

REPORT TO: CABINET – 18 March 2013

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.**
 - **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 December.**
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1. INTRODUCTION

1.1 This is the third 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) is an underspend of -£8.510m, which is an increase in the underspend, after management action, of -£1.357m since the January Cabinet report. However, within this position is a requirement to roll forward £2.114m in respect of re-phased projects. The underlying 2012-13 underspending position is therefore -£6.396m. As approved at County Council on 14 February as part of the 2013-14 budget proposals, £5m of this underspending will be transferred to an earmarked reserve to support next year's budget. In the context of a savings requirement of around £80m and on the back of delivering a £95m saving target last year, and the continued high demand for Specialist Children's Services throughout the year, an overall forecast underspending position is a considerable achievement. The position will be closely monitored throughout the remainder of the financial year and every effort will be made to ensure that we retain an underspend of at least £5m, which is required to roll forward to support the 2013-14 approved budget.
- 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 £6m. 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. Further funding has been provided in the recently approved 2013-15 MTFP to reflect current activity levels. 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 £3.1m potential net pressure against the Asylum Service. This is in respect of both unaccompanied asylum seeking children and those eligible under the care leaving legislation. A full report on the Asylum issues is elsewhere on this agenda.
- Within Adult Social Care an underspend of £1.6m is forecast reflecting lower than budgeted demand for direct payments, day care, supported accommodation and residential care for Older People and people with Physical Disabilities. This is partially offset by increased demand for domiciliary care, Older People nursing care, and residential care for clients with learning disabilities or mental health needs.
- Schools reserves are forecast to reduce by £5.7m this year, of which £2m is as a result of 35 more schools converting to new style academy status, which allows them to take their accumulated reserves with them and £3.7m relates to the remaining Kent schools, based on their nine month monitoring returns.
- An underspend of £4.068m is forecast within the ELS portfolio on the non-delegated budgets which includes £1.890m of re-phasing of the Kent Youth Employment Programme 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. This position also includes 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, in part due to the success of the Freedom Pass and 16+ Travel Card. However, this is offset by a pressure on SEN Home to School Transport. The 2013-15 MTFP has been adjusted to reflect a saving for Mainstream and a pressure for SEN, however, since the 2013-14 budget was approved, the pressure on SEN transport has increased and if this continues, additional savings will need to be found within the ELS Directorate to offset the increased pressure next year.
- The savings on the waste budgets experienced last year, mainly due to lower than budgeted waste tonnage, are continuing in 2012-13. In addition, changes to the operating policies at Household Waste Recycling Centres, effective from 1 October 2012, to exclude commercial waste from the sites, has also assisted in reducing waste tonnage, which is now forecast at 702,000 tonnes against a budgeted figure of 730,000 tonnes, with a £2.619m saving now forecast.
- Exceptional weather conditions this financial year have resulted in additional costs related to snow clearance and additional salting runs on Kent highways in January and early February of £1m and additional highways drainage, shrub maintenance and weed control costs of £0.9m resulting from the exceptional wet weather.
- 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 has been reflected in the 2013-15 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 and other pressures.
- 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 nine months of 2012-13.
- Within the C&C portfolio a £2.3m underspend is forecast which is largely due to vacancy management, including accelerating future year's savings and holding vacancies wherever possible to try to minimise the number of compulsory redundancies required to achieve the budget savings approved for 2013-14, together with additional income from ceremonies and associated licences within the Registration service.

- We have recovered a further £4.789m to date during 2012-13 from our principal deposits in the collapsed Icelandic Banks, bringing our total recovery so far to £34.008m, of which £14.181m relates to our £18.350m deposit with the UK registered Heritable Bank, £7.976m relates to our £17m deposit with Landsbanki and £11.851m relates to our £15m deposit with Glitnir. The remainder of our deposit in Glitnir has been paid in Icelandic Krona, but this currency is currently embargoed. The funds are therefore held in an interest earning Escrow account in Iceland (an account held by a third party on our behalf), until such time as we are able to trade in this currency again.

