corporate Risk Register is being checked, with findings to be reported via the Quarterly Performance Report to Corporate Board and Cabinet. Insufficient progress against actions will trigger referral to the Performance & Evaluation Board for support and challenge as appropriate.

6.4 Divisional and directorate risk registers are being re-established / refreshed across the Authority, with regular monitoring mechanisms established. Reporting lines have been established with Cabinet Committees and directorate risk registers are due to be reported to them in January 2013.

6.5 The Risk Management database is now being piloted and will act as an important central repository for key risk information across the Authority, which will aid the corporate risk team in gaining oversight of significant risks, providing analysis of interdependencies and monitoring progress against mitigating actions.

- 6.6 Governance & Audit Committee members received a briefing on KCC's approach to Risk management in September 2012 and a series of Risk Management "webinars" are scheduled to run from November 2012 onwards. A Business Intelligence training session, including performance and risk management, is being piloted in Q3 and will run alongside the Financial Management Development Programme in 2013-14.
- 6.7 Risk management is being embedded in the business planning process, with headline risks to services and mitigating actions being included in 2013-14 business plans.

## 7. REVENUE RESERVES

- 7.1 The table below reflects the projected impact of the current forecast spend and activity for 2012-13 on our revenue reserves:

Account	Actual Balance at 31/3/12 £m	Projected Balance at 31/3/13 £m	Movement £m
Earmarked Reserves	141.3	117.0	-24.3
General Fund balance	31.7	31.7	-
Schools Reserves *	59.1	56.8	-2.3

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

- 7.2 The reduction of £24.3m in earmarked reserves includes the contribution to a new council tax equalisation reserve of £7.5m, and a £2m contribution to the Invest to Save reserve, together with the £5m drawdown from reserves, which were all approved as part of the 2012-13 budget, as well as other planned movements in reserves such as IT Asset Maintenance, earmarked reserve to support the 2012-13 budget, Kingshill Smoothing, prudential equalisation, economic downturn reserve, revenue reserve to support projects previously classified as capital eg Member Highway Fund, Elections, repairs and renewals funds and PFI equalisation reserves, together with the anticipated movements in the Insurance Reserve, Regeneration Fund, dilapidations, NHS support for social care, rolling budget and restructure reserves.
- 7.3 The reduction of £2.3m in the schools reserves is due to an anticipated 39 schools converting to academy status and therefore taking their reserves with them. The value of school reserves is very difficult to predict at this stage in the year as we only get monitoring returns from schools after 6 months, 9 months and outturn. The first monitoring returns from schools are currently being collated and further updates will be provided in future monitoring reports.

## 8. STAFFING LEVELS

8.1 The following table provides a snapshot of the staffing levels by directorate as at 30 September 2012 compared to the numbers as at 31 March 2012 and 30 June 2012, based on active assignments. Between 31 March 12 and 30 September 12, there has been a reduction of 1,411.30 FTEs of which 1,088.09 were in schools and 323.21 were non-schools.

		Mar-12	Jun-12	Sep-12	Difference	
					Number	%
KCC	Assignment count	44,226	42,875	41,586	-2,640	-5.97%
	Headcount (inc. CRSS)	37,399	36,226	35,216	-2,183	-5.84%
	Headcount (exc. CRSS)	33,274	32,061	31,201	-2,073	-6.23%
	<b>FTE</b>	<b>24,389.61</b>	<b>23,514.33</b>	<b>22,978.31</b>	<b>-1,411.30</b>	<b>-5.79%</b>
KCC - Non Schools	Assignment count	13,901	13,671	13,440	-461	-3.32%
	Headcount (inc. CRSS)	12,652	12,430	12,237	-415	-3.28%
	Headcount (exc. CRSS)	10,865	10,613	10,447	-418	-3.85%
	<b>FTE</b>	<b>9,186.64</b>	<b>8,971.02</b>	<b>8,863.43</b>	<b>-323.21</b>	<b>-3.52%</b>
BSS	Assignment count	1,673	1,559	1,574	-99	-5.92%
	Headcount (inc. CRSS)	1,665	1,555	1,569	-96	-5.77%
	Headcount (exc. CRSS)	1,646	1,540	1,552	-94	-5.71%
	<b>FTE</b>	<b>1,523.86</b>	<b>1,427.96</b>	<b>1,443.80</b>	<b>-80.06</b>	<b>-5.25%</b>
ELS	Assignment count	1,646	1,589	1,527	-119	-7.23%
	Headcount (inc. CRSS)	1,585	1,526	1,470	-115	-7.26%
	Headcount (exc. CRSS)	1,295	1,237	1,187	-108	-8.34%
	<b>FTE</b>	<b>990.93</b>	<b>947.65</b>	<b>917.46</b>	<b>-73.47</b>	<b>-7.41%</b>
C&C	Assignment count	3,971	3,941	3,832	-139	-3.50%
	Headcount (inc. CRSS)	3,415	3,398	3,319	-96	-2.81%
	Headcount (exc. CRSS)	2,274	2,239	2,166	-108	-4.75%
	<b>FTE</b>	<b>1,730.35</b>	<b>1,706.67</b>	<b>1,657.95</b>	<b>-72.40</b>	<b>-4.18%</b>
E&E	Assignment count	1,205	1,198	1,174	-31	-2.57%
	Headcount (inc. CRSS)	1,190	1,184	1,160	-30	-2.52%
	Headcount (exc. CRSS)	1,079	1,072	1,046	-33	-3.06%
	<b>FTE</b>	<b>1,028.29</b>	<b>1,026.00</b>	<b>999.94</b>	<b>-28.35</b>	<b>-2.76%</b>
FSC	Assignment count	5,406	5,384	5,333	-73	-1.35%
	Headcount (inc. CRSS)	4,897	4,865	4,819	-78	-1.59%
	Headcount (exc. CRSS)	4,611	4,560	4,532	-79	-1.71%
	<b>FTE</b>	<b>3,913.21</b>	<b>3,862.74</b>	<b>3,844.28</b>	<b>-68.93</b>	<b>-1.76%</b>
Schools	Assignment count	30,325	29,204	28,146	-2,179	-7.19%
	Headcount (inc. CRSS)	24,932	23,960	23,125	-1,807	-7.25%
	Headcount (exc. CRSS)	22,487	21,517	20,815	-1,672	-7.44%
	<b>FTE</b>	<b>15,202.97</b>	<b>14,543.31</b>	<b>14,114.88</b>	<b>-1,088.09</b>	<b>-7.16%</b>

CRSS = Staff on Casual Relief, Sessional or Supply contracts

### Notes:

If a member of staff works in more than one directorate they will be counted in each. However, they will only be counted once in the Non Schools total and once in the KCC total.

If a member of staff works for both Schools and Non Schools they will be counted in both of the total figures. However, they will only be counted once in the KCC Total.

## 9. RECOMMENDATIONS

### Cabinet is asked to:

- 9.1 **Note** the latest monitoring position on both the revenue and capital budgets.
- 9.2 **Note** that residual pressures are currently forecast within the SCS portfolio and that management action is expected to be delivered within the BSP&HR portfolio.
- 9.3 **Agree**, pending approval of the Kent Lane Rental Scheme by the Department of Transport, that surplus funds from the scheme be transferred to a new specific earmarked reserve and drawn down as expenditure is incurred in line with initiatives approved by a Board set up to oversee the administration of the surplus revenues. The Board is to include representatives from each utility area (i.e. gas, communications, water and electricity) and Kent County Council. Further details are provided in section 1.1.3.2.2.d of annex 4.
- 9.4 **Note** and **agree** the changes to the capital programme, as detailed in section 4.3.
- 9.5 **Note** the latest Financial Health Indicators and Prudential Indicators as reported in appendix 2 and appendix 3 respectively.
- 9.6 **Note** the directorate staffing levels as at the end of September 2012 as provided in section 8.

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

Portfolio	CASH LIMIT			
	Gross	Income	Net	
	£k	£k	£k	
ELS Schools	742,696	-742,696	0	
ELS	178,292	-116,651	61,641	
SCS	218,613	-64,255	154,358	
ASC&PH	451,345	-114,320	337,025	
EH&W	179,811	-24,517	155,294	
C&C	136,873	-54,674	82,199	
R&ED	5,660	-1,990	3,670	
F&BS	170,708	-107,141	63,567	
BSP&HR	100,388	-44,126	56,262	
D&P	7,807	-260	7,547	
Per Q1 report	2,192,193	-1,270,630	921,563	
<b>Subsequent changes:</b>				
<b>Changes to grant/income allocations:</b>				
ELS	2,956	-2,956	0	Schools delegated: Former YPLA grant (now EFA): correction to initial cash limit
ELS	-1,443	1,443	0	Schools delegated: Former YPLA grant (now EFA): reduction for summer/autumn term academy converters
ELS	345	-345	0	Early Years & childcare: DfE grant for 2 year old trial
ELS	17,144	-17,144	0	final adjustments to DSG settlement
ELS	-15,205	15,205	0	DSG adjustment for academy converters
C&C	-1,410	1,410	0	Community Learning Services: reduction in funding levels from Skills Funding Agency/ Education Funding Agency/employers and learners
C&C	-120	120	0	Gateways: unsuccessful bid for Interreg funding for multi channel project. Revised bid submitted but unlikely that funding will be received this financial year.
C&C	247	-247	0	Sports: funding for Olympic projects from GLA, Beacon funding, other countries
C&C	103	-103	0	Arts Development: additional Arts Council England funding
C&C	44	-44	0	Libraries: additional funding for Prison Library Service from National Offender Management Service
C&C	75	-75	0	Libraries: Interreg grant for Folkestone Library & Museum project
C&C	14	-14		Libraries: Funding from Folkestone Town Council for Folkestone Library & Museum project
R&E	70	-70	0	Development Staff & Projects: Heritage Lottery Funding for Folkestone HLF Development project
<b>Technical Adjustments:</b>				
All	-804	804	0	removal of recharging for training following centralisation of budgets
All	-196	196	0	removal of charging for room hire following centralisation of budgets
ELS	951	-951	0	Attendance & Behaviour - gross & income realignment to reflect income from schools for PRU places

Portfolio	CASH LIMIT			
	Gross	Income	Net	
	£k	£k	£k	
SCS	1	-1	0	to correct roundings in budget build/gross and income realignment
SCS	-146	146	0	correction to budget build gross and income budgets for Commissioning Unit
ASC&PH	3	-3	0	Strategic Management & Directorate Support: correction to budget build to remove positive income budget
ASC&PH	-11	11	0	OP Residential/OP Day Care: removal of income budgets in respect of closed homes
ASC&PH	-511	511	0	Other Adult Services: correction to historic Whole System Demonstrator cash limits
EHW	-92	92	0	tfr to Soft Landscaping & Trees from E&E Directorate Held contingency to correct overstated income budget
C&C	-372	372	0	Youth Service budget realignment, largely as a result of moving from existing service provision to a commissioned service for final 3 months of the year
C&C	32	-32	0	Gross and income realignment required as part of Archives budget restructure and integration into Libraries Service
C&C	-282	282	0	Gateways: reversal of part of Q1 adjustment for Improvement & Efficiency South East funding for multichannel partnership working - receipt in advance from 2011-12, as part of this was already reflected in 12-13 budget build
C&C	-157	157	0	Contact Centre: realignment of budget for Kent Contact & Assessment Service as part of this service is no longer provided by Contact Centre
C&C	-405	405	0	removal of recharging for Highways services now provided direct by Contact Centre
C&C	183	-183	0	correction to external lettings budgets within Youth Service prior to tfr to Corporate Landlord
BSP&HR	236	-236	0	further gross and income realignment iro Corporate Landlord (Schools Personnel Service & Ashford Gateway recharges)
BSP&HR	-20	20	0	realignment of HR gross and income budgets
BSP&HR/ASC&PH	-40	40	0	removal of recharging for adults safeguarding service
Revised Budget	2,193,383	-1,271,820	921,563	



## FINANCIAL HEALTH INDICATORS

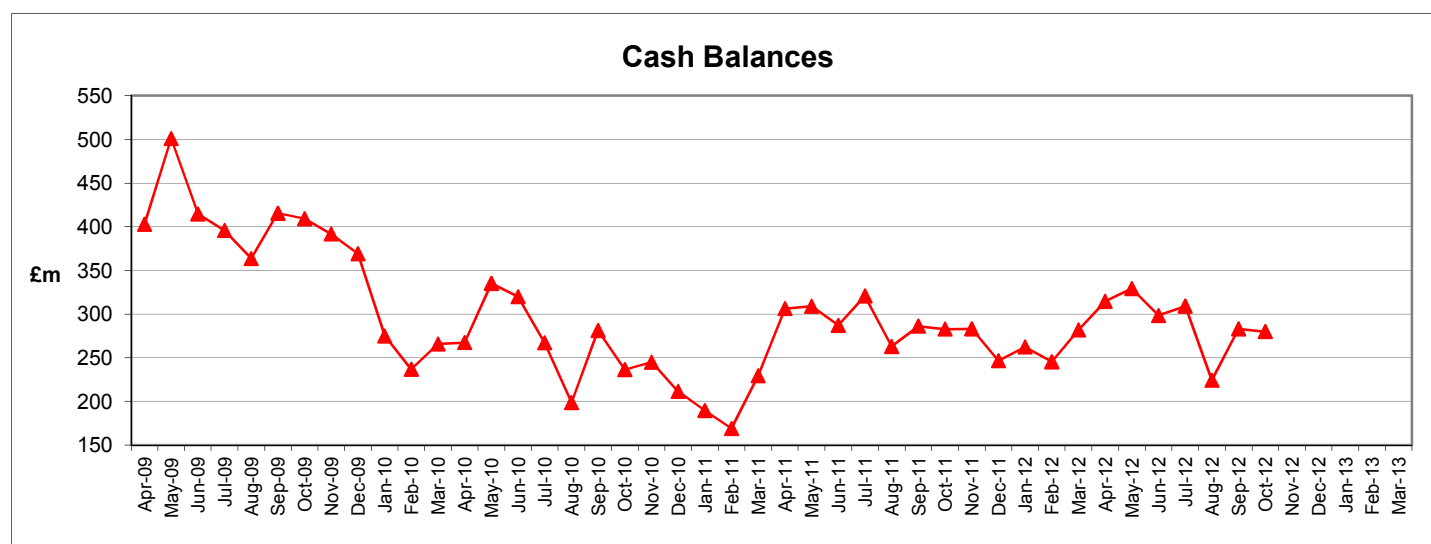
### 1. CASH BALANCES

The following graph represents the total cash balances under internal management by KCC at the end of each month in £m. This includes principal amounts currently at risk in Icelandic bank deposits (£16.84m), balances of schools in the corporate scheme (£44.4m), other reserves, and funds held in trust. KCC will have to honour calls on all held balances such as these, on demand. The remaining deposit balance represents KCC working capital created by differences in income and expenditure profiles.

Pension Fund cash balances were removed from KCC Funds on 1 July 2010 and are now being handled separately.

The overall downward trend in the cash balance since September 2009 reflects the Council's policy of deferring borrowing and using available cash balances to fund new capital expenditure (i.e. internalising the debt). The dip in cash balances in August 2012 reflects the repayment of £55m of maturing PWLB loan.

	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
<b>2009-10</b>	402.7	500.9	414.6	395.7	363.6	415.4	409.1	391.7	369.1	275.0	236.7	265.8
<b>2010-11</b>	267.4	335.2	319.8	267.2	198.7	281.3	236.4	244.9	211.5	189.5	169.1	229.5
<b>2011-12</b>	306.3	308.9	287.0	320.9	262.9	286.2	282.9	283.1	246.7	262.4	245.3	281.7
<b>2012-13</b>	314.6	329.2	298.4	309.1	224.2	283.1	280.0					



### 2. LONG TERM DEBT MATURITY

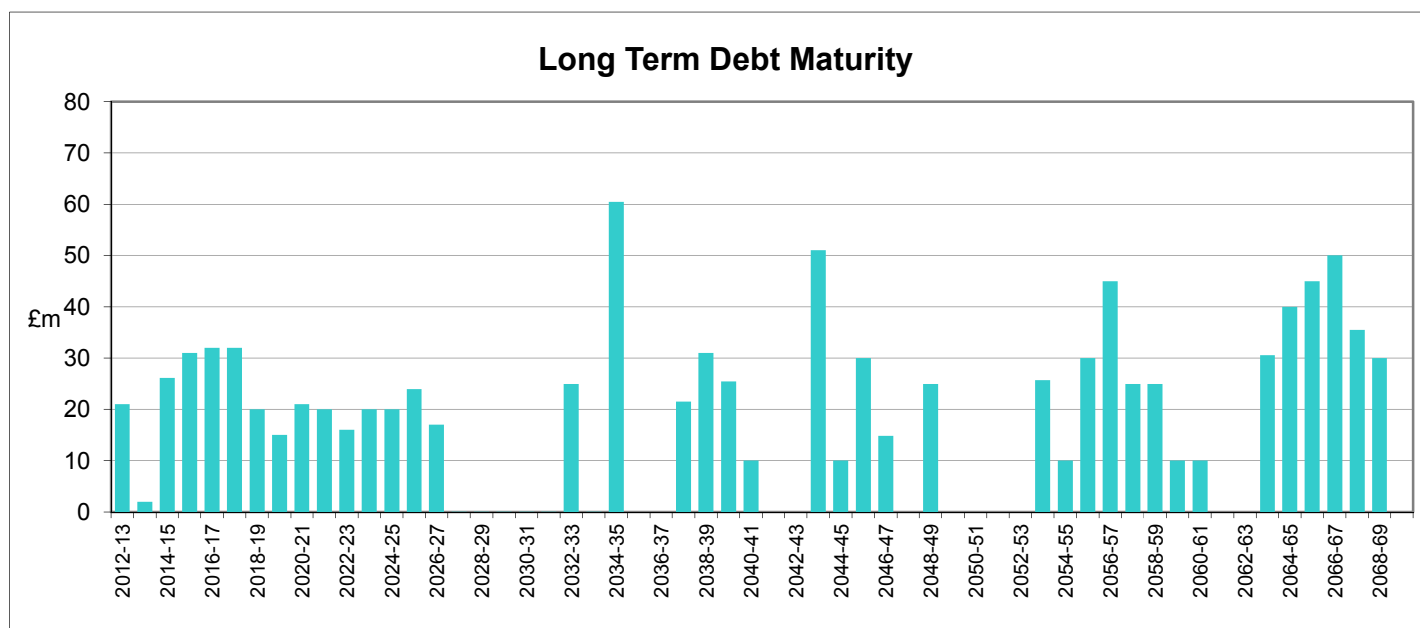
The following graph represents the total external debt managed by KCC, and the year in which this is due to mature. This includes £44.3m pre-Local Government Review debt managed on behalf of Medway Council. Also included is pre-1990 debt managed on behalf of the Further Education Funding council (£1.76m) and Magistrates Courts (£0.827m). These bodies make regular payments of principal and interest to KCC to service this debt.

The graph shows total principal repayments due in each financial year. Small maturities indicate repayment of principal for annuity or equal instalment of principal loans, where principal repayments are made at regular intervals over the life of the loan. The majority of loans have been taken on a maturity basis so that principal repayments are only made at the end of the life of the loan. These principal repayments will need to be funded using available cash balances (i.e. internalising the debt), by taking new external loans or by a combination of the available options.

The total debt principal to be repaid in 2012-13 is £77.021m, £75m maturity loan and £2.021m relating to small annuity and equal instalment of principal loans.

£55m PWLB maturity loan was repaid in August from cash balances and £1.021m relating to equal instalment loans has been repaid from cash balances, hence the figure in the table of £21.000m represents the remaining debt still to be repaid in this financial year.

Year	£m	Year	£m	Year	£m	Year	£m	Year	£m
2012-13	21.000	2024-25	20.001	2036-37	0.000	2048-49	25.000	2060-61	10.000
2013-14	2.015	2025-26	24.001	2037-38	21.500	2049-50	0.000	2061-62	0.000
2014-15	26.193	2026-27	17.001	2038-39	31.000	2050-51	0.000	2062-63	0.000
2015-16	31.001	2027-28	0.001	2039-40	25.500	2051-52	0.000	2063-64	30.600
2016-17	32.001	2028-29	0.001	2040-41	10.000	2052-53	0.000	2064-65	40.000
2017-18	32.001	2029-30	0.001	2041-42	0.000	2053-54	25.700	2065-66	45.000
2018-19	20.001	2030-31	0.001	2042-43	0.000	2054-55	10.000	2066-67	50.000
2019-20	15.001	2031-32	0.000	2043-44	51.000	2055-56	30.000	2067-68	35.500
2020-21	21.001	2032-33	25.000	2044-45	10.000	2056-57	45.000	2068-69	30.000
2021-22	20.001	2033-34	0.000	2045-46	30.000	2057-58	25.000	2069-70	0.000
2022-23	16.001	2034-35	60.470	2046-47	14.800	2058-59	25.000		
2023-24	20.001	2035-36	0.000	2047-48	0.000	2059-60	10.000	<b>TOTAL</b>	<b>1,033.288</b>



### 3. OUTSTANDING DEBT OWED TO KCC

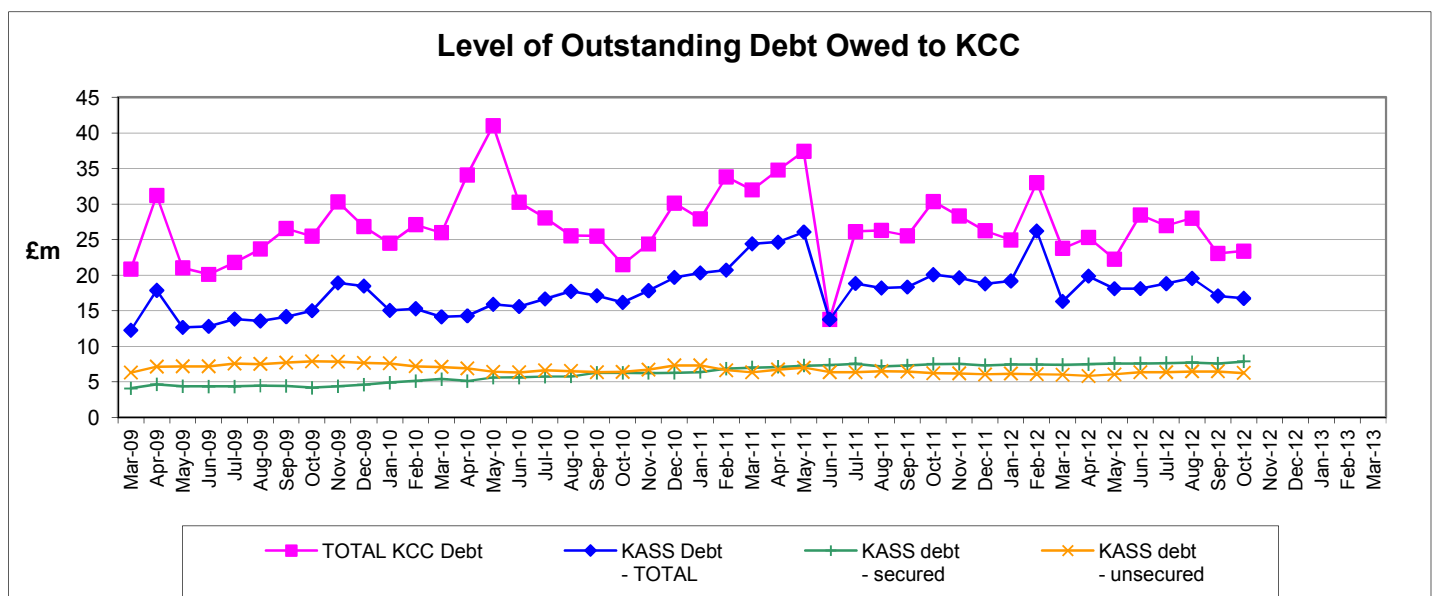
The following graph represents the level of outstanding debt due to the authority, which has exceeded its payment term of 30 days. The main element of this relates to Adult Social Services and this is also identified separately, together with a split of how much of the Social Care debt is secured (i.e. by a legal charge on the clients' property) and how much is unsecured.

	Social Care Secured Debt £m	Social Care Unsecured Debt £m	Total Social Care debt £m	FSC Sundry debt £m	TOTAL FSC debt £m	All Other Directorates Debt £m	TOTAL KCC Debt £m
March 10	5.387	7.127	12.514	1.643	<b>14.157</b>	11.818	<b>25.975</b>
April 10	5.132	6.919	12.051	2.243	<b>14.294</b>	19.809	<b>34.103</b>
May 10	5.619	6.438	12.057	3.873	<b>15.930</b>	25.088	<b>41.018</b>
June 10	5.611	6.368	11.979	3.621	<b>15.600</b>	14.648	<b>30.248</b>
July 10	5.752	6.652	12.404	4.285	<b>16.689</b>	11.388	<b>28.077</b>
Aug 10	5.785	6.549	12.334	5.400	<b>17.734</b>	7.815	<b>25.549</b>
Sept 10	6.289	6.389	12.678	4.450	<b>17.128</b>	8.388	<b>25.516</b>
Oct 10	6.290	6.421	12.711	3.489	<b>16.200</b>	5.307	<b>21.507</b>
Nov 10	6.273	6.742	13.015	4.813	<b>17.828</b>	6.569	<b>24.397</b>
Dec 10	6.285	7.346	13.631	6.063	<b>19.694</b>	10.432	<b>30.126</b>
Jan 11	6.410	7.343	13.753	6.560	<b>20.313</b>	7.624	<b>27.937</b>
Feb 11	6.879	6.658	13.537	7.179	<b>20.716</b>	13.124	<b>33.840</b>
March 11	7.045	6.357	13.402	11.011	<b>24.413</b>	7.586	<b>31.999</b>

	Social Care Secured Debt	Social Care Unsecured Debt	Total Social Care debt	FSC Sundry debt	TOTAL FSC debt	All Other Directorates Debt	TOTAL KCC Debt
	£m	£m	£m	£m	£m	£m	£m
April 11	7.124	6.759	13.883	10.776	<b>24.659</b>	10.131	<b>34.790</b>
May 11	7.309	7.023	14.332	11.737	<b>26.069</b>	11.338	<b>37.407</b>
June 11	7.399	6.381	13.780	*	<b>13.780</b>	*	<b>13.780</b>
July 11	7.584	6.385	13.969	4.860	<b>18.829</b>	7.315	<b>26.144</b>
Aug 11	7.222	6.531	13.753	4.448	<b>18.201</b>	8.097	<b>26.298</b>
Sept 11	7.338	6.467	13.805	4.527	<b>18.332</b>	7.225	<b>25.557</b>
Oct 11	7.533	6.241	13.774	6.304	<b>20.078</b>	10.276	<b>30.354</b>
Nov 11	7.555	6.215	13.770	5.886	<b>19.656</b>	8.671	<b>28.327</b>
Dec 11	7.345	6.063	13.408	5.380	<b>18.788</b>	7.469	<b>26.257</b>
Jan 12	7.477	6.185	13.662	5.518	<b>19.180</b>	5.792	<b>24.972</b>
Feb 12	7.455	6.102	13.557	12.661	<b>26.218</b>	6.800	<b>33.018</b>
Mar 12	7.411	6.018	13.429	2.881	<b>16.310</b>	7.476	<b>23.786</b>
April 12 #	7.509	5.836	13.345	6.530	<b>19.875</b>	5.445	<b>25.320</b>
May 12 #	7.615	6.068	13.683	4.445	<b>18.128</b>	4.146	<b>22.274</b>
June 12 #	7.615	6.384	13.999	4.133	<b>18.132</b>	10.353	<b>28.485</b>
July 12 #	7.674	6.392	14.066	4.750	<b>18.816</b>	8.145	<b>26.961</b>
Aug 12	7.762	6.491	14.253	5.321	<b>19.574</b>	8.452	<b>28.026</b>
Sept 12	7.593	6.506	14.099	3.002	<b>17.101</b>	5.974	<b>23.075</b>
Oct 12	7.893	6.280	14.173	2.574	<b>16.747</b>	6.653	<b>23.400</b>
Nov 12							
Dec 12							
Jan 13							
Feb 13							
March 13							

\* The June 2011 sundry debt figures are not available due to a system failure, which meant that the debt reports could not be run and as these reports provide a snapshot position at the end of the month, they cannot be run retrospectively.

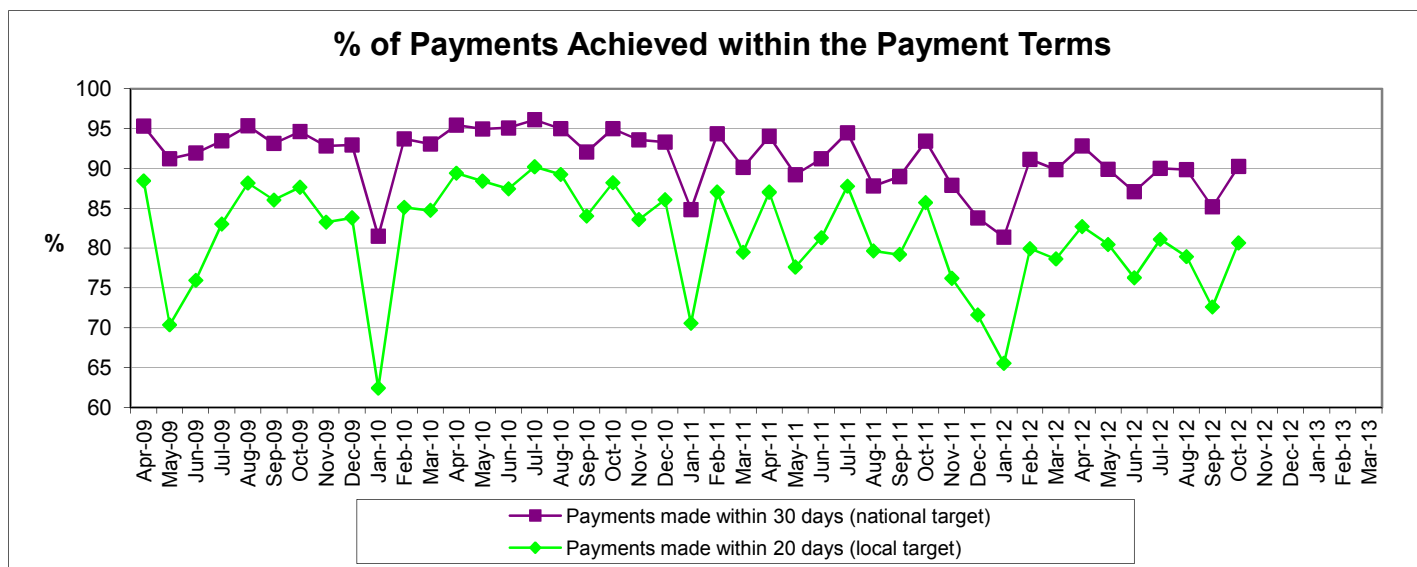
# The previously reported secured and unsecured social care debt figures for April to July 2012 have been amended slightly following a reassessment of some old debts between secured and unsecured.



#### 4. PERCENTAGE OF PAYMENTS MADE WITHIN THE PAYMENT TERMS

The following graph represents the percentage of payments made within the payments terms – the national target for this is 30 days, however from January 2009, we have set a local target of 20 days in order to help assist the cash flow of local businesses during the current tough economic conditions. We focus on paying local and small firms as a priority.

	2009-10		2010-11		2010-11		2012-13	
	Paid within 30 days %	Paid within 20 days %	Paid within 30 days %	Paid within 20 days %	Paid within 30 days %	Paid within 20 days %	Paid within 30 days %	Paid within 20 days %
April	95.3	88.4	95.4	89.4	94.0	87.0	92.8	82.7
May	91.2	70.4	95.0	88.4	89.2	77.6	89.9	80.4
June	91.9	75.9	95.1	87.4	91.2	81.3	87.1	76.3
July	93.5	83.0	96.1	90.2	94.5	87.7	90.0	81.1
August	95.3	88.2	95.0	89.2	87.8	79.7	89.8	78.9
September	93.1	86.0	92.0	84.0	89.0	79.2	85.2	72.6
October	94.6	87.6	95.0	88.2	93.4	85.7	90.2	80.6
November	92.8	83.3	93.6	83.6	87.9	76.2		
December	92.9	83.8	93.3	86.1	83.8	71.6		
January	81.5	62.4	84.8	70.6	81.4	65.5		
February	93.7	85.1	94.3	87.0	91.1	79.9		
March	93.0	84.7	90.1	79.5	89.8	78.6		



The percentages achieved for January were lower than other months due to the Christmas break. This is evident in both 2009-10, 2010-11 and 2011-12. This position was exacerbated in 2009-10 due to snow. The 2012-13 year to date figure for invoices paid within 20 days is 79.2%, and within 30 days is 89.5%. This compares to overall performance in previous years as follows:

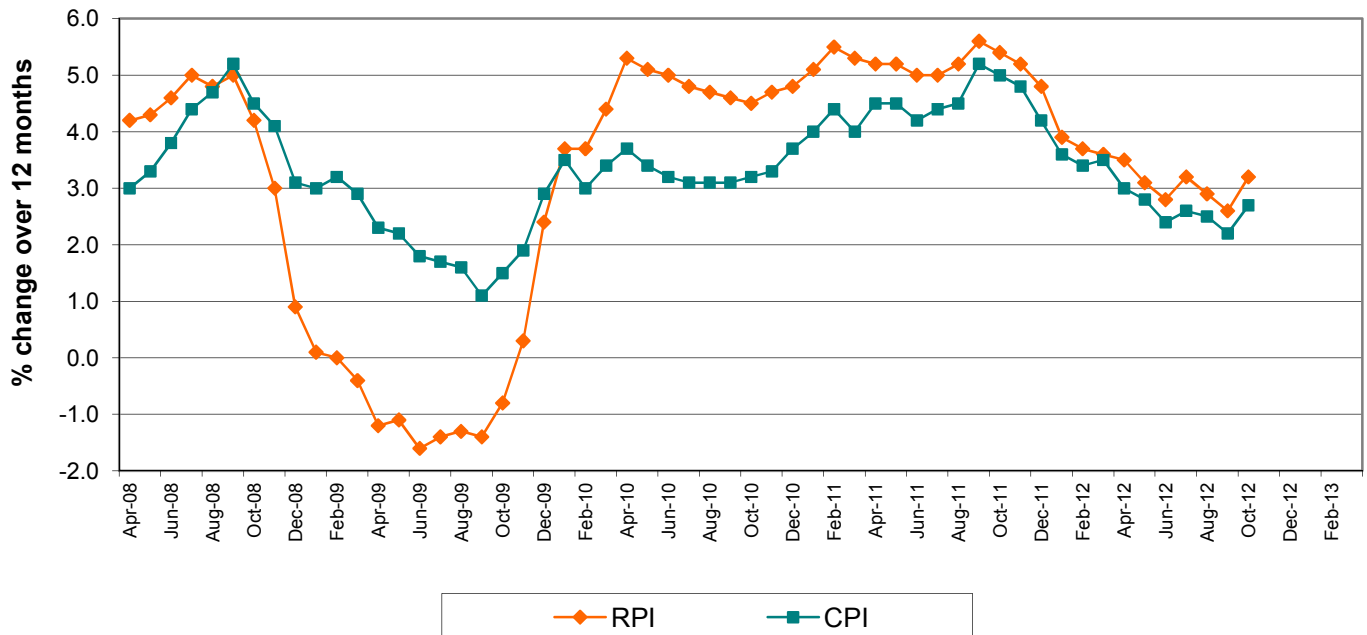
	20 days	30 days
2009-10	81.9%	92.6%
2010-11	85.4%	93.4%
2011-12	79.2%	89.4%
2012-13 to date	79.2%	89.5%

## 5. RECENT TREND IN INFLATION INDICES (RPI & CPI)

In the UK, there are two main measures of inflation – the Consumer Prices Index (CPI) and the Retail Prices Index (RPI). The Government’s inflation target is based on the CPI. The RPI is the more familiar measure of inflation, which includes mortgage interest payments. The CPI and RPI measure a wide range of prices. The indices represent the average change in prices across a wide range of consumer purchases. This is achieved by carefully recording the prices of a typical selection of products from month to month using a large sample of shops and other outlets throughout the UK. The recent trend in inflation indices is shown in the table and graph below.

	2008-09		2009-10		2010-11		2011-12		2012-13	
	Percentage Change over 12 months									
	RPI %	CPI %	RPI %	CPI %	RPI %	CPI %	RPI %	CPI %	RPI %	CPI %
April	4.2	3.0	-1.2	2.3	5.3	3.7	5.2	4.5	3.5	3.0
May	4.3	3.3	-1.1	2.2	5.1	3.4	5.2	4.5	3.1	2.8
June	4.6	3.8	-1.6	1.8	5.0	3.2	5.0	4.2	2.8	2.4
July	5.0	4.4	-1.4	1.7	4.8	3.1	5.0	4.4	3.2	2.6
August	4.8	4.7	-1.3	1.6	4.7	3.1	5.2	4.5	2.9	2.5
September	5.0	5.2	-1.4	1.1	4.6	3.1	5.6	5.2	2.6	2.2
October	4.2	4.5	-0.8	1.5	4.5	3.2	5.4	5.0	3.2	2.7
November	3.0	4.1	0.3	1.9	4.7	3.3	5.2	4.8		
December	0.9	3.1	2.4	2.9	4.8	3.7	4.8	4.2		
January	0.1	3.0	3.7	3.5	5.1	4.0	3.9	3.6		
February	0.0	3.2	3.7	3.0	5.5	4.4	3.7	3.4		
March	-0.4	2.9	4.4	3.4	5.3	4.0	3.6	3.5		

### Recent Trend in Inflation Indices (RPI & CPI)



## 2012-13 Qtr 2 Monitoring of Prudential Indicators

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

Actual 2011-12	£265.761m	
Original estimate 2012-13	£278.885m	
Revised estimate 2012-13	£256.344m	(this includes the rolled forward re-phasing from 2011-12)

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

	2011-12 Actual	2012-13 Original Estimate	2012-13 Forecast as at 31-10-12
	£m	£m	£m
Capital Financing Requirement	1,495.873	1,538.083	1,521.559
Annual increase in underlying need to borrow	22.273	21.939	25.686

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 2011-12	12.85%
Original estimate 2012-13	11.77%
Revised estimate 2012-13	14.06%

### 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 2012-13

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

	Prudential Indicator 2012-13	Position as at 31.10.12
	£m	£m
Borrowing	1,154	989
Other Long Term Liabilities	0	0
	<hr/> 1,154	<hr/> 989

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

	<b>Prudential Indicator</b>	<b>Position as at</b>
	<b>2012-13</b>	<b>31.10.12</b>
	<b>£m</b>	<b>£m</b>
Borrowing	1,198	1,033
Other Long Term Liabilities	0	0
	1,198	1,033

## 5. **Authorised Limit for external debt**

The authorised limit includes additional allowance, over and above the operational boundary to provide for unusual cash movements. It is a statutory limit set and revised by the County Council. The revised limits for 2012-13 are:

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

	£m
Borrowing	1,195
Other long term liabilities	0
	1,195
	_____

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

	£m
Borrowing	1,238
Other long term liabilities	0
	1,238
	_____

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 2012-13

Fixed interest rate exposure	100%
Variable rate exposure	50%

These limits have been complied with in 2012-13.

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

	<b>Upper limit</b>	<b>Lower limit</b>	<b>As at 31.10.12</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Under 12 months	10	0	2
12 months and within 24 months	25	0	0.2
24 months and within 5 years	40	0	8.6
5 years and within 10 years	30	0	10.4
10 years and within 20 years	30	10	11.8
20 years and within 30 years	30	5	14.4
30 years and within 40 years	30	5	12.7
40 years and within 50 years	40	10	17.5
50 years and within 60 years	40	10	22.4

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

<b>Indicator £50m</b>	<b>Actual £10m</b>
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## EDUCATION, LEARNING & SKILLS DIRECTORATE SUMMARY SEPTEMBER 2012-13 FULL MONITORING REPORT

### 1. FINANCE

#### 1.1 REVENUE

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

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits for the A-Z service analysis have been adjusted since the quarter 1 monitoring report to reflect the agreed split of the Early Years and Childcare budget, with a transfer of £3.192m from the SCS portfolio within the FSC directorate (reported in annex 2), to the ELS portfolio/directorate, leaving budget only for Childrens Centre Development within the SCS portfolio within FSC directorate. There have also been a number of other technical adjustments to budget.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 of the executive summary and include a net increase of £1.9m in DSG as a result of the final settlement and schools converting to academies.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Education, Learning &amp; Skills portfolio</b>							
<b>Delegated Budget:</b>							
Schools Delegated Budgets	746,533	-746,533	0	2,286	0	2,286	Drawdown for expected academy converters
<b>TOTAL DELEGATED</b>	<b>746,533</b>	<b>-746,533</b>	<b>0</b>	<b>2,286</b>	<b>0</b>	<b>2,286</b>	
<b>Non Delegated Budget:</b>							
ELS Strategic Management & directorate support budgets	11,084	-7,660	3,424	-1,011	23	-988	Restructure contingency not required; legal costs pressure; participation by rights underspend
<b>Services for Schools:</b>							
- PFI Schools Schemes	23,810	-23,810	0	0	0	0	
- Schools' Meals	566	-566	0	23	-23	0	
- Schools' Non Delegated Staff Costs	2,692	-2,589	103	-557	571	14	Reduced traded service with schools for excepted items (gross and income)
- Schools' Other Services	7,113	-6,646	467	619	-713	-94	Increased cleaning and refuse contracts (gross and income)
- Schools' Redundancy Costs	1,232	-1,232	0	0	0	0	
- School Improvement Services	18,292	-13,579	4,713	-51	240	189	Unachievable income target
- Special School & Hospital Recoupment	1,660	-2,460	-800	56	-712	-656	Additional recoupment from OLA pupils in Kent schools
- Schools' Teachers Pension Costs	7,829	-2,684	5,145	336	-21	315	Increased capitalisation costs
	<b>63,194</b>	<b>-53,566</b>	<b>9,628</b>	<b>426</b>	<b>-658</b>	<b>-232</b>	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Education, Learning &amp; Skills portfolio</b>							
<u>Children's Services</u>							
<u>- Education &amp; Personal</u>							
- 14 - 19 year olds	5,270	-1,650	3,620	-1,878	-51	-1,929	Kent Employment project costs to span more than one year
- Attendance & Behaviour	19,723	-18,909	814	935	-385	550	Unachievable contract saving; Additional spend and income for PRU places
- Connexions	6,787	0	6,787	0	0	0	
- Early Years & Childcare	8,932	-5,335	3,597	-49	-140	-189	Income from schools and academies
- Education Psychology Service	2,915	-13	2,902	-140	-517	-657	Vacancies & reduced TRP costs; additional income for traded service
- Free School Meals	1,288	-1,288	0	0	0	0	
- Individual Learner Support	10,378	-9,182	1,196	-1,560	1,347	-213	Early Years training provided elsewhere within existing resources; Reduced traded service with schools for MCAS
- Statemented Pupils	7,618	-7,618	0	-313	313	0	Reduced costs and income from other local authorities placements
- Independent Special School Placements	12,324	-12,324	0	-290	290	0	Reduced costs and income from joint funded places
	75,235	-56,319	18,916	-3,295	857	-2,438	
<u>Transport Services</u>							
- Home to College Transport	1,973	-367	1,606			0	
- Mainstream HTST	13,600	-584	13,016			0	
- SEN HTST	17,272	0	17,272			0	
	32,845	-951	31,894	0	0	0	
<u>Assessment Services</u>							
- Assessment of Children's Educational Needs	1,727	-581	1,146	35		35	
TOTAL NON DELEGATED	184,085	-119,077	65,008	-3,845	222	-3,623	
<b>Total ELS portfolio</b>	<b>930,618</b>	<b>-865,610</b>	<b>65,008</b>	<b>-1,559</b>	<b>222</b>	<b>-1,337</b>	
<b>Specialist Children's Services portfolio</b>							
Early Years Education	42,276	-40,500	1,776			0	
<b>Total SCS portfolio</b>	<b>42,276</b>	<b>-40,500</b>	<b>1,776</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total ELS directorate controllable</b>	<b>972,894</b>	<b>-906,110</b>	<b>66,784</b>	<b>-1,559</b>	<b>222</b>	<b>-1,337</b>	
<b>Assumed Mgmt Action</b>							
- ELS portfolio						0	
- SCS portfolio						0	
<b>Total ELS after mgmt action</b>	<b>972,894</b>	<b>-906,110</b>	<b>66,784</b>	<b>-1,559</b>	<b>222</b>	<b>-1,337</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:

#### **Education, Learning & Skills portfolio:**

##### **Delegated Budgets**

#### 1.1.3.1 **Schools Delegated Budgets: Gross +£2,286k**

The forecast £2.286m drawdown of schools reserves shown in table 1 represents the estimated reduction in reserves resulting from 39 schools converting to academies, including 23 schools which converted to academies by the end of September 2012 and a further 16 expected to convert before the end of March 2013. The six monthly monitoring information is currently being collected from schools and the forecast movement on school reserves arising from this will be included in the next exception report.

##### **Non Delegated Budgets**

#### 1.1.3.2 **ELS Strategic Management & Directorate Support Budgets: Gross -£1,011k, Income +£23k, Net -£988k**

The ELS Strategic Management & Directorate Support budget is reporting a gross underspend of £1,011k. However within this there is a pressure of £285k for Legal Services due to the legal costs incurred when schools convert to academies. It had been anticipated that academy legal costs would reduce significantly in 2012-13 as approximately 2/3rds of secondary schools had already converted or were in the process of converting during 2011-12. However there is an increase in the number of primary schools converting which contributes towards the overall pressure.

As reported in the last exception report there is an underspend of £222k on the Participation by Rights budget within the Advocacy and Entitlement Unit. This budget will not be spent in 2012-13 and will, in part, offset the pressure on the Attendance and Behaviour service due to an unachievable contract saving reported in the first quarter. In addition there is a reported underspend on the contingency budget of £800k. Savings attributed to the ELS restructure were phased over three years in the MTFP (2011-12 to 2013-14) but as the new structures took effect from early 2012-13 most of the savings will be achieved by the end of year two with the balance of the cash limit held to fund any in year contingencies that arise as a result of the restructure. This has not been required as yet and the declared underspend will also partly off set the pressure on the Attendance and Behaviour service as well as the pressure, mentioned above, on legal services. There are a number of other gross variances totalling -£274k, all of which are less than £100k in value, including -£173k for staff vacancies across several different units and -£79k for Choice Advisers.

#### 1.1.3.3 **Services for Schools:**

##### a. **Schools' Non Delegated Staff Costs: Gross -£557k, Income +£571k, Net Nil**

The budget for excepted items (maternity, public duties and suspensions) was delegated to schools from April 2012 as part of the further delegation exercise. This service was offered to schools under buy back arrangements and at the time the budget was set the levels of buy back from schools was unknown so gross and income cash limits were set for the total value of the delegation. However the level of buy back is less than the level of budget delegated leading to a gross underspend of -£571k and an under recovery of income of +£571k. There are minor other gross variances totalling +£14k.

##### b. **Schools' Other Services: Gross +£619k, Income -£713k, Net -£94k**

The gross pressure on this budget is mainly due to an increase in school cleaning and refuse contract costs (+£689k) which as a traded service has generated an additional £772k of income. All other variances are less than £100k in value.

- c. School Improvement Services: Gross -£51k, Income +£240k, Net +£189k  
The Workforce and Development budget was set an ambitious income target to become self funded during 2012-13 and whilst it is making significant strides to achieve this, the service is still struggling to achieve the necessary income to cover the costs of the team resulting in a +£189k under-recovery of income.
- d. Special School & Hospital Recoupment: Gross +£56k, Income -£712k, Net -£656k  
This service is forecasting additional income from other local authorities for their pupils in our special schools of -£712k.
- e. Schools' Teachers Pension Costs: Gross +£336k, Income -£21k, Net +£315k  
There is a forecast pressure of +£336k due to additional annual pension capitalisation costs.

#### 1.1.3.4 Children's Services – Education & Personal:

- a. 14 – 19 Year Olds: Gross -£1,878k, Income -£51k, Net -£1,929k  
A roll over of £2m from 2011-12 to 2012-13 was agreed for the Kent Youth Employment programme from the Big Society Fund which was launched at the end of the 2011-12 financial year and its purpose is to encourage Kent businesses to recruit unemployed young people who have been unemployed for a significant period. The scheme involves the payment of grants to employers but as the payments are only made following completion of 6 months and 12 months in placements, a significant amount of the gross budget (£1,930k) will not be spent in 2012-13. (Any underspend on this budget, which is a strategic priority of the Council, will need to be rolled forward to be spent on placements which straddle the financial year but it should be noted that the scheme will continue to run until 2015-16).
- b. Attendance & Behaviour: Gross +£935k, Income -£385k, Net +£550k  
As part of the overall ELS savings target for 2012-13, a savings target was assigned to an Attendance and Behaviour contract which it has subsequently not been possible to generate, leading to a £550k pressure on this budget line. The remaining gross pressure of +£385k and the income variance of -£385k relate to additional spend for staffing and premises costs at Pupil Referral Units (PRU), offset by income from schools and academies for PRU places.
- c. Early Years & Childcare: Gross -£49k, Income -£140k, Net -£189k  
Additional income of £140k has been generated on this budget line from courses fees from schools and academies, charges to academies and other organisations for training and support from Early Years staff and cancellation charges for non attendance at free courses.
- d. Education Psychology Service: Gross -£140k, Income -£547k, Net -£657k  
During 2012-13 the Kent Educational Psychology Service has begun to offer a range of traded services – as part of EduKent – that schools and other customers can purchase whilst continuing to provide statutory services to schools which are not chargeable. The income variance of £547k reflects the current level of buy back for the traded services. The gross underspend is due to a number of variances all less than £100k including staff vacancies and delays on the Technology Refresh Programme.
- e. Individual Learner Support: Gross -£1,560k, Income +£1,347k, Net -£213k  
The budget for Minority Communities Achievement Service (MCAS) was delegated to schools from April 2012 as part of the further delegation exercise. This service was offered to schools under buy back arrangements and at the time the budget was set the levels of buy back from schools was unknown so gross and income cash limits were set for the total value of the delegation. However the level of buy back is less than the level of budget delegated and whilst some income has been secured from other sources there is a gross underspend of -£1,347k and an under recovery of income of +£1,347k.

In addition there is a forecast gross underspend on this budget line of -£215k, due to early years training previously supported by the Early Years Inclusion and Equalities budget being provided elsewhere in the directorate, within existing resources.

- f. Statemented Pupils: Gross -£313k, Income +£313k, Net Nil  
The forecast income from other local authorities for Statemented support of their children in our schools has reduced by £313k. There is a corresponding gross underspend of -£313k.
- g. Independent Special School Placements: Gross -£290k, Income +£290k, Net Nil  
The number of placements for which the Council is lead partner and receives funding from other agencies has reduced by £290k. This has a corresponding impact on gross spend which is now showing an underspend of the same value.

#### 1.1.3.5 **Transport Services:**

- a. Mainstream HTST  
An underspend is expected on the Mainstream Home to School Transport budget based on numbers requiring transport in the new academic year, as reported in section 2.2 below. Transport Integration Unit are currently working to assess the financial impact of this and until this exercise is complete a balanced position is currently included within the overall forecast. Any saving resulting from this exercise will be reflected in the 2013-16 MTFP.

#### **Specialist Children's Services portfolio:**

- 1.1.3.6 Early Years Education  
The latest forecast suggests an overspend of around £0.3m on payments to PVI providers for 3 and 4 year olds as overall the actual hours provided exceeds the budgeted number of hours for summer and autumn terms as per section 2.3. As this budget is funded entirely from DSG, any deficit will be carried forward to the next financial year in accordance with the regulations.

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

(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ELS	Schools delegated budgets (gross) - estimated drawdown of reserves following 39 schools converting to academies	+2,286	ELS	14-19 year olds (gross) - Kent Employment project	-1,930
ELS	Individual Learner Support (income) - Minority Communities Achievement Service reduced buy back from schools	+1,347	ELS	Individual Learner Support (gross) - Minority Communities Achievement Service reduced buy back from schools	-1,347
ELS	Schools' Other Services (gross) - cleaning and refuse contracts	+689	ELS	ELS Strategic Management & Directorate budgets (gross) - release of restructure contingency	-800
ELS	Schools' Non Delegated Staff costs (income) - excepted items reduced buy back from schools	+571	ELS	Schools' Other Services (income) - cleaning and refuse contracts	-772
ELS	Attendance & Behaviour (gross) - unachievable contract saving	+550	ELS	Special School & Hospital Recoupment (income) - additional income from other local authorities for places at our special schools	-712
ELS	Attendance & Behaviour (gross) - PRUs additional staffing & premises costs (matched by income from schools & academies)	+385	ELS	Schools' Non Delegated Staff costs (gross) - excepted items reduced buy back from schools	-571
ELS	Schools' Teachers Pensions costs - capitalisation costs	+336	ELS	Education Psychology Service (income) - income from traded service with schools and other	-547
ELS	Statemented Pupils (income) - reduced income from other local authorities for statemented support in our schools	+313	ELS	Attendance & Behaviour (income) - PRUs additional income from schools & academies	-385
ELS	Independent Special School Placements (income) - reduction in joint funded places income	+290	ELS	Statemented Pupils (gross) - reduced spend on statemented support for other local authority pupils in our schools	-313
ELS	ELS Strategic Management & Directorate budgets (gross) - academy converter legal costs	+285	ELS	Independent Special School Placements (gross) - reduction in joint funded places spend	-290
ELS	School Improvement Service (income) - under recovery of expected income	+189	ELS	ELS Strategic Management & Directorate budgets (gross) - Participation by Rights	-222
			ELS	Individual Learner Support (gross) - Early Years training	-215
			ELS	Early Years & Childcare (income) - income from course fees, training and support	-140
		+7,241			-8,244

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

None

### 1.1.5 Implications for MTFP:

The failure to achieve savings against the Attendance and Behaviour contract in 2012-13 has an implication for the 2013-16 MTFP of £583k and therefore alternative savings will need to be identified.

The pressure on the legal services budget of £285k will also need to be addressed as the number of schools converting to academy status continues to increase.

The current numbers of pupils travelling suggest that Mainstream Home to School Transport savings will be achieved in excess of those attributed to changes in denominational and selective transport. The Transport Integration Unit is currently working to assess the financial impact of this and the outcome of this exercise will be included in the 2013-16 MTFP.

It should be noted that the underspend on special school recoupment is for 2012-13 only as the Department for Education is changing the way that recoupment is dealt with and the income will no longer be collected by the local authority.

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

The Kent Youth Employment Programme funded from the Big Society Fund involves the payment of grants to employers for placements for unemployed young people but as the payments are only made following completion of 6 months and 12 months in placements it is forecast that £1,930k will need to be re-phased into 2013-14 (and beyond).

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

None

## 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.

1.2.2 The Education Learning & Skills Directorate has an approved budget for 2012-15 of £274.096m excluding schools (see table 1 below). The forecast outturn against this budget is £275.700m, giving a variance of +£1.604m. After adjustments for funded variances and reductions in funding, the revised variance comes to nil (see table 3).

1.2.3 Tables 1 to 3 summaries the Directorate's approved budget and forecast.

1.2.4 Table 1 – Revised approved budget

	£m
Approved budget last reported to Cabinet	274.096
Approvals made since last reported to Cabinet	
Revised approved budget	274.096

## 1.2.5 Table 2 – Funded and Revenue Funded Variances

Scheme	Portfolio	Amount £m	Reason
<b>Cabinet to approve cash limit changes</b>			
Academies	ELS	1.564	Academy Grant
<b>No cash limit changes to be made</b>			
Archbishop Courtenay - Primary Improvement Programme	ELS	0.040	Highways Revenue Contribution
Primary Improvement Programme - Other Projects	ELS	0.024	Minor changes across the programme
Basic Need Programme	ELS	-0.073	Minor changes across the programme
Modernisation Programme	ELS	0.049	Minor changes across the programme
Total		1.604	

## 1.2.6 Table 3 – Summary of Variance

	£m
<b>Unfunded variance</b>	
Funded variance (from table 2)	1.564
Variance to be funded from revenue (from table 2)	0.040
<b>Rephasing (beyond 2012-15)</b>	
Total variance	1.604

**Main reasons for variance**

1.2.7 Table 4 below, details each scheme indicating all variances and the status of the scheme. Each scheme with a Red or Amber status will be explained including what is being done to get the scheme back to budget/on time.



Table 4 Scheme Name	Total Cost £m	Previous Spend £m	2012-15 approved budget £m	Later Years approved budget £m	2012-15 Forecast Spend £m	Later Years Forecast Spend £m	2012-15 Variance £m	Total Project Variance	Status
Annual Planned Enhancement Programme	26.496	0.000	26.496	0.000	26.496	0.000	0.000	0.000	
Non Delegated Devolved Capital (PRU's)	0.653	0.000	0.653	0.000	0.653	0.000	0.000	0.000	
Ryarsh Primary School	0.169	0.000	0.169	0.000	0.169	0.000	0.000	0.000	
Archbishop Courteney (Site Purchase)	5.001	4.854	0.147	0.000	0.147	0.000	0.000	0.000	
Modernisation Programme 2008/09/10	0.500	0.000	0.500	0.000	0.500	0.000	0.000	0.000	
Specialist Schools Programme 2009/10	0.350	0.013	0.337	0.000	0.337	0.000	0.000	0.000	
Other Residual Projects	-0.001	-0.001	0.000	0.000	0.000	0.000	0.000	0.000	
Special Schools Review - Phase 1	47.556	46.836	0.720	0.000	0.688	0.000	-0.032	-0.032	
Special Schools Review - Phase 2	3.000	1.677	1.323	0.000	1.355	0.000	0.032	0.032	
Vocational Education Programme	1.542	1.393	0.149	0.000	0.149	0.000	0.000	0.000	
Primary Improvement Programme	31.606	30.020	1.586	0.000	1.650	0.000	0.064	0.064	
Unit Review	3.500	0.816	2.684	0.000	2.684	0.000	0.000	0.000	
Dev Opps - Whitstable Community College	0.681	0.673	0.008	0.000	0.008	0.000	0.000	0.000	
Dev Opps - Swadlands	0.400	0.385	0.015	0.000	0.015	0.000	0.000	0.000	
Self Funded Projects	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Building Schools for the Future - Wave 3	138.438	133.154	5.284	0.000	5.284	0.000	0.000	0.000	
BSF Unit Costs	0.693	0.000	0.693	0.000	0.693	0.000	0.000	0.000	
Practical Cooking Spaces	3.695	3.693	0.002	0.000	0.002	0.000	0.000	0.000	
Academy Unit Costs	4.680	2.862	1.818	0.000	1.818	0.000	0.000	0.000	
Academy - New Line Learning	28.599	28.309	0.290	0.000	0.397	0.000	0.107	0.107	
Academy - Cornwallis Academy	35.328	33.460	1.868	0.000	1.934	0.000	0.066	0.066	
Academy - Longfield Academy	24.597	24.578	0.019	0.000	0.378	0.000	0.359	0.359	
Academy - Spires	13.694	10.440	3.254	0.000	3.254	0.000	0.000	0.000	
Academy - Sheppey	49.578	25.683	23.895	0.000	24.895	0.000	1.000	1.000	
Academy - Marsh	16.627	13.905	2.722	0.000	2.722	0.000	0.000	0.000	
Academy - Skinners	20.399	5.963	14.436	0.000	14.436	0.000	0.000	0.000	
Goat Lees Primary School	2.685	0.246	2.439	0.000	2.439	0.000	0.000	0.000	
Repton Park (Templar Barracks)	6.100	1.789	4.311	0.000	4.311	0.000	0.000	0.000	

Scheme Name	Total approved budget	Previous Years Spend	2012-15 approved budget	Later Years approved budget	2012-15 Forecast Spend	Later Years Forecast Spend	2012-15 Variance	Total Project Variance	Status
Dunton Green Primary School	0.800	0.000	0.800	0.000	0.800	0.000	0.000	0.000	
Lansdowne Primary School	2.500	0.000	0.000	2.500	0.000	2.500	0.000	0.000	
Cheesemans Green PS	4.300	0.000	0.000	4.300	0.000	4.300	0.000	0.000	
Rushenden Primary School	3.000	0.000	0.000	3.000	0.000	3.000	0.000	0.000	
Leybourne Primary School	2.000	0.000	0.000	2.000	0.000	2.000	0.000	0.000	
John Wesley, Ashford	2.500	0.000	0.000	2.500	0.000	2.500	0.000	0.000	
Aylesham Primary School	1.000	0.000	0.000	1.000	0.000	1.000	0.000	0.000	
Ebbsfleet	5.100	0.000	0.000	5.100	0.000	5.100	0.000	0.000	
BN Other	31.987	0.000	31.987	0.000	31.914	0.000	-0.073	-0.073	
Modernisation Programme 2008/09/10	3.000	0.389	2.611	0.000	2.611	0.000	0.000	0.000	
Modernisation Programme 2011/12	6.512	3.590	2.922	0.000	2.971	0.000	0.049	0.049	
Modernisation Programme Future Years	19.873	0.076	19.797	0.000	19.797	0.000	0.000	0.000	
Dev Opps - St Johns PS/Kingsmead	2.017	0.030	1.987	0.000	1.987	0.000	0.000	0.000	
Dev Opps - Platt CEPS	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Academy - John Wallis	7.615	0.032	7.583	0.000	7.615	0.000	0.032	0.032	
Academy -- Wilmington Enterprise	13.056	0.200	12.856	0.000	12.856	0.000	0.000	0.000	
Academy - The Knole	16.947	0.000	16.947	0.000	16.946	0.000	-0.001	-0.001	
Academy - Dover Christchurch	10.252	0.134	10.118	0.000	10.119	0.000	0.001	0.001	
Academy - Astor of Hever	11.545	0.000	11.545	0.000	11.545	0.000	0.000	0.000	
Academy - Duke of York	24.240	0.000	24.240	0.000	24.240	0.000	0.000	0.000	
Special Schools Review - Phase 2	30.000	0.065	29.935	0.000	29.935	0.000	0.000	0.000	
Folkestone Academy Playing Fields	2.256	2.256	0.000	0.000	0.000	0.000	0.000	0.000	
£5m DSG Revenue Grant - Schools Mtce	5.000	0.050	4.950	0.000	4.950	0.000	0.000	0.000	
Dev Opps - Headcorn Primary School	1.184	0.000	0.000	1.184	0.000	1.184	0.000	0.000	
Dev Opps - Bromstone Primary	3.088	0.000	0.000	3.088	0.000	3.088	0.000	0.000	
Dev Opps - Highworth Grammar	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Dev Opps - Istead Rise	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Dev Opps - Paddock Wood	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Dev Opps - Sevenoaks Primary	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Dev Opps - Whitehill Primary	0.950	0.000	0.000	0.950	0.000	0.950	0.000	0.000	
<b>Total Education, Learning and Skills</b>	<b>677.288</b>	<b>377.570</b>	<b>274.096</b>	<b>25.622</b>	<b>275.700</b>	<b>25.622</b>	<b>1.604</b>	<b>1.604</b>	

- 1.2.8 Status:  
 Green – Projects on time and budget  
 Amber – Projects either delayed or over budget  
 Red – Projects both delayed and over budget

1.2.9 Assignment of Green/Amber/Red Status

- 1.2.10 Projects with variances to budget will only show as amber if the variance is unfunded, i.e. there is no additional grant, external or other funding available to fund.
- 1.2.11 Projects are deemed to be delayed if the forecast completion date is later than what is in the current project plan.

**Amber and Red Projects – variances to cost/delivery date and why.**

- 1.2.12 No projects currently have been assigned the red or amber status.

**Key issues and Risks**

- 1.2.13 There are a number of large programmes of work within the approval to plan section of the monitoring where we continue to forecast at cash limit until individual projects have been submitted for approval to spend & have individual cash limits. These major programmes of work are Basic Need for Future years (£26.608m), Special Schools Review Phase 2 (£29.805m) & Modernisation Programme for Future Years (£19.698m).
- 1.2.14 There is significant rephasing within the 2012-15 budget (2012/13 -£25.612m, 2013/14 +£22.365m & 2014/15 +£3.247m). Most of the re phasing relates to the BSF & Academy Schools programmes. In particular the Batch 2 Academies where estimated expenditure has either been re-profiled in accordance with the contracted payment schedule or in line with revised dates for contract signature. The Batch 1 Academies are now all substantially complete and the new build at the Isle of Sheppey Academy, which has suffered some delay, is also nearing completion. The exit from the BSF ICT contract is scheduled to take place within the next few days which will crystallise the outstanding BSF ICT payments.
- 1.2.15 DSG Maintenance Programme – the rephasing of £1.881m from 2012/13 to 2013/14 is due to the nature of some works & the schools ability to fund their contribution. The £5m budget has yet to be fully allocated. The Schools Capital Group agreed to extend the completion date to 31st March 2014 to allow the unallocated balance, to continue to be available throughout 2013/14. This will allow the opportunity to take advantage of school holidays for works to be undertaken minimising the disruption & give schools an additional years funding towards their contributions.
- 1.2.16 Non Delegated Devolved Capital (Pupil Referral Units) – there is rephasing of £0.273m from 2012/13 to 2013/14. The commissioning of improvement works has been put on hold until the PRU review has completed.
- 1.2.17 Schools Access Initiative – the rephasing of £0.256m from 2012/13 to 2013/14 is due to the nature of the programme. This is a reactive programme which must respond to the needs of children with specific needs. It is dependent upon specific ad-hoc school demands. The work is often programmed to be carried out during school holiday periods to avoid disruption to the operations of the schools.
- 1.2.18 Modular Classrooms – there is rephasing of £0.751m from 2012/13 to 2013/14. Previous assumptions had been made based on the average spend per classroom as well as assuming that in all instances additional classrooms would be needed. In some instances we have been able to adapt existing accommodation rather than provide new classrooms and one project (Ethelbert Road) did not proceed as a result of further negotiations with the school and agreement that any additional accommodation would not be needed until a later date, this scheme will now be part of the 2013-15 BN programme.

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

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

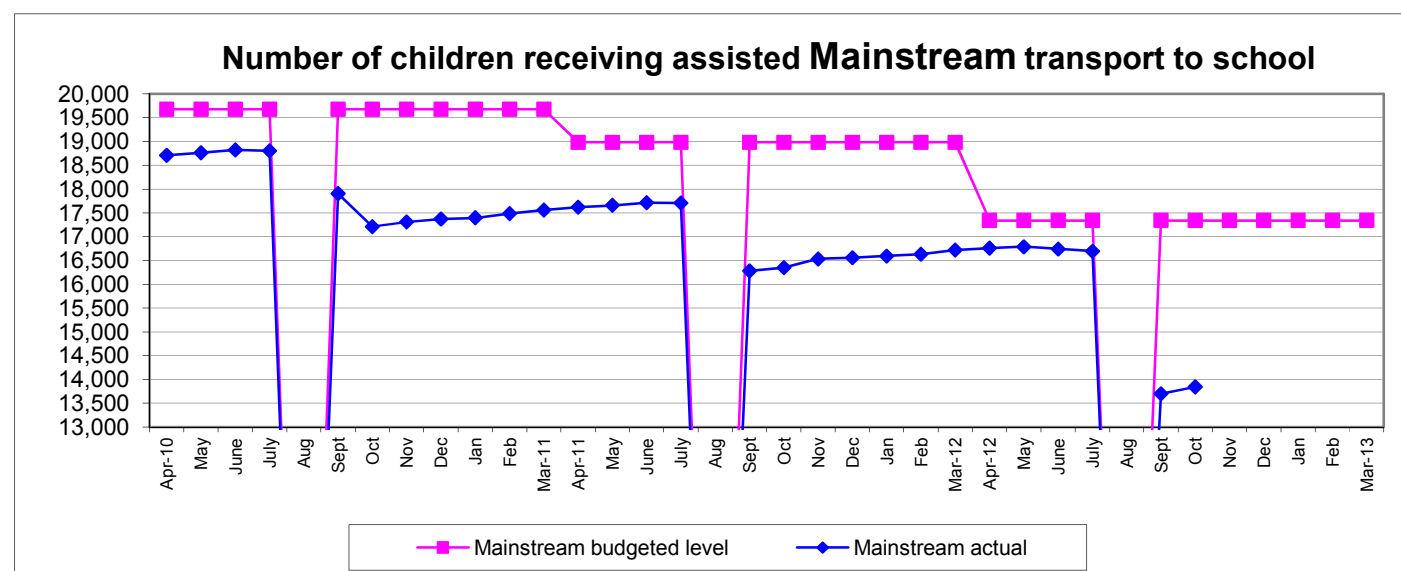
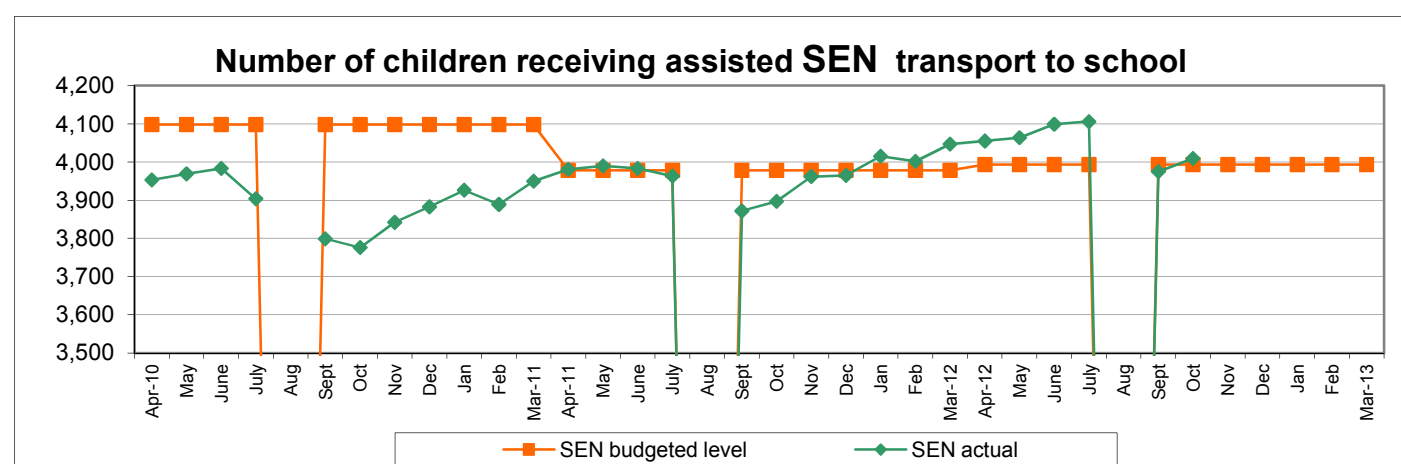
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	as at 31-3-07	as at 31-3-08	as at 31-3-09	as at 31-3-10	as at 31-3-11	as at 31-3-12	projection
Total number of schools	596	575	570	564	538	497	458
Total value of school reserves	£74,376k	£79,360k	£63,184k	£51,753k	£55,190k	£59,088k	£56,802k
Number of deficit schools	15	15	13	23	17	7	11
Total value of deficits	£1,426k	£1,068k	£1,775k	£2,409k	£2,002k	£833k	£330k

#### Comments:

- The information on deficit schools for 2012-13 has been obtained from the schools budget submissions. The Local Authority receives updates from schools through budget monitoring returns from all schools after 6 months, and 9 months as well as an outturn report at year end.
- KCC 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 Local Authority. School’s Financial Services are working with all schools currently reporting a deficit with the aim of returning the schools to a balanced budget position as soon as possible. This involves agreeing a management action plan with each school.
- The number of schools is based on the assumption that 39 schools (including 7 secondary schools and 32 primary schools) will convert to academies before the 31<sup>st</sup> March 2013 in line with the government’s decision to fast track outstanding schools to academy status.
- The estimated drawdown from schools reserves of £2,286k represents the estimated reduction in reserves resulting from 39 schools converting to academy status, however the value of school reserves and deficits are very difficult to predict at this stage in the year and further updates will be provided in future monitoring reports once we have collated the first monitoring returns from schools.

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

	2010-11				2011-12				2012-13			
	SEN		Mainstream		SEN		Mainstream		SEN		Mainstream	
	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual
April	4,098	3,953	19,679	18,711	3,978	3,981	18,982	17,620	3,993	4,055	17,342	16,757
May	4,098	3,969	19,679	18,763	3,978	3,990	18,982	17,658	3,993	4,064	17,342	16,788
June	4,098	3,983	19,679	18,821	3,978	3,983	18,982	17,715	3,993	4,099	17,342	16,741
July	4,098	3,904	19,679	18,804	3,978	3,963	18,982	17,708	3,993	4,106	17,342	16,695
Aug	0	0	0	0	0	0	0	0	0	0	0	0
Sept	4,098	3,799	19,679	17,906	3,978	3,872	18,982	16,282	3,993	3,975	17,342	13,698
Oct	4,098	3,776	19,679	17,211	3,978	3,897	18,982	16,348	3,993	4,009	17,342	13,844
Nov	4,098	3,842	19,679	17,309	3,978	3,962	18,982	16,533	3,993		17,342	
Dec	4,098	3,883	19,679	17,373	3,978	3,965	18,982	16,556	3,993		17,342	
Jan	4,098	3,926	19,679	17,396	3,978	4,015	18,982	16,593	3,993		17,342	
Feb	4,098	3,889	19,679	17,485	3,978	4,002	18,982	16,632	3,993		17,342	
Mar	4,098	3,950	19,679	17,559	3,978	4,047	18,982	16,720	3,993		17,342	

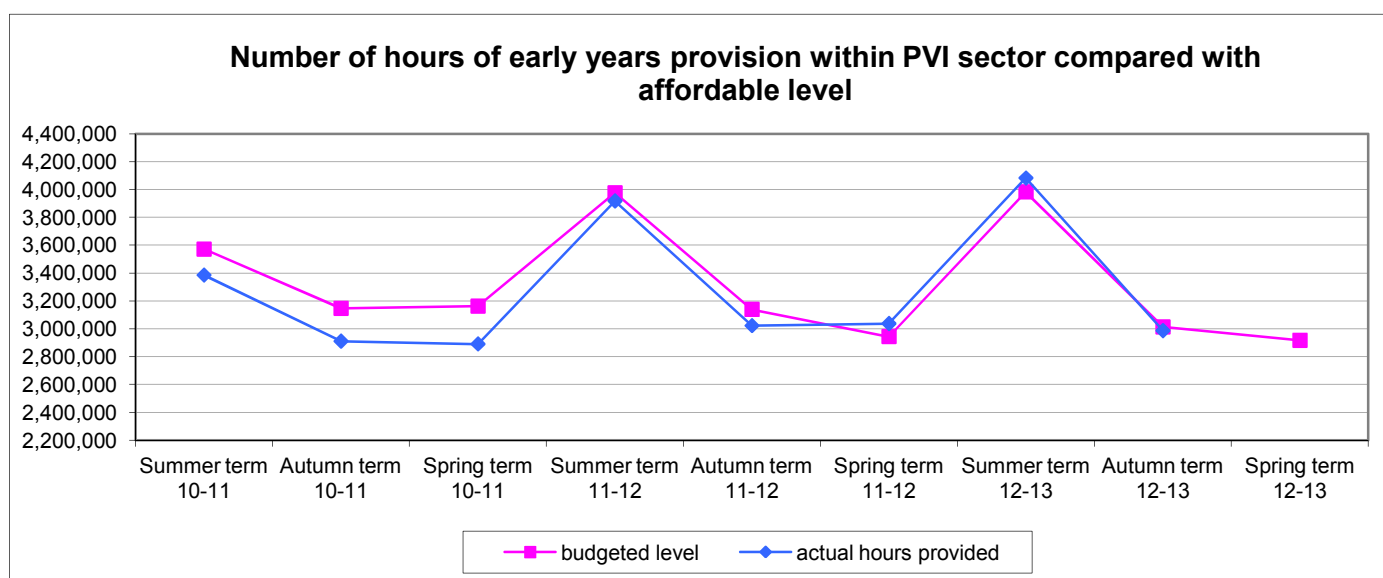


## Comments:

- **SEN HTST** – Although the number of children travelling is higher than the budgeted level, there are a number of other factors which contribute to the overall cost of the provision of transport such as distance travelled and type of travel, and therefore no variance is being declared on this budget at this stage.
- **Mainstream HTST** - An underspend is expected on the Mainstream Home to School Transport budget based on the current numbers requiring transport in the new academic year and Transport Integration Unit are currently working to assess the financial impact of this. Any saving resulting from this exercise will be reflected in the 2013-16 MTFP.

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

	2010-11		2011-12		2012-13	
	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided
Summer term	3,572,444	3,385,199	3,976,344	3,917,710	3,982,605	4,082,870
Autumn term	3,147,387	2,910,935	3,138,583	3,022,381	3,012,602	2,986,620
Spring term	3,161,965	2,890,423	2,943,439	3,037,408	2,917,560	
	<b>9,881,796</b>	<b>9,186,557</b>	<b>10,058,366</b>	<b>9,977,499</b>	<b>9,912,767</b>	<b>7,069,490</b>



#### Comments:

- The budgeted number of hours per term is based on an assumed level of take-up and the assumed number of weeks the providers are open. The variation between the terms is due to two reasons: firstly, the movement of 4 year olds at the start of the Autumn term into reception year in mainstream schools; and secondly, the terms do not have the same number of weeks.
- The current activity shows 74,283 hours above the affordable level for the summer and autumn terms, which suggests an overspend of £0.301m on this budget which has been mentioned in section 1.1.3.6 of this annex. As this budget is funded entirely from DSG, any surplus or deficit at the end of the year must be carried forward to the next financial year in accordance with the regulations and cannot be used to offset over or underspending elsewhere in the directorate budget, therefore this overspend will be transferred to the schools unallocated DSG reserve at year end.
- It should be noted that not all parents currently take up their full entitlement and this can change during the year.
- The figures for actual hours provided are constantly reviewed and updated, so will always be subject to change.

# FAMILIES & SOCIAL CARE DIRECTORATE SUMMARY

## CHILDREN'S SERVICES SUMMARY

### SEPTEMBER 2012-13 FULL MONITORING REPORT

## 1. FINANCE

### 1.1 REVENUE

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

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits for the A-Z service analysis have been adjusted since the quarter 1 report to reflect the agreed split of the Early Years and Childcare budget, with a transfer of -£3.192m from the SCS portfolio within this directorate to the ELS portfolio/directorate reported in annex 1, leaving only the budget for 'Children's Centre Development' within the SCS portfolio within this directorate. There have also been a number of other technical adjustments to budget.
- The inclusion of a number of 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 to the executive summary.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Specialist Children's Services portfolio</b>							
Strategic Management & Directorate Support Budgets	4,436	-175	4,261	-84		-84	
<b>Children's Services:</b>							
<b>- Education &amp; Personal</b>							
- Children's Centres	17,630	0	17,630	475	-115	360	Various
- Early Years & Childcare	533	0	533	-300		-300	release of uncommitted budget
- Virtual School Kent	2,641	-704	1,937	56	-6	50	
	20,804	-704	20,100	231	-121	110	
<b>- Social Services</b>							
- Adoption	8,321	-49	8,272	432		432	Increase in placements, SGO
- Asylum Seekers	14,901	-14,621	280	123	2,877	3,000	forecast shortfall in funding, awaiting resolution with Govt
- Children's Support Services	2,480	-1,043	1,437	107	55	162	OOH team staffing
- Fostering	34,320	-237	34,083	3,312	-5	3,307	Increase in demand reduced unit cost, enhanced payments, related reward payment, increase in staffing
- Leaving Care (formerly 16+)	5,127	0	5,127	-78		-78	
- Legal Charges	6,315	0	6,315	285		285	Increased demand
- Preventative Children's Services	19,537	-4,370	15,167	-1,507		-1,507	reduction in S17 payments, MASH lease, delay in investment in prevention strategy spend
- Residential Children's Services	13,750	-2,144	11,606	2,307	-38	2,269	Increase in weeks/lower unit cost, high cost placements

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Safeguarding	4,637	-316	4,321	178	-35	143	Staffing
	109,388	-22,780	86,608	5,159	2,854	8,013	
<b>Assessment Services</b>							
- Children's Social Care Staffing	39,172	-819	38,353	-73	17	-56	
<b>Total SCS portfolio</b>	<b>173,800</b>	<b>-24,478</b>	<b>149,322</b>	<b>5,233</b>	<b>2,750</b>	<b>7,983</b>	
<b>Assumed Management Action</b>							
- SCS portfolio						0	
<b>Forecast after Mgmt Action</b>				<b>5,233</b>	<b>2,750</b>	<b>7,983</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:

#### **Specialist Children's Services portfolio:**

Specialist Children's Services is currently going through a restructure and cash limits will need to be realigned later in the year once the new structure is finalised and in place. This will impact on the variances reflected within this report against the individual budget lines of the SCS Portfolio, but not on the overall position for the portfolio.