1.4.2 Capital:

- The latest forecast capital position is a variance of -£32.552m. This is made up of an unfunded variance of +£1.167m, re-phasing to later years of -£31.281m, funded variances of £19.528m and project underspends of -£21.966m. Further detail is provided in the annexes that follow.

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

2.1.1 Revenue

The net projected variance against the combined portfolio revenue budgets is an underspend of -£8.510m. Section 3 of this report provides the detail, which is summarised in Table 1a below.

Table 1a – Portfolio position – net revenue position

Portfolio	Budget £k	Net Variance £k
Education, Learning & Skills	+65,938	-4,068
Specialist Children's Services	+148,380	+5,981
Specialist Children's Services - Asylum	+280	+3,082
Adult Social Care & Public Health	+336,449	-1,619
Environment, Highways & Waste	+157,218	-592
Customer & Communities	+81,367	-2,343
Regeneration & Economic Development	+3,653	0
Finance & Business Support	+60,835	-8,244
Business Strategy, Performance & Health Reform	+59,991	-354
Democracy & Partnerships	+7,452	-353
TOTAL (excl Schools)	+921,563	-8,510
<i>Schools (ELS portfolio)</i>	0	+5,655
TOTAL	+921,563	-2,855

- 2.1.2 The recently approved 2013-14 budget assumes rolled forward underspending from 2012-13 of £5m. In addition, the position reported in table 1a above includes some underspending related to projects which are re-phasing into 2013-14 and are committed and therefore will require roll forward. The adjusted position is therefore:

	£m
Total forecast underspend (excl Schools) per table 1a	-8.510
Required to roll forward to 2013-14 per approved 2013-15 MTFP	5.000
Other committed roll forwards/re-phased projects	2.114
Adjusted position after roll forward requirement	-1.396

Details of the committed roll forwards/re-phased projects are provided in section 1.1.6 of the annex reports.

2.2 Capital

The Capital Programme 2012-15 has an approved budget of £634.807m, excluding PFI. The forecast outturn against this budget is £602.255m, giving a variance of -£32.552m. This is made up of an unfunded variance of +£1.167m, re-phasing to later years of -£31.281m, funded variances of +£19.528m and project underspends of -£21.966m.

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.
- A virement for £300k from the underspending on net debt charges budget and £850k from the Initiatives to Boost the Economy budget within the Other Financing Items, both within the Finance & Business Support portfolio, to the General Maintenance & Emergency Response budget within the Environment, Highways & Waste portfolio towards the costs of pot hole repairs following the January/February snow.

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

3.2 Forecast Revenue Position

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

Portfolio	Budget £k	Variance £k	Directorate						
			ELS £k	FSC £k	E&E £k	C&C £k	BSS £k	FI £k	
Education, Learning & Skills	+65,938	-4,068	-4,068						
Specialist Children's Services	+148,380	+5,981	0	+5,981					
Specialist Children's Services - Asylum	+280	+3,082		+3,082					
Adult Social Care & Public Health	+336,449	-1,619		-1,619					
Environment, Highways & Waste	+157,218	-592			-592				
Customer & Communities	+81,367	-2,343				-2,343			
Regeneration & Economic Development	+3,653	0			0		0		
Finance & Business Support	+60,835	-8,244					-200	-8,044	
Business Strategy, Performance & Health Reform	+59,991	-354		0			-354	0	
Democracy & Partnerships	+7,452	-353					-203	-150	
SUB TOTAL (excl Schools)	+921,563	-8,510	-4,068	+7,444	-592	-2,343	-757	-8,194	
<i>Schools (ELS portfolio)</i>	0	+5,655	+5,655						
TOTAL	+921,563	-2,855	+1,587	+7,444	-592	-2,343	-757	-8,194	