#### 1.1.3.1 Children's Centres: Net +£360k (+£475k Gross, -£115k Income)

There is a forecast gross pressure on Children's Centres of +£360k, this is due to various small variances spread over the 97 centres. We are in the process of reviewing this pressure. There is also a further gross pressure of +£115k which has a corresponding income variance -£115k, which relates to where the centres receive income for shared costs, rental of rooms, activities etc, all of which also incur expenditure.

#### 1.1.3.2 Early Years & Childcare: Gross -£300k

An underspend of -£300k has been forecast on the Early Years, Children's centre development team from the release of uncommitted budget to offset pressures elsewhere within SCS.

#### 1.1.3.3 Adoption: Gross +£432k

The current forecast variance of +£432k includes a pressure of +£168k for an increase in the cost of placements. In addition, there is a pressure of +£264k relating to special guardianship orders (SGO), this is due to the need to secure a permanent placement for a child where adoption is not suitable or required.

#### 1.1.3.4 Asylum Seekers – Net +£3,000k (+£123k gross, +£2,877k income)

We are now forecasting a potential net pressure of £3,000k against the Asylum Service. This pressure is in respect of both unaccompanied asylum seeking children and those eligible under the care leaving legislation.

At this stage Kent is still to receive notification of the Gateway Grant, but this reported position assumes the same level of funding as we received in 2011-12.

Kent, along with Hillingdon and Solihull Councils, have jointly written to the Minister of State for Immigration expressing their continued frustration of not being able to agree a resolution that ensures adequate funding levels.

Until there is more certainty around a resolution it is prudent to report this pressure, but at time of writing no response had been received from the Minister. The council will continue to press the government vigorously, along with other key affected councils, to agree a means of funding which enables the Council to meet its obligations to the young people affected, but which is also fair to local residents.



### 1.1.3.5 Children's Support Services: Net +£162k (+£107k Gross, +£55k Income)

There is a forecast pressure on staffing of +£150k which is for the Out of Hours team, there are also other small gross variances of -£43k, and a small income variance of +£55k.

### 1.1.3.6 Fostering: Net +£3,307k (+£3,312k Gross, -£5k Income)

Non-related fostering (in house) is forecasting a gross pressure of +£656k, as a result of the forecast number of weeks of service being 1,065 higher than the affordable level of 54,872, this generates £402k of current pressure. Additionally the unit cost being -£2.57 lower than previously estimated when setting the cash limit has reduced the pressure by -£150k. There are also provisions within this forecast of +£186k for the potential implications of enhanced payments for carers of disabled children and +£235k of costs which were originally included within the Section 17 budget, but have been re-classified as fostering costs (see section 1.1.3.9). There are also various small underspends totalling -£17k, and a small income variance of -£5k.

Independent fostering is forecasting a gross pressure of +£2,328k. Again this is as a result of an increase in weeks support, which is 3,176 higher than the affordable level of 6,152 and results in a pressure of +£2,897k. However, the average weekly cost is £92.71 lower than budgeted, and this reduces the total pressure by -£569k

A gross underspend of -£577k is forecast on Kinship non LAC which is due to reduced demand. This reduction in spend has resulted in an increase in the SGO forecast of +£264k (in section 1.1.3.3 above) and +£320k on related foster payments (see below), and other small variances of -£7k.

There is a forecast gross pressure on Related foster payments of +£757k, of which +£437k is due to new legislation that came into effect on the 1st April 2011 which requires Local Authorities to pay reward payments to related foster carers. Kent's policy was that related carers only receive the maintenance element, whereas non-related carers receive both a maintenance and a fee element. At the time of calculating pressures for the 2012-13 budget Kent felt that this legislation was ambiguous, and sought legal advice to clarify our position. We have since had confirmation that we must apply this. The remaining +£320k is due to an increase in demand resulting from the drive to move children from Kinship to Related foster payments (and SGO see section 1.1.3.3).

The county fostering team is forecasting a gross pressure of +£148k, due to an increase in the number of staff following the restructure.

### 1.1.3.7 Leaving Care (formerly 16+): Gross -£78k

An underspend of -£477k is forecast on leaving care/Section 24. This is partly due to fewer than anticipated 16-18 year olds using this service as they are remaining in foster care, and also stricter controls around S24 payments (*assistance provided to a child aged 16+ who leaves local authority care*). There is also a forecast pressure of +£295k due to a VAT liability dating back to 2009 relating to the contract with Catch 22. In addition there are other small variances totalling +£104k.

### 1.1.3.8 Legal Charges: Gross +£285k

There is a pressure forecast on the legal budget of +£285k, of which +£135k is due to demand being greater than that budgeted for and +£150k is spend which has moved from the Section 17 budget (see section 1.1.3.9)

### 1.1.3.9 Preventative Children's Services: Gross -£1,507k

There is a forecast underspend of -£929k on the Section 17 (*Provision of services for children in need, their families and others*) budget. -£235k of this is due to spend being re-classified as fostering costs and a further -£150k has been re-classified as legal costs, both of which had previously been classified as Section 17. These costs are now included in sections 1.1.3.6 and 1.1.3.8 respectively. Please note that budgets will be realigned as part of the SCS restructure to reflect this change in classification. A further underspend has been forecast of -£565k due to management action and more detailed guidance being issued to district teams on when they can make Section 17 payments. There are also other small gross variances of +£21k on the section 17 budget.

There is a forecast underspend of -£140k on Independent sector day care and short breaks as a result of renegotiated day care costs.

Independent sector day care and short breaks for disabled children has a forecast underspend of -£358k, of which there is an underspend of -£500k on core activity as a result of a shift to providing direct payments instead (see below). In addition there is a forecast pressure of +£188k due to lease charges on the MASH (Multi Agency Specialist Hubs). There are other small variances totalling -£46k on independent sector day care for disabled children.

There is a forecast underspend of -£500k on the investment in prevention strategy budget allocated in the 12-15 MTFP due to a delay in the business cases and projects.

Direct payments has a forecast pressure of +£492k, this is due to the number of forecast weeks being 5,845 higher than budgeted, and the forecast rate being £7.25 higher than the budgeted rate.

There are also other small variances totalling -£72k

#### 1.1.3.10 Residential Children's Services: Net +£2,269k (+£2,307k Gross, -£38k Income)

Of the pressure within residential services, +£2,022k (+£1,875k Gross, +£147k Income) relates to non disabled independent sector residential provision. The forecast number of weeks of service is 796 higher than the affordable level of 1,892, which generates +£2,369k of current pressure. Additionally the unit cost being -£261.30 lower than previously estimated when setting the cash limit has reduced this pressure by -£494k. The income variance of +£147k is due to a reduction in income for placements from health.

The budget for independent residential care for disabled children is showing a pressure of +£321k (+£297k Gross, +£24k Income). This is due to an increase in high cost placements of +£425k, and an underspend of -£128k due to a reduction in the overall number of placements. There is also a small income variance of +£24k.

KCC residential care for disabled children shows a forecast underspend of -£230k. Of this, -£211k is due to an increase in income from District Health Authorities for an increased number of children attracting external income. The expenditure related to the DHA income is offset by lower than expected expenditure generally. There are other small gross variances totalling -£19k

There is a further forecast gross variance on Residential care for Non-LAC of +£81k due to an increase in placements, and a small income variance of +£2k.

There is also a small gross pressure forecast on secure accommodation of +£73k

#### 1.1.3.11 Safeguarding: Gross Net +£143k (+£178k Gross, -£35k Income)

The safeguarding service is projecting a pressure of +£178k on staffing, this will be resolved as part of the SCS restructure. There is also a small income variance of -£35k

#### 1.1.3.12 Assessment Services – Children's social care staffing – -£56k (-£73k Gross, +£17k income)

There is currently a forecast pressure on this budget of +£1,279k for the new county referral unit which has been set up in advance of the main restructure. However this is now being offset by a forecast underspend of -£1,352k on other staffing, which will be resolved as part of the SCS restructure. There is also a small income variance of +£17k.

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

(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspenders (-)		
portfolio		£000's	portfolio		£000's
SCS	Asylum - forecast shortfall in funding, awaiting resolution with Government	+3,000	SCS	Children's social care staffing - Gross - Staffing	-1,352
SCS	Fostering - Gross - Independent - forecast weeks higher than budgeted	+2,897	SCS	Fostering - Gross - Independent - forecast unit cost lower than budgeted	-569
SCS	Residential - Gross - Non Dis Independent Sector - forecast weeks higher than budgeted	+2,369	SCS	Preventative Children's services - Gross - management action and more detailed guidance on Section 17 payments	-565
SCS	Children's social care staffing - Gross - New County Referral Unit	+1,279	SCS	Preventative Children's services - Gross - Independent sector day care dis - reduction in core activity due to a shift to direct payments	-500
SCS	Preventative Children's services - Gross - Direct Payments - Forecast weeks/unit costs higher than budgeted (shift from Ind day care disability)	+492	SCS	Preventative Children's services - Gross - delay in investment in prevention strategy spend	-500
SCS	Fostering - Gross - Related foster payments - increase in reward payments	+437	SCS	Residential - Gross - Non Dis Independent Sector - forecast unit cost lower than budgeted	-494
SCS	Residential - Gross - Dis Independent Sector - Increase in high cost placements	+425	SCS	Leaving care - Gross - decrease in demand as 16-18 yr olds remaining in foster care, stricter controls around S24 payments	-477
SCS	Fostering - Gross - Non-related in house - forecast weeks higher than budgeted	+402	SCS	Fostering - Gross - Kinship non LAC - move to related fostering	-320
SCS	Children's centres - Gross - Various small overspends	+360	SCS	Early Years - Gross - Children's centre development team - release of uncommitted budget	-300
SCS	Fostering - Gross - Related foster payments - drive to move children from Kinship to Related Fostering	+320	SCS	Fostering - Gross - Kinship non LAC - move to SGO	-264
SCS	Leaving care - Gross - VAT liability	+295	SCS	Preventative Children's services - Gross - Costs re-classified as fostering	-235
SCS	Adoption - Gross - Increase in Special Guardianship Orders	+264	SCS	Residential - Gross - KCC residential - increase in income from District Health Authorities	-211
SCS	Fostering - Gross - Non-related in house - fostering costs moved from S.17	+235	SCS	Preventative Children's services - Gross - Costs re-classified as legal costs	-150
SCS	Preventative Children's services - Gross - increased cost of MASH due to lease changes	+188	SCS	Fostering - Gross - Non-related in house - forecast unit cost lower than budgeted	-150
SCS	Fostering - Gross - Non-related in house - enhanced payments for carers of disabled children	+186	SCS	Preventative Children's services - Gross - Independent sector day care non dis- renegotiated day care rate	-140
SCS	Safeguarding - Gross - staffing	+178	SCS	Residential - Gross - Dis Independent Sector - reduction in the overall number of placements	-128

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
SCS	Adoption - Gross - Increase in cost of placements	+168	SCS	Children's centres - Income - Various income for utilities, activities etc	-115
SCS	Children's Support Services - Gross - Staffing (Out of Hours Team)	+150			
SCS	Legal Charges - Gross - costs moved from S.17	+150			
SCS	Fostering - Gross - County fostering team - increase in number of staff	+148			
SCS	Residential - Income - Non Dis Independent Sector - reduction in income for placements from Health	+147			
SCS	Legal Charges - Gross - increased demand	+135			
SCS	Children's centres - Gross - Various spend on utilities, activities etc	+115			
		+14,340			-6,470

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

Although there was a continued increase of looked after children between April and June, it is anticipated that a number of control measures and early intervention services which have been put in place should mean that costs overall will begin to reduce, as well as a new staffing structure. There is evidence that the looked after children numbers of children in care have begun to reduce in the second quarter as illustrated in section 2.1, however it is too early to confirm whether this trend will continue.

#### 1.1.5 Implications for MTFP:

The 2013-14 budget proposals that went out for consultation had significant savings targets associated with the Looked After Children Strategy and a fundamental transformation of procedures in Children's Services. Those targets assume that the 2012-13 budget for Specialist Children's Services does not overspend.

However, as the quarter 2 position, excluding Asylum, has only improved slightly from the position reported in quarter 1, with a £4.983m pressure still reported (and a further £3m pressure reported for Asylum), there must be concern that the savings targets in the 2013-14 budget proposals that went for consultation are not achievable in full. This position is being closely monitored in order that the final proposed budget reflects a realistic forecast of spending in 2013-14.

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

None

### 1.1.7 Details of proposals for residual variance:

Controls have been put in place which we believe will help to reduce some of this financial pressure during the year, these include:

- *Access to Resource Panels chaired by Assistant Directors, to ensure that there is consistent decision making with regard to new placements for children in care.*
- *Placement Panels to review the status and placement of current children in care.*
- *New guidance and expenditure limits applied to Section 17 expenditure and transport costs.*
- *New commissioning framework being drawn up to reduce the costs of Independent Fostering placements.*
- *Recruitment of more in-house foster carers and potential adopters.*
- *Better contract management.*
- *Improved joint working with Legal through a Service Level Agreement.*

Structural changes are being implemented which will ensure that there are smaller teams with better management oversight, and clearer delineated accountability for case work decisions. New Access to Resources Team is being established, which will help maximise commissioning potential, and ensure best value.

In addition to the above, new commissioning frameworks have been developed for Early Intervention Services and Disabled Children's Services which will enhance early intervention, and therefore reduce the need for ongoing higher costs.

## 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.

1.2.2 The Specialist Childrens Services portfolio has an approved budget for 2012-15 of £0.769m (see table 1 below). The forecast outturn against this budget is £1.953m, giving a variance of £1.184m. After adjustments for funded variances and reductions in funding, the revised variance comes to £1.118m (see table 3).

1.2.3 Tables 1 to 3 summaries the portfolio's approved budget and forecast.

1.2.4 Table 1 – Revised approved budget

	£m
Approved budget last reported to Cabinet	0.769
Approvals made since last reported to Cabinet	0.000
Revised approved budget	0.769

1.2.5 Table 2 – Funded and Revenue Funded Variances

Scheme	Amount £m	Reason
<b>Cabinet to approve cash limit changes</b>		
<b>No cash limit changes to be made</b>		
Ashford, Thanet & Swale MASH	0.006	Revenue contribution
Self Funded Projects - Quarry fields	0.060	Revenue contribution
Total	0.066	

## 1.2.6 Table 3 – Summary of Variance

	Amount £m
<b>Unfunded variance</b>	<b>1.118</b>
Funded variance (from table 2)	0.000
Variance to be funded from revenue (from table 2)	0.066
<b>Rephasing (beyond 2012-15)</b>	<b>0.000</b>
Total variance	<b>1.184</b>

**Main reasons for variance**

1.2.7 Table 4 below, details each scheme indicating all variances and the status of the scheme. Each scheme with a Red or Amber status will be explained including what is being done to get the scheme back to budget/on time.

1.2.8 Table 4 – Scheme Progress

Scheme Name	Total approved budget	Previous Spend	2012-15 approved budget	Later Years approved budget	2012-15 Forecast Spend	Later Years Forecast Spend	2012-15 Variance	Total Project Variance	Status Red/Amber/Green
	£m	£m	£m	£m	£m	£m	£m	£m	
	(a) = b+c+d	(b)	(c)	(d)	(e)	(f)	(g) = e-c	(h) = b+e+f-a	
Ashford, Thanet & Swale MASH	15.826	15.843	-0.017	0.000	1.107	0.000	1.124	1.124	Overspend
TSB2 Short Breals Pathfinder Programme	0.532	0.117	0.415	0.000	0.415	0.000	0.000	0.000	
Early Years & Childrens Centres	41.955	41.901	0.054	0.000	0.054	0.000	0.000	0.000	
Self Funded Projects (Quarryfields)	0.264	0.198	0.066	0.000	0.126	0.000	0.060	0.060	
Service Redesign	0.251	0.000	0.251	0.000	0.251	0.000	0.000	0.000	
<b>TOTAL Specialist Childrens Services</b>	<b>58.828</b>	<b>58.059</b>	<b>0.769</b>	<b>0.000</b>	<b>1.953</b>	<b>0.000</b>	<b>1.184</b>	<b>1.184</b>	

## 1.2.8 Status:

Green – Projects on time and budget

Amber – Projects either delayed or over budget

Red – Projects both delayed and over budget

1.2.9 Assignment of Green/Amber/Red Status

1.2.10 Projects with variances to budget will only show as amber if the variance is unfunded, i.e. there is no additional grant, external or other funding available to fund.

1.2.11 Projects are deemed to be delayed if the forecast completion date is later than what is in the current project plan.

**Amber and Red Projects – variances to cost/delivery date and why**

1.2.12 MASH - Latest MASH estimates show a forecast variance of £1.124m in 2012-13. This reflects a continuing pressure and has increased by £0.024m since last reported to Cabinet mainly due to additional consultancy fees. £0.006m of the overspend is to be funded from a revenue contribution, and there is anticipated external funding of £0.800m which is awaiting confirmation from the NHS. If this is forthcoming there remains an unfunded variance of £0.318m, the funding of which is yet to be resolved.

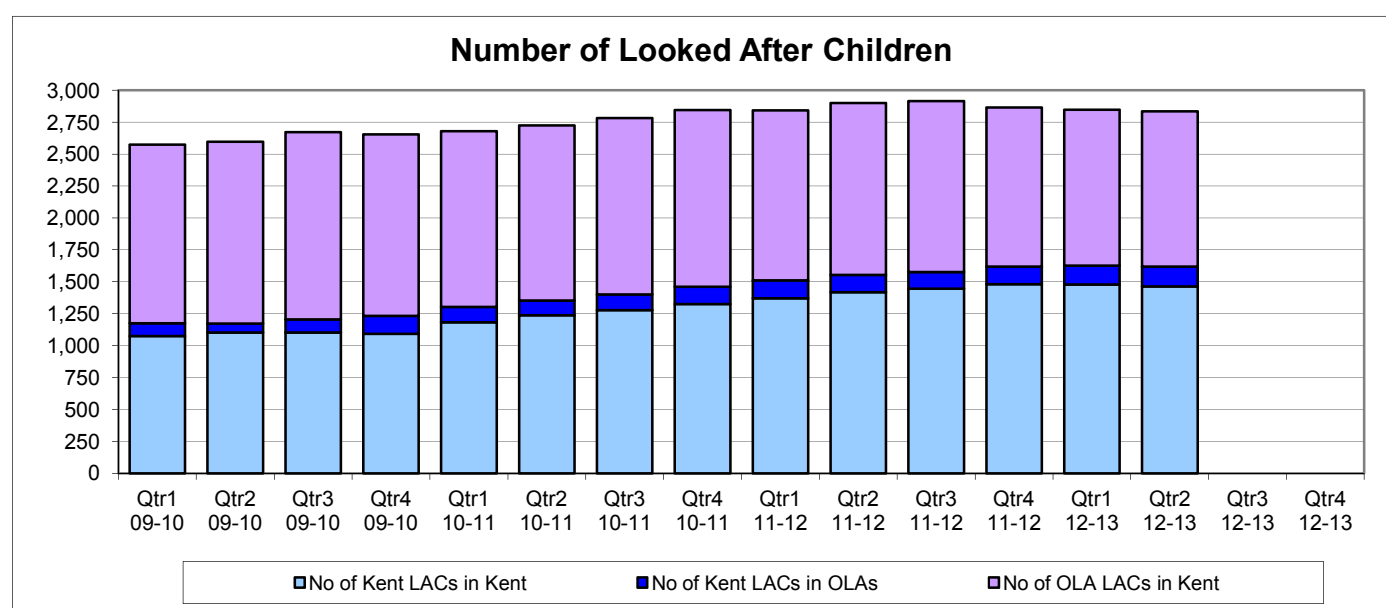
**Key issues and Risks**

1.2.13 MASH – until the funding of £0.800m is confirmed from the NHS there is a risk around this.

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

### 2.1 Numbers of Looked After Children (LAC) (excluding Asylum Seekers):

	No of Kent LAC placed in Kent	No of Kent LAC placed in OLAs	TOTAL NO OF KENT LAC	No of OLA LAC placed in Kent	TOTAL No of LAC in Kent
<b>2009-10</b>					
Apr – Jun	1,076	100	<b>1,176</b>	1,399	<b>2,575</b>
Jul – Sep	1,104	70	<b>1,174</b>	1,423	<b>2,597</b>
Oct – Dec	1,104	102	<b>1,206</b>	1,465	<b>2,671</b>
Jan – Mar	1,094	139	<b>1,233</b>	1,421	<b>2,654</b>
<b>2010-11</b>					
Apr – Jun	1,184	119	<b>1,303</b>	1,377	<b>2,680</b>
Jul – Sep	1,237	116	<b>1,353</b>	1,372	<b>2,725</b>
Oct – Dec	1,277	123	<b>1,400</b>	1,383	<b>2,783</b>
Jan – Mar	1,326	135	<b>1,461</b>	1,385	<b>2,846</b>
<b>2011-12</b>					
Apr – Jun	1,371	141	<b>1,512</b>	1,330	<b>2,842</b>
Jul – Sep	1,419	135	<b>1,554</b>	1,347	<b>2,901</b>
Oct – Dec	1,446	131	<b>1,577</b>	1,337	<b>2,914</b>
Jan – Mar	1,480	138	<b>1,618</b>	1,248	<b>2,866</b>
<b>2012-13</b>					
Apr – Jun	1,478	149	<b>1,627</b>	1,221	<b>2,848</b>
Jul – Sep	1,463	155	<b>1,618</b>	1,216	<b>2,834</b>
Oct – Dec					
Jan – Mar					



#### Comments:

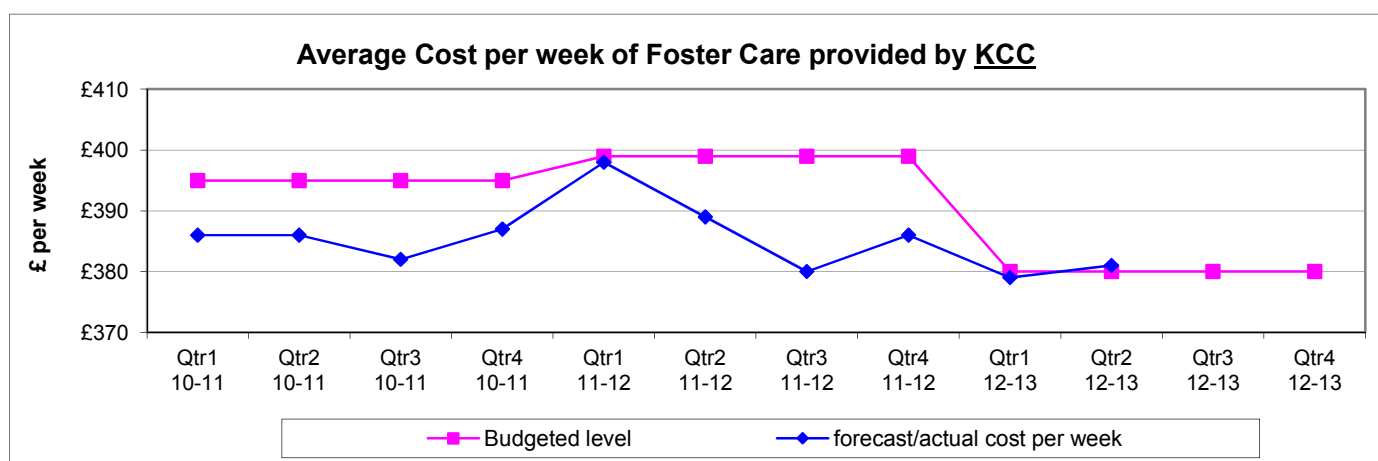
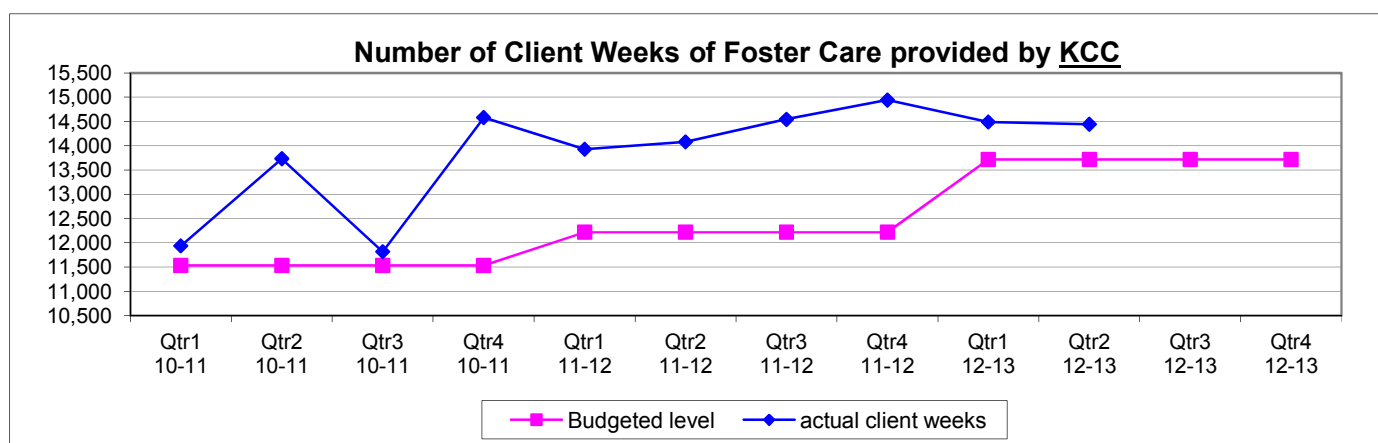
- Children Looked After by KCC may on occasion be placed out of the County, which is undertaken using practice protocols that ensure that all long-distance placements are justified and in the interests of the child. All Looked After Children are subject to regular statutory reviews (at least twice a year), which ensures that a regular review of the child's care plan is undertaken.
- The number of looked after children for each quarter represents a snapshot of the number of children designated as looked after at the end of each quarter, it is not the total number of looked after children during the period. Therefore although the number of Kent looked after children has reduced by 9 this quarter, there could have been more (or less) during the period.
- The increase in the number of looked after children since the 12-13 budget was set has placed additional pressure on the services for looked after children, including fostering and residential care.



- The OLA LAC information has a confidence rating of 75% and is completely reliant on Other Local Authorities keeping KCC informed of which children are placed within Kent. The Management Information Unit (MIU) regularly contact these OLAs for up to date information, but replies are not always forthcoming. This confidence rating is based upon the percentage of children in this current cohort where the OLA has satisfactorily responded to recent MIU requests.

### 2.2.1 Number of Client Weeks & Average Cost per Client Week of Foster Care provided by KCC:

	2010-11				2011-12				2012-13			
	No of weeks		Average cost per client week		No of weeks		Average cost per client week		No of weeks		Average cost per client week	
	Budget Level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	forecast
Apr - June	11,532	11,937	£395	£386	12,219	13,926	£399	£398	13,718	14,487	£380	£379
July - Sep	11,532	13,732	£395	£386	12,219	14,078	£399	£389	13,718	14,440	£380	£377
Oct - Dec	11,532	11,818	£395	£382	12,219	14,542	£399	£380	13,718		£380	
Jan - Mar	11,532	14,580	£395	£387	12,219	14,938	£399	£386	13,718		£380	
	<b>46,128</b>	<b>52,067</b>	<b>£395</b>	<b>£387</b>	<b>48,876</b>	<b>57,484</b>	<b>£399</b>	<b>£386</b>	<b>54,872</b>	<b>28,927</b>	<b>£380</b>	<b>£377</b>



#### Comments:

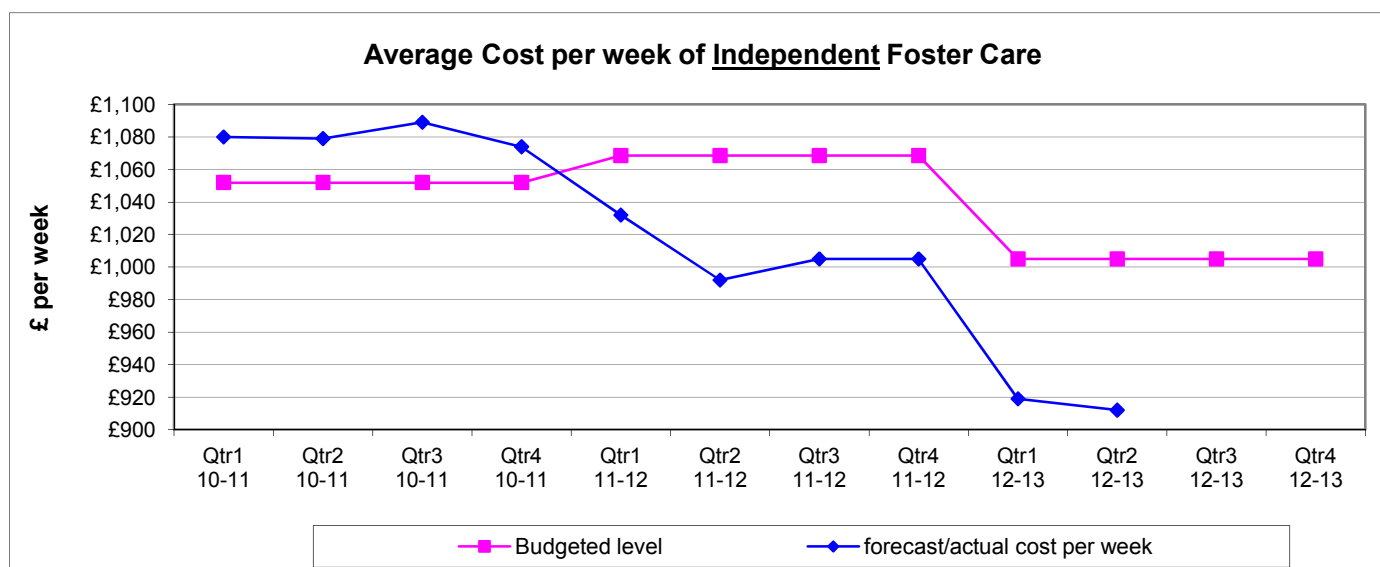
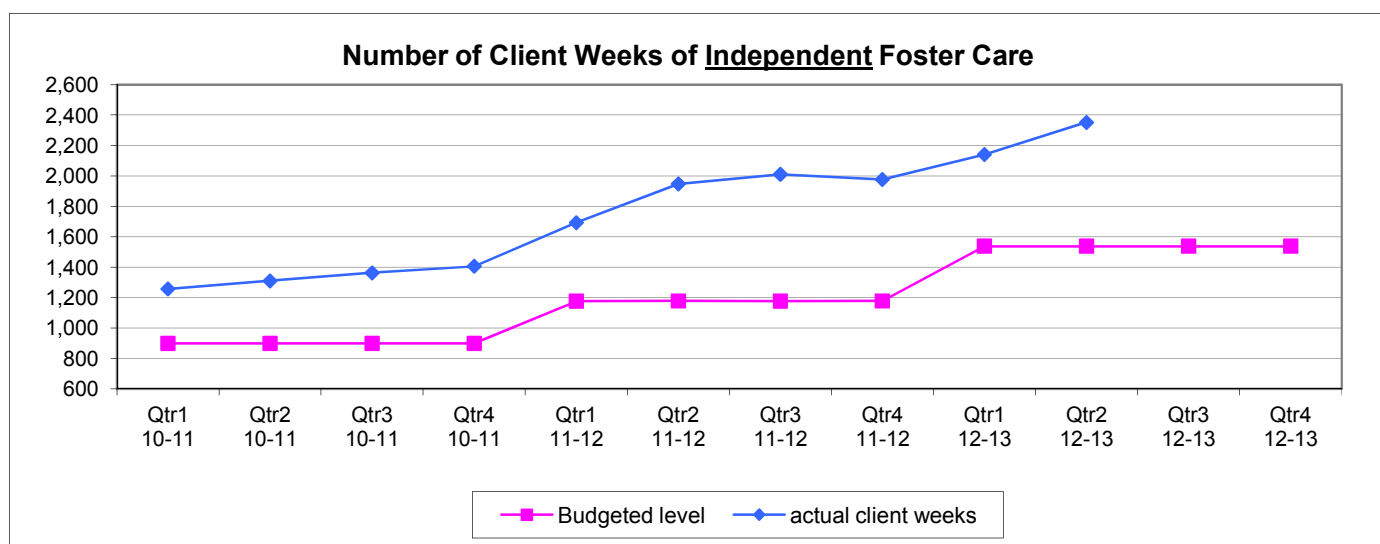
- The actual number of client weeks is based on the numbers of known clients at a particular point in time. This may be subject to change due to the late receipt of paperwork.
- The budgeted level has been calculated by dividing the budget by the average weekly cost. The average weekly cost is also an estimate based on financial information and estimates of the number of client weeks and may be subject to change.
- In addition, the 2012-13 budgeted level represents the level of demand as at the 2011-12 3<sup>rd</sup> quarter's full monitoring report, which is the time at which the 2012-13 budget was set and approved. However, since that time, the service has experienced continued demand on this service.
- The forecast number of weeks is 55,937 (excluding asylum), which is 1,065 weeks above the affordable level. This forecast number of weeks is lower than the YTD activity would suggest due to

an anticipated reduction in the number of children in in-house fostering for the remainder of the year in response to the controls put in place to help reduce the pressures on the SCS budgets (see section 1.1.7), and problems finding suitable in-house placements. At the forecast unit cost of £377.25 per week, this increase in activity gives a pressure of £402k.

- The forecast unit cost of £377.25 is -£2.75 below the budgeted level and when multiplied by the budgeted number of weeks, gives an underspend of -£150k.
- Overall therefore, the combined gross pressure on this service for both under and over 16's (and those with a disability) is +£252k (£402k - £150k), as reported in sections 1.1.3.6.

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

	2010-11				2011-12				2012-13			
	No of weeks		Average cost per client week		No of weeks		Average cost per client week		No of weeks		Average cost per client week	
	Budget Level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	forecast
Apr - June	900	1,257	£1,052	£1,080	1,177	1,693	£1,068.60	£1,032	1,538	2,141	£1,005	£919
July - Sep	900	1,310	£1,052	£1,079	1,178	1,948	£1,068.60	£992	1,538	2,352	£1,005	£912
Oct - Dec	900	1,363	£1,052	£1,089	1,177	2,011	£1,068.60	£1,005	1,538		£1,005	
Jan - Mar	900	1,406	£1,052	£1,074	1,178	1,977	£1,068.60	£1,005	1,538		£1,005	
	<b>3,600</b>	<b>5,336</b>	<b>£1,052</b>	<b>£1,074</b>	<b>4,710</b>	<b>7,629</b>	<b>£1,068.60</b>	<b>£1,005</b>	<b>6,152</b>	<b>4,493</b>	<b>£1,005</b>	<b>£912</b>

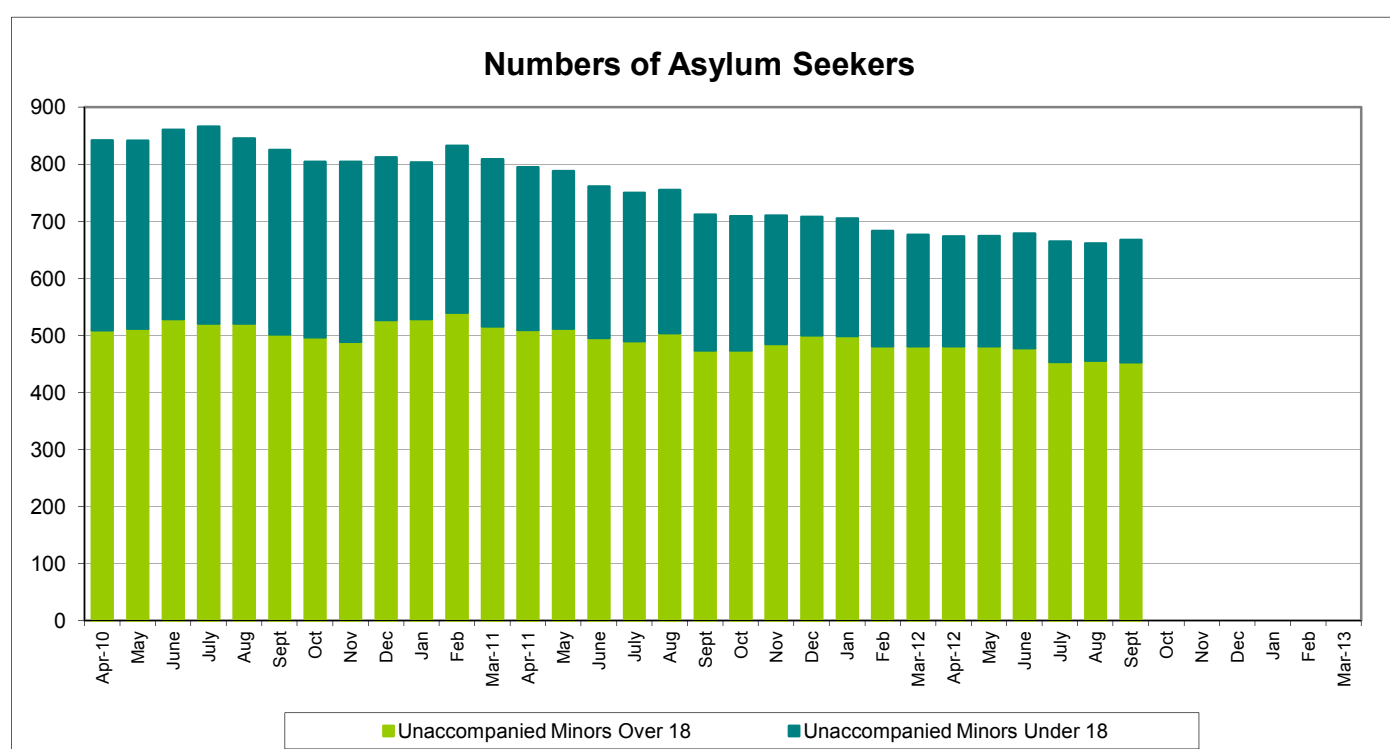


## Comments:

- The actual number of client weeks is based on the numbers of known clients at a particular point in time. This may be subject to change due to the late receipt of paperwork.
- The budgeted level has been calculated by dividing the budget by the average weekly cost. The average weekly cost is also an estimate based on financial information and estimates of the number of client weeks and may be subject to change.
- For the 2012-13 budget further significant funding has been made available based on the actual level of demand at the 3<sup>rd</sup> quarter's monitoring position for 2011-12, the time at which the 2012-13 budget was set and approved. However, since that date the service has experienced continued demand on this service.
- The forecast number of weeks is 9,328 (excluding asylum), which is 3,176 weeks above the affordable level. The forecast number of weeks is higher than the YTD activity would suggest due to an increase in the number of IFA placements reflecting the difficulty in finding in-house placements. At the forecast unit cost of £912.29, this increase in activity give a pressure of £2,897k.
- The forecast unit cost of £912.29 is an average and is -£92.71 below the budgeted level and when multiplied by the budgeted number of weeks gives a saving of -£569k
- Overall therefore, the combined forecast gross pressure on this service and is +£2,328k (+£2,897k increased demand and -£569k lower unit cost), as reported in sections 1.1.3.6.

## 2.3 Numbers of Unaccompanied Asylum Seeking Children (UASC):

	2010-11			2011-12			2012-13		
	Under 18	Over 18	Total Clients	Under 18	Over 18	Total Clients	Under 18	Over 18	Total Clients
April	333	509	842	285	510	795	192	481	673
May	329	512	841	276	512	788	193	481	674
June	331	529	860	265	496	761	200	478	678
July	345	521	866	260	490	750	210	454	664
August	324	521	845	251	504	755	205	456	661
September	323	502	825	238	474	712	214	453	667
October	307	497	804	235	474	709			
November	315	489	804	225	485	710			
December	285	527	812	208	500	708			
January	274	529	803	206	499	705			
February	292	540	932	202	481	683			
March	293	516	809	195	481	676			

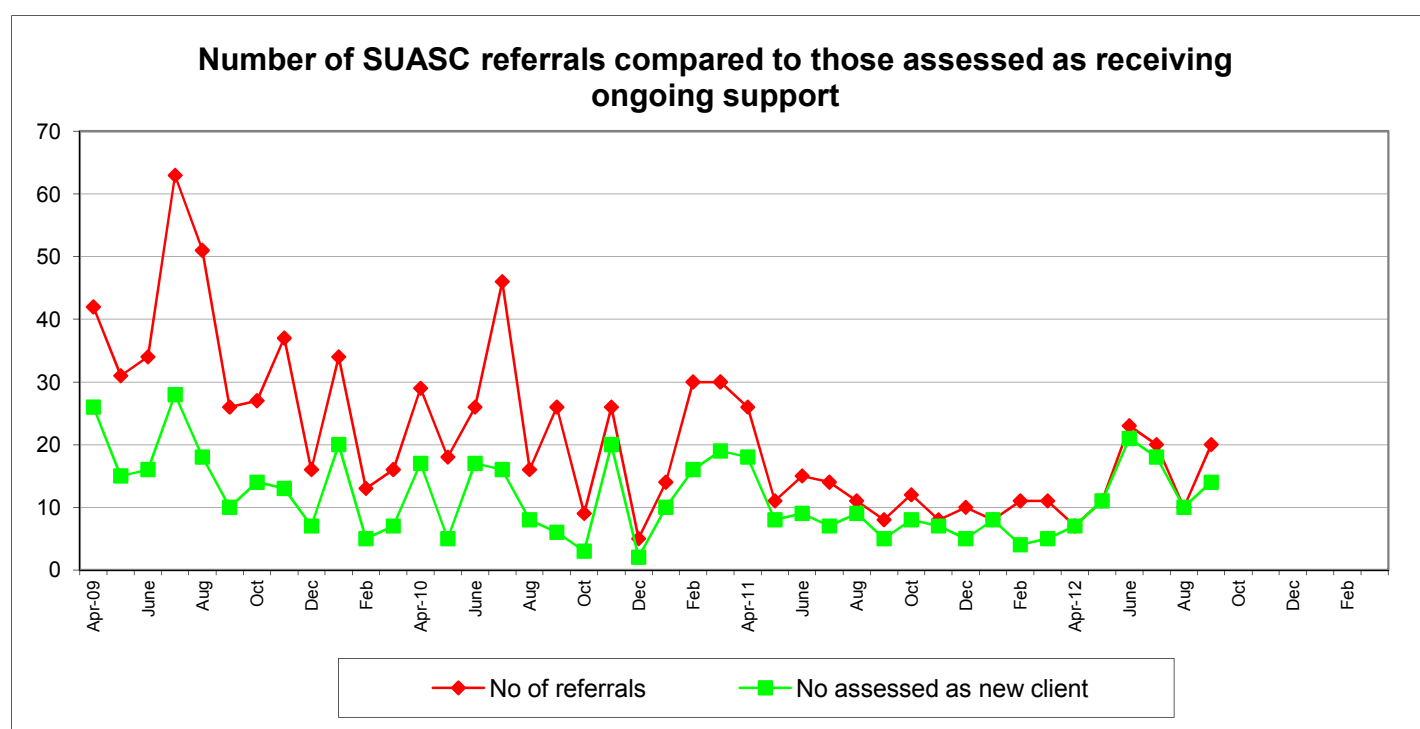


## Comment:

- The overall number of children has remained fairly static so far this year. The current number of clients supported is below the budgeted level of 690.
- The budgeted number of referrals for 2012-13 is 15 per month, with 9 (60%) being assessed as under 18.
- Despite improved partnership working with the UKBA, the numbers of over 18's who are All Rights of appeal Exhausted (ARE) have not been removed as quickly as originally planned.
- In general, the age profile suggests the proportion of over 18s is decreasing slightly and, in addition, the age profile of the under 18 children has increased
- The data recorded above will include some referrals for which the assessments are not yet complete or are being challenged. These clients are initially recorded as having the Date of Birth that they claim but once their assessment has been completed, or when successfully appealed, their category may change.

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

	2009-10			2010-11			2011-12			2012-13		
	No. of referrals	No. assessed as new client	%	No. of referrals	No. assessed as new client	%	No. of referrals	No. assessed as new client	%	No. of referrals	No. assessed as new client	%
April	42	26	62%	29	17	59%	26	18	69%	7	7	100%
May	31	15	48%	18	5	28%	11	8	73%	11	11	100%
June	34	16	47%	26	17	65%	15	9	60%	23	21	91%
July	63	28	44%	46	16	35%	14	7	50%	20	18	90%
Aug	51	18	35%	16	8	50%	11	9	82%	10	10	100%
Sept	26	10	38%	26	6	23%	8	5	62%	20	14	70%
Oct	27	14	52%	9	3	33%	12	8	67%			
Nov	37	13	35%	26	20	77%	8	7	88%			
Dec	16	7	44%	5	2	40%	10	5	50%			
Jan	34	20	59%	14	10	71%	8	8	100%			
Feb	13	5	38%	30	16	53%	11	4	36%			
Mar	16	7	44%	30	19	63%	11	5	45%			
	<b>390</b>	<b>179</b>	<b>46%</b>	<b>275</b>	<b>139</b>	<b>51%</b>	<b>145</b>	<b>93</b>	<b>64%</b>	<b>91</b>	<b>81</b>	<b>89%</b>

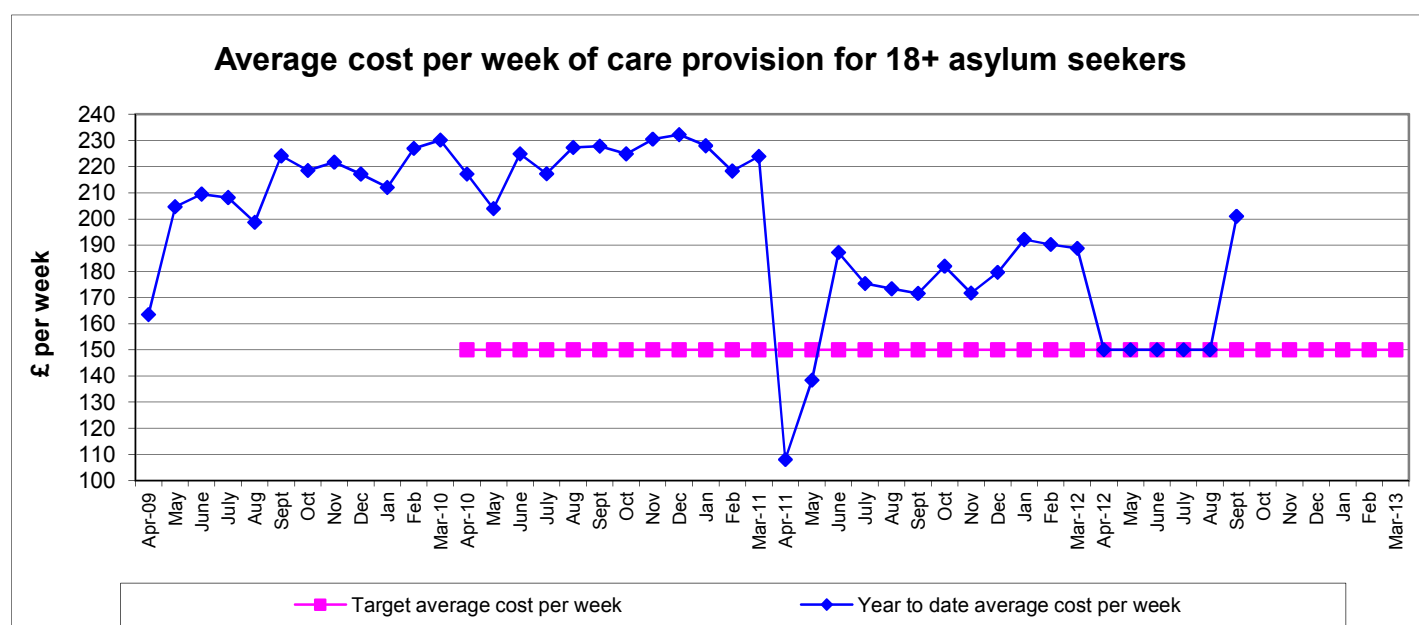


### Comments:

- In general, referral rates have been lower since September 2009 which coincides with the French Government's action to clear asylum seeker camps around Calais. The average number of referrals per month is now 15, which equals the budgeted number of 15 referrals per month.
- The number of referrals has a knock on effect on the number assessed as new clients. The budgeted level is based on the assumption 60% of the referrals will be assessed as a new client. The average number assessed as new clients is now 89%.
- The budget assumed 9 new clients per month (60% of 15 referrals) but the average number of new clients per month is currently 13.5 i.e a 50% increase.

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

	2009-10		2010-11		2011-12		2012-13	
	Target average weekly cost £p	Year to date average weekly cost £p	Target average weekly cost £p	Year to date average weekly cost £p	Target average weekly cost £p	Year to date average weekly cost £p	Target average weekly cost £p	Year to date average weekly cost £p
April		163.50	150.00	217.14	150.00	108.10	150.00	150.00
May		204.63	150.00	203.90	150.00	138.42	150.00	150.00
June		209.50	150.00	224.86	150.00	187.17	150.00	150.00
July		208.17	150.00	217.22	150.00	175.33	150.00	150.00
August		198.69	150.00	227.24	150.00	173.32	150.00	150.00
September		224.06	150.00	227.79	150.00	171.58	150.00	200.97
October		218.53	150.00	224.83	150.00	181.94	150.00	
November		221.64	150.00	230.47	150.00	171.64	150.00	
December		217.10	150.00	232.17	150.00	179.58	150.00	
January		211.99	150.00	227.96	150.00	192.14	150.00	
February		226.96	150.00	218.30	150.00	190.25	150.00	
March		230.11	150.00	223.87	150.00	188.78	150.00	



## Comments:

- The local authority has agreed that the funding levels for the unaccompanied Asylum Seeking childrens Service 18+ grant Asylum Service agreed with the Government rely on us achieving an average cost per week of £150, in order for the service to be fully funded, which is also reliant on the UKBA accelerating the removal process. In 2011-12 UKBA changed their grant rules and now only fund the costs of an individual for up to three months after the All Rights of appeal Exhausted (ARE) process if the LA carries out a Human Rights Assessment before continuing support. The LA has continued to meet the cost of the care leavers in order that it can meet its statutory obligations to those young people under the Leaving Care Act until the point of removal.
- As part of our partnership working with UKBA, most UASC in Kent are now required to report to UKBA offices on a regular basis, in most cases weekly. The aim is to ensure that UKBA have regular contact and can work with the young people to encourage them to make use of the voluntary methods of return rather than forced removal or deportation. As part of this arrangement any young person who does not report as required may have their Essential living allowance discontinued. As yet this has not resulted in an increase in the number of AREs being removed. The number of AREs supported has continued to remain steady, but high. Moving clients on to the pilot housing scheme was slower than originally anticipated, however all our young people, who it was appropriate to move to lower cost accommodation, were moved by the end of 2010-11. However there remain a number of issues:

- For various reasons, some young people have not yet moved to lower cost properties, mainly those placed out of county. These placements are largely due to either medical/mental health needs or educational needs.
  - We are currently experiencing higher than anticipated level of voids, properties not being fully occupied. Following the incident in Folkestone in January 2011, teams are exercising a greater caution when making new placements into existing properties. This is currently being addressed by the Accommodation Team.
  - We are still receiving damages claims relating to closed properties.
- As part of our strive to achieve a net unit cost of £150 or below, we will be insisting on take-up of state benefits for those entitled.

**FAMILIES & SOCIAL CARE DIRECTORATE SUMMARY**  
**ADULTS SERVICES SUMMARY**  
**SEPTEMBER 2012-13 FULL MONITORING REPORT**

**1. FINANCE****1.1 REVENUE**

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

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits for the A-Z service analysis have been adjusted since the quarter 1 monitoring report to reflect a number of technical adjustments to budget including the centralisation of training budgets and room hire budgets.
- The inclusion of a number of 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 of the executive summary.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Adult Social Care &amp; Public Health portfolio</b>							
Strategic Management & Directorate Support Budgets	9,968	-1,069	8,899	369	-23	346	Estimated legal charge pressure; staffing pressure
<u>Adults &amp; Older People:</u>							
<b>- Direct Payments</b>							
- Learning Disability	12,769	-547	12,222	-973	272	-701	Activity below budget level; income unit charge lower than budget
- Mental Health	710	0	710	4	0	4	
- Older People	6,924	-787	6,137	-625	-7	-632	Activity & unit cost below budget level
- Physical Disability	9,580	-374	9,206	-384	-73	-457	Activity below budget level
Total Direct Payments	29,983	-1,708	28,275	-1,978	192	-1,786	
<b>- Domiciliary Care</b>							
- Learning Disability	5,268	-1,532	3,736	480	-67	413	Unit cost above budget level & activity below budget level; additional pressure on extra care housing clients
- Mental Health	532	-114	418	-43	2	-41	
- Older People	44,431	-12,405	32,026	-1,417	1,493	76	Activity for P&V & in-house below budget level; saving on block contracts; income charge higher than budget level
- Physical Disability	7,403	-595	6,808	-94	-62	-156	Activity higher than budget level and unit cost below budget level
Total Domiciliary Care	57,634	-14,646	42,988	-1,074	1,366	292	



Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>- Nursing &amp; Residential Care</b>							
- Learning Disability	75,668	-6,456	69,212	173	59	232	Activity above affordable level & Unit cost below budget level for IS; activity below budget level for preserved rights. Delay in review of in-house units
- Mental Health	7,243	-692	6,551	201	-66	135	Unit cost higher than budget level
- Older People - Nursing	46,473	-24,335	22,138	1,794	-960	834	Activity & unit cost above budget level; income charge higher than budget level
- Older People - Residential	84,618	-35,644	48,974	-2,403	1,407	-996	Activity lower than budget level; higher unit cost; in-house staffing pressure; release of contingency; income activity & unit charge lower than budget level
- Physical Disability	13,813	-1,969	11,844	-627	187	-440	Activity lower than budget level; higher unit cost
<b>Total Nursing &amp; Residential Care</b>	<b>227,815</b>	<b>-69,096</b>	<b>158,719</b>	<b>-862</b>	<b>627</b>	<b>-235</b>	
<b>- Supported Accommodation</b>							
- Learning Disability	33,370	-3,645	29,725	-424	728	304	Activity above affordable level & Unit cost below budget level; transfer from reserve; income charge lower than budget
- Physical Disability/Mental Health	2,802	-279	2,523	-90	-141	-231	Income charge higher than budget level
<b>Total Supported Accommodation</b>	<b>36,172</b>	<b>-3,924</b>	<b>32,248</b>	<b>-514</b>	<b>587</b>	<b>73</b>	
<b>- Other Services for Adults &amp; Older People</b>							
- Contributions to Vol Orgs	15,708	-1,793	13,915	111	72	183	Investment in new services
- Day Care							
- Learning Disability	13,187	-237	12,950	-208	52	-156	Staffing savings due to In-house modernisation strategy & reduction in activity; Independent sector saving
- Older People	3,354	-100	3,254	-645	13	-632	re-commissioning strategies
- Physical Disability/Mental Health	1,320	-5	1,315	-80	-2	-82	
<b>Total Day Care</b>	<b>17,861</b>	<b>-342</b>	<b>17,519</b>	<b>-933</b>	<b>63</b>	<b>-870</b>	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Other Adult Services	12,692	-16,990	-4,298	-175	-19	-194	Learning disability development fund staffing & commissioning underspend
- Safeguarding	1,075	-196	879	-46	-8	-54	
Total Other Services for A&OP	47,336	-19,321	28,015	-1,043	108	-935	
<b>- Assessment Services</b>							
- Adult's Social Care Staffing	41,454	-3,940	37,514	-584	132	-452	vacancies: minor income pressures
<u>Community Services:</u>							
- Public Health Management & Support	376	0	376	97	-97	0	
- Public Health	106	-57	49	0	0	0	
<b>Total ASC&amp;PH portfolio</b>	<b>450,844</b>	<b>-113,761</b>	<b>337,083</b>	<b>-5,589</b>	<b>2,892</b>	<b>-2,697</b>	
<b>Business Strategy, Performance &amp; Health Reform portfolio</b>							
- Public Health (LINK, Local Healthwatch & Health Reform)	758	-60	698	16	-16	0	
<b>Total FSC ADULTS controllable</b>	<b>451,602</b>	<b>-113,821</b>	<b>337,781</b>	<b>-5,573</b>	<b>2,876</b>	<b>-2,697</b>	
<b>Assumed Management Action</b>							
- ASC&PH portfolio						0	
- BSP&HR portfolio						0	
<b>Forecast after Mgmt Action</b>				<b>-5,573</b>	<b>2,876</b>	<b>-2,697</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:

#### **Adult Social Care & Public Health portfolio:**

From the 1<sup>st</sup> October, the Supporting Independence Service contract has been introduced and the forecast reported within this monitoring report includes the estimated effect of this contract on all client groups except mental health (where the impact on this service is still being reviewed). The Supporting Independence Service contract is a new purchasing method covering the purchase of community support services, supported accommodation and supported living services. Cash limits have been transferred to reflect the service lines that the current clients have been transferred to, which include a transfer from domiciliary care and supported accommodation to either the supporting independence service (reported within the Supported Accommodation A-Z budget heading) or direct payments (where clients have chosen this option instead, in order to remain with their existing service providers).

#### 1.1.3.1 Strategic Management & Directorate Support Budgets +£346k (+£369K Gross, -£23k Income)

The gross pressure of £369k relates to the estimated pressure from legal charges assuming a similar level of activity as in 2011-12 (+£133k), along with staffing pressures in both Strategic Commissioning Services (+£110k) and the Operational Support Unit (+£125k). Both units were allocated staff savings as part of the 2012-15 MTP, which they hope to achieve via their recent restructures but the full impact of the saving will not be achieved until 2013-14.

### 1.1.3.2 **Direct Payments -£1,786k (-£1,978k Gross, +£192k Income):**

The significant under spend on this service primarily relates to slower than budgeted increase in activity funded through the 2012-15 MTP. As can be seen from the activity in section 2.1, the number of clients continues to grow at a lower rate than had been budgeted.

#### a. **Learning Disability -£701k (-£973k Gross, +£272k Income)**

The forecast underspend against the gross service line of £973k is generated as a result of the forecast activity weeks being 4,211 (-£1,037k) lower than the affordable level, partially offset by the forecast unit cost being higher than the affordable by £1.91 (+£100k). The remaining variance of -£36k relates primarily to under spending on payments to carers.

This service is forecasting an under recovery of income of +£272k, as the actual average unit income being charged is £4.75 lower than the budgeted level resulting in a shortfall of +£248k plus a minor variance due to the reduced level of activity (+£24k).

#### b. **Older People -£632k (-£625k Gross, -£7k Income)**

The budget is forecast to under spend by £625k on gross expenditure. The number of weeks is forecast to be 9,242 fewer than budgeted, generating a saving of -£1,337k, which is partially offset by the unit cost being higher than budgeted by £12.83 and therefore generating a pressure of +£674k. The balance of the variance relates to minor pressures on one-off payments and payments to carers (+£38k).

The lower than budgeted number of weeks leads to a shortfall in income of +£170k, however this is more than offset by unit income being £3.37 higher than budgeted resulting in a saving of -£177k.

#### d. **Physical Disability -£457k (-£384k Gross, -£73k income)**

The forecast number of weeks of care provided is 3,215 lower than anticipated generating a forecast under spend of -£580k, along with additional savings achieved through a marginally lower than budgeted unit cost (-£22k). These savings are partially offset, predominately by the number of one-off payments being in excess of the budgeted level (+£216k) along with minor pressure on payments to carers (+£2k).

The lower than budgeted number of weeks leads to a shortfall in income of +£28k however this is more than offset by a £1.91 higher than budgeted unit income resulting in a saving of -£101k.

### 1.1.3.3 **Domiciliary Care +£292k (-£1,074k Gross, +£1,366k Income):**

#### a. **Learning Disability +£413k (+£480k Gross, -£67k Income)**

The overall forecast is a pressure against the gross of £480k, coupled with an over recovery of income by £67k. The number of hours is forecast to be 58,869 lower than the affordable level, generating a -£815k forecast under spend. The forecast unit cost is £4.35 higher than the affordable level, increasing the forecast by +£1,051k. The remaining variance of +£244k against gross, is comprised of a pressure on Extra Care Sheltered Housing of +£172k and other minor variances less than £100k each.

The income variance of -£68k reflects an over-recovery of client income of -£420k for community services partly resulting from the re-assessment of clients contributions, partially offset by an under-recovery of income of +£352k within the Independent Living Service due to the placing of fewer clients where income is received from the supporting people service and Health.

#### b. **Older People +£76k (-£1,417k Gross, +£1,493k Income)**

The overall forecast is an under spend against gross of -£1,417k, coupled with an under recovery of income of £1,493k. The number of hours is forecast to be 64,487 lower than the affordable hours generating a -£962k forecast under spend. The forecast unit cost is £0.16 higher than the affordable level, partially offsetting this initial forecast underspend by +£380k.

The Kent Enablement at Home (KEAH) in house service is forecasting a gross under spend of -£574k, which is the cumulative effect of less hours of service than budgeted being forecast, and resultant savings in staffing costs. This is in contrast to the purchase of externally provided enablement services where a pressure of +£122k is currently being forecast. A saving of -£356k is also forecast against block domiciliary contracts, as a result of savings on non-care related costs, and where negotiations to have an element of unused hours refunded have been successful, along with a underspend of -£138k for those clients in Sheltered Accommodation.

The remaining gross variance of +£111k relates to the estimated contribution to the bad debt provision resulting from the increase in outstanding client debt this financial year reported in section 3.

The income variance of +£1,493k reflects the under-recovery of client income of +£1,525k which is largely due to the reduced activity, marginally offset by minor variances of -£32k.

d. Physical Disability -£156k (-£94k Gross, -£62k Income)

The gross variance is caused by a forecast of 49,028 hours below the affordable level, creating a -£692k saving, which is offset by a unit cost variance of £1.10 greater than affordable level, causing a pressure of +£571k. The remaining gross pressure (+£27k), and income variance (-£62k) are due to variances on a number of other budgets within this heading, all below £100k.

This forecast is based on actual client activity for the first half year and an assumed reduction for the remainder of the year of approximately 10,000 hours of domiciliary care, based on previous trends.

1.1.3.4 **Nursing & Residential Care -£235k (-£862k Gross, +£627k Income):**

a. Learning Disability +£232k (+£173k Gross, +£59k Income)

A gross pressure of +£173k, coupled with an under recovery of income of £59k generates the above net forecast variance. The forecast level of client weeks is 615 higher than the affordable level generating a +£755k forecast pressure. The gross unit cost is currently forecast to be £3.79 lower than the affordable level, which generates a -£150k forecast under spend. The forecast activity for this service is based on known individual clients including provisional and transitional clients. Provisional clients are those whose personal circumstances are changing and therefore require a more intense care package or greater financial help. Transitional clients are children who are transferring to adult social services.

There are variances on the preserved rights budgets where activity is forecast to be 1,457 weeks lower than affordable creating a saving of -£1,282k offset by a unit cost variance totalling +£646k. In addition, a further saving of -£85k has been generated from a release of a provision no longer required.

There is a +£269k pressure resulting from delays in the review of in-house units and a consequential delay in delivering the budgeted savings. The balance of the gross pressure relates to additional nursing care to be recharged to health (Registered Nursing Care Contribution - RNCC) (+£20k).

The forecast income variance of +£59k is due to a number of compensating variances within residential care. The additional forecast client weeks for residential care add -£55k of income, and the actual income per week is higher than the expected level by £9.74 which generates a further over-recovery in income of -£419k.

The reduction in client weeks compared to the affordable level for preserved rights residential care creates a loss of +£141k of income, coupled with a lower actual income per week than the expected level of £13.27 which generates an under-recovery in income of +£403k.

The remaining income variance of -£11k relates to in house provision and RNCC.

b. Mental Health +£135k (+£201k Gross, -£66k Income)

The forecast gross pressure of £201k is primarily due to the residential care gross unit cost being £19.29 higher than the budgeted level creating a pressure of £199k.

c. Older People- Nursing +£834k (+£1,794k Gross, -£960k Income)

There is a forecast pressure of +£1,794k on gross and an over recovery of income of -£960k, leaving a net pressure of +£834k. The forecast client weeks is 2,254 higher than the affordable level, which generates a pressure of +£1,069k coupled with the unit cost forecast to be £7.93 higher than budget, which gives a gross pressure of +£646k. The remaining gross variance of +£79k relates to additional nursing care to be recharged to health (RNCC) of +£149k partially offset by minor variances on preserved rights and unrealised creditors (-£70k).

The increased activity in nursing care has resulted in a -£456k over-recovery of income, along with an increase in the average unit income being recouped from clients totalling -£390k. Forecast reimbursement from health for RNCC of -£149k along with minor variances on preserved rights (+£35k) form the balance of the income variance.

d. Older People- Residential -£996k (-£2,403k Gross, +£1,407k Income)

This service is reporting a gross under spend of £2,403k, along with an under recovery of income of £1,407k. The forecast level of client weeks is 2,865 lower than the affordable levels, which generates a forecast under spend of -£1,131k. This under spend is partially offset by the unit cost being £1.03 higher than the affordable levels creating a +£155k pressure.

A gross underspend is also forecast for Preserved Rights of -£394k mainly due to a lower than affordable level of activity of 948 weeks creating a -£405k under spend, offset by a +£11k minor pricing pressure.

A gross variance of +£392k is forecast against the In-house provisions, including Integrated Care centres (ICC). The pressure on this service is mainly due to the use of agency staff to cover staff absences and vacancies (+152k), along with costs associated with the integrated care centres which are due to be recharged to the PCT (+£240k, see below for compensating income variance).

Contingency funding was held against this service to help compensate for possible volatility in the forecast for both residential and nursing care because of the impact of the Modernisation agenda. This funding has now been released, resulting in a -£1,345k underspend, to help offset the increases seen in nursing care, as detailed above. The balance of the underspend relates to unrealised creditors totalling -£80k.

On the income side, the reduction in activity results in a +£614k shortfall in client income, along with a lower than budgeted average unit income being charged which has increased this shortfall by +£566k. In addition, there is a forecast under recovery of client income of +£653k for the In-house service, mainly due to less permanent clients being placed in the homes because of the OP Modernisation Strategy, which is partially offset by -£113k additional contributions from other local authorities. The remaining income variance predominately relates to the recharge of costs associated with the integrated care centres to the PCT (-£240k) along with other smaller variances each below £100k (-£73k).

e. Physical Disability -£440k (-£627k Gross, +£187k Income)

A gross under spend of £627k, along with an under recovery of income of £187k, is reported for this budget. The forecast level of client weeks of service is 992 lower than the affordable level, giving a forecast under spend of -£860k. The forecast unit cost is currently £13.58 higher than the affordable level, which reduces that under spend by +£192k. The under spend is further offset by other minor pressures totalling +£41k relating the Preserved Rights service, RNCC clients and unrealised creditors.

The reduced activity is forecast to lower income by +£110k, along other minor pressures totalling +£77k.

### 1.1.3.5 **Supported Accommodation +£73k (-£514k Gross, +£587k Income):**

#### a. Learning Disability +£304k (-£424k Gross, +£728k Income)

A gross underspend of -£424k, offset with an under recovery of income of £728k generates the above net variance. The forecast level of client weeks is 830 higher than the affordable level generating a forecast pressure of +£752k. The gross unit cost is currently forecast to be -£20.07 lower than the affordable level, which generates a saving of -£541k. The forecast also includes an expected draw down of -£444k from the Social Care costs reserve for potential liabilities relating to ordinary residence and the remaining gross variances, totalling -£191k are each less than £100k, across other services including group homes, link placements and resource centres.

The increased activity creates a minor over recovery of income (-£52k); however the average unit income is forecast to be +£29.21 lower than budgeted so creating a +£787k under recovery of income. The reduction in unit income is partly due to a reduction in expected income from continuing health care i.e. those clients funded by health. The remaining income variance (-£7k) is on several services under this heading, each below £100k.

#### b. Physical Disability / Mental Health -£231k (-£90k Gross, -£141k Income)

There is a small over recovery of income of -£141k forecast for both Physical Disability and Mental Health primarily due to a higher than budgeted weekly income per client.

### 1.1.3.6 **Other Services for Adults & Older People -£935k (-£1,043k Gross, +£108k Income):**

#### a. Contributions to Voluntary Organisations +£183k (+£111k Gross, +£72k Income)

Various contracts with voluntary organisations are currently being reviewed/re-negotiated or re-commissioned along with investment in new services to support the transformation agenda (including expansion of care navigators programme, a service to explore options with older people to enable them to live independently within their community). The current effect of this is an anticipated pressure of +£111k. The income variance of +£72k is because the profile of payments to voluntary organisations in the current year is more focused on social care rather than health, resulting in reduced contributions from PCTs.

#### b. Day Care -£870k (-£933k Gross, +£63k Income)

A reduction in staffing levels due to the continued non-recruitment and re-deployment to posts in preparation for modernisation and a reduction in client numbers results in an under spend of -£343k for Learning Disability in-house provision. This is partially offset by a pressure on the commissioning of external learning disability day care services (+£135k). The balance of the gross under spend is mainly due to a number of re-commissioning strategies for in-house and independently provided services across the Older People client group (-£645k) and other minor variances across the other client groups (-£80k). The income pressure of +£63k results from a reduction in health contributions based on the current client profile.

#### c. Other Adult Services -£194k (-£175k Gross, -£19k Income)

The learning disability development fund is currently forecasting a gross under spend of -£192k due to contracts with organisations being reviewed or renegotiated along with the redeployment of staff following the recent FSC restructure of strategic commissioning and operational support. The balance of the gross variance (+£17k) relates to a number of minor variances on other budget lines.

### 1.1.3.7 **Assessment Services – Adult’s Social Care staffing -£452k (-£584k Gross, +£132k Income):**

The gross underspend of -£584k reflects the current staffing forecast, representing 1.4% of the overall budget for assessment staffing services, and results from the delay in recruitment of known vacancies. The forecast reduction in income of +£132k is due to many minor variances all individually less than £100k.

**Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER**  
(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ASCPH	Domiciliary Care - Older People Income: under-recovery of community service income due to reduced activity	+1,525	ASCPH	Residential Care - Older People Gross: release of contingency to help fund pressures on nursing care	-1,345
ASCPH	Nursing Care - Older People Gross: forecast number of weeks higher than affordable level	+1,069	ASCPH	Direct Payments - Older People Gross: forecast number of weeks lower than affordable level	-1,337
ASCPH	Domiciliary Care - Learning Disability Gross: forecast unit cost higher than affordable level	+1,051	ASCPH	Residential Care - Learning Disability Gross: preserved rights number of weeks forecast to be lower than affordable level	-1,282
ASCPH	Supported Accommodation - Learning Disability Income: forecast unit charge lower than affordable level	+787	ASCPH	Residential Care - Older People Gross: forecast number of weeks lower than affordable level	-1,131
ASCPH	Residential Care - Learning Disability Gross: forecast number of weeks greater than affordable level	+755	ASCPH	Direct Payments - Learning Disability Gross: forecast number of weeks lower than affordable level	-1,037
ASCPH	Supported Accommodation - Learning Disability Gross: forecast number of weeks higher than affordable level	+752	ASCPH	Domiciliary Care - Older People Gross: forecast number of hours lower than affordable level	-962
ASCPH	Direct Payments - Older People Gross: forecast unit cost higher than affordable level	+674	ASCPH	Residential Care - Physical Disability Gross: forecast number of weeks lower than affordable level	-860
ASCPH	Residential Care - Older People Income: lower income resulting from the placing of less permanent clients in in-house units	+653	ASCPH	Domiciliary Care - Learning Disability Gross: forecast number of hours lower than affordable level	-815
ASCPH	Residential Care - Learning Disability Gross: preserved rights unit cost forecast to be higher than affordable level	+646	ASCPH	Domiciliary Care - Physical Disability Gross: forecast number of hours lower than affordable level	-692
ASCPH	Nursing Care - Older People Gross: forecast unit cost higher than affordable level	+646	ASCPH	Day Care - Older People Gross: savings from re-commissioning strategies in both in-house & external services	-645
ASCPH	Residential Care - Older People Income: forecast number of weeks lower than affordable level	+614	ASCPH	Assessment Adult's Social Care Staffing Gross: delay in recruitment of known vacancies	-584
ASCPH	Domiciliary Care - Physical Disability Gross: forecast unit cost higher than affordable level	+571	ASCPH	Direct Payments - Physical Disability Gross: forecast number of weeks lower than affordable level	-580
ASCPH	Residential Care - Older People Income: forecast unit charge lower than affordable level	+566	ASCPH	Domiciliary Care - Older People Gross: Savings from the Kent Enablement at Home service as a result of forecast activity below budgeted level	-574

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ASCPH	Residential Care - Learning Disability Income: preserved rights unit charge forecast is lower than affordable level	+403	ASCPH	Supported Accommodation - Learning Disability Gross: forecast unit cost lower than budgeted level	-541
ASCPH	Domiciliary Care - Older People Gross: forecast unit charge higher than affordable level	+380	ASCPH	Nursing Care - Older People Income: forecast number of weeks higher than affordable level	-456
ASCPH	Domiciliary Care - Learning Disability Income: changing client profile in the Independent Living Service leading to reduced levels of support for those clients in receipt of external funding	+352	ASCPH	Supported Accommodation - Learning Disability Gross: expected drawdown from social care costs reserve	-444
ASCPH	Residential Care - Learning Disability Gross: delay in the review of in-house units	+269	ASCPH	Domiciliary Care - Learning Disability Income: over-recovery of community service income compared to budgeted level	-420
ASCPH	Direct Payments - Learning Disability Income: forecast unit charge lower than affordable level	+248	ASCPH	Residential Care - Learning Disability Income: forecast unit charge greater than affordable level	-419
ASCPH	Residential Care - Older People Gross: integrated care centre health costs to be recharged to the PCT	+240	ASCPH	Residential Care - Older People Gross: preserved rights forecast number of weeks lower than affordable level	-405
ASCPH	Direct Payments - Physical Disability Gross: one-off payments in excess of budgeted level	+216	ASCPH	Nursing Care - Older People Income: forecast unit charge higher than affordable level	-390
ASCPH	Residential Care - Mental Health Gross: unit cost forecast to be higher than affordable level	+199	ASCPH	Domiciliary Care - Older People Gross: savings on block contracts	-356
ASCPH	Residential Care - Physical Disability Gross: forecast unit cost is higher than affordable level	+192	ASCPH	Day Care - Learning Disability Gross: staffing savings on in-house service from modernisation strategy & reduced client numbers	-343
ASCPH	Domiciliary Care - Learning Disability Gross: pressure on Extra Care Sheltered Housing	+172	ASCPH	Residential Care - Older People Income: integrated care centre health costs to be recharged to the PCT	-240
ASCPH	Direct Payments - Older People Income: forecast number of weeks lower than affordable level	+170	ASCPH	Other Adult Services Gross: Learning Disability Development Fund underspend resulting from review of payments to organisations and redeployment of staff	-192
ASCPH	Residential Care - Older People Gross: forecast unit cost higher than affordable level	+155	ASCPH	Direct Payments - Older People Income: forecast unit charge higher than affordable level	-177
ASCPH	Residential Care - Older People Gross: staffing pressure on in-house units due to absences and vacancy cover	+152	ASCPH	Residential Care - Learning Disability Gross: forecast unit cost lower than affordable level	-150
ASCPH	Nursing Care - Older People Gross: additional nursing care to be recharged to health (RNCC)	+149	ASCPH	Nursing Care - Older People Income: additional nursing care to be recharged to health (RNCC)	-149



Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ASCPH	Residential Care - Learning Disability Income: preserved rights number of weeks forecast to be lower than affordable level	+141	ASCPH	Supported Accommodation - Physical Disability/Mental Health Income: forecast unit charge higher than affordable level	-141
ASCPH	Day Care - Learning Disability Gross: pressure on the commissioning of external day care services	+135	ASCPH	Domiciliary Care - Older People Gross: savings on the provision of domi care to clients within sheltered accommodation	-138
ASCPH	Strategic Management & Directorate Support Gross: estimated legal charges pressure based on 11-12 outturn.	+133	ASCPH	Residential Care - Older People Income: additional income received from other local authorities for in-house units	-113
ASCPH	Strategic Management & Directorate Support Gross: staffing pressure on Operational Support Unit.	+125	ASCPH	Direct Payments - Physical Disability Income: forecast unit charge higher than affordable level	-101
ASCPH	Domiciliary Care - Older People Gross: pressure on the provision of enablement services by external providers	+122			
ASCPH	Domiciliary Care - Older People Gross: estimated contribution to the bad debt provision to cover rising client debt levels	+111			
ASCPH	Contributions to Voluntary Organisations Gross: review and commissioning of new services to support transformation agenda	+111			
ASCPH	Strategic Management & Directorate Support Gross: staffing pressure on Strategic Commissioning.	+110			
ASCPH	Residential Care - Physical Disability Income: forecast number of weeks lower than affordable level	+110			
ASCPH	Direct Payments - Learning Disability Gross: forecast unit cost higher than affordable level	+100			
		+14,804			-17,019

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

None

#### 1.1.5 Implications for MTFP:

Work is currently underway to establish how the current forecast £2.697m under spend contributes towards the delivery of the transformation programme savings already built into the MTFP.

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

None

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

Not applicable

## 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.

1.2.2 The Adult Social Care and Public Health portfolio has an approved budget for 2012-15 of £88.268m, reduced to £21.468m excluding PFI (see table 1 below). The forecast outturn against this budget is £20.080m, giving a variance of -£1.388m. After adjustments for funded variances and reductions in funding, the revised variance comes to -£1.418m (see table 3 below).

1.2.3 Tables 1 to 3 summaries the portfolio's approved budget and forecast.

1.2.4 Table 1 – Revised approved budget

	£m
Approved budget last reported to Cabinet excl PFI	21.468
Approvals made since last reported to Cabinet	0.000
Revised approved budget	21.468

1.2.5 Table 2 – Funded and Revenue Funded Variances

Scheme	Amount £m	Reason
<b>Cabinet to approve cash limit changes</b>		
Shepway Sports Centre-LD Strategy	0.030	Minor overspend to be covered by dev conts
<b>No cash limit changes to be made</b>		
<b>Total</b>	<b>0.030</b>	

1.2.6 Table 3 – Summary of Variance

	£m
<b>Unfunded variance</b>	<b>0.000</b>
Funded variance (from table 2)	0.030
Variance to be funded from revenue	0.000
<b>Rephasing (beyond 2012-15)</b>	<b>-1.418</b>
Total variance	-1.388

### Main reasons for variance

1.2.7 Table 4 below, details each scheme indicating all variances and the status of the scheme. Each scheme with a Red or Amber status will be explained including what is being done to get the scheme back to budget/on time.

Table 4 – Scheme Progress

Scheme name	Total cost	Previous spend	2012-15 approved budget	Later Years approved budget	2012-15 Forecast spend	Later Years Forecast spend	2012-15 Variance	Total project variance	Status Red /amber /green
	£m	£m	£m	£m	£m	£m	£m	£m	
	(a) = b+c+d	(b)	(c)	(d)	(e)	(f)	(g) = (e-c)	(h)=(b+e+f)-a	
Modernisation of Assets (Adults)	0.810	0.437	0.373	0.000	0.373	0.000	0.000	0.000	
Home Support Fund	9.456	4.312	3.532	1.612	3.532	1.612	0.000	0.000	
Tunbridge Wells Respite (formerly Rusthall Site)	0.217	0.167	0.050	0.000	0.050	0.000	0.000	0.000	
Bower Mount Project	0.060	0.048	0.012	0.000	0.007	0.000	-0.005	-0.005	
MH Strategy	0.547	0.283	0.264	0.000	0.264	0.000	0.000	0.000	
Public Access	1.700	0.516	1.184	0.000	1.184	0.000	0.000	0.000	
Bearsted Dementia Project	0.025	0.025	0.000	0.000	0.000	0.000	0.000	0.000	
Folkestone Activities, Respite & Rehabilitation Care Centre	0.031	0.001	0.030	0.000	0.030	0.000	0.000	0.000	
IT Strategy (Formerly IT Infrastructure Grant - IT Related Projects)	3.121	0.924	2.197	0.000	2.197	0.000	0.000	0.000	Phasing
Dartford TC - OP Strategy - Trinity Centre, Dartford	1.121	0.122	0.999	0.000	0.999	0.000	0.000	0.000	
OP Strategy - Specialist Care Facilities (Formerly Int Care Ctre & Dorothy Lucy Ctre)	5.088	0.000	5.088	0.000	5.088	0.000	0.000	0.000	
PFI Excellent Homes for all - Development of new Social Housing	66.800	0.000	66.800	0.000	66.800	0.000	0.000	0.000	
LD Modernisation-Good Day Programme	6.749	0.427	6.322	0.000	6.357	0.000	0.035	0.035	
Community Care Centre - Thameside Eastern Quarry/Ebbsfleet	1.418	0.000	1.418	0.000	0.000	1.097	-1.418	-0.321	Phasing
<b>TOTAL Adults Social Care and Public Health</b>	<b>97.142</b>	<b>7.262</b>	<b>88.269</b>	<b>1.612</b>	<b>86.881</b>	<b>2.709</b>	<b>-1.388</b>	<b>-0.291</b>	

- 1.2.8 Status:  
Green – Projects on time and budget  
Amber – Projects either delayed or over budget  
Red – Projects both delayed and over budget

1.2.9 Assignment of Green/Amber/Red Status

- 1.2.10 Projects with variances to budget will only show as amber if the variance is unfunded, i.e. there is no additional grant, external or other funding available to fund.
- 1.2.11 Projects are deemed to be delayed if the forecast completion date is later than what is in the current project plan.