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

Portfolio	CASH LIMIT			VARIANCE		
	Gross	Income	Net	Gross	Income	Net
	£k	£k	£k	£k	£k	£k
Education, Learning & Skills	+225,631	-159,693	+65,938	-3,673	-395	-4,068
Specialist Children's Services	+158,375	-9,995	+148,380	+5,642	+339	+5,981
Specialist Children's Services - Asylum	+14,901	-14,621	+280	+64	+3,018	+3,082
Adult Social Care & Public Health	+453,010	-116,561	+336,449	-5,217	+3,598	-1,619
Environment, Highways & Waste	+180,931	-23,713	+157,218	+758	-1,350	-592
Customer & Communities	+133,752	-52,385	+81,367	-2,566	+223	-2,343
Regeneration & Economic Development	+5,807	-2,154	+3,653	-62	+62	0
Finance & Business Support	+167,811	-106,976	+60,835	-9,787	+1,543	-8,244
Business Strategy, Performance & Health Reform	+100,761	-40,770	+59,991	+768	-1,122	-354
Democracy & Partnerships	+7,712	-260	+7,452	-274	-79	-353
SUB TOTAL (excl Schools)	+1,448,691	-527,128	+921,563	-14,347	+5,837	-8,510
<i>Schools (ELS portfolio)</i>	<i>+744,614</i>	<i>-744,614</i>	<i>0</i>	<i>+5,655</i>	<i>0</i>	<i>+5,655</i>
TOTAL	+2,193,305	-1,271,742	+921,563	-8,692	+5,837	-2,855

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 portfolio
- 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 for remaining Kent schools	+3,700	ELS	14-19 year olds (gross) - Kent Employment project	-1,890
ELS	Schools delegated budgets (gross) - estimated drawdown of reserves following 35 schools converting to academies	+1,955	ELS	Individual Learner Support (gross) - Minority Communities Achievement Service reduced buy back from schools	-1,347
ELS	Individual Learner Support (income) - Minority Communities Achievement Service reduced buy back from schools	+1,347	ELS	Home to college transport (income) - new 16+ transport scheme	-1,142
ELS	SEN transport (gross) - higher than budgeted numbers travelling	+1,197	ELS	Mainstream home to school transport (gross) - fewer numbers travelling	-1,025
ELS	Home to college transport (gross) - new 16+ transport scheme	+1,180	ELS	ELS Strategic Management & Directorate budgets (gross) - release of restructure contingency	-1,000
ELS	Schools' Other Services (gross) - cleaning and refuse contracts	+696	ELS	Special School & Hospital Recoupment (income) - additional income from other local authorities for places at our special schools	-762
ELS	Statemented Pupils (income) - reduced income from other local authorities for statemented support in our schools	+685	ELS	Schools' Other Services (income) - cleaning and refuse contracts	-740
ELS	Schools' Non Delegated Staff costs (income) - excepted items reduced buy back from schools	+590	ELS	Statemented Pupils (gross) - reduced spend on statemented support for other local authority pupils in our schools	-685
ELS	Attendance & Behaviour (gross) - unachievable contract saving	+550	ELS	Schools' Non Delegated Staff costs (gross) - excepted items reduced buy back from schools	-590
ELS	School Improvement (Income) - reduced income from Workforce and Professional Development traded service	+437	ELS	Education Psychology Service (income) - income from traded service with schools and other customers	-543
ELS	ELS Strategic Management & Directorate budgets (gross) - academy converter legal costs & general legal fees	+435	ELS	Home to college transport (gross) - fewer students requiring transport under old scheme	-471
ELS	Mainstream home to school transport (income) - reduction in post statutory charge income due to students opting for 16+ card	+364	ELS	Attendance & Behaviour (income) - PRUs additional income from schools & academies	-421
ELS	Attendance & Behaviour (gross) - PRUs additional staffing & premises costs (matched by income from schools & academies)	+421	ELS	School Improvement (gross) - reduced expenditure from Workforce and Professional Development traded service	-331
ELS	Schools' Teachers Pensions costs - capitalisation costs	+370	ELS	14-19 year olds (income) - unspent grant income brought forward from 2011-12 for use in academic year	-240
ELS	School Improvement (gross) - additional costs to improve secondary school standards	+252	ELS	Early Years & Childcare (income) - income from course fees, training and support	-233
ELS	School Improvement (income) - Employment based initial teacher training grant to be spent in line with academic year	+209	ELS	ELS Strategic Management & Directorate budgets (gross) - Participation by Rights	-222
ELS	Home to college transport (income) - reduced income from ticket sales under old transport scheme	+200	ELS	School Improvement (gross) - Employment based initial teacher training grant to be spent in line with academic year	-209