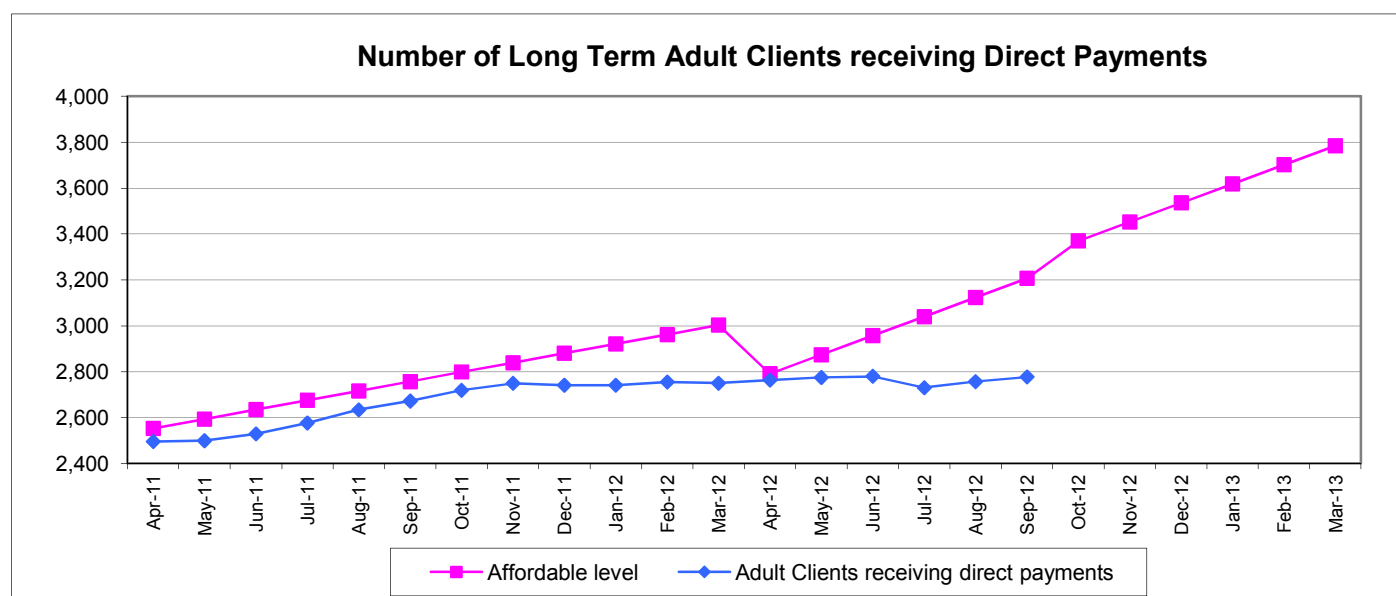
**Amber and Red Projects – variances to cost/delivery date and why.**

- 1.2.12 Even though the projects listed below have no overall variances to cost, they have been deemed Amber as a result of the expected delivery date slipping from what was previously scheduled to happen as part of the medium term plan process.
- 1.2.13 Information Technology Strategy/Modernisation of Assets - As a result of the decision to postpone the implementation of the Adults Integration Solution (AIS) workstream to all localities, pending further conclusive outcomes, coupled with an over-arching strategic review scheduled to be carried out by the Authority's Director of ICT, the Directorate has decided to show prudence and delay elements of this project into 2013/14.
- 1.2.14 Community Care Centre – Thameside Eastern Quarry/Ebbsfleet - There is re-phasing of £1.418m to 2015/16. This is due to the housing development relating to this project not progressing at the expected rate. There has also been a budget refreshment to the Ebbsfleet project resulting in a reduction of £0.321m to the cash limit in 2015-16.

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

### 2.1 Direct Payments – Number of Adult Social Services Clients receiving Direct Payments:

	2011-12			2012-13		
	Affordable Level for long term clients	Snapshot of long term adult clients receiving Direct Payments	Number of one-off payments made during the month	Affordable Level for long term clients	Snapshot of long term adult clients receiving Direct Payments	Number of one-off payments made during the month
April	2,553	2,495	137	2,791	2,759	165
May	2,593	2,499	89	2,874	2,772	145
June	2,635	2,529	90	2,957	2,778	129
July	2,675	2,576	125	3,040	2,728	145
August	2,716	2,634	141	3,123	2,756	149
September	2,757	2,672	126	3,207	2,777	117*
October	2,799	2,719	134	3,370		
November	2,839	2,749	122	3,453		
December	2,881	2,741	111	3,536		
January	2,921	2,741	130	3,619		
February	2,962	2,755	137	3,702		
March	3,003	2,750	117	3,785		
			<b>1,459</b>			<b>850</b>



#### Comments:

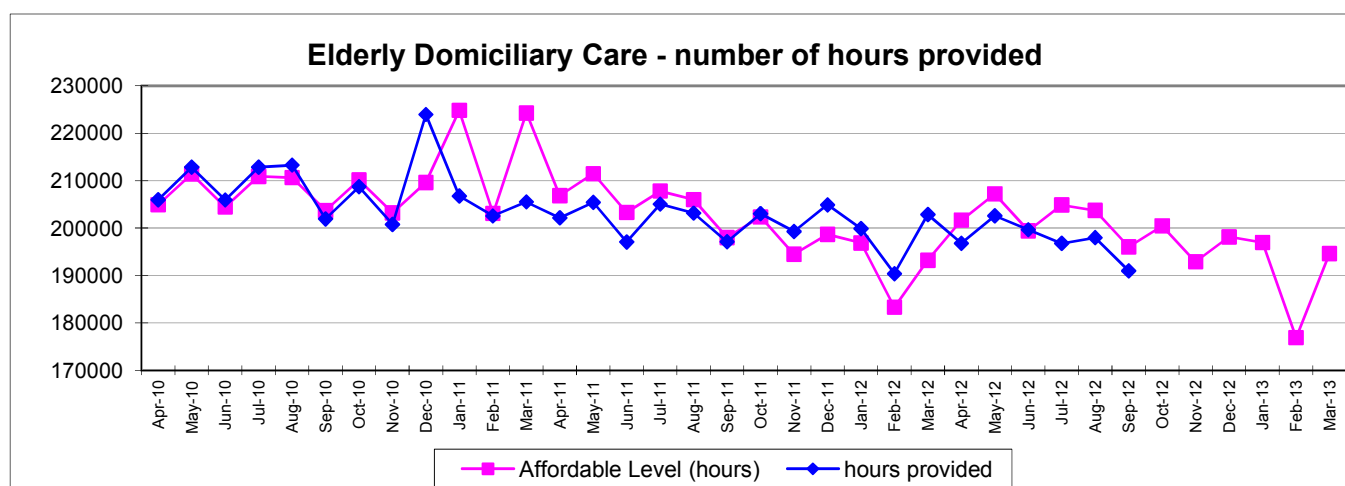
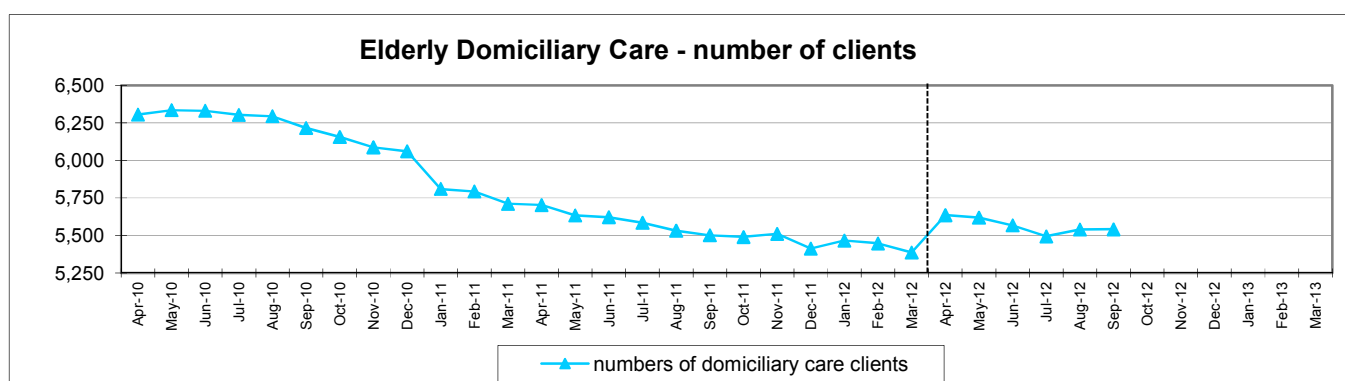
- The presentation of activity being reported for direct payments has changed from previous reports in order to separately identify long term clients in receipt of direct payments as at the end of the month plus the number of one-off payments made during the month. Please note a long term client in receipt of a regular direct payment may also receive a one-off payment if required. Only the long term clients are presented on the graph above.
- \*Please note the low number of one-off payments in September may be due to delays in recording payments and will be updated in the quarter 3 full monitoring return to be reported to Cabinet in March.
- The drive to implement personalisation and allocate personal budgets has seen continued increases in direct payments over the years. There will be other means by which people can use their personal budgets and this may impact on the take up of direct payments. Whilst the overall numbers of Direct Payments are gradually increasing this is at a slower rate than the budget can afford, leading to a forecast gross under spend of -£1.978m as shown in section 1.1.3.2. It is important to note, the current forecast is based on known clients only and does not factor in future growth in this service.

This service received a significant amount of monies in the 2012-13 Budget (£3.5m) for the predicted growth in this service.

- The affordable levels have been corrected to reflect the number of long term clients the budget can afford. The previous affordable levels represented the number of long term clients plus an estimate for the number of one payments to be made during the year. This was incorrect as there is no budget for one-off payments as these are expected to be covered by the recovery of surplus funds from existing direct payment clients and therefore any pressures resulting from one-off payments are detailed separately within section 1.1.3.2 of the report.

## 2.2.1 Elderly domiciliary care – numbers of clients and hours provided in the independent sector

	2010-11			2011-12			2012-13		
	Affordable level (hours)	hours provided	number of clients	Affordable level (hours)	hours provided	number of clients	Affordable level (hours)	hours provided	number of clients
April	204,948	205,989	6,305	206,859	202,177	5,703	201,708	196,796	5,635
May	211,437	212,877	6,335	211,484	205,436	5,634	207,244	202,594	5,619
June	204,452	205,937	6,331	203,326	197,085	5,622	199,445	199,657	5,567
July	210,924	212,866	6,303	207,832	205,077	5,584	204,905	196,791	5,494
August	210,668	213,294	6,294	206,007	203,173	5,532	203,736	197,994	5,540
September	203,708	201,951	6,216	198,025	197,127	5,501	196,050	190,996	5,541
October	210,155	208,735	6,156	202,356	203,055	5,490	200,490		
November	203,212	200,789	6,087	194,492	199,297	5,511	192,910		
December	209,643	223,961	6,061	198,704	204,915	5,413	198,151		
January	224,841	206,772	5,810	196,879	199,897	5,466	196,982		
February	203,103	202,568	5,794	183,330	190,394	5,447	176,918		
March	224,285	205,535	5,711	193,222	202,889	5,386	194,644		
<b>TOTAL</b>	<b>2,521,376</b>	<b>2,501,274</b>		<b>2,402,516</b>	<b>2,410,522</b>		<b>2,373,183</b>	<b>1,184,828</b>	



## Comment:

- Figures exclude services commissioned from the Kent Enablement At Home Service.
- The current forecast is 2,308,699 hours of care against an affordable level of 2,373,183, a difference of -64,487 hours. Using the forecast unit cost of £14.91 this reduction in activity reduces the forecast by -£962k, as highlighted in section 1.1.3.3.b.
- To the end of September 1,184,828 hours of care have been delivered against an affordable level of 1,213,088 a difference of -28,260 hours. Current activity suggests that the forecast hours should be higher on this service, however further reductions in the number of hours provided have been forecast for the remainder of the year as the forecast is based on actual client activity for the first half year and an assumed reduction for the remainder of the year of approximately 13,000 hours of domiciliary

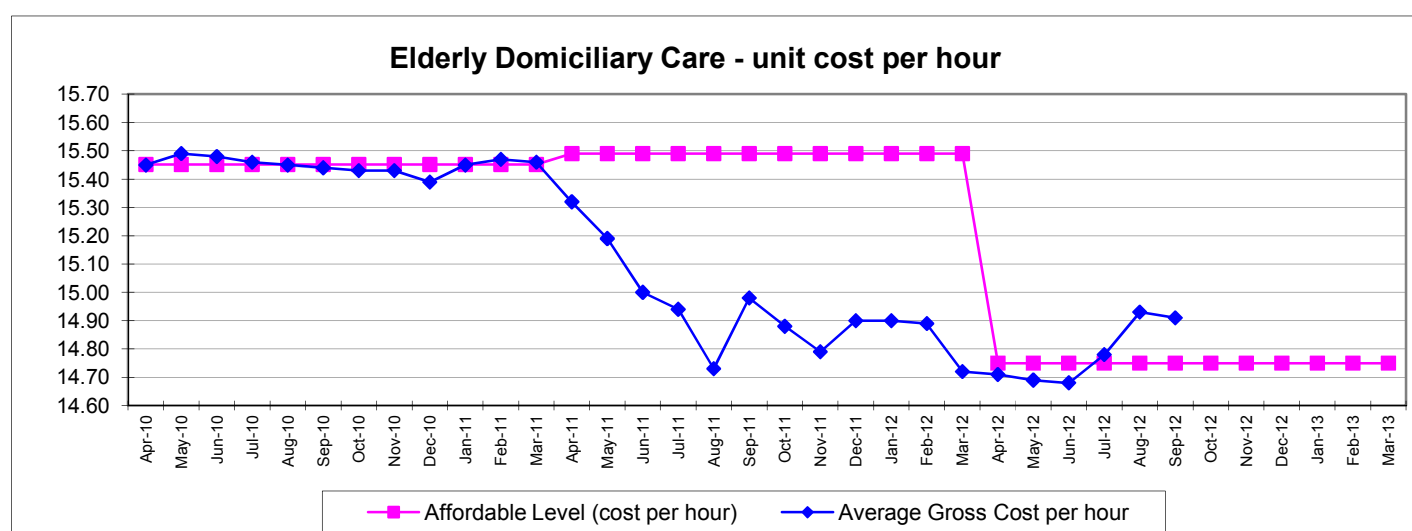
care, based on the budgeted unit cost, to deliver outstanding MTP domiciliary procurement savings of £198k.

- Please note, from April 2012 there has been a change in the method of counting clients to align with current Department of Health guidance, which states that suspended clients e.g those who may be in hospital and not receiving a current service should still be counted. This has resulted in an increase in the number of clients being recorded. For comparison purposes, using the new counting methodology, the equivalent number of clients in March 2012 would have been 5,641. **A dotted line has been added to the graph to distinguish between the two different counting methodologies, as the data presented is not on a consistent basis and therefore is not directly comparable.**
- Domiciliary for all client groups are volatile budgets, with the number of people receiving domiciliary care decreasing over the past few years as a result of the implementation of Self Directed Support (SDS). This is being compounded by a shift in trend towards take up of the enablement service.
- Please note the affordable level of client hours has been updated from 2,368,339 included in the Q1 monitoring report to Cabinet in September to 2,373,183 to reflect the allocation of health monies for domiciliary care and the transfer of clients to the new Supporting Independence Service, as explained in section 1.1.3.



## 2.2.2 Average gross cost per hour of older people domiciliary care compared with affordable level:

	2010-11		2011-12		2012-13	
	Affordable Level (Cost per Hour)	Average Gross Cost per Hour	Affordable Level (Cost per Hour)	Average Gross Cost per Hour	Affordable Level (Cost per Hour)	Average Gross Cost per Hour
April	15.452	15.45	15.49	15.32	14.75	14.71
May	15.452	15.49	15.49	15.19	14.75	14.69
June	15.452	15.48	15.49	15.00	14.75	14.68
July	15.452	15.46	15.49	14.94	14.75	14.78
August	15.452	15.45	15.49	14.73	14.75	14.93
September	15.452	15.44	15.49	14.98	14.75	14.91
October	15.452	15.43	15.49	14.88	14.75	
November	15.452	15.43	15.49	14.79	14.75	
December	15.452	15.39	15.49	14.90	14.75	
January	15.452	15.45	15.49	14.90	14.75	
February	15.452	15.47	15.49	14.89	14.75	
March	15.452	15.46	15.49	14.72	14.75	

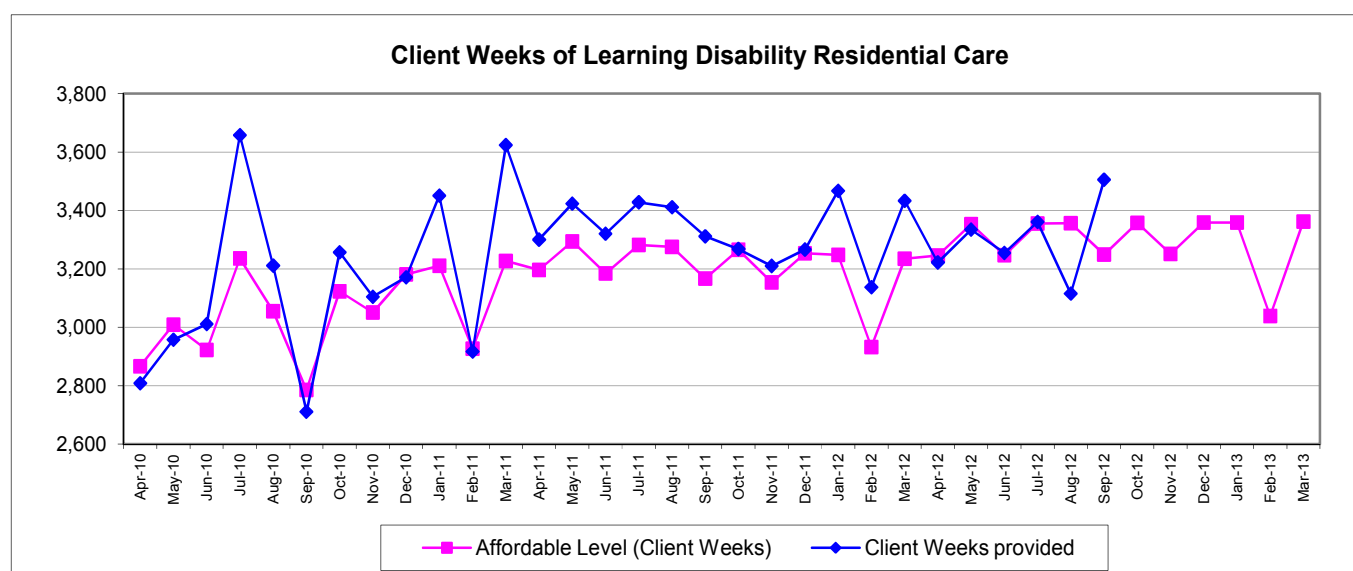


### Comments:

- The unit cost has been showing an overall general reducing trend due to current work with providers to achieve savings however, the cost is also dependent on the intensity of the packages required.
- The forecast unit cost of £14.91 is higher than the affordable cost of £14.75 and this difference of +£0.16 increases the forecast by £380k when multiplied by the affordable hours, as highlighted in section 1.1.3.3.b.

### 2.3.1 Number of client weeks of learning disability residential care provided compared with affordable level (non preserved rights clients):

	2010-11		2011-12		2012-13	
	Affordable Level (Client Weeks)	Client Weeks of LD residential care provided	Affordable Level (Client Weeks)	Client Weeks of LD residential care provided	Affordable Level (Client Weeks)	Client Weeks of LD residential care provided
April	2,866	2,808	3,196	3,300	3,246	3,222
May	3,009	2,957	3,294	3,423	3,353	3,334
June	2,922	3,011	3,184	3,320	3,247	3,254
July	3,236	3,658	3,282	3,428	3,355	3,361
August	3,055	3,211	3,275	3,411	3,356	3,115
September	2,785	2,711	3,167	3,311	3,249	3,505
October	3,123	3,257	3,265	3,268	3,357	
November	3,051	3,104	3,154	3,210	3,251	
December	3,181	3,171	3,253	3,266	3,359	
January	3,211	3,451	3,248	3,467	3,359	
February	2,927	2,917	2,932	3,137	3,039	
March	3,227	3,624	3,235	3,433	3,362	
<b>TOTAL</b>	<b>36,593</b>	<b>37,880</b>	<b>38,485</b>	<b>39,974</b>	<b>39,533</b>	<b>19,791</b>

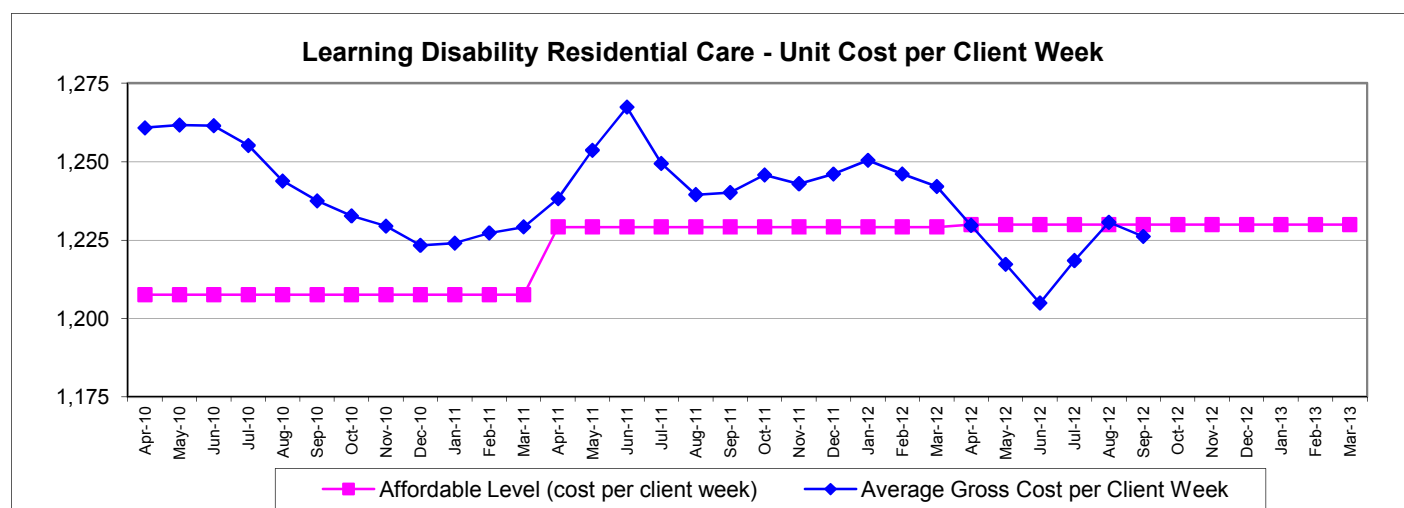


#### Comments:

- The above graph reflects the number of client weeks of service provided as this has a greater influence on cost than the actual number of clients. The actual number of clients in LD residential care at the end of 2010-11 was 713, at the end of 2011-12 it was 746 and at the end of September 2012 it was 750. This includes any ongoing transfers as part of the S256 agreement with Health, transitions, provisions and Ordinary Residence.
- The current forecast is 40,148 weeks of care against an affordable level of 39,533, a difference of +615 weeks. Using the forecast unit cost of £1,226.14 this additional activity adds £755k to the forecast, as highlighted in section 1.1.3.4.a.
- To the end of September 19,791 weeks of care have been delivered against an affordable level of 19,806, a difference of -15 weeks. The current year to date activity suggests only a minor variance however the forecast also includes 358 additional weeks of transition and provision clients (as described in section 1.1.3.4.a) i.e. clients expected to transfer to this service during this financial year and the forecast also includes approximately 300 weeks of non-permanent care services for the remainder of the year.

### 2.3.2 Average gross cost per client week of learning disability residential care compared with affordable level (non preserved rights clients):

	2010-11		2011-12		2012-13	
	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week
April	1,207.58	1,260.82	1,229.19	1,238.24	1,229.93	1,229.69
May	1,207.58	1,261.67	1,229.19	1,253.68	1,229.93	1,217.30
June	1,207.58	1,261.46	1,229.19	1,267.40	1,229.93	1,204.91
July	1,207.58	1,255.21	1,229.19	1,249.41	1,229.93	1,218.46
August	1,207.58	1,243.87	1,229.19	1,239.50	1,229.93	1,230.65
September	1,207.58	1,237.49	1,229.19	1,240.17	1,229.93	1,226.14
October	1,207.58	1,232.68	1,229.19	1,245.76	1,229.93	
November	1,207.58	1,229.44	1,229.19	1,242.97	1,229.93	
December	1,207.58	1,223.31	1,229.19	1,246.05	1,229.93	
January	1,207.58	1,224.03	1,229.19	1,250.44	1,229.93	
February	1,207.58	1,227.26	1,229.19	1,246.11	1,229.93	
March	1,207.58	1,229.19	1,229.19	1,242.08	1,229.93	

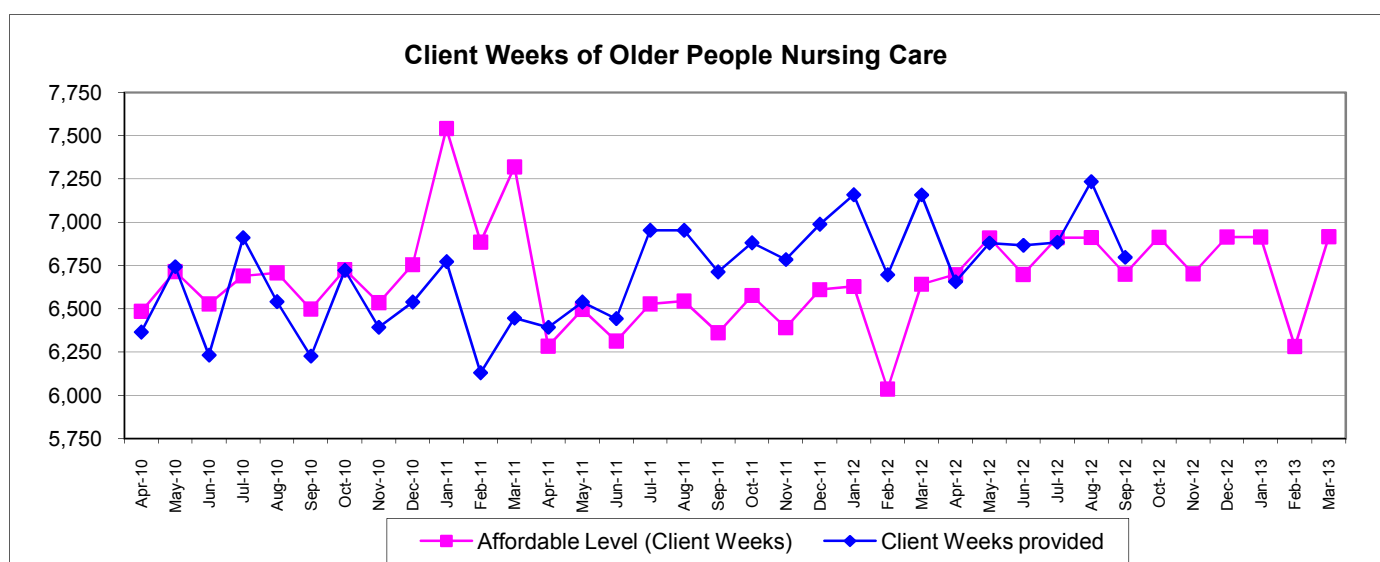


#### Comments:

- Clients being placed in residential care are those with very complex and individual needs which makes it difficult for them to remain in the community, in supported accommodation/supporting living arrangements, or receiving a domiciliary care package. These are therefore placements which attract a very high cost, with the average now being over £1,200 per week. It is expected that clients with less complex needs, and therefore less cost, can transfer from residential into supported living arrangements. This would mean that the average cost per week would increase over time as the remaining clients in residential care would be those with very high cost – some of whom can cost up to £2,000 per week. In addition, no two placements are alike – the needs of people with learning disabilities are unique and consequently, it is common for average unit costs to increase or decrease significantly on the basis of one or two cases. The general increase in the average cost per week due to the complexity of clients has been offset this financial year by the price savings forecast to be achieved as part of the 2012-13 budget.
- The forecast unit cost of £1,226.14 is higher/lower than the affordable cost of £1,229.93 and this difference of -£3.79 adds/saves £150k to the position when multiplied by the affordable weeks, as highlighted in section 1.1.3.4.a.
- The rise in the forecast unit cost between June and September reflects the current assumption that the service will not be able to make all of the budgeted procurement savings, with a shortfall of approx. £370k currently anticipated.

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

	2010-11		2011-12		2012-13	
	Affordable Level (Client Weeks)	Client Weeks of older people nursing care provided	Affordable Level (Client Weeks)	Client Weeks of older people nursing care provided	Affordable Level (Client Weeks)	Client Weeks of older people nursing care provided
April	6,485	6,365	6,283	6,393	6,698	6,656
May	6,715	6,743	6,495	6,538	6,909	6,880
June	6,527	6,231	6,313	6,442	6,699	6,867
July	6,689	6,911	6,527	6,953	6,911	6,884
August	6,708	6,541	6,544	6,954	6,912	7,235
September	6,497	6,225	6,361	6,713	6,701	6,797
October	6,726	6,722	6,576	6,881	6,913	
November	6,535	6,393	6,391	6,784	6,703	
December	6,755	6,539	6,610	6,988	6,915	
January	7,541	6,772	6,628	7,159	6,915	
February	6,885	6,129	6,036	6,696	6,281	
March	7,319	6,445	6,641	7,158	6,917	
<b>TOTAL</b>	<b>81,382</b>	<b>78,016</b>	<b>77,405</b>	<b>81,659</b>	<b>81,474</b>	<b>41,319</b>

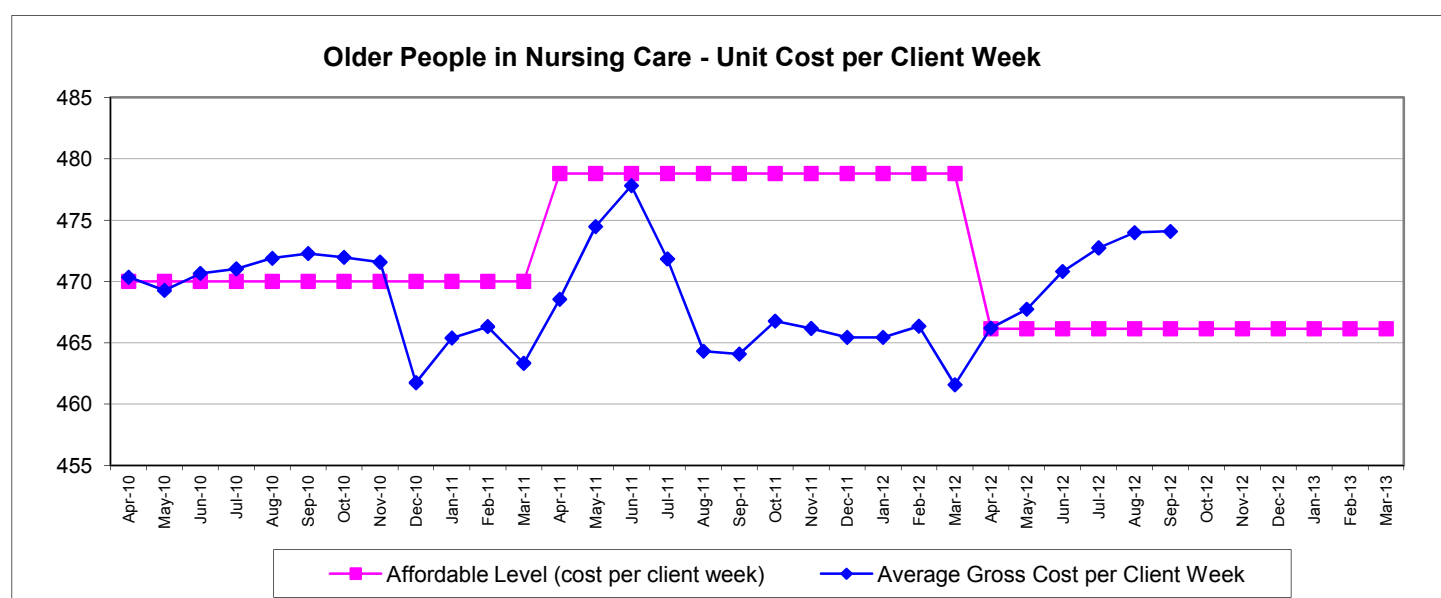


#### Comment:

- The above graph reflects the number of client weeks of service provided as this has a greater influence on cost than the actual number of clients. The actual number of clients in older people nursing care at the end of 2010-11 was 1,379, at the end of 2011-12 it was 1,479 and at the end of September 2012 it was 1,514.
- The current forecast is 83,728 weeks of care against an affordable level of 81,474, a difference of +2,254 weeks. Using the actual unit cost of £474.09, this additional activity adds +£1,069k to the forecast, as highlighted in section 1.1.3.4.c.
- To the end of September 41,319 weeks of care have been delivered against an affordable level of 40,830, a difference of +489 weeks. Current year to date activity suggests the forecast should be lower for this service however, the number of clients receiving nursing care has increased since the start of the financial year and the full year effect of these clients is forecast throughout the remainder of the financial year plus those in receipt of non-permanent care services.

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

	2010-11		2011-12		2012-13	
	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week
April	470.01	470.36	478.80	468.54	466.16	466.20
May	470.01	469.27	478.80	474.48	466.16	467.74
June	470.01	470.67	478.80	477.82	466.16	470.82
July	470.01	471.03	478.80	471.84	466.16	472.74
August	470.01	471.90	478.80	464.32	466.16	473.99
September	470.01	472.28	478.80	464.09	466.16	474.09
October	470.01	471.97	478.80	466.78	466.16	
November	470.01	471.58	478.80	466.17	466.16	
December	470.01	461.75	478.80	465.44	466.16	
January	470.01	465.40	478.80	465.44	466.16	
February	470.01	466.32	478.80	466.36	466.16	
March	470.01	463.34	478.80	461.58	466.16	

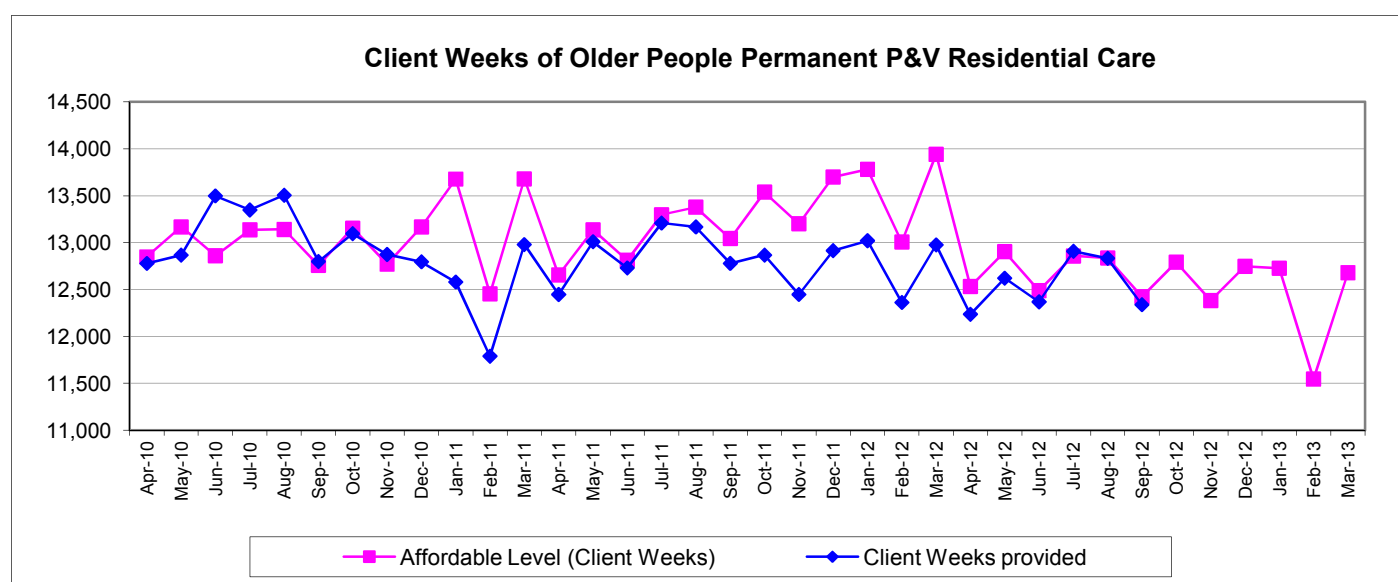


### Comments:

- As with residential care, the unit cost for nursing care will be affected by the increasing proportion of older people with dementia who need more specialist and expensive care, which is why the unit cost can be quite volatile and in recent months this service has seen an increase of older people requiring this more specialist care.
- The forecast unit cost of £474.09 is higher than the affordable cost of £466.16 and this difference of +£7.93 adds £646k to the position when multiplied by the affordable weeks, as highlighted in section 1.1.3.4.c.

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

	2010-11		2011-12		2012-13	
	Affordable Level (Client Weeks)	Client Weeks of older people permanent P&V residential care provided	Affordable Level (Client Weeks)	Client Weeks of older people permanent P&V residential care provided	Affordable Level (Client Weeks)	Client Weeks of older people permanent P&V residential care provided
April	12,848	12,778	12,655	12,446	12,532	12,237
May	13,168	12,867	13,136	13,009	12,903	12,621
June	12,860	13,497	12,811	12,731	12,489	12,369
July	13,135	13,349	13,297	13,208	12,858	12,908
August	13,141	13,505	13,377	13,167	12,836	12,832
September	12,758	12,799	13,044	12,779	12,424	12,339
October	13,154	13,094	13,538	12,868	12,792	
November	12,771	12,873	13,200	12,448	12,382	
December	13,167	12,796	13,700	12,914	12,748	
January	13,677	12,581	13,782	13,019	12,726	
February	12,455	11,790	13,007	12,361	11,545	
March	13,678	12,980	13,940	12,975	12,679	
<b>TOTAL</b>	<b>156,812</b>	<b>154,909</b>	<b>159,487</b>	<b>153,925</b>	<b>150,914</b>	<b>75,306</b>

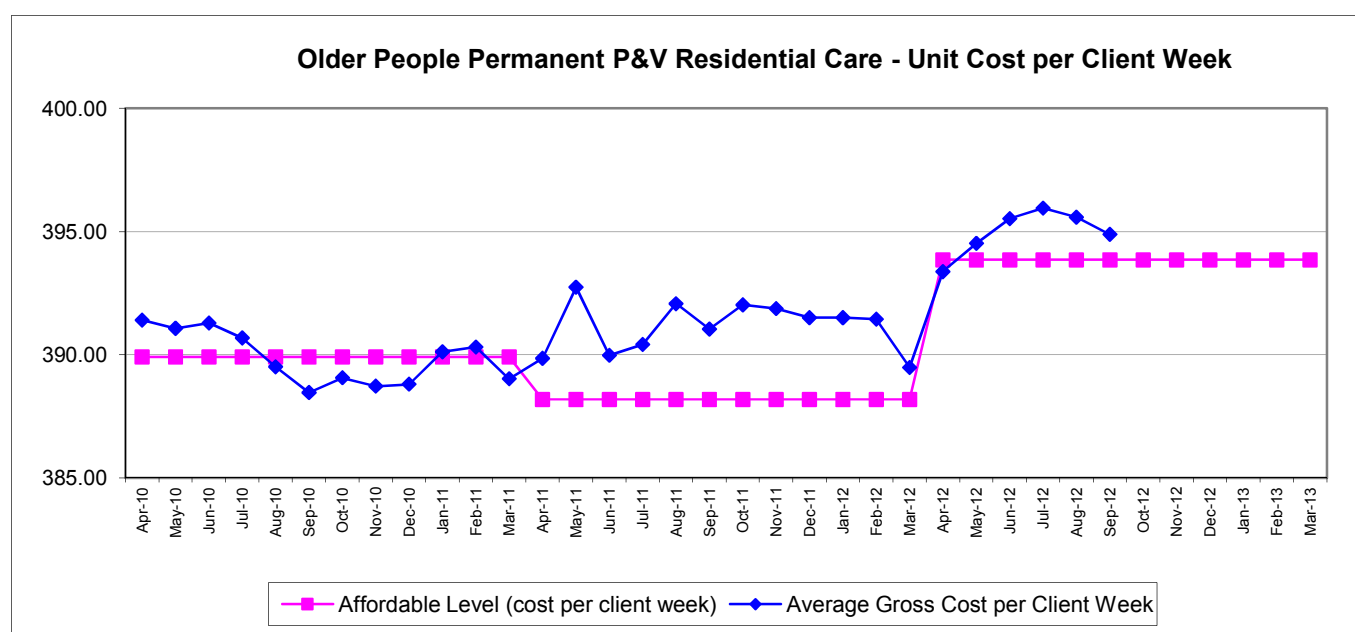


### Comments:

- The above graph reflects the number of client weeks of service provided as this has a greater influence on cost than the actual number of clients. The actual number of clients in older people permanent P&V residential care at the end of 2010-11 it was 2,787, at the end of 2011-12 it was 2,736 and by the end of September 2012 it was 2,726. It is evident that there are ongoing pressures relating to clients with dementia who require a greater intensity of care.
- It is difficult to consider this budget line in isolation, as the Older Person's modernisation strategy has meant that fewer people are being placed in our in-house provision, so we would expect that there will be a higher proportion of permanent placements being made in the independent sector which is masking the extent of the overall reducing trend in residential client activity.
- The current forecast is 148,049 weeks of care against an affordable level of 150,914, a difference of -2,865 weeks. Using the forecast unit cost of £394.88 this reduced activity saves -£1,131k from the forecast, as highlighted in section 1.1.3.4.d.
- To the end of September 75,306 weeks of care have been delivered against an affordable level of 76,042, a difference of -736 weeks. The current year to date activity suggests the forecast should be higher, however the number of clients receiving residential care is expected to continue to reduce in the later part of the year, therefore the forecast number of weeks reflects this further anticipated reduction in client numbers during the remainder of the financial year.