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ELS	Individual Learner Support (income) - Portage service reduced income in line with reduced expenditure	+131	ELS	Individual Learner Support (gross) - Early Years training	-206
			ELS	Individual Learner Support (gross) - Portage service reduced spend in line with reduced income	-131
			ELS	School Improvement (income) - Additional income from Improving Together network	-124
			ELS	14-19 year olds (gross) - unspent grant funding for final term of 2011-12 academic year	-104
	ELS PORTFOLIO TOTAL	+14,719		ELS PORTFOLIO TOTAL	-12,416
SCS	Fostering - Gross - Independent - forecast weeks higher than budgeted	+3,088	SCS	Fostering - Gross - Independent - forecast unit cost lower than budgeted	-556
SCS	Asylum - forecast shortfall in funding, awaiting resolution with Government	+3,082	SCS	Residential - Gross - Non Disability Independent Sector - forecast unit cost lower than budgeted	-533
SCS	Residential - Gross - Non Disability Independent Sector - forecast weeks higher than budgeted	+2,011	SCS	Preventative Children's services - Gross - re-phasing of strategies relating to early intervention and prevention	-500
SCS	Children's social care staffing - Gross - Additional staffing costs	+1,282	SCS	Preventative Children's services - Gross - Independent sector day care disability - reduction in core activity due to a shift to direct payments	-496
SCS	Legal Charges - Gross - increased demand	+860	SCS	Children's centres - Gross - Various small underspends across 97 centres	-488
SCS	Fostering - Gross - Non-related in house - forecast weeks higher than budgeted	+707	SCS	Leaving care - Gross - decrease in demand as 16-18 yr olds remaining in foster care, stricter controls around S24 payments	-457
SCS	Adoption - Gross - Increase in Special Guardianship Orders	+386	SCS	Preventative Children's services - Gross - management action and more detailed guidance on Section 17 payments	-420
SCS	Residential - Income - Non Disability Independent Sector - reduction in income for placements from Health	+373	SCS	Fostering - Gross - Kinship non LAC - move to SGO	-386
SCS	Residential - Gross - Disability Independent Sector - Increase in specialist placements	+350	SCS	Fostering - Gross - Kinship non LAC - move to related fostering	-317
SCS	Preventative Children's services - Gross - Direct Payments - Forecast weeks/unit costs higher than budgeted (shift from Ind day care disability)	+319	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	+317	SCS	Preventative Children's services - Gross - Independent sector day care non disability- renegotiated day care rate	-249
SCS	Leaving care - Gross - VAT liability	+295	SCS	Strategic Management & Directorate Support - Gross - Vacancies within Performance & Information Management unit	-190
SCS	Adoption - Gross - Increase in cost of placements	+192	SCS	Early Years - Gross - additional income for increased payments for 2, 3 & 4 year olds	-155
SCS	Preventative Children's services - Gross - increased cost of MASH due to lease changes	+188	SCS	Preventative Children's services - Gross - Costs re-classified as legal costs	-150