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

	2010-11		2011-12		2012-13	
	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week
April	389.91	391.40	388.18	389.85	393.85	393.37
May	389.91	391.07	388.18	392.74	393.85	394.52
June	389.91	391.29	388.18	389.97	393.85	395.52
July	389.91	390.68	388.18	390.41	393.85	395.95
August	389.91	389.51	388.18	392.07	393.85	395.58
September	389.91	388.46	388.18	391.04	393.85	394.88
October	389.91	389.06	388.18	392.02	393.85	
November	389.91	388.72	388.18	391.87	393.85	
December	389.91	388.80	388.18	391.50	393.85	
January	389.91	390.12	388.18	391.50	393.85	
February	389.91	390.31	388.18	391.44	393.85	
March	389.91	389.02	388.18	389.48	393.85	

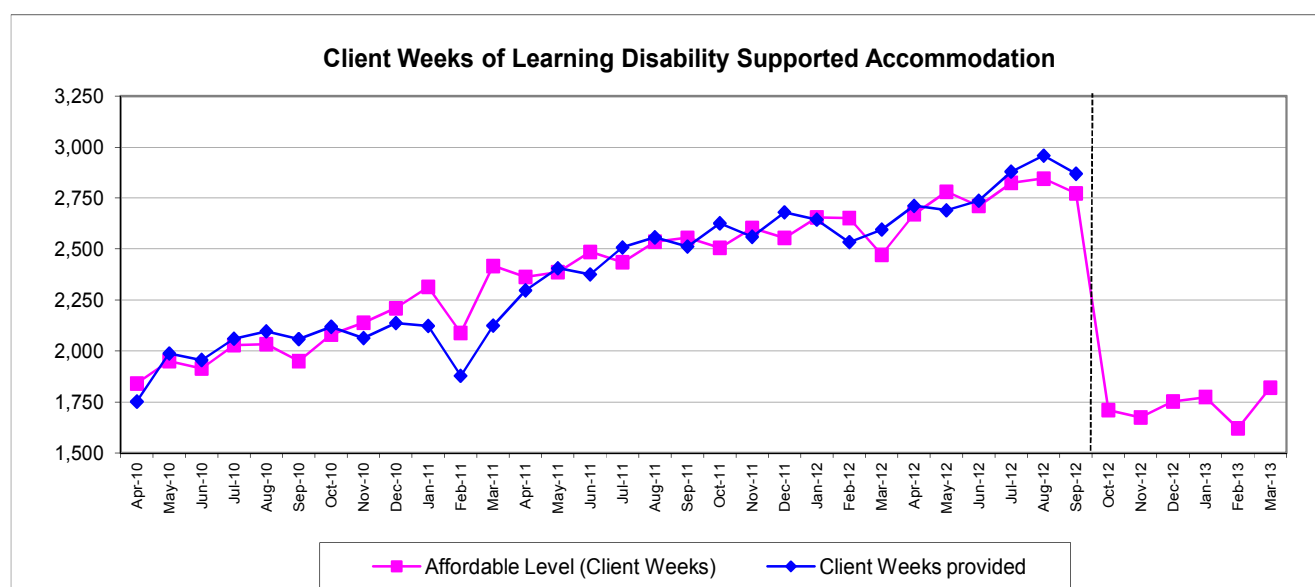


### Comments:

- The forecast unit cost of £394.88 is higher than the affordable cost of £393.85 and this difference of +£1.03 adds +£155k to the position when multiplied by the affordable weeks, as highlighted in section 1.1.3.4.d. This higher average unit cost is likely to be due to the higher proportion of clients with dementia, who are more costly due to the increased intensity of care required, as outlined above.

## 2.6.1 Number of client weeks of learning disability supported accommodation provided compared with affordable level:

	2010-11		2011-12		2012-13	
	Affordable Level (Client Weeks)	Client Weeks of LD supported accommodation provided	Affordable Level (Client Weeks)	Client Weeks of LD supported accommodation provided	Affordable Level (Client Weeks)	Client Weeks of LD supported accommodation provided
April	1,841	1,752	2,363	2,297	2,670	2,712
May	1,951	1,988	2,387	2,406	2,781	2,690
June	1,914	1,956	2,486	2,376	2,711	2,737
July	2,029	2,060	2,435	2,508	2,824	2,879
August	2,034	2,096	2,536	2,557	2,845	2,958
September	1,951	2,059	2,555	2,512	2,773	2,869
October	2,080	2,119	2,506	2,626	1,710	
November	2,138	2,063	2,603	2,560	1,675	
December	2,210	2,137	2,554	2,680	1,753	
January	2,314	2,123	2,655	2,644	1,774	
February	2,088	1,878	2,652	2,534	1,621	
March	2,417	2,125	2,472	2,595	1,820	
<b>TOTAL</b>	<b>24,967</b>	<b>24,356</b>	<b>30,204</b>	<b>30,295</b>	<b>26,957</b>	<b>16,845</b>



### Comments:

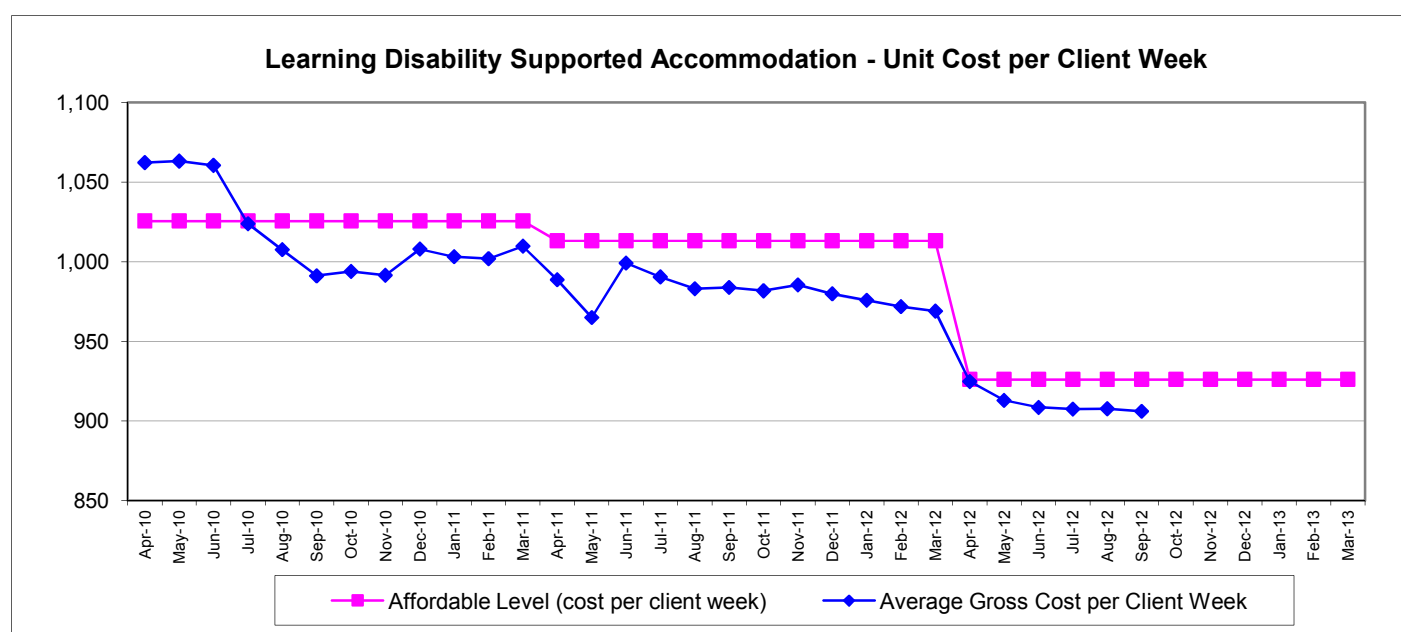
- The affordable level for 2012-13 has been amended for this quarter because from 1<sup>st</sup> October 2012 the Supporting Independence Service is being introduced and as a result a significant number of clients currently receiving supported accommodation services will be transferring to this new arrangement and will no longer be forecast under this activity indicator. This is represented by the significant drop in budgeted level from October 2012 onwards. The Supporting Independence Service clients will be reported separately within the Supported Accommodation A-Z budget and are not recorded as part of the activity above. We will be reviewing the way we report supported accommodation for next year to see whether it is possible to combine both services within a single measure. **A dotted line has been added to the graph to illustrate the introduction of the new Supporting Independence Service, and the consequent transfer of clients from Supported Accommodation, as the data presented either side of the dotted line is not on a consistent basis and is therefore not directly comparable.**
- The above graph reflects the number of client weeks of service provided. The actual number of clients in LD supported accommodation at the end of 2010-11 was 491 of which 131 were S256 clients, at the end of 2011-12 it was 607 of which 156 were S256 clients, and at the end of September 2012 it was 650 (of which 104 are S256).



- The current forecast is 27,787 weeks of care against an affordable level of 26,957, a difference of +830 weeks. Using the forecast unit cost of £906.09 this increase in activity provides a pressure of +£752k, as reflected in section 1.1.3.5.a.
- To the end of September 16,845 weeks of care have been delivered against an affordable level of 16,604, a difference of +241 weeks. Current year to date activity suggests the forecast should be lower for this service however, the forecast includes approximately 650 weeks of expected transition and provision clients above the budgeted level, therefore there is expected to be an increased pressure on this service in the coming months.
- Like residential care for people with a learning disability, every case is unique and varies in cost, depending on the individual circumstances. Although the quality of life will be better for these people, it is not always significantly cheaper. The focus to enable as many people as possible to move from residential care into supported accommodation means that more and increasingly complex and unique cases will be successfully supported to live independently.

## 2.6.2 Average gross cost per client week of learning disability supported accommodation compared with affordable level (non preserved rights clients):

	2010-11		2011-12		2012-13	
	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week
April	1,025.67	1,062.38	1,013.18	988.73	926.16	924.87
May	1,025.67	1,063.22	1,013.18	964.95	926.16	912.93
June	1,025.67	1,060.59	1,013.18	999.24	926.16	908.53
July	1,025.67	1,023.90	1,013.18	990.45	926.16	907.44
August	1,025.67	1,007.58	1,013.18	983.09	926.16	907.63
September	1,025.67	991.20	1,013.18	983.85	926.16	906.09
October	1,025.67	993.92	1,013.18	981.78	926.16	
November	1,025.67	991.56	1,013.18	985.45	926.16	
December	1,025.67	1,007.95	1,013.18	979.83	926.16	
January	1,025.67	1,003.21	1,013.18	975.90	926.16	
February	1,025.67	1,001.98	1,013.18	971.85	926.16	
March	1,025.67	1,009.82	1,013.18	969.09	926.16	



### Comments:

- The forecast unit cost of £906.09 is lower than the affordable cost of £926.16 and this difference of -£20.07 provides a saving of -£541k when multiplied by the affordable weeks. The forecast unit cost assumes £290k of the £854k procurement saving is still to be achieved before the end of the financial year.
- There are three distinct groups of clients: Section 256 clients, Ordinary Residence clients and other clients. Each group has a very different unit cost, which are combined to provide an average unit cost for the purposes of this report.
- The costs associated with these placements will vary depending on the complexity of each case and the type of support required in each placement. This varies enormously between a domiciliary type support to life skills and daily living support.
- Please note, from 2012-13 the unit cost has been recalculated to exclude spend associated with better homes active lives accommodation as these clients are not included in the client weeks reported in section 2.6.1 above. For comparison the revised March 2012 unit cost would have been £936.81 per client per week. In addition, the budgeted unit cost has been further lowered to reflect the procurement savings in the 2012-15 MTP.

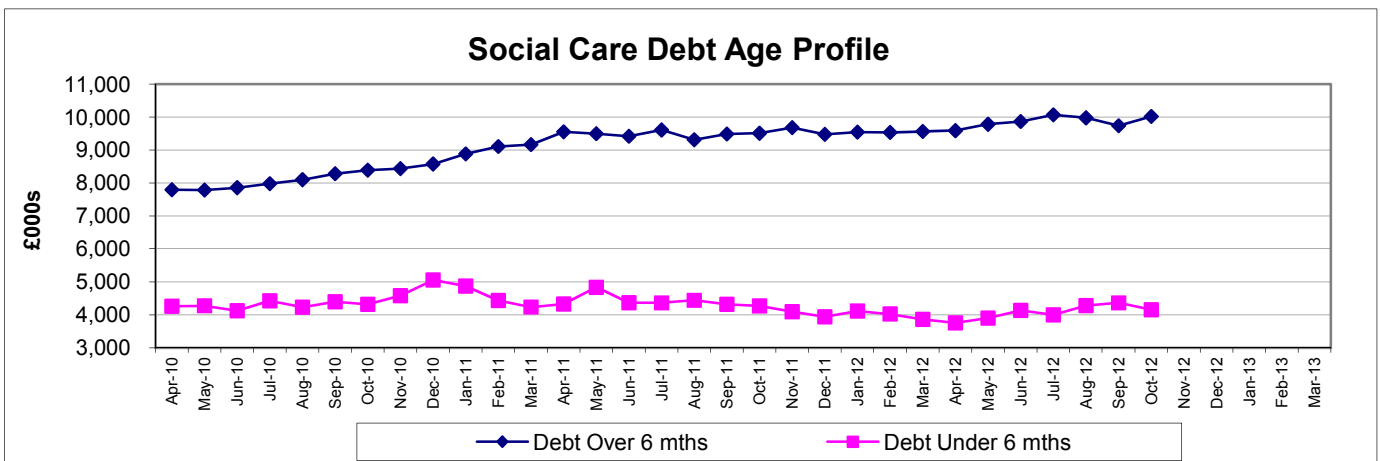
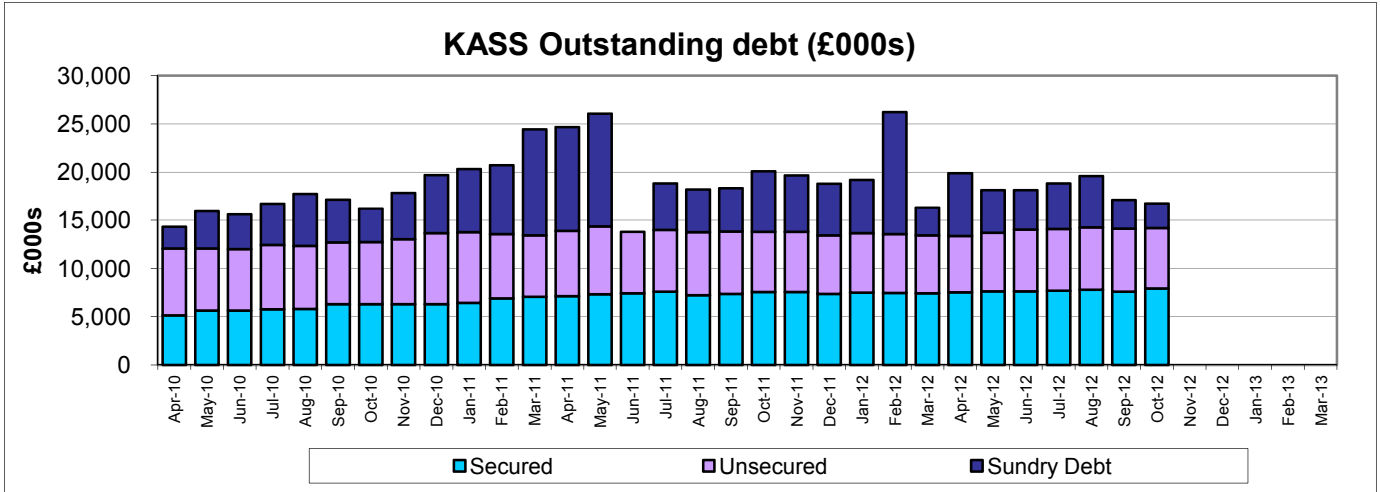
### 3. SOCIAL CARE DEBT MONITORING

The outstanding debt as at the end of October was £16.747m compared with July's figure of £18.816m (reported to Cabinet in September) excluding any amounts not yet due for payment (as they are still within the 28 day payment term allowed). Within this figure is £2.574m of sundry debt compared to £4.750m in July. The amount of sundry debt can fluctuate for large invoices to health. Also within the outstanding debt is £14.173m relating to Social Care (client) debt which is a small increase of £0.107m from the last reported position to Cabinet in September. The following table shows how this breaks down in terms of age and also whether it is secured (i.e. by a legal charge on the client's property) or unsecured, together with how this month compares with previous months. For most months the debt figures refer to when the four weekly invoice billing run interfaces with Oracle (the accounting system) rather than the calendar month, as this provides a more meaningful position for Social Care Client Debt. This therefore means that there are 13 billing invoice runs during the year. The sundry debt figures are based on calendar months.

Debt Month	Total Due Debt (Social Care & Sundry Debt) £000s	Sundry Debt £000s	Social Care Debt				
			Total Social Care Due Debt £000s	Debt Over 6 mths £000s	Debt Under 6 mths £000s	Secured £000s	Unsecured £000s
Apr-10	14,294	2,243	12,051	7,794	4,257	5,132	6,919
May-10	15,930	3,873	12,057	7,784	4,273	5,619	6,438
Jun-10	15,600	3,621	11,979	7,858	4,121	5,611	6,368
Jul-10	16,689	4,285	12,404	7,982	4,422	5,752	6,652
Aug-10	17,734	5,400	12,334	8,101	4,233	5,785	6,549
Sep-10	17,128	4,450	12,678	8,284	4,394	6,289	6,389
Oct-10	16,200	3,489	12,711	8,392	4,319	6,290	6,421
Nov-10	17,828	4,813	13,015	8,438	4,577	6,273	6,742
Dec-10	19,694	6,063	13,631	8,577	5,054	6,285	7,346
Jan-11	20,313	6,560	13,753	8,883	4,870	6,410	7,343
Feb-11	20,716	7,179	13,537	9,107	4,430	6,879	6,658
Mar-11	24,413	11,011	13,402	9,168	4,234	7,045	6,357
Apr-11	24,659	10,776	13,883	9,556	4,327	7,124	6,759
May-11	26,069	11,737	14,332	9,496	4,836	7,309	7,023
Jun-11	13,780	*	13,780	9,418	4,362	7,399	6,381
Jul-11	18,829	4,860	13,969	9,608	4,361	7,584	6,385
Aug-11	18,201	4,448	13,753	9,315	4,438	7,222	6,531
Sep-11	18,332	4,527	13,805	9,486	4,319	7,338	6,467
Oct-11	20,078	6,304	13,774	9,510	4,264	7,533	6,241
Nov-11	19,656	5,886	13,770	9,681	4,089	7,555	6,215
Dec-11	18,788	5,380	13,408	9,473	3,935	7,345	6,063
Jan-12	19,180	5,518	13,662	9,545	4,117	7,477	6,185
Feb-12	26,218	12,661	13,557	9,536	4,021	7,455	6,102
Mar-12	16,310	2,881	13,429	9,567	3,862	7,411	6,018
Apr-12	19,875	6,530	13,345	9,588	3,757	7,509	5,836
May-12	18,128	4,445	13,683	9,782	3,901	7,615	6,068
Jun-12	18,132	4,133	13,999	9,865	4,134	7,615	6,384
Jul-12	18,816	4,750	14,066	10,066	4,000	7,674	6,392
Aug-12	19,574	5,321	14,253	9,977	4,276	7,762	6,491
Sep-12	17,101	3,002	14,099	9,738	4,361	7,593	6,506
Oct-12	16,747	2,574	14,173	10,020	4,153	7,893	6,280
Nov-12	0		0				
Dec-12	0		0				
Jan-13	0		0				
Feb-13	0		0				
Mar-13	0		0				

\* It should be noted that the Sundry debt reports were not successful in June 2011, and hence no figure can be reported, the problem was rectified in time for the July report, but reports are unable to be run retrospectively.

In addition the previously reported secured and unsecured debt figures for April 2012 to July 2012 have been amended slightly following a reassessment of some old debts between secured and unsecured.



## ENTERPRISE & ENVIRONMENT DIRECTORATE SUMMARY SEPTEMBER 2012-13 FULL MONITORING REPORT

### 1. FINANCE

#### 1.1 REVENUE

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

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits for the A-Z service analysis have been adjusted since the quarter 1 monitoring report to reflect a number of technical adjustments to budget including the centralisation of training budgets and room hire budgets.
- The inclusion of a number of 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 of the executive summary.

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

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>							
E&E Strategic Management & Directorate Support Budgets	8,149	-408	7,741	-201	-79	-280	ICT development costs; saving on feasibility studies
<u>Environment:</u>							
- Environment Management	4,142	-1,526	2,616	0	0	0	
<u>Highways:</u>							
<u>Highways Maintenance:</u>							
- Adverse Weather	3,238	0	3,238	-4	0	-4	
- Bridges & Other Structures	2,685	-239	2,446	-53	53	0	
- General maintenance & emergency response	13,231	-487	12,744	262	0	262	Dual carriageway maintenance; office relocation; depot savings
- Highway drainage	3,244	-82	3,162	700	0	700	Backlog of scheduled cleaning; additional drainage costs due to exceptional adverse weather
- Streetlight maintenance	3,974	-167	3,807	-10	10	0	
	26,372	-975	25,397	895	63	958	
<u>Highways Safety &amp; Management:</u>							
- Development Planning	2,135	-1,283	852	-43	0	-43	
- Highways Improvements	7,718	-50	7,668	-188	2	-186	savings from recent procurement exercise
- Road Safety	3,264	-2,234	1,030	198	-280	-82	Speed awareness and bike training
- Streetlight energy	5,845	0	5,845	-540	0	-540	Energy savings
- Traffic management	5,543	-2,622	2,921	-139	-532	-671	Contract saving; Lane rental scheme development costs; s74 fees and permit scheme

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>							
- Tree maintenance, grass cutting & weed control	3,331	-78	3,253	630	-12	618	Increased weed control activity due to exceptional adverse weather; Shrub maintenance; Tree stump removal
	27,836	-6,267	21,569	-82	-822	-904	
<b>Planning &amp; Transport Strategy:</b>							
- Planning & Transport Policy	1,252	-15	1,237	-15	14	-1	
- Planning Applications	1,128	-550	578	-122	122	0	Staffing vacancies held to offset reduced income
	2,380	-565	1,815	-137	136	-1	
<b>Transport Services:</b>							
- Concessionary Fares	16,307	-27	16,280	-205	0	-205	Reduced usage
- Freedom Pass	13,648	-2,459	11,189	391	0	391	Increased usage; education transport policy changes
- Subsidised Bus Routes	9,115	-1,454	7,661	-143	124	-19	Retendering/changing contracts
- Transport Planning	457	-219	238	-24	48	24	
	39,527	-4,159	35,368	19	172	191	
<b>Waste Management</b>							
<b>Recycling &amp; Diversion from Landfill:</b>							
- Household Waste Recycling Centres	8,620	-1,482	7,138	-62	-622	-684	Reduced waste tonnage; income from recyclables
- Partnership & Waste Co-ordination	722	-168	554	-43	14	-29	
- Payments to Waste Collection Authorities (DCs)	5,473	-102	5,371	-462	0	-462	Reduced waste tonnage
- Recycling Contracts & Composting	10,516	-601	9,915	436	-42	394	Increased waste tonnage; slight increase in income from recyclables
	25,331	-2,353	22,978	-131	-650	-781	
<b>Waste Disposal:</b>							
- Closed Landfill Sites & Abandoned Vehicles	764	-180	584	0	0	0	
- Disposal Contracts	29,297	-156	29,141	-2,356	0	-2,356	Reduced waste processed by the Allington WtE plant; waste sent for landfill instead
- Haulage & Transfer Stations	8,575	-75	8,500	-193	0	-193	Reduced waste tonnage
- Landfill Tax	7,165	0	7,165	1,372	0	1,372	Increased landfill due to extended planned maintenance of Allington WtE plant
	45,801	-411	45,390	-1,177	0	-1,177	
Commercial Services		-7,761	-7,761	0	1,220	1,220	Reduced contribution
<b>Total E, H &amp; W portfolio</b>	<b>179,538</b>	<b>-24,425</b>	<b>155,113</b>	<b>-814</b>	<b>40</b>	<b>-774</b>	

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>							
<b>Regeneration &amp; Enterprise portfolio</b>							
Development Staff & Projects	671	-671	0	-30	30	0	
<b>Total E&amp;E controllable</b>	<b>180,209</b>	<b>-25,096</b>	<b>155,113</b>	<b>-844</b>	<b>70</b>	<b>-774</b>	
<b>Assumed Management Action</b>							
- EHW portfolio						0	
- R&E portfolio						0	
<b>Forecast after Mgmt Action</b>				<b>-844</b>	<b>70</b>	<b>-774</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:

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

##### 1.1.3.1 E&E Strategic Management & Directorate Support Budgets: Gross -£201k, Income -£79k, Net -£280k

Although there is a forecast gross underspend of -£201k, this includes a pressure of £150k for ICT development costs associated with system contracts being brought back in house from an external contractor. There is a forecast underspend on the Head of Transportation budget of -£175k due to a reduction in spend on feasibility studies for major transportation projects to cover the pressures elsewhere in the division. There are a number of other gross underspends all less than £100k which total -£176k and include savings on an annual management charge and staff vacancies.

##### 1.1.3.2 Highways:

Overall the Highways Division is forecasting a net pressure of £54k. All variances over £100k are detailed below:

##### 1.1.3.2.1 Highways Maintenance

###### a. General Maintenance & Emergency Response: Gross +£262k, Income Nil, Net +£262k

The £262k gross pressure on this budget includes a forecast pressure of £232k for dual carriageway maintenance. In addition there is a £120k pressure for relocating the Transport Integration team to the Aylesford Highways depot. Highways depots are forecasting an underspend of £111k including underspends on both depot maintenance and energy costs.

###### b. Highway Drainage: Gross +£700k, Income Nil, Net +£700k

There is a gross pressure of £500k for additional drainage costs due to the exceptional wet weather and £200k to cover the costs of a backlog in scheduled gully cleaning.

##### 1.1.3.2.2 Highways Safety & Management

###### a. Highway Improvements: Gross -£188k, Income +£2k, Net -£186k

The gross underspend of £188k includes savings from a recent procurement exercise of -£179k on the resurfacing budget to ease the pressure on the drainage budget (section 1.1.3.2.1.b above).

###### b. Road Safety: Gross +£198k, Income -£280k, Net -£82k

The forecast pressure on this budget includes +£332k of additional costs relating to speed awareness courses which are offset by increased income of £459k. There has been a reduction in expenditure on bike training of -£76k together with a corresponding reduction in income from schools and the Department of Transport of £109k. There are a number of other minor gross and income variances all less than £100k in value.

- c. Streetlight energy: Gross -£540k, Income Nil, Net -£540k  
There is a forecast underspend on streetlight energy of -£540k as the funding awarded for price increases in the 2012-13 budget build has proved to be in excess of what has been required.
- d. Traffic Management: Gross -£139k, Income -£532k, Net -£671k  
There is a gross pressure on this budget of £145k for development costs in respect of a new lane rental scheme where companies will pay to rent lanes whilst undertaking work on the most critical/busiest roads of our road network. This is a one-off cost for 2012-13 and the scheme if approved, will yield income for future years. These set up costs are declared as an overspend but will be requested to roll forward to be offset against future income streams once the implementation of the scheme is approved by the Department of Transport and the Cabinet Member for EH&W. Under the terms of the proposed scheme the Council would retain revenues obtained from charges to meet the costs incurred for operating the Kent Lane Rental Scheme (KLRS), with any surplus revenue used for initiatives associated with the objectives of the KLRS within the areas of transportation, enabling infrastructure and industry practices and research and development. A Board including representatives from each utility area (i.e. gas, communications, water and electricity) and from Kent County Council will oversee the administration of the surplus revenues. **Cabinet is asked, pending approval of the scheme by the Department of Transport, to agree that surplus funds from the KLRS be transferred to a new specific earmarked reserve and drawn down as expenditure is incurred in line with initiatives approved by the Board.**

There is also an underspend of £260k as a result of the transfer of staff and contracts back to the council from an external contractor.

The forecast additional income of -£532k has resulted from a combination of section 74/road closure fees (-£206k) and income from Permit Scheme (-£326k). Section 74 fees are recovered from works promoters (utility companies etc) who have taken an unreasonably prolonged occupation of the highway and the additional Permit fee income reflects the recovery of the full costs incurred, including Directorate and Corporate overheads, which are not charged directly to this budget line.

- e. Tree maintenance, grass cutting & weed control: Gross +£630k, Income -£12k, Net +£618k  
The forecast pressure on this budget, due to additional activity on weed control that has arisen as a result of the particularly rainy spring and summer months, has increased to +£216k and weather conditions in the past few months have also impacted on shrub maintenance activity leading to a further pressure of +£150k. There is also a pressure of +£252k due to the removal of tree stumps.

#### 1.1.3.3 Planning & Transport Strategy:

- a. Planning Applications: Gross -£122k, Income +£122k, Net Nil  
Although there is no net variance on this budget, there is a gross variance of -£122k which primarily results from -£104k of staffing vacancies which are being held to offset an under-recovery in income of +£122k, largely relating to reduced income from planning applications.

#### 1.1.3.4 Transport Services:

- a. Concessionary Fares: Gross -£205k, Income Nil, Net -£205k  
The reduction in usage, probably due to the poor summer weather, has led to a forecast underspend on this budget line of £205k due to fewer journeys travelled.
- b. Freedom Pass: Gross +£391k, Income Nil, Net +£391k  
There is a pressure forecast for the freedom pass budget of +£391k due to an increase in the number of passes in issue, of which +£246k is estimated to be as a result of changes in education transport policy, namely the withdrawal of free home to school transport for new entrants to selective and denominational schools.
- c. Subsidised Bus routes: Gross -£143k, Income +£124k, Net -£19k  
The gross underspend of £143k and similar corresponding shortfall in income comprises of a number of small variances all under £100k, including reduced costs and income due to the re-tendering of local bus services, reduced costs and income following the transfer of services to a



voluntary organisation and reduced costs and income due to the number of entitled scholars using the subsidised bus network.

#### 1.1.3.5 **Waste Management:**

Overall the Waste Management Division is forecasting a net underspend of £1,958k.

The waste tonnage for the first six months of 2012-13 is 4,698 tonnes below the affordable level to the end of September. This indicates that waste tonnage will be below the affordable level for the year and an estimated overall tonnage of 720,400 tonnes is predicted, which is 9,600 tonnes below the affordable level. This contributes to an overall forecast underspend on the waste budgets of £1,958k. The levels of waste tonnage will continue to be carefully reviewed as part of the regular monitoring process to Cabinet. Waste tonnage trends are shown in section 2.4 of this annex.

##### 1.1.3.5.1 **Recycling & Diversion from Landfill**

###### a. Household Waste Recycling Centres: Gross -£62k, Income -£622k, Net -£684k

A small underspend of -£62k on gross expenditure is due to a slight tonnage reduction in the first six months of this year, however there is significant additional income of £622k. The new contract for textiles, agreed last December, is generating an additional £390k, and income on lead acid batteries is adding a further £120k. There are also small over-recoveries in income from glass, paper and card, and metal. However concern remains that the prices paid for recycled metals may reduce and the impact on the income forecast will need to be re-assessed in future monitoring reports.

###### b. Payments to Waste Collection Authorities (District Councils): Gross -£462k, Income Nil, Net -£462k

A gross underspend of £462k is forecast due to a decrease in waste and recyclables being managed by the District Councils of approximately 7,300 tonnes.

###### c. Recycling Contracts & Composting: Gross +£436k, Income -£42k, Net +£394k

The tonnage for recycling and composting is approximately 5,200 tonnes over budget due to an increase in food and garden waste composting, resulting in a pressure of £436k in this financial year.

##### 1.1.3.5.2 **Waste Disposal**

###### a. Disposal Contracts: Gross -£2,356k, Income Nil, Net -£2,356k

A gross underspend of £2,356k is forecast for this budget as a result of reduced contractual payments of £2,831k to the operators of the Allington Waste to Energy Plant due to extended planned maintenance, which has resulted in less tonnage being processed at the plant than previously forecast. However, for the same reason, part of this underspend has been offset by an increase in spend of £475k on Landfill Disposal Contracts due to more waste being diverted to landfill; this has also resulted in a corresponding increase in landfill tax referred to in section c) below. Overall the final tonnage figure is expected to be 7,500 tonnes under the affordable level.

###### b. Haulage and Transfer Stations: Gross -£193k, Income Nil, Net -£193k

This line is forecasting a gross underspend of £193k as a result of the overall forecast reduction in waste tonnage.

###### c. Landfill Tax: Gross +£1,372k, Income Nil, Net +£1,372k

The increased level of waste sent for landfill referred to in section 1.1.3.5.2a above generates a forecast pressure of £1,372k.

#### 1.1.3.6 **Commercial Services: Gross Nil, Income +£1,220k, Net +£1,220k**

A £1,220k shortfall in the Commercial Services contribution is forecast. This relates to £640k of approved costs of restructure and reorganisation to implement consultants' recommendations, £150k of one-off restructuring costs and a re-phasing of £430k of the increased income target built into the current year budget, now expected to be achieved in 2013-14.

A compensating underspend is forecast within annex 7 against the Financing Items budgets, as funds were being held back in anticipation of this shortfall.

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

(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
EHW	Landfill Tax - Additional waste (approx. 21,500 tonnes) sent to landfill due to extended planned maintenance at the Allington WtE Plant. Offset by reduced contractual payments in Disposal Contracts.	+1,372	EHW	Disposal Contracts - reduced level of residual waste being processed at the Allington Waste to Energy plant and sent to landfill due to extended planned maintenance	-2,831
EHW	Commercial Services - shortfall in contribution due to approved costs of restructure and reorganisation to implement consultants' recommendations	+640	EHW	Highways: Streetlight energy	-540
EHW	Highways: Highways Drainage - additional costs due to exceptional wet weather conditions	+500	EHW	Payments to Waste Collection Authorities (District Councils) - reduced tonnage meaning reduced level of recycling credits paid to Districts	-462
EHW	Disposal Contracts - additional volumes of waste (approx 21,500 tonnes) sent to landfill as a result of the extended planned maintenance at the Allington WtE Plant. Offset by reduced contractual payments in Disposal Contracts.	+475	EHW	Highways: Road Safety - increased income for speed awareness courses to cover increased costs	-459
EHW	Recycling Contracts and Composting - increased level of waste	+436	EHW	Household Waste Recycling Centres - additional income from textiles contract	-390
EHW	Commercial Services - rephasing of delivery of increased income target into 2013-14	+430	EHW	Highways: Traffic Management - Permit Scheme income	-326
EHW	Highways: Road Safety - increased speed awareness costs offset by increased income	+332	EHW	Highways: Traffic Management - contract saving	-260
EHW	Highways: Tree maintenance, grass cutting and weed control - Tree stump removal	+252	EHW	Highways: Traffic Management - s74 and road closure income	-206
EHW	Transport Services: Freedom Pass - change of education transport policy	+246	EHW	Transport Services: Concessionary Fares - reduced usage	-205
EHW	Highways: General maintenance and emergency response - dual carriageway maintenance	+232	EHW	Haulage & Transfer Stations - waste tonnage below affordable level	-193
EHW	Highways: Tree maintenance, grass cutting and weed control - Additional weed control activity due to exceptional adverse weather	+216	EHW	Highways: Highways Improvements - savings from procurement exercise on resurfacing budget to offset drainage pressures	-179
EHW	Highways: Highways Drainage - backlog of scheduled cleaning	+200	EHW	Strategic Management & Directorate Support - saving on feasibility studies for major Transportation projects	-175
EHW	Strategic Management & Directorate Support Budgets - ICT development costs	+150	EHW	Household Waste Recycling Centres - income from lead acid batteries	-120
EHW	Highways: Tree maintenance, grass cutting and weed control - Shrub maintenance	+150	EHW	Highways: General maintenance and emergency response - depots maintenance and energy	-111

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
EHW	Commercial Services - shortfall in contribution due to one off restructuring costs	+150	EHW	Planning Applications - staffing vacancies offsetting reduced income from planning applications	-104
EHW	Highways: Traffic Management - Lane rental scheme development costs	+145			
EHW	Transport Services: Freedom Pass - increased usage	+145			
EHW	Planning Applications - under recovery of income due to reduced number of planning applications; offset by vacancies within staffing	+122			
EHW	Highways: General maintenance and emergency response - relocation of Transport Integration Team	+120			
EHW	Highways: Road Safety - reduced income for bike training	+109			
		<b>+6,422</b>			<b>-6,561</b>

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

None

#### 1.1.5 Implications for MTFP:

##### Highways Safety and Management:

The underspend on street light energy reported in 1.1.3.2.2.c will be matched by a planned budget reduction in the 2013-16 MTFP.

##### Waste Management:

The extra income from sale of recyclable materials reported in 1.1.3.5.1.a is forecast to continue in future years and the income budget will be increased in the 2013-16 MTFP for this.

In addition, based on current year tonnage levels to date and expected changes as a result of recent waste initiatives, there is scope to reduce budgeted waste tonnage for 2013-14 for somewhere between 10,000 and 15,000 tonnes, to save up to £1.5m.

##### Commercial Services:

The re-phasing of delivery of the increased income target and the costs of transformation reported in 1.1.3.6 will need to be reflected in the 2013-16 MTFP.

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

There is a forecast pressure on the lane rental scheme which is a one-off cost for 2012-13 and the scheme if approved, will yield income for future years. These set up costs are declared as an overspend but will be requested to roll forward to be offset against future income streams once the implementation of the scheme is approved by the Department of Transport and the Cabinet Member for EH&W.

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

None

## 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.
- 1.2.2 The Enterprise & Environment Directorate has an approved budget for 2012-15 of £173.875m (see table 1 below). The forecast outturn against this budget is £179.750m, giving a variance of £5.875m. After adjustments for funded variances and reductions in funding, the revised variance comes to -£3.580m (see table 3).
- 1.2.3 Tables 1 to 3 summarises the Directorate's approved budget and forecast.
- 1.2.4 Table 1 – Revised approved budget

	£m
Approved budget last reported to Cabinet	173.875
Approvals made since last reported to Cabinet	0.000
Revised approved budget	173.875

- 1.2.5 Table 2 – Funded and Revenue Funded Variances

<b>Cabinet to agree cash limit changes:</b>	£m	
Integrated transport	-0.013	
Highway Major Maintenance	6.000	Revenue funded
<b>No cash limit changes to be made:</b>		
Integrated transport	0.630	
Non TSG Land Compensation	0.185	
Member Highway Fund	-0.018	
A2 Cyclopark	0.018	
Victoria Way	0.033	
Drovers Roundabout	1.451	
Highway Major Maintenance	0.950	Revenue funded
Member Highway Fund	0.377	Revenue funded
Energy Water Efficiency	0.286	Revenue funded
A2 Cyclopark	0.012	Revenue funded
<b>Total</b>	<b>9.911</b>	

- 1.2.6 Table 3 – Summary of Variance

<b>Unfunded variance</b>	<b>0.120</b>
Funded variance (from table 2)	2.286
Variance funded by revenue (from table 2)	7.625
Project Underspend	-0.456
<b>Rephasing (to 2015-16)</b>	<b>-3.700</b>
<b>Total variance</b>	<b>5.875</b>

### Project Underspends

- 1.2.7 The project underspend comprises two major schemes – Sittingbourne Northern Relief Road and East Kent Access Phase 2. It should be noted that if the forecast underspends come to fruition, the related funding would need to be repaid, and will therefore not be available to be used for other purposes.