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
SCS	Residential - Gross - In house respite care for disabled children - complexity of needs	+166	SCS	Preventative Children's Services - Income - loss of joint funding from health	-150
SCS	Early Years - Gross - additional costs due to increased payments for 2, 3 & 4 year olds	+155	SCS	Children's centres - Income - Various income for utilities, activities etc	-128
SCS	Legal Charges - Gross - costs moved from S.17	+150			
SCS	Preventative Children's Services - Gross - renegotiated commissioned services	+150			
SCS	Children's centres - Gross - Various spend on utilities, activities etc	+128			
SCS	Residential - Gross - Disability Independent Sector - increase in the overall number of placements	+100			
	SCS PORTFOLIO TOTAL	+14,299		SCS PORTFOLIO TOTAL	-5,475
ASCPH	Domiciliary Care - Older People Income: under-recovery of client income due to reduced activity	+1,562	ASCPH	Residential Care - Learning Disability Gross: preserved rights number of weeks forecast to be lower than affordable level	-1,359
ASCPH	Domiciliary Care - Learning Disability Gross: forecast unit cost higher than affordable level	+1,017	ASCPH	Residential Care - Older People Gross: forecast number of weeks lower than affordable level	-1,359
ASCPH	Residential Care - Learning Disability Gross: forecast number of weeks greater than affordable level	+1,016	ASCPH	Residential Care - Older People Gross: release of contingency to help fund pressures on nursing care	-1,344
ASCPH	Residential Care - Older People Income: forecast unit charge lower than affordable level	+871	ASCPH	Direct Payments - Older People Gross: forecast number of weeks lower than affordable level	-1,278
ASCPH	Residential Care - Learning Disability Gross: preserved rights unit cost forecast to be higher than affordable level	+868	ASCPH	Domiciliary Care - Older People Gross: forecast number of hours lower than affordable level	-1,003
ASCPH	Nursing Care - Older People Gross: forecast number of weeks higher than affordable level	+829	ASCPH	Supported Accommodation - Learning Disability Gross: expected net drawdown from social care supported living costs reserve	-902
ASCPH	Direct Payments - Older People Gross: forecast unit cost higher than affordable level	+803	ASCPH	Domiciliary Care - Learning Disability Gross: forecast number of hours lower than affordable level	-873
ASCPH	Residential Care - Older People Income: forecast number of weeks lower than affordable level	+742	ASCPH	Residential Care - Physical Disability Gross: forecast number of weeks lower than affordable level	-816
ASCPH	Supported Accommodation - Learning Disability Income: forecast unit charge lower than affordable level	+709	ASCPH	Day Care - Older People Gross: savings from re-commissioning strategies in both in-house & external services	-685
ASCPH	Residential Care - Older People Income: lower income resulting from the placing of less permanent clients in in-house units	+677	ASCPH	Domiciliary Care - Older People Gross: Savings from the Kent Enablement at Home service as a result of forecast activity below budgeted level	-580
ASCPH	Nursing Care - Older People Gross: forecast unit cost higher than affordable level	+613	ASCPH	Direct Payments - Learning Disability Gross: forecast number of weeks lower than affordable level	-540
ASCPH	Nursing Care - Older People Gross: additional nursing care to be recharged to health (RNCC)	+471	ASCPH	Direct Payments - Physical Disability Gross: forecast number of weeks lower than affordable level	-521
ASCPH	Residential Care - Learning Disability Income: preserved rights unit charge forecast is lower than affordable level	+435	ASCPH	Residential Care - Older People Gross: preserved rights forecast number of weeks lower than affordable level	-488