### **Main reasons for variance**

- 1.2.8 Table 4 below details each scheme, indicating all variances and the status of the scheme. Each scheme with a Red or Amber status will be explained including what is being done to get the scheme back to budget/on time.

Table 4 – Scheme Progress

Scheme name	Total cost	Previous	2012-15	Later	2012-15	Later	2012-15	Total project	Status
	£m	£m	£m	£m	£m	£m	£m	£m	
	(a) = b+c+d	(b)	(c)	(d)	(e)	(f)	(g) = (e-c)	(h)=(b+e+f)-a	
Major Scheme- Preliminary Design Fees	0.900	0.000	0.900	0.000	0.900	0.000	0.000	0.000	
Highway Major Maintenance	149.823	0.000	90.157	59.666	97.107	59.666	6.950	6.950	
Member Highway Fund	6.898	0.000	6.898	0.000	7.257	0.000	0.359	0.359	
Integrated Transport Scheme	17.307	0.000	11.191	6.116	11.808	6.116	0.617	0.617	
A2 slip Road	0.056	0.000	0.056	0.000	0.056	0.000	0.000	0.000	
Commercial Services Vehicle Plant & Equipment	5.100	0.000	3.800	1.300	3.800	1.300	0.000	0.000	
Non TSG Land ,Compensation Claims and Blight	2.967	0.000	2.967	0.000	3.152	0.000	0.185	0.185	
Energy & Water Investment Funds-External	0.560	0.445	0.115	0.000	0.778	0.010	0.663	0.673	
Energy and Water Efficiency Investment	1.989	1.173	0.736	0.080	0.359	0.010	-0.377	-0.447	
Coldharbour Gypsy site	1.861	0.314	1.547	0.000	1.667	0.000	0.120	0.120	real
Sandwich Sea Defences	3.640	0.000	3.640	0.000	2.624	1.016	-1.016	0.000	phasing
Hernebay Site Improvement	1.595	0.306	1.289	0.000	1.289	0.000	0.000	0.000	
East Kent Waste Facilities	4.597	3.021	1.576	0.000	1.576	0.000	0.000	0.000	
East Kent Waste Facilities-Ashford TS	0.750	0.287	0.463	0.000	0.463	0.000	0.000	0.000	
Ashford Transfer Station	4.250	0.000	4.250	0.000	4.250	0.000	0.000	0.000	
LTP- A228 Leybourne and West Malling Imp	28.579	28.560	0.019	0.000	0.019	0.000	0.000	0.000	
Ashford Ring Road	15.554	15.457	0.097	0.000	0.097	0.000	0.000	0.000	
Sittingbourne Northern Relief Road	31.705	28.356	3.312	0.037	2.719	0.450	-0.593	-0.180	
East Kent Access PH2	87.001	81.317	5.684	0.000	2.876	2.532	-2.808	-0.276	
Rushenden Link Road	11.468	10.655	0.813	0.000	0.813	0.000	0.000	0.000	
Re-shaping Kent Highways Accommodation	22.073	21.928	0.145	0.000	0.145	0.000	0.000	0.000	
A2 Cyclo Park	8.583	7.569	1.014	0.000	1.044	0.000	0.030	0.030	
Victoria Way Ph 1	18.552	17.843	0.709	0.000	0.742	0.000	0.033	0.033	risk
Ashford-Drover's Roundabout junct.	20.543	20.393	0.150	0.000	1.601	0.000	1.451	1.451	risk

Scheme name	Total cost	Previous spend	2012-15 approved budget	Later Years approved budget	2012-15 Forecast spend	Later Years Forecast spend	2012-15 Variance	Total project variance	Status Red/amber/green
	£m	£m	£m	£m	£m	£m	£m	£m	
	(a) = b+c+d	(b)	(c)	(d)	(e)	(f)	(g) = (e-c)	(h)=(b+e+f)-a	
Swale Transfer Station	3.630	0.000	3.630	0.000	3.630	0.000	0.000	0.000	Green
HWRC-Ton & Malling	2.300	0.000	2.300	0.000	0.500	1.800	-1.800	0.000	Green
HWRC-West Kent	2.600	0.000	0.000	2.600	0.000	2.600	0.000	0.000	Green
Mid Kent Joint Waste Project	4.440	0.000	4.440	0.000	4.440	0.000	0.000	0.000	Green
Growth without Gridlock	10.000	0.000	10.000	0.000	7.500	2.500	-2.500	0.000	Green
Kent Thameside Strategic Transport Programme	145.331	0.670	9.071	135.590	10.032	105.498	0.961	-29.131	Green
Street Lighting Timing	2.906	0.000	2.906	0.000	2.906	0.000	0.000	0.000	Green
Orchard Way Railway Bridge	15.000	0.000	0.000	15.000	0.000	15.000	0.000	0.000	Green
A28 Chart Road	15.000	0.000	0.000	15.000	3.600	13.000	3.600	1.600	real
A228 Colts Hill Strategic Link	25.000	0.000	0.000	25.000	0.000	25.000	0.000	0.000	Green
South East Maidstone Strategic Route	35.000	0.000	0.000	35.000	0.000	35.000	0.000	0.000	Green
<b>TOTAL</b>	<b>707.558</b>	<b>238.294</b>	<b>173.875</b>	<b>295.389</b>	<b>179.750</b>	<b>271.498</b>	<b>5.875</b>	<b>-18.016</b>	

## 1.2.9 Status:

Green – Projects on time and budget

Amber – Projects either delayed or over budget

Red – Projects both delayed and over budget

1.2.10 Assignment of Green/Amber/Red Status

1.2.11 Projects with variances to budget will only show as amber if the variance is unfunded, i.e. there is no additional grant, external or other funding available to fund.

1.2.12 Projects are deemed to be delayed if the forecast completion date is later than what is in the current project plan

**Amber and Red Projects – variances to cost/delivery date and why.**

- 1.2.13 Coldharbour Gypsy site: ( Real overspend +£0.120m) The overspend is mainly due to unplanned works to be carried out by utility companies to avoid any damage to the existing cables and pipes. The initial survey did not pick up these anomalies. Action is being taken to find additional external funding to cover the overspend.
- 1.2.14 Sandwich Sea Defence: (Re-phasing beyond 2012-15 -£1.016m). The schedule of planned contributions from KCC now reflects the anticipated progression of the scheme, giving more realistic phasing, as was reported in the last exception report to Cabinet.
- 1.2.15 Drovers Roundabout-M20 J9 and Victoria Way: (Risk) These schemes have been classed as amber due to the risk around these. As previously reported contractors' claims assessments and the negotiations are still ongoing. The assessment and the negotiation are showing good progress, however the full extent of the final costs have not yet been resolved.
- 1.2.16 A28 Chart Road (Real overspend in later years of +£1.600m) This project is likely to be delivered in phases, as funding streams are confirmed. The initial phase has funding approval in principle from the Growing Places fund. It is unlikely to require planning consent on land and should therefore be able to deliver soon. Other phases are likely to be related to the rate of development in South Ashford. The forecast overspend is anticipated to be funded from developer contributions.

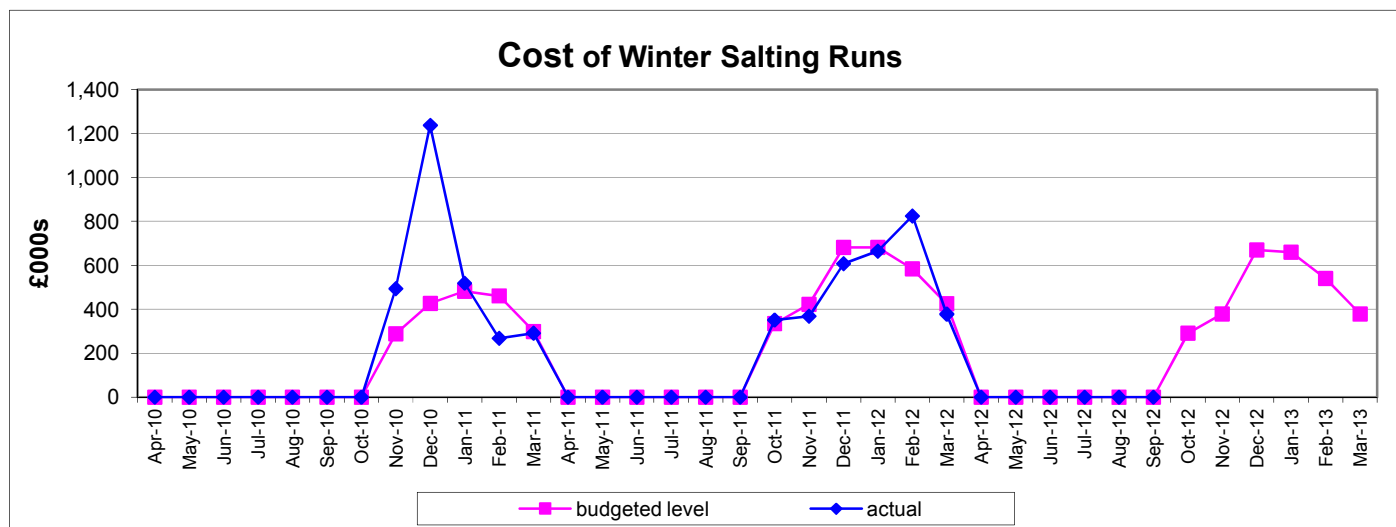
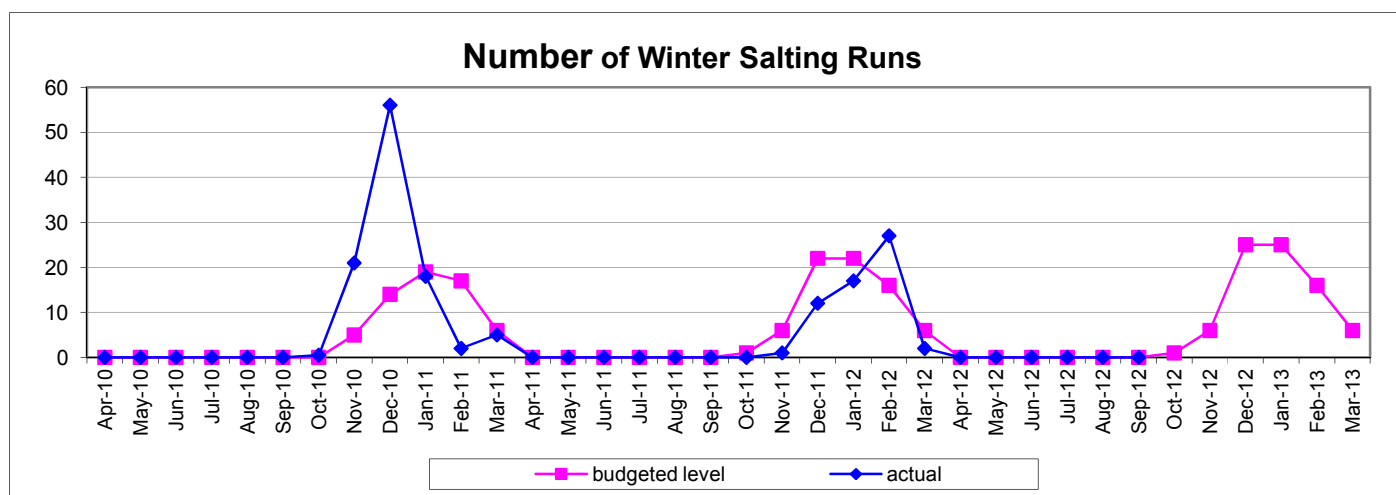
**Key Issues and Risks**

- 1.2.17 Kent Thameside Strategic Transport Programme - As previously reported the funding gap for delivery of this programme over the next 15-20 years still remains unsolved. At present the delivery of the programme is being managed within the level of funding available.

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

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

	2010-11				2011-12				2012-13			
	Number of salting runs		Cost of salting runs		Number of salting runs		Cost of salting runs		Number of salting runs		Cost of salting runs	
	Actual	Budgeted Level	Actual £000s	Budgeted Level £000s	Actual	Budgeted Level	Actual £000s	Budgeted Level £000s	Actual	Budgeted level	Actual £000s	Budgeted Level £000s
April	-	-	-	-	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-	-	-
August	-	-	-	-	-	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-	-	-	-	-	-
October	0.5	-	6	-	0	1	351	335	1	-	291	-
November	21	5	494	288	1	6	368	423	6	-	379	-
December	56	14	1,238	427	12	22	607	682	25	-	670	-
January	18	19	519	482	17	22	665	682	25	-	660	-
February	2	17	268	461	27	16	825	584	16	-	540	-
March	5	6	291	299	2	6	378	425	6	-	379	-
<b>TOTAL</b>	<b>102.5</b>	<b>61</b>	<b>2,816</b>	<b>1,957</b>	<b>59</b>	<b>73</b>	<b>3,194</b>	<b>3,131</b>	<b>-</b>	<b>79</b>	<b>-</b>	<b>2,919</b>



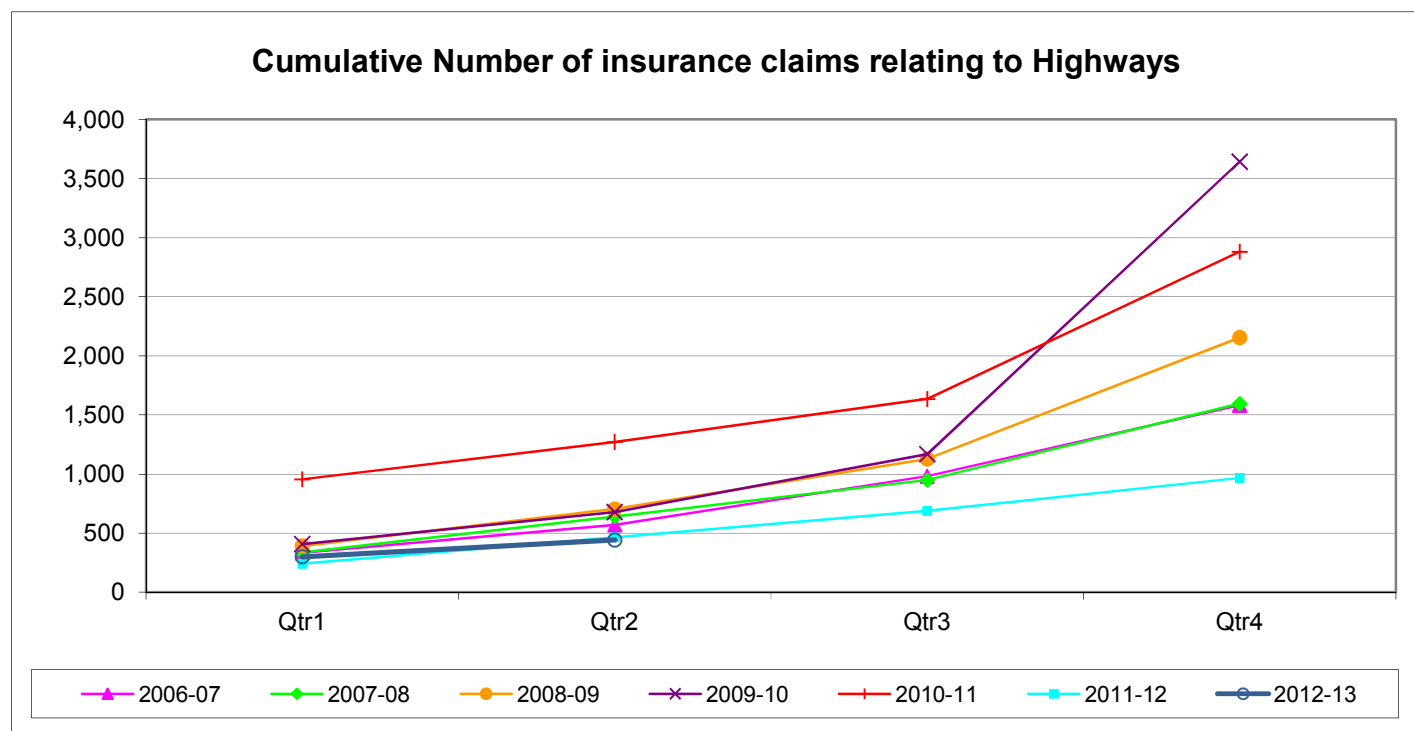


## Comment:

- Under the old Ringway contract, local and specific overheads, plus depot charges were budgeted for and dealt with separately, these costs were therefore not included in the winter service expenditure figures, whereas the new Enterprise contract is an all inclusive price so these costs are now included in the graph, hence the apparent increase in the budgeted cost in 2011-12 and 2012-13 compared to previous years.
- Although the budgeted number of salting runs is higher in 2012-13 than in 2011-12, the budgeted cost is lower because 2011-12 was a transition year due to the change in contractor from Ringway to Enterprise and in 2012-13 the full year efficiency savings will be realised, hence the reduction in the budgeted costs.
- It had been anticipated that the generally mild winter in 2011-12 would mean that the number and cost of salting runs would be below budget. However, the snow emergency in February 2012 required emergency salting runs, which were more expensive than the routine salting runs due to a higher rate of spread of salt than originally budgeted. Also, additional costs were incurred as part of the new Winter Policy introduced for 2011-12, as smaller vehicles needed to be leased in order to service parts of the routes that were inaccessible to the larger vehicles (approx £140k) and some of the salting routes were extended in order to meet local needs. This resulted in outturn expenditure of £3.194m against a budget of £3.131m, despite the number of salting runs being below the budgeted level.

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

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims
April-June	335	337	393	407	956	242	301
July-Sept	570	640	704	679	1,271	465	442
Oct-Dec	982	950	1,128	1,168	1,635	688	
Jan- Mar	1,581	1,595	2,155	3,642	2,881	968	

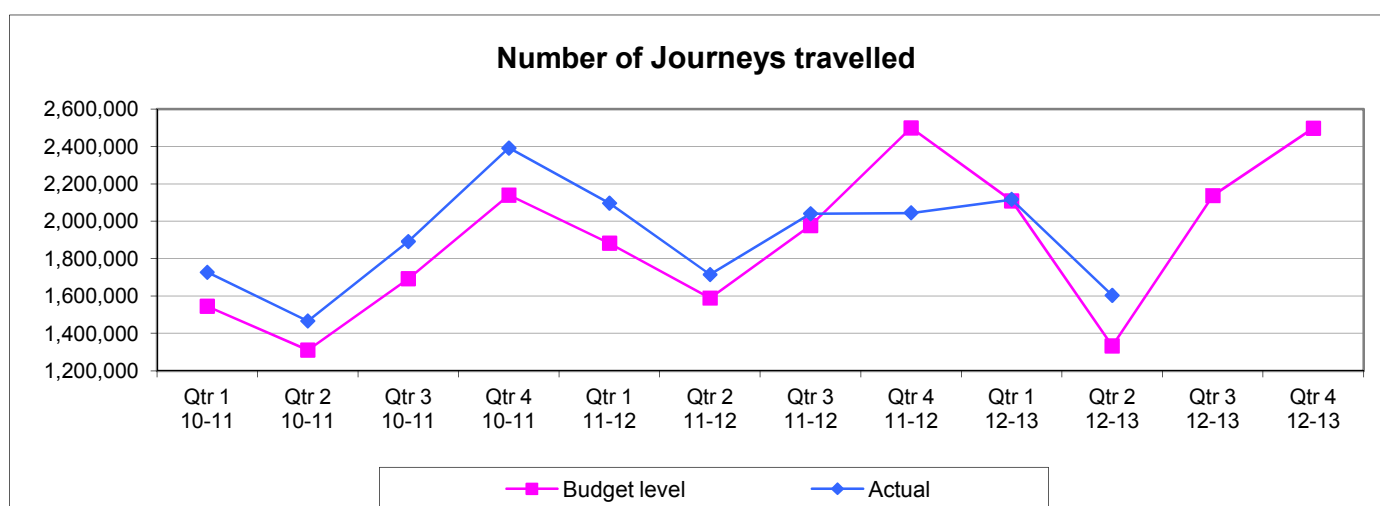
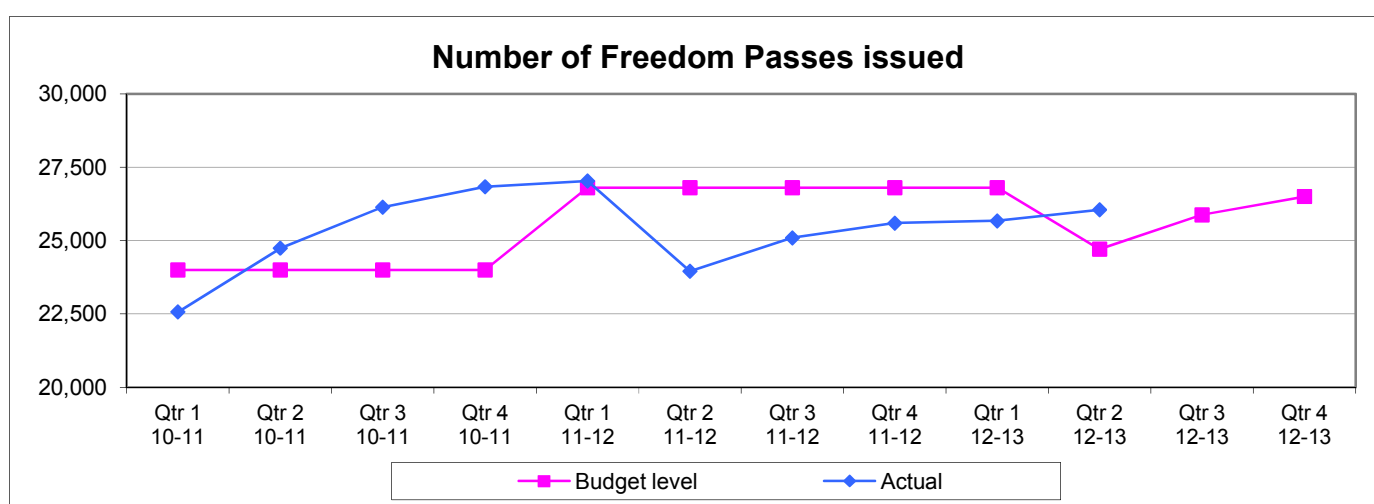


## Comments:

- Numbers of claims will continually change as new claims are received relating to incidents occurring in previous quarters. Claimants have 3 years to pursue an injury claim and 6 years for damage claims. The data previously reported has been updated to reflect claims logged with Insurance as at 30 September 2012.
- Claims were high in the three years from 2008-09 to 2010-11 largely due to the particularly adverse weather conditions and the consequent damage to the highway along with some possible effect from the economic downturn. These claim numbers are likely to increase further as more claims are received for incidents which occurred during the period of the bad weather.
- Claims were lower in 2011-12 than in recent years. This could be due to many factors including: an improved state of the highway following the find and fix programmes of repair, an increased rejection rate on claims, and a mild winter. Also, it is likely that these claim numbers will increase as new claims are received relating to incidents occurring in previous years as explained in the first bullet point above.
- The Insurance section continues to work closely with Highways to try to reduce the number of claims and currently the Authority is managing to achieve a rejection rate on 2012-13 claims where it is considered that we do not have any liability, of about 87%.

## 2.3 Freedom Pass - Number of Passes issued and Journeys travelled:

	2010-11				2011-12				2012-13			
	Passes		Journeys travelled		Passes		Journeys travelled		Passes		Journeys travelled	
	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual
<b>Qtr 1</b> April - June	24,000	22,565	1,544,389	1,726,884	26,800	27,031	1,882,098	2,095,980	26,800	25,668	2,108,385	2,116,536
<b>Qtr 2</b> July - Sept	24,000	24,736	1,310,776	1,465,666	26,800	23,952	1,588,616	1,714,315	24,703	26,051	1,332,935	1,603,400
<b>Qtr 3</b> Oct - Dec	24,000	26,136	1,691,828	1,891,746	26,800	25,092	1,976,884	2,040,713	25,877		2,136,769	
<b>Qtr 4</b> Jan - Mar	24,000	26,836	2,139,053	2,391,818	26,800	25,593	2,499,462	2,045,000	26,500		2,497,561	
			6,686,046	7,476,114			7,947,060	7,896,008			8,075,650	3,719,936



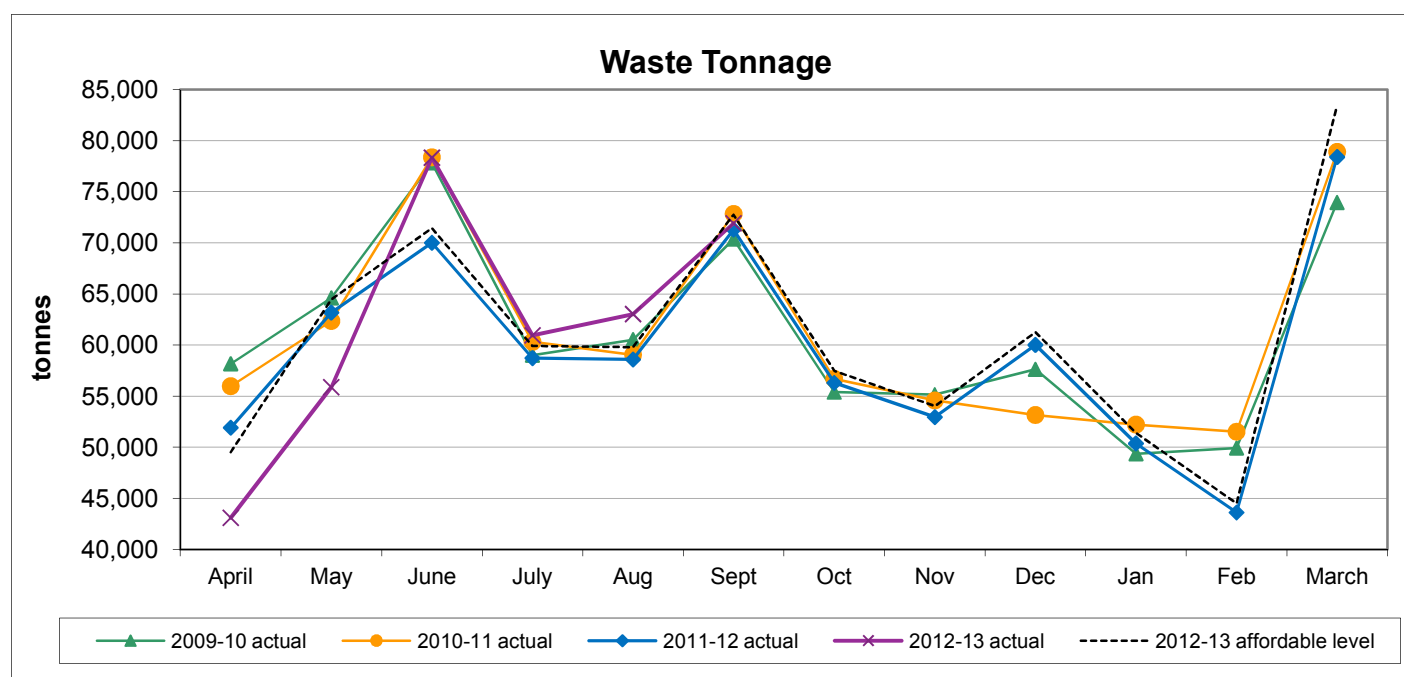
## Comments:

- As predicted the number of Kent Freedom Passes has fallen slightly since the fee increase in 2011-12, but those who possess a pass are frequent/heavy users of the scheme. Applications are now being received for the new school year and this data will be used to review future expenditure against budget for the next quarterly review.
- The above figures do not include journeys travelled relating to free home to school transport as these costs are met from the Education, Learning & Skills portfolio budget and not from the Kent Freedom Pass budget.

## 2.4 Waste Tonnage:

	2009-10	2010-11	2011-12	2012-13	
	Waste Tonnage	Waste Tonnage	Waste Tonnage	Waste Tonnage *	Affordable Level
April	58,164	55,975	51,901	43,094	49,499
May	64,618	62,354	63,168	55,875	64,467
June	77,842	78,375	70,006	78,334	71,446
July	59,012	60,310	58,711	60,936	59,919
August	60,522	59,042	58,581	63,028	59,787
September	70,367	72,831	71,296	71,916	72,763
October	55,401	56,690	56,296		57,454
November	55,138	54,576	52,942		54,031
December	57,615	53,151	60,009		61,244
January	49,368	52,211	50,366		51,403
February	49,930	51,517	43,607		44,504
March	73,959	78,902	79,469		83,483
<b>TOTAL</b>	<b>731,936</b>	<b>735,934</b>	<b>716,351</b>	<b>373,183</b>	<b>730,000</b>

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



## Comments:

- The March 2012 actual figure has been adjusted to take account of revised data received from districts.
- It has been necessary to revise the affordable tonnage levels for April and March to reflect the actual number of days in each accounting period. Historically contracts with service providers have been on the basis of a four/four/five week cycle of accounting periods (with weeks ending on a Sunday), rather than on calendar months, and reported waste tonnages have reflected this. It is expected that by April 2013 all service providers will have transferred to a calendar month basis.
- These waste tonnage figures include waste processed either through Allington Waste to Energy plant or landfill, recycled waste and composting.
- To date, the cumulative tonnage activity for the first six months is approximately 4,698 tonnes less than the affordable level for the same period, and this reduction is reflected in the current forecast in section 1.1.3.5 of this annex which assumes waste volumes will be approximately 9,600 tonnes below budget by year end.
- Waste tonnages will continue to be carefully reviewed as part of the regular monitoring process to Cabinet.

## CUSTOMER & COMMUNITIES DIRECTORATE SUMMARY SEPTEMBER 2012-13 FULL MONITORING REPORT

### 1. FINANCE

#### 1.1 REVENUE

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

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits for the A-Z service analysis have been adjusted since the quarter 1 monitoring report to reflect a number of technical adjustments to budget including the centralisation of training budgets and room hire budgets.
- The inclusion of a number of 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 of the executive summary.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Customer &amp; Communities portfolio</b>							
C&C Strategic Management & Directorate Support Budgets	9,805	-3,975	5,830	-38	-1	-39	
<u>Other Services for Adults &amp; Older People:</u>							
- Drug & Alcohol Services	15,981	-14,609	1,372	0	0	0	
- Supporting People	25,609	0	25,609	0	0	0	
	41,590	-14,609	26,981	0	0	0	
<u>Children's Services</u>							
<u>Education &amp; Personal:</u>							
- Youth Service	8,663	-2,154	6,509	0	0	0	
- Youth Offending Service	5,581	-2,410	3,171	-218	37	-181	Staffing vacancies & reduced mileage & subsistence
	14,244	-4,564	9,680	-218	37	-181	
<u>Community Services:</u>							
- Archive Service (incl Museum Development)	757	-187	570	2	-24	-22	
- Arts Development (incl Turner Contemporary)	1,744	-103	1,641	15	-12	3	
- Big Society Fund	1,000	0	1,000	0	0	0	
- Community Learning Services	15,002	-15,355	-353	-37	37	0	
- Community Safety	1,203	-226	977	-10	-1	-11	
- Community Wardens	2,888	0	2,888	-134	0	-134	Reduced costs from vacancy management
- Contact Centre & Consumer Direct	5,605	-1,859	3,746	-446	446	0	CDSE - reduced staff nos & associated income levels. Impact of cost cutting exercise against non staffing
- Gateways	2,754	-635	2,119	-163	39	-124	Reduction in agency costs and rephasing of Gateways opening
- Library Services	16,176	-2,151	14,025	34	-78	-44	Increased fees & charges income
- Sports Development	2,603	-1,620	983	-37	-4	-41	staffing underspend

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Supporting Independence & Supported Employment	1,371	-484	887	-228	62	-166	KSE - reduced staff costs. Loss of income from reduced number of referrals from Job Centre Plus
	51,103	-22,620	28,483	-1,004	465	-539	
<u>Environment:</u>							
- Country Parks	1,504	-932	572	-9	9	0	
- Countryside Access (incl PROW)	2,884	-1,023	1,861	0	0	0	
	4,388	-1,955	2,433	-9	9	0	
<u>Local Democracy:</u>							
- Community Engagement	720	0	720	42	3	45	
- Member Grants	1,266	0	1,266	0	0	0	
	1,986	0	1,986	42	3	45	
<u>Regulatory Services:</u>							
- Coroners	2,982	-475	2,507	13	0	13	
- Emergency Planning	852	-199	653	-63	-8	-71	
- Registration	2,743	-3,135	-392	-172	0	-172	staffing vacancies
- Trading Standards	4,053	-735	3,318	-201	-2	-203	Reduced costs from vacancy management
	10,630	-4,544	6,086	-423	-10	-433	
<b>Total controllable</b>	<b>133,746</b>	<b>-52,267</b>	<b>81,479</b>	<b>-1,650</b>	<b>503</b>	<b>-1,147</b>	
<b>Assumed Management Action</b>						<b>0</b>	
<b>Forecast after Mgmt Action</b>				<b>-1,650</b>	<b>503</b>	<b>-1,147</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:

#### **Customer & Communities portfolio:**

##### 1.1.3.1 **Children's Services – Education & Personal:**

###### a. Youth Offending Service: Gross -£218k, Income +£37k, Net -£181k

The notification for the 2013-14 funding from Youth Justice Board is yet to be finalised and in the anticipation of a reduction, based on intelligence received to date, the service is holding a number of vacancies with a gross staffing underspend of £140k being reported.

In addition there is an associated underspend of -£70k from the reduction in mileage, subsistence and expenses claims.

There are other small gross variances of -£8k.

##### 1.1.3.2 **Community Services:**

###### a. Community Wardens: Gross -£134k, Income nil, Net -£134k

There continue to be vacancies within this service including six wardens, a management post and an administration officer. These account for the current forecast gross underspend of -£134k. The budget includes a built in vacancy management target, otherwise the projected underspend would be in excess of this.

b. Contact Centre & Consumer Direct: Gross -£446k, Income +£446k, Net nil

There has been a reduction in Consumer Direct call volumes and as income for this contract is calculated on a price per call basis, this has led to a reduction in income of +£446k. However this is offset by a £369k gross underspend on staffing as a result of reduced staff numbers in line with the reduction in call volumes. A cost cutting exercise has also been undertaken in order to offset this income shortfall and further gross savings of £77k are forecast from this exercise.

c. Gateways: Gross -£163k, Income +£39k, Net -£124k

As previously reported, the main contributor to the gross underspend is the re-phasing and change in specification of two multi agency Gateways. Swanley and Herne Bay Gateways are not now expected to open until 2013-14, with Herne Bay on a reduced scale from original plans. This has resulted in a one off underspend of -£159k as there will be no running costs in this financial year.

There are other small variances totalling -£4k on gross and +£39k on income.

d. Supporting Independence & Supported Employment: Gross -£228k, Income +£62k, Net -£166k

The gross variance of -£228k mainly relates to a reduction in staffing within Kent Supported Employment (KSE) which has been achieved through improved performance, as well as reduced activity. The forecast income shortfall of +£62k is also within KSE and relates to the Department for Work & Pensions funded Work Programme contract where referrals are below the anticipated demand and as a consequence there is a reduction in income.

1.1.3.3 **Regulatory Services:**

a. Registration Gross -£172k, Income Nil, Net -£172k

The Registration Service is predicting a -£172k underspend of which the majority (-£165k) relates to staffing, as vacancies are being held pending a restructure of the Registration Service following the integration with the Libraries and Archive services. However, there are some emerging pressures within the Libraries, Registration & Archives integrated service which need further investigation that are likely to offset this position and a further update will be provided in the next report.

b. Trading Standards (including Kent Scientific Services): Gross - £201k, Income -£2k, Net -£203k

The combined service is forecasting an underspend on staffing of -£156k as there are a number of vacant posts being held whilst a restructure and review is underway. This, together with a number of smaller underspends on non staffing budgets, accounts for the gross variance of -£201k

The income variance was +£87k at quarter 1 but this pressure has been reduced through an improved forecast of income for Kent Scientific Services, together with an additional -£28k of income from Olympic Delivery Authority for Trading Standards. These two combined result in an income variance of -£2k.

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

(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspend (-)		
portfolio		£000's	portfolio		£000's
C&C	Contact Centre & Consumer Direct: reduction in income linked to reduced call volumes for Consumer Direct	+446	C&C	Contact Centre & Consumer Direct: reduced staff numbers in line with reduced call volumes for Consumer Direct	-369
			C&C	Supported Independence & Supported Employment: staffing underspend within Kent Supported Employment	-228
			C&C	Registration Service: staffing savings pending restructure of service	-165
			C&C	Gateways: re-phasing of opening and change in specification of Swanley and Herne Bay gateways	-159
			C&C	Trading Standards: staff vacancy savings pending restructure of service	-156
			C&C	Youth Offending Service: staff vacancy savings pending notification of future year funding levels from Youth Justice Board	-140
			C&C	Community Wardens: staff vacancies	-134
		+446			-1,351

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

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

The directorate is delivering a significant underspend in order to contribute towards the authority's current and future year funding demands and this is being achieved by accelerating future year's savings, wherever possible, and by holding vacancies wherever this can be done without impacting on front line service delivery and only appointing to business critical posts, which results in savings on both staffing and the associated non-staffing costs.

**1.1.5 Implications for MTFP:**

As part of the budget consultation – which ended early November – the directorate outlined proposals to achieve new savings of just under £1.8m, as well as the full year effect of savings implemented (and consulted upon) last year of just over £4.3m.

A number of the underspends reported in the sections above are where vacancies are being held in anticipation of county council approving the savings in February 2013 and to try and minimise the impact of enforced redundancies, wherever possible, but only where the impact on front line delivery has been negligible or been fully mitigated.

In addition to anticipated savings that need to be delivered in 2013/14, there is still the unknown quantum of funding allocations for future years which may well yet impact on future year budgets e.g. provisional or final grant settlements for 2013/14 may not yet be known for a few months but any changes in assumptions will be included within future monitoring reports.



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

Towards the end of 2011/12, £1m from the Big Society budget was provided to the Kent Community Foundation for a loan fund to award loans to social enterprises that are perhaps unable to secure loans through other routes. A further £2m was set aside for further donations of £1m in each of 2012/13 and 2013/14. KCC reserves the right not to make the further donations to the fund if the market appetite is not evident and each year an Annual Report is to be presented to KCC in order for them to assess the market conditions. This report will be presented to Cabinet in relation to current level of demand and this will be the basis of the decision for further investment. It is currently forecast that a further £1m will be donated in 2012/13 but Members will be updated of any changes to that assumption in future reports. Take up has been slower than anticipated but it is hoped that targeted marketing will improve this position.

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

None

## 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.

1.2.2 The Customer and Communities portfolio has an approved budget of £13.551m (see table 1 below). The forecast outturn against this budget is £13.908m, giving a variance of +£0.357m. After adjustments for funded variances and reductions in funding, the revised variance comes to nil (see table 3).

1.2.3 Tables 1 to 3 summaries the portfolio's approved budget and forecast.

1.2.4 Table 1 – Revised approved budget

	£m	
Approved budget last reported to Cabinet	13.501	
Approvals made from last Cabinet meeting	0.050	Public Rights of Way
Revised approved budget	13.551	

## 1.2.5 Table 2 – Funded variances

Scheme	Amount £m	Reason
<b>Cabinet to approve cash limit changes</b>		
Dartford & Gravesham NHS Trust Capital Contribution	0.128	*Funding required this year in order for contract to commence 1st April 2013
<b>No cash limit changes to be made</b>		
Youth Vehicles	0.141	To be funded from Revenue
Public Rights of Way	0.063	To be funded from Revenue
Tonbridge Youth Facility	0.025	To be funded from Revenue
<b>Total</b>	<b>0.357</b>	

\*Cabinet is asked to approve a change in cash limit to reflect a contribution of £128k to Dartford & Gravesham NHS Trust towards the overall cost of extending their premises. The Trust is commissioned to provide post mortem services on behalf of the authority and currently has insufficient capacity to accommodate the increased caseload, something the planned works aim to mitigate. The overall works are due to be completed in time for the new contract to commence in April 2013 and therefore funding is required in the current financial year.

## 1.2.6 Table 3 – Summary of Variance

	Amount £m
<b>Unfunded variance</b>	<b>0.000</b>
Funded variance (from table 2)	0.128
Variance to be funded from revenue (from table 2)	0.229
<b>Rephasing (beyond 2012-15)</b>	<b>0.000</b>
<b>Total variance</b>	<b>0.357</b>

**Main reasons for variance**

1.2.7 Table 4 below details each scheme indicating all variances and the status of the scheme. Each scheme with a Red or Amber status will be explained including what is being done to get the scheme back to budget/on time.

<b>Table 4</b>									
<b>Scheme Name</b>	<b>Total Cost £m</b>	<b>Previous Spend £m</b>	<b>2012-15 Approved Budget £m</b>	<b>Later Years Approved Budget £m</b>	<b>2012-15 Forecast Spend £m</b>	<b>Later Years Forecast Spend £m</b>	<b>2012-15 Variance £m</b>	<b>Total Project Variance £m</b>	<b>Status Red / Green / Amber</b>
	(a) = b+c+d	(b)	(c)	(d)	(e)	(f)	(g) = (e-c)	(h)= (b+e+f-a)	
<b>Rolling Programme</b>									
Public Rights of Way - Structural Maintenance	2.422	0.000	2.422	0.000	2.485	0.000	0.063	0.063	
Country Park Access & Development	0.510	0.000	0.510	0.000	0.510	0.000	0.000	0.000	
Small Community Projects	2.510	0.000	1.510	1.000	1.510	1.000	0.000	0.000	
Library Modernisation Programme	3.113	0.295	1.898	0.920	1.898	0.920	0.000	0.000	
Modernisation of Assets	0.727	0.000	0.457	0.270	0.598	0.270	0.141	0.141	
Public Sports Facilities Improvement - Capital Grants	0.500	0.000	0.300	0.200	0.300	0.200	0.000	0.000	
Village Halls & Community Centres - Capital Grants	1.111	0.000	0.711	0.400	0.711	0.400	0.000	0.000	
<b>Individual Projects</b>									
The Beaney, Canterbury	3.620	3.365	0.255	0.000	0.255	0.000	0.000	0.000	
Turner Contemporary	17.400	17.400	0.000	0.000	0.000	0.000	0.000	0.000	
Gateways	7.052	4.824	2.228	0.000	2.228	0.000	0.000	0.000	
Ashford Gateway Plus	7.606	7.539	0.067	0.000	0.067	0.000	0.000	0.000	
Grant to Cobtree Trust	0.100	0.043	0.057	0.000	0.057	0.000	0.000	0.000	
Tunbridge Wells Library	0.469	0.028	0.441	0.000	0.441	0.000	0.000	0.000	Phasing
Kent History & Library Centre	10.981	10.625	0.356	0.000	0.356	0.000	0.000	0.000	
Gravesend Library	2.500	2.404	0.096	0.000	0.096	0.000	0.000	0.000	
Libraries Invest to Save	1.730	1.528	0.202	0.000	0.202	0.000	0.000	0.000	
New Community Facilities at Edenbridge	1.009	0.337	0.672	0.000	0.672	0.000	0.000	0.000	Phasing
Web Platform	1.139	0.810	0.329	0.000	0.329	0.000	0.000	0.000	
Youth Service Reconfiguration	0.058	0.000	0.058	0.000	0.083	0.000	0.025	0.025	
CLS service re-provision	0.482	0.000	0.482	0.000	0.482	0.000	0.000	0.000	
New Library & Community Centre Cheeseman's Green	0.350	0.000	0.350	0.000	0.350	0.000	0.000	0.000	
Gateway phase 2 completion	0.150	0.000	0.150	0.000	0.150	0.000	0.000	0.000	
Dartford & Gravesham NHS Trust Capital Contribution	0.000	0.000	0.000	0.000	0.128	0.000	0.128	0.128	
<b>TOTAL CUSTOMER &amp; COMMUNITIES</b>	<b>65.539</b>	<b>49.198</b>	<b>13.551</b>	<b>2.790</b>	<b>13.908</b>	<b>2.790</b>	<b>0.357</b>	<b>0.357</b>	

- 1.2.8 **Status:**  
 Green – Projects on time and budget  
 Amber – Projects either delayed or over budget  
 Red – Projects both delayed and over budget

1.2.9 Assignment of Green/Amber/Red Status

- 1.2.10 Projects with variances to budget will only show as amber if the variance is unfunded, i.e. there is no additional grant, external or other funding available to fund.
- 1.2.11 Projects are deemed to be delayed if the forecast completion date is later than what is in the current project plan.

**Amber Projects – variances to cost/delivery date and why.**

- 1.2.10 **Tunbridge Wells Library (Rephasing)** - Practical completion is now likely to occur in the next financial year - thus the Amber status - and this is due to a combination of issues including protracted procurement and contractual processes. Also, as this is a listed building there is a potential risk that once work commences, issues could be encountered which may increase the scope and costs of works. The project however contains a contingency and as part of the procurement process, this has been increased slightly in an attempt to mitigate any such risks.
- 1.2.11 **Edenbridge Community Centre – no change from prior month (rephasing)** - The contractor has submitted an extension of time request in relation to the construction of the Edenbridge Centre and the associated housing development. The impact of this is that the opening of the centre has moved from October 2012 to January 2013. The fixed price Design and Build contract means that there are no financial risks to KCC in relation to the build or this claim but as the estimated completion date has been elongated, an AMBER status has been applied.

**Key issues and Risks**

- 1.2.12 **Public Rights of Way** - The Countryside Access Programme includes a number of surfacing schemes which can involve access across difficult terrain or along unsurfaced rights of way. Some of the access can be weather dependent with landowners refusing access in poor weather conditions hence there is a potential risk that projects are not completed as scheduled.
- 1.2.13 **The Beaney** – As reported in the prior month's monitoring, the Viridor bid for £133k external funding was unsuccessful. The funding gap is now going to be met from the Modernisation of Assets budget within Corporate Landlord. There is also the risk that there will be additional costs outside of the fixed price contract but these will be reported when there is more certainty over the quantum.
- 1.2.14 **Library Modernisation** – Within the cash limit, funds have been set aside for the Library element of the Herne Bay and Swanley Gateways, therefore this budget is intrinsically linked to that programme (see below). Funds may also be required at Folkestone, for the library element of Edenbridge Community Centre and some Modernisation costs at Tunbridge Wells. This project is linked to the Future Libraries Strategy and some re-phasing may therefore ensue over the coming months as these various projects proceed.
- 1.2.15 **Gateways** – The Gateway programme was to be delivered over a number of years and anticipated opening dates were scheduled. However, due to the number of agencies involved, differing funding requirements and planning approval processes, there is an inherent risk around timing, funding and future delivery. Business cases are presented for each gateway and these considerations will be updated as part of future monitoring reports.

- 1.2.16 Ramsgate Library – The refurbishment is almost complete and there is a small risk that the residual budget is insufficient to meet the costs of the final snagging works. Conversely, if a surplus is delivered then this may need to be returned to the Administrator.

The outstanding defects liability was costed by the Quantity Surveyor and formed part of the settlement negotiations. The programme of work has been tendered and will be monitored against the funds available.

- 1.2.17 Web Platform – It was reported previously that there was no rolling programme to fund improvements/enhancements to kent.gov once this fixed term project expires. As opposed to updating the current system, a project is now underway – in conjunction with the Customer Service 'Channel Shift' strategy – to replace the current web platform in order to increase its functionality and improve the user experience, as the current system will be unsupported come March 2013 and has insufficient capacity to fully enable channel shift.

There is a risk that this recycled budget is insufficient to fully fund the replacement. Such additional capital expenditure and associated revenue costs will be included in future iterations of this report or in the 2013/14 budget and Medium Term Financial Plan that will be approved by County Council in February 2013.

- 1.2.18 Youth Service Vehicles – the Youth Service are purchasing 3 replacement vehicles which are to be funded from revenue. The service is replenishing their fleet in anticipation of the new youth transformation launch in January 2013 where the expectation is that there will be at least one vehicle per district. This investment, along with the existing renewals programme, will achieve that outcome.

- 1.2.19 Post mortem facility contribution - as this is a capital contribution to a non KCC project, there is a risk that the overall cost, specification and timing is not in line with expectation and that is outside of the control of the authority. This will be mitigated by regular dialogue with the Trust to ensure that the new contract can commence in April 2013 as planned.

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

N/A

## BUSINESS STRATEGY & SUPPORT DIRECTORATE SUMMARY SEPTEMBER 2012-13 FULL MONITORING REPORT

### 1. FINANCE

#### 1.1 REVENUE

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

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits for the A-Z service analysis have been adjusted since the quarter 1 monitoring report to reflect a number of technical adjustments to budget including the centralisation of training budgets and room hire budgets.
- The inclusion of a number of 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 of the executive summary.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Regeneration &amp; Enterprise portfolio</b>							
Directorate Management & Support	166	0	166	5	0	5	
Development Staff & Projects	4,892	-1,389	3,503	43	-48	-5	
<b>Total R&amp;E portfolio</b>	<b>5,058</b>	<b>-1,389</b>	<b>3,669</b>	<b>48</b>	<b>-48</b>	<b>0</b>	
<b>Finance &amp; Business Support portfolio</b>							
Finance & Procurement	18,690	-7,469	11,221	-285	19	-266	Many staff appointed at bottom of grade, budget based on mid-point of grade
<b>Total F&amp;BS portfolio</b>	<b>18,690</b>	<b>-7,469</b>	<b>11,221</b>	<b>-285</b>	<b>19</b>	<b>-266</b>	
<b>Business Strategy, Performance &amp; Health Reform portfolio</b>							
Strategic Management & Directorate Support budgets	2,895	-4,520	-1,625	62	-56	6	
Governance & Law	10,356	-12,470	-2,114	-490	464	-26	Revised business objectives as a result of Units Evolution programme
Business Strategy	3,228	-139	3,089	-201	5	-196	Staffing vacancies and delays in recruitment
Property & Infrastructure	28,526	-4,517	24,009	1,299	-700	599	Extension to leasehold payments; more cautious approach to capitalising spend

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Business Strategy, Performance &amp; Health Reform portfolio</b>							
Human Resources	16,754	-5,645	11,109	186	-35	151	Under recovery of income on Schools Personnel Services, partially offset by underspend on staffing; increased demand to support restructures resulting in staffing pressure on Employee Services; increase in Rewards spend, offset with extra income
Information & Communication Technology	32,815	-13,966	18,849	3,100	-2,786	314	IT pay as you go activity funded by additional income; staffing pressure due to continued demand
<b>Total BSP&amp;HR portfolio</b>	<b>94,574</b>	<b>-41,257</b>	<b>53,317</b>	<b>3,956</b>	<b>-3,108</b>	<b>848</b>	
<b>Democracy &amp; Partnerships portfolio</b>							
Finance - Internal Audit	1,107	-34	1,073	-70	-42	-112	
Business Strategy - International & Partnerships	997	-223	774	-82	46	-36	
Democratic & Member Services	3,902	-3	3,899	75	-71	4	
Local Democracy:							
- Member Grants incl. County Council Elections	1,273	0	1,273	0	0	0	
<b>Total D&amp;P portfolio</b>	<b>7,279</b>	<b>-260</b>	<b>7,019</b>	<b>-77</b>	<b>-67</b>	<b>-144</b>	
<b>Total BSS Controllable</b>	<b>125,601</b>	<b>-50,375</b>	<b>75,226</b>	<b>3,642</b>	<b>-3,204</b>	<b>438</b>	
<b>Assumed Management Action:</b>							
- R&E portfolio						0	
- F&BS portfolio						0	
- BSP&HR portfolio				-848		-848	P&I, HR & ICT action - see section 1.1.7
- D&P portfolio						0	
<b>Forecast after Mgmt Action</b>				<b>2,794</b>	<b>-3,204</b>	<b>-410</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:

#### **Finance & Business Support portfolio:**

##### 1.1.3.1 Finance & Procurement: Gross -£285k, Income +£19k, Net -£266k

There is a projected under-spend against gross expenditure of **-£285k** which all relates to staffing. Many appointments to the new finance structure have been made at the bottom of grade, whereas the budget is set at mid-point of grade; the division is also carrying a number of vacancies.

## **Business Strategy, Performance & Health Reform portfolio:**

### 1.1.3.1 Governance & Law: Gross -£490k, Income +£464k, Net -£26k

There is a significant underspend on gross of -£490k and a corresponding +£464k under-recovery on income due to revised business objectives. In 2012/13 Governance and Law, as part of its 'Evolution, Efficiency, Enterprise' project, is seeking to reduce the cost of legal services to the Council, increase its external trading revenues, and deliver a net surplus of £2.1m. This is a change from the original budget assumption which sought to increase revenue receipts through increasing the team numbers to meet anticipated client service needs. Overall therefore, gross costs have reduced from the budget assumption as team numbers are not as high but income has also reduced. As stated in the first quarter's report the unit will be re-profiling its budgets and will look for formal approval of these changes in the third quarter's report. It was previously anticipated that this re-profiling would be completed in time for approval in this report but this work has been delayed because resources have been directed to deliver the new time recording system.

### 1.1.3.2 Business Strategy: Gross -£201k, Income +£5k, Net -£196k

There is currently an underspend of **-£255k** against staffing resulting from vacancies and delays in recruitment. There are also a number of small variances against non-staffing budgets totalling +£54k.

### 1.1.3.3 Property & Infrastructure: Gross +£1,299k, Income -£700k, Net +£599k

Property Group is forecasting a £1,299k gross pressure with a compensating increase in income of £700k in their revenue budget.

The Property revenue budget has been reduced by £3.56m over the past two years in respect of 'Total Place' savings. It was expected that these savings would primarily be generated by coming out of leasehold properties as soon as leases came to an end. Service transformations and restructures throughout the Council, together with the formulation of the new Work Place Transformation Strategy, have resulted in the requirement to extend a number of leases and thus push delivery of some savings to later years. Additionally, revisions to Authority-wide service plans have impacted on the demands for property estate requirements, resulting in a pressure in the current year. Delivery of these savings is a top priority for management action and therefore a full review of all 'Total Place' potential savings, alongside current service plans, has been undertaken to determine the revised phasing of the savings to be reflected in the 2013-16 MTFP. Also, dedicated resources have been put in place to programme manage the New Work Spaces initiative which will give greater clarity on timelines for coming out of properties.

Additionally, in accordance with accounting requirements, many items of expenditure which have traditionally been capitalised, must be charged to and funded through revenue. As a result Property Group is planning to use £700k of the DFE Local Authority Capital Maintenance Grant, currently shown within their capital budget, to cover this expenditure, as the grant rules allow us to fund revenue expenditure from it.

### 1.1.3.4 Human Resources: Gross +£186k, Income -£35k, Net +£151k

The Schools Personnel Service continues to have extremely challenging income targets which, with further delegations of funding and responsibilities to schools, require business to be secured on a school by school basis. As a result, SPS are forecasting an under-delivery of income of **+£420k**, but also a partially compensating underspend, mainly on salaries of **-£310k**. In addition, HR is continuing to face increased demand to support many Divisional restructures and transformation programmes throughout this year, which is putting pressure on many units, and as a result Employee Services are forecasting a gross pressure of **+£406k**, mainly on staffing, which is partially offset by increased income of **-£227k**. A pressure of **+£93k** also exists within the Reward Team mainly due to increased payments to the rewards providers to reflect above budgeted take up; this is more than offset by extra income of **-£198k**. There are a number of smaller pressures against the rest of Human Resources, including Health and Safety, the Divisional budget and the 'Grads Kent' website, although the latter is more than offset with extra income.



The Division continues to review all HR processes including the Employee Services Centre. In the wider context, it may be possible to find savings and efficiencies from elsewhere within HR, possibly from on-going restructures within the unit.

1.1.3.5 Information & Communication Technology: Gross +£3,100k, Income -£2,786k, Net +£314k

Variances of **+£2,786k** and **-£2,786k** on gross and income respectively reflect the increased demand for additional IT Pay-as-you-go projects. Project demand is difficult to predict during budget setting. The remaining pressure of **+£314k** relates to additional staffing expenditure due to the continued high demand for ICT services.

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

(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
BSPHR	ICT Gross: Information Systems costs of additional pay as you go activity	+2,786	BSPHR	ICT Income: Information Systems income from additional pay as you go activity	-2,786
BSPHR	Property & Infrastructure Gross - extension to leasehold payments; more cautious approach to capitalising expenditure	+1,299	BSPHR	Property and Infrastructure Income - Use of Local Authority Capital Maintenance Grant to fund revenue expenditure previously categorised as capital	-700
BSPHR	Governance & Law Income - reduced income due to revised business objectives (matched by reduced staffing costs)	+464	BSPHR	Governance & Law Gross - reduced staffing due to revised business objectives (matched by reduced income)	-490
BSPHR	Human Resources Income - under recovery of income target by Schools Personnel Service	+420	BSPHR	Human Resources Gross - underspend on Schools Personnel Service mainly on salaries, partially off-setting under delivery of income target	-310
BSPHR	Human Resources Gross - pressure on Employee Services budget mainly on staffing	+406	F&BS	Finance & Procurement Gross - staffing underspend	-285
BSPHR	ICT Gross: additional staffing expenditure due to the continued high demand for ICT services	+314	BSPHR	Business Strategy Gross - staffing underspend	-255
			BSPHR	Human Resources Income - increased Employee Services income	-227
			BSPHR	Human Resources Income - increased income relating to Rewards	-198
		+5,689			-5,251

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

None

### 1.1.5 Implications for MTP:

The MTFP assumes a breakeven position for 2012/13. However, Property Division has submitted new phasing for their Total Place savings, moving £1.3m to future years and the MTFP will need to be updated accordingly. The Division will also continue to need to utilise some of its DFE capital grant to fund revenue expenditure which cannot be capitalised.

In HR – Schools Personnel Service will be realigning their gross and income budgets within the 2013-16 MTFP to reflect their Business Plans for 2013/14.

ICT is reviewing its savings delivery options but is confident of delivering overall targets once management action takes effect (see section 1.1.7 below).

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

None

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

The Directorate is wholly committed to delivering a balanced outturn position by the end of the financial year and will continue to consider all options to ensure this happens. Robust arrangements are in place on a monthly basis to ensure that forecasts and expenditure are closely monitored and where necessary challenged

#### 1.1.7.1 Property and Infrastructure

The review of the phasing of potential savings through 'Total Place', and the capacity for it to actually start generating savings in 2012/13, is very much tied to the Work Place Transformation Strategy. This review has now been completed and a re-phased savings profile has been submitted as part of the 2013-16 MTFP process. In total £1.3m of gross savings are being re-phased from the current year to future years.

#### 1.1.7.2 Human Resources

The Division continues to review all HR processes and to find savings and efficiencies from elsewhere within HR. Since Quarter 1, the net position has improved by £144k.

#### 1.1.7.3 Information and Communication Technology

ICT is confident of delivering a balanced outturn position. The Division is looking to make efficiencies from the centralisation of contracts, rationalising its use of contractors and tough vacancy management.

## 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.

1.2.2 The Business Strategy and Support directorate has an approved budget for 2012-15 of £137.603m (see table 1 below). The forecast outturn against this budget is £120.748m, giving a variance of -£16.855m. After adjustments for funded variances, the revised variance comes to -£17.294m (see table 3).

1.2.3 Tables 1 to 3 summaries the Directorate's approved budget and forecast.

## 1.2.4 Table 1 – Revised approved budget

	Total	Business Strategy, Performance & Health Reform	Regeneration & Enterprise
	£m	£m	£m
Approved budget last reported to Cabinet	137.603	33.211	104.392
Approvals made since last reported to Cabinet	0.000		
Revised approved budget	137.603	33.211	104.392

## 1.2.5 Table 2 – Funded and Revenue Funded Variances

Scheme	£m	Reason
<b>Cabinet to approve cash limit changes</b>		
Modernisation of Assets	-0.061	Transfer of budget to revenue as spend is of a revenue nature
ERP Phase1	0.620	Existing Oracle Infrastructure Project incorporated into ERP
Oracle Release 12	-0.120	Funds released for Oracle Infrastructure Platform
<b>No cash limit changes to be made</b>		
<b>Total</b>	<b>0.439</b>	

## 1.2.6 Table 3 – Summary of Variance

	Total	Business Strategy, Performance & Health Reform	Regeneration & Enterprise
Reason	£m	£m	£m
<b>Unfunded variance</b>			
Funded variance (from table 2)	0.439	0.439	
Variance funded by revenue (from table 2)	0.000		
Project underspend	-0.984	-0.700	-0.284
<b>Rephasing (beyond 2012-15)</b>	<b>-16.310</b>		<b>-16.310</b>
<b>Total variance</b>	<b>-16.855</b>	<b>-0.261</b>	<b>-16.594</b>

**Main reasons for variance**

1.2.7 Table 4 below, details each scheme indicating all variances and the status of the scheme. Each scheme with a Red or Amber status will be explained including what is being done to get the scheme back to budget/on time.

Table 4 Scheme Progress

Scheme name	Total cost	Previous spend	2012-15 approved budget	Later Years approved budget	2012-15 Forecast spend	Later Years Forecast spend	2012-15 Variance	Total project variance	Status Red/amber/green
	£m	£m	£m	£m	£m	£m	£m	£m	
	(a) = b+c+d	(b)	(c)	(d)	(e)	(f)	(g) = (e-c)	(h)=(b+e+f)-a	
<b>BSPHR</b>									
Modernisation of Assets	17.973		13.232	4.741	13.171	4.741	-0.061	-0.061	
Disposal Costs	1.000		0.750	0.250	0.750	0.250	0.000	0.000	
Corporate Property Strategic Capital	2.851		2.851		2.151		-0.700	-0.700	
Connecting Kent	0.000						0.000	0.000	
Connecting with Kent	2.413	1.653	0.760		0.760		0.000	0.000	
Oracle Release 12	1.733	1.383	0.350		0.230		-0.120	-0.120	
Oracle Self Service Development	0.633	0.566	0.067		0.067		0.000	0.000	
Property Asset Management System	0.310		0.310		0.310		0.000	0.000	
Sustaining Kent - Maintaining the Infrastructure	10.845	7.875	2.970		2.970		0.000	0.000	
Better Workplaces / Work Place Transformation	1.030	1.030					0.000	0.000	
Connecting Kent	0.255	0.255					0.000	0.000	
Enterprise Resource Programme (PHASE 1)	1.398	0.164	1.234		1.854		0.620	0.620	
Energy Efficiency & Renewable Energy in the KCC Estate - solar panels (spend)	0.321		0.321		0.128		-0.193	-0.193	
Integrated Childrens System	1.326	0.012	1.314		1.314		0.000	0.000	
Faversham Family Centre	0.026		0.026		0.026		0.000	0.000	
Energy Efficiency & Renewable Energy in the KCC Estate (plan)	0.182		0.182		0.375		0.193	0.193	
Enterprise Resource Programme (PHASE 2)	0.500		0.500		0.500		0.000	0.000	
Better Workplaces / Work Place Transformation	8.831	0.487	8.344		8.344		0.000	0.000	
<b>BSPHR Total</b>	<b>51.627</b>	<b>13.425</b>	<b>33.211</b>	<b>4.991</b>	<b>32.950</b>	<b>4.991</b>	<b>-0.261</b>	<b>-0.261</b>	

Scheme name	Total cost	Previous spend	2012-15 approved budget	Later Years approved budget	2012-15 Forecast spend	Later Years Forecast spend	2012-15 Variance	Total project variance	Status Red/amber/green
East Kent Empty Property Initiative	6.625	5.356	1.269		1.269		0.000	0.000	
Euro Kent	6.398	5.974	0.424		0.140		-0.284	-0.284	
Dover Priory Station Approach Road	1.604	1.575	0.029		0.029		0.000	0.000	
Rural Broadband Demonstration Project	2.458		2.458		2.458		0.000	0.000	
Tontine Street Public Realm Improvement	0.100	0.006	0.094		0.094		0.000	0.000	
Tontine Street Public Realm Improvement	0.400		0.400		0.400		0.000	0.000	
Old Town Hall Operating Costs Capital	0.150	0.006	0.144		0.144		0.000	0.000	
Managed Work Space - The Old Rectory	0.180		0.180		0.180		0.000	0.000	
Swale Parklands	0.999	0.827	0.172		0.172		0.000	0.000	
Broadband	20.000		20.000		15.000	5.000	-5.000	0.000	Phasing
Capital Regen Fund	11.271		11.271		11.271		0.000	0.000	
Empty property Initiative	10.951		5.951	5.000	5.951	5.000	0.000	0.000	
Margate Housing	10.000		10.000		8.400	1.600	-1.600	0.000	
Regional Growth Fund	40.000		40.000		30.290	9.710	-9.710	0.000	Phasing
LAMS	12.000		12.000		12.000		0.000	0.000	
<b>Regen Total</b>	<b>123.136</b>	<b>13.744</b>	<b>104.392</b>	<b>5.000</b>	<b>87.798</b>	<b>21.310</b>	<b>-16.594</b>	<b>-0.284</b>	
<b>BSS Total</b>	<b>174.763</b>	<b>27.169</b>	<b>137.603</b>	<b>9.991</b>	<b>120.748</b>	<b>26.301</b>	<b>-16.855</b>	<b>-0.545</b>	

## 1.2.8 Status:

Green – Projects on time and budget

Amber – Projects either delayed or over budget

Red – Projects both delayed and over budget

1.2.9 Assignment of Green/Amber/Red Status

1.2.10 Projects with variances to budget will only show as amber if the variance is unfunded, i.e. there is no additional grant, external or other funding available to fund.

1.2.11 Projects are deemed to be delayed if the forecast completion date is later than what is in the current project plan.

**Amber and Red Projects – variances to cost/delivery date and why.**

1.2.12 Regional Growth Fund (REG) – the rephasing of -£9.710m into 2016-17 is due to the re-profiling of the programme based on the best estimates of applications expected for the Expansion East Kent Fund.

1.2.13 Broadband (REG) - £5.000m has been rephased to beyond 2012-15. This is due to delays at a national level in finalising the BDUK procurement framework and the UK state aid notification with the EU. As a result, suppliers are now informing Government it will be necessary to extend the implementation window beyond March 2015.

**Other significant variances**

1.2.14 Corporate Property Strategic Capital (BSHPR) – underspend of -£0.700m. In accordance with accounting requirements many items of expenditure which have traditionally been capitalised must be charged to and funded through revenue. As a result, property group is planning to use £0.700m of the DFE local authority capital maintenance grant currently shown here, to cover revenue expenditure as the grant rules allow us to do this.

1.2.15 ERP Phase 1 (BSHPR) – spend and funding for existing Oracle Infrastructure Platform project (£0.620m) has been consolidated within ERP. Funded from revenue (£0.500m) and from within the Oracle Release 12 budget (£0.120m).

1.2.16 LIVE Margate (REG) – rephasing of £1.600m to beyond 2012-15. As previously reported to Cabinet, the financial model for the project has been updated to reflect the acquisition and redevelopment/refurbishment strategy that has recently been developed. As a result the projected profile of spend within the capital programme has been rephased in line with the financial model.

**Key issues and Risks**

1.2.17 East Kent Empty Property Initiative – one of the recipients of the loans in this programme has gone into liquidation with a possible write off to be incurred of £0.050m.

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

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

- 2.1 The total forecast receipts expected to come in during 2012-13 is £19.89m. This is broken down between the various “pots” as detailed in the tables below.

### Capital Receipts Funding Capital Programme

	2012-13
	£m
Capital receipt funding required for capital programme	13.289
Banked in previous years and available for use	3.202
Receipts from other sources*	3.574
Requiring to be sold this year	6.513
Forecast receipts for 2012-13	7.665
Potential Surplus / (Deficit)	1.152

- 2.2 The total capital receipt funding required per the latest forecasts for 2012-13 totals £13.289m. Taking into account receipts banked in previous years which are available for use and receipts from other sources\* (such as loan repayments from the Empty Property Initiative), the required level of receipts to achieve in 2012-13 is £6.513m.
- 2.3 Current forecasts show receipts expected in during 2012-13 will total £7.665m, which leaves a potential surplus on capital receipt funding in the capital programme of £1.152m. This will continue to be monitored over the coming months.

### PEF1

- 2.4 County Council approved the establishment of the Property Enterprise Fund 1 (PEF1), with a maximum permitted deficit of £10m, but self-financing over a period of 10 years. The cost of any temporary borrowing will be charged to the Fund to reflect the opportunity cost of the investment. The aim of this Fund is to maximise the value of the Council’s land and property portfolio through:
- the investment of capital receipts from the disposal of non operational property into assets with higher growth potential, and
  - the strategic acquisition of land and property to add value to the Council’s portfolio, aid the achievement of economic and regeneration objectives and the generation of income to supplement the Council’s resources.

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

- 2.5 Forecast 2012-13 position

	2012-13
	£m
Opening balance 1st April 2012	-5.567
Planned receipts	0.915
Costs	-0.037
Planned acquisitions	0.000
Closing balance	-4.689

- 2.6 The above table shows the opening balance on the fund as being -£5.567m. With forecast PEF1 receipts of £0.915m and associated costs of £0.037m, this results in a forecast closing balance of -£4.689m, which is within the permitted £10m overdraft limit.

Revenue position

- 2.7 The balance brought forward at the 1<sup>st</sup> April 2012 was -£2.328m. The anticipated net income from managing the properties held within the fund is estimated at £0.035m, but with the need to fund costs of borrowing -£0.485m against the overdraft facility, the PEF1 is forecasting a £2.778m deficit on revenue, which will be rolled to be met from future income streams.

**PEF2**

- 2.8 County Council approved the establishment of PEF2 in September 2008 with a maximum permitted overdraft limit of £85m, but with the anticipation of the fund broadly breaking even over a rolling five year cycle. However, due to the slower than expected recovery, breakeven, is likely to occur over a rolling seven to eight year cycle. The purpose of PEF2 is to enable Directorates to continue with their capital programmes as far as possible, despite the downturn in the property market. The fund will provide a prudent amount of funding up front (prudential borrowing), in return for properties which will be held corporately until the property market recovers.
- 2.9 Overall Forecast Position on the Fund:

	<b>2012-13</b>
	£m
<u>Capital</u>	
Opening balance	-14.196
Properties to be agreed into PEF2	0.000
Forecast sale of PEF2 properties	11.097**
Disposal costs	-0.413
Closing Balance	-3.512
<u>Revenue</u>	
Opening balance	-4.231
Interest on borrowing	-0.426
Holding costs	-0.046
Closing balance	-4.703
Overall closing balance	-8.215

\*\* Figure is net of contributions required to pay out of disposal value of £0.213m.

- 2.10 The forecast closing balance on the fund is -£8.215m, within the overdraft limit of £85m.
- 2.11 The forecast position on both PEF funds show that the funds are operating well within their acceptable parameters.



## FINANCING ITEMS SUMMARY SEPTEMBER 2012-13 FULL MONITORING REPORT

### 1. FINANCE

#### 1.1 REVENUE

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

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits have been adjusted since the budget was set to reflect a number of technical adjustments to budget.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 of the executive summary.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Finance &amp; Business Support Portfolio</b>							
Carbon Reduction Commitment Levy	400		400			0	
Contribution to/from Reserves	9,962		9,962	849		849	transfer of 12-13 write down of discount saving from 08-09 debt restructuring to reserves; tfr of forecast underspend on Insurance fund to the Insurance reserve
Underspend rolled forward from 11-12	-3,079		-3,079			0	
Insurance Fund	4,679		4,679	-690		-690	lower than anticipated recorded claims
Modernisation of the Council	3,523		3,523			0	
Contingency for Children's Improvement Plan	0		0			0	
Net Debt Charges (incl Investment Income)	130,868	-9,048	121,820	-5,653	1,602	-4,051	2012-13 write down of discount saving from 2008-09 debt restructuring; re-phasing of capital programme in 11-12 has provided savings on debt charges; no new borrowing in 12-13; increase in MRP; underspend on leases.
Other	2,364	-36	2,328	-70	0	-70	subscriptions underspend
Unallocated	3,048	0	3,048	-1,220	0	-1,220	earmarked funds to offset shortfall in Commercial Services contribution
Unringfenced Government Grants		-90,589	-90,589			0	
<b>Total F&amp;BS portfolio</b>	<b>151,765</b>	<b>-99,673</b>	<b>52,092</b>	<b>-6,784</b>	<b>1,602</b>	<b>-5,182</b>	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Business Strategy, Performance &amp; Health Reform portfolio</b>							
Contribution to IT Asset Maintenance Reserve	3,302		3,302			0	
<b>Democracy &amp; Partnerships portfolio</b>							
Audit Fees	464		464	-150		-150	reduction in audit fee
<b>Total Controllable</b>	<b>155,531</b>	<b>-99,673</b>	<b>55,858</b>	<b>-6,934</b>	<b>1,602</b>	<b>-5,332</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:

#### **Finance & Business Support Portfolio:**

##### 1.1.3.1 Net Debt Charges (including Investment Income):

- There is a saving of £159k which relates to the write-down in 2012-13 of the £4,024k discount saving on debt restructuring undertaken at the end of 2008-09. (£3,865k was written down during the period 2008-12).
- There is a saving of £3,895k as a result of deferring borrowing in 2011-12 due to the re-phasing of the capital programme, in addition no new borrowing has been taken in the first half of 2012-13 and cash balances have been relatively high during the first half of the year.
- A £400k underspend against the leases budget is expected, reflecting a continuation of the trend of recent years.
- There is an increase in the Minimum Revenue Provision (MRP) of +£403k. As reported in 2010-11, we have adopted the asset life method of calculating MRP. This method provides authorities with the option of applying MRP over the life of the asset once it is in operation. MRP is based on capital expenditure incurred in the previous year and therefore cannot be calculated until the previous year's accounts have been finalised and audited. This very complex calculation has recently been completed and this increase is due to a number of projects completing earlier than anticipated, which has increased the percentage of MRP to be charged. This includes a number of aborted capital costs which had to be written off last year as there was no asset life to apportion the costs over.

##### 1.1.3.2 Insurance Fund:

In the 2012-13 budget additional funding of £1,250k was provided for the Insurance Fund as a result of increased demand placed upon the Fund over recent years. However, there is currently a forecast underspend of £690k against the Insurance Fund this year mainly due to lower than anticipated provision for recorded claims, which is largely as a result of KCC requiring insurers to put improved processes in place to ensure that provisions for claims are constantly reviewed, kept more up to date and accurate. This position will be closely monitored throughout the remainder of the year as the forecast can be appreciably affected by conditions such as adverse weather or a small number of significant claims.

##### 1.1.3.3 Contributions to/from reserves:

- As planned, the £159k write down of the discount saving earned from the debt restructuring in 2008-09, will be transferred to the Economic Downturn reserve to offset the Icelandic investments impairment cost incurred in 2010-11.
- The forecast underspend on the Insurance Fund of £690k will be transferred to the Insurance Reserve in line with usual practice.

#### 1.1.3.4 Unallocated:

A £1,220k underspend is forecast. These funds were being held back in anticipation of the forecast shortfall against the Commercial Services contribution as reported in annex 4, which relates to £640k of approved costs of restructure and reorganisation to implement consultants' recommendations, £150k of one-off restructuring costs and a re-phasing of £430k of the increased income target built into the current year budget, now expected to be achieved in 2013-14.

#### **Democracy & Partnerships Portfolio:**

#### 1.1.3.5 Audit Fees:

A £150k underspend is forecast for the External Audit Fee. A combination of outsourcing of the Audit Commission's in-house Audit Practice and their own internal efficiency savings means that the Audit Commission is able to pass on significant reductions in audit fees this year to audited bodies. These lower fees are fixed for five years irrespective of inflation, and will help public bodies at a time when budgets are under pressure.

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

(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
F&BS	transfer of forecast underspend on Insurance Fund to the Insurance reserve	+690	F&BS	savings on debt charges due to re-phasing of capital programme in 11-12, together with no new borrowing in 12-13	-3,895
F&BS	Increase in MRP	+403	F&BS	Earmarked funding held within unallocated budgets to offset anticipated shortfall in Commercial Services contribution	-1,220
F&BS	Contribution to economic downturn reserve of 2012-13 write down of discount saving from 2008-09 debt restructuring	+159	F&BS	Reduction in anticipated insurance claims	-690
			F&BS	underspend on leases	-400
			F&BS	2012-13 write down of discount saving from 2008-09 debt	-159
			D&P	Reduction in External Audit Fee	-150
		+1,252			-6,514

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

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

N/A

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

The reduction in the External Audit Fee could be taken as a saving in the 2013-16 MTFP.

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

N/A

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

Currently the underspending on the Financing Items budgets is offsetting pressures elsewhere across the authority.

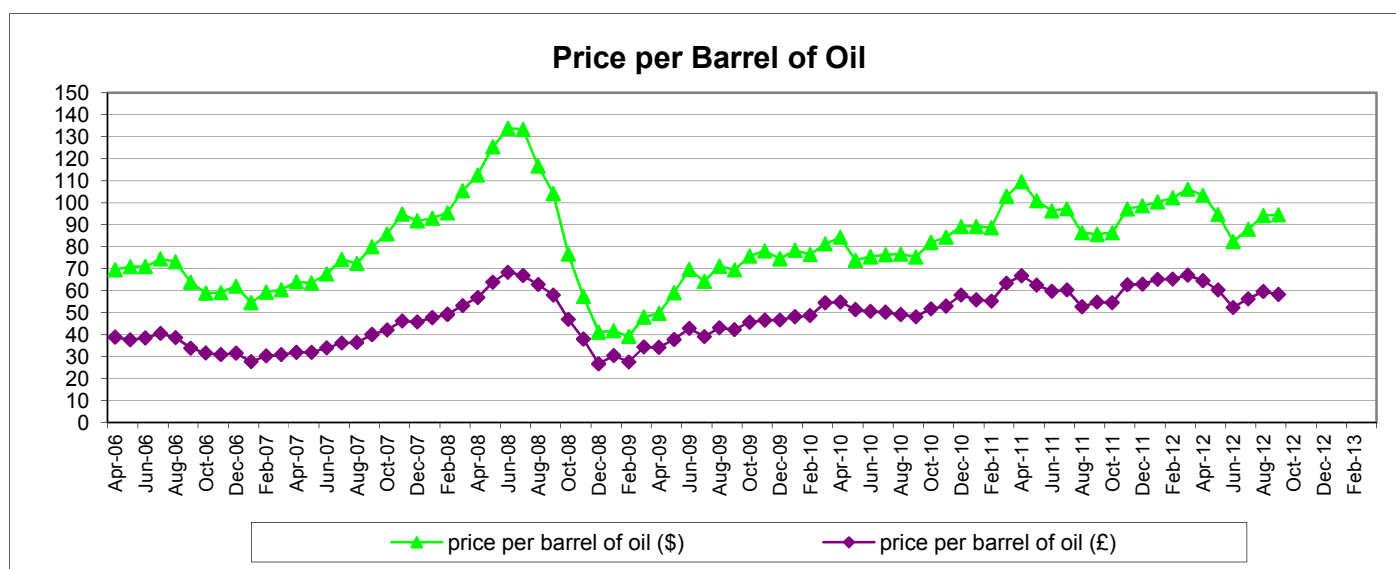
## 1.2 CAPITAL

N/A

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

### 2.1 Price per Barrel of Oil – average monthly price in dollars since April 2006:

	Price per Barrel of Oil						
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	\$	\$	\$	\$	\$	\$	\$
April	69.44	63.98	112.58	49.65	84.29	109.53	103.32
May	70.84	63.45	125.40	59.03	73.74	100.90	94.65
June	70.95	67.49	133.88	69.64	75.34	96.26	82.30
July	74.41	74.12	133.37	64.15	76.32	97.30	87.90
August	73.04	72.36	116.67	71.05	76.60	86.33	94.13
September	63.80	79.91	104.11	69.41	75.24	85.52	94.51
October	58.89	85.80	76.61	75.72	81.89	86.32	
November	59.08	94.77	57.31	77.99	84.25	97.16	
December	61.96	91.69	41.12	74.47	89.15	98.56	
January	54.51	92.97	41.71	78.33	89.17	100.27	
February	59.28	95.39	39.09	76.39	88.58	102.20	
March	60.44	105.45	47.94	81.20	102.86	106.16	



#### Comments:

- The figures quoted are the West Texas Intermediate Spot Price in dollars per barrel, monthly average price.
- The dollar price has been converted to a sterling price using exchange rates obtained from the HMRC UKtradeinfo website.