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ASCPH	Domiciliary Care - Physical Disability Gross: forecast unit cost higher than affordable level	+416	ASCPH	Nursing Care - Older People Income: additional nursing care to be recharged to health (RNCC)	-471
ASCPH	Day Care - Learning Disability Gross: pressure on the commissioning of external day care services	+391	ASCPH	Assessment Adult's Social Care Staffing Gross: delay in recruitment to known vacancies	-391
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	+337	ASCPH	Nursing Care - Older People Income: forecast number of weeks higher than affordable level	-356
ASCPH	Residential Care - Older People Gross: integrated care centre health costs to be recharged to the PCT	+332	ASCPH	Domiciliary Care - Older People Gross: savings on block contracts	-354
ASCPH	Domiciliary Care - Older People Gross: forecast unit charge higher than affordable level	+311	ASCPH	Residential Care - Learning Disability Income: forecast unit charge greater than affordable level	-353
ASCPH	Supported Accommodation - Learning Disability Gross: Establishment of new supporting independence service & further transfer of clients from other LD	+285	ASCPH	Residential Care - Older People Income: integrated care centre health costs to be recharged to the PCT	-332
ASCPH	Residential Care - Older People Gross: staffing pressure on in-house units due to absences and vacancy cover	+277	ASCPH	Day Care - Learning Disability Gross: staffing savings on in-house service from modernisation strategy & reduced client numbers	-317
ASCPH	Residential Care - Older People Gross: forecast unit cost higher than affordable level	+267	ASCPH	Residential Care - Older People Gross: Drawdown from NHS support for social care reserve	-279
ASCPH	Direct Payments - Learning Disability Income: forecast unit charge lower than affordable level	+234	ASCPH	Nursing Care - Older People Gross: Drawdown from NHS support for social care reserve	-279
ASCPH	Direct Payments - Physical Disability Gross: one-off payments in excess of budgeted level	+200	ASCPH	Other Adult Services Income: PCT contributions towards purchase of new telecare/telehealth server & equipment	-258
ASCPH	Domiciliary Care - Older People Gross: estimated contribution to the bad debt provision to cover rising client debt levels	+200	ASCPH	Supported Accommodation - Learning Disability Gross: forecast unit cost lower than budgeted level	-257
ASCPH	Residential Care - Mental Health Gross: unit cost forecast to be higher than affordable level	+199	ASCPH	Nursing Care - Older People Income: forecast unit charge higher than affordable level	-254
ASCPH	Other Adult Services Gross: transfer of clients from OP Domiciliary Care to the Provider Managed Services Pilot	+198	ASCPH	Domiciliary Care - Physical Disability Gross: forecast number of hours lower than affordable level	-245
ASCPH	Residential Care - Learning Disability Gross: delay in the review of in-house units	+192	ASCPH	Direct Payments - Older People Income: forecast unit charge higher than affordable level	-240
ASCPH	Residential Care - Physical Disability Gross: forecast unit cost is higher than affordable level	+184	ASCPH	Supported Accommodation - Learning Disability Gross: underspend on group home budgets as part of the modernisation of Learning disability in-house services	-216
ASCPH	Other Adult Services Gross: higher unit cost paid per meal resulting from drop in number of meals provided	+180	ASCPH	Domiciliary Care - Older People Gross: savings on the provision of domi care to clients within sheltered accommodation	-202
ASCPH	Other Adult Services Gross: current telecare/telehealth equipment commitments are higher than grant available	+175	ASCPH	Other Adult Services Gross: Learning Disability Development Fund underspend resulting from review of payments to organisations and redeployment of staff	-182

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ASCPH	Residential Care - Learning Disability Gross: forecast unit cost higher than affordable level	+176	ASCPH	Strategic Management & Directorate Support Gross: vacancies within the performance & information unit.	-162
ASCPH	Domiciliary Care - Older People Gross: pressure on the provision of enablement services by external providers	+174	ASCPH	Other Adult Services Gross: redeployment of staff within the telecare/telehealth service	-148
ASCPH	Direct Payments - Older People Income: forecast number of weeks lower than affordable level	+164	ASCPH	Domiciliary Care - Older People Gross: Drawdown from NHS support for social care reserve	-139
ASCPH	Residential Care - Learning Disability Income: preserved rights number of weeks forecast to be lower than affordable level	+146	ASCPH	Supported Accommodation - Physical Disability/Mental Health Income: forecast unit charge higher than affordable level	-137
ASCPH	Direct Payments - Physical Disability Gross: forecast unit cost higher than affordable level	+145	ASCPH	Direct Payments - Physical Disability Income: forecast unit charge higher than affordable level	-134
ASCPH	Domiciliary Care - Learning Disability Gross: pressure on Extra Care Sheltered Housing	+144	ASCPH	Supported Accommodation - Mental Health Gross: savings resulting from introduction of Supporting Independence Service	-128
ASCPH	Other Adult Services Gross: costs associated with purchase of new server & licence for telecare/telehealth service	+135	ASCPH	Supported Accommodation - Learning Disability Gross: Release of unrealised creditors set up in 2011/12	-100
ASCPH	Strategic Management & Directorate Support Gross: estimated legal charges pressure based on 11-12 outturn.	+133			
ASCPH	Direct Payments - Learning Disability Gross: one-off direct payments higher than recovery of surplus funds from long term clients	+131			
	ASC&PH PORTFOLIO TOTAL	+16,339		ASC&PH PORTFOLIO TOTAL	-17,682
EHW	Landfill Tax - Additional waste (approx. 22,000 tonnes) sent to landfill due to extended planned maintenance at the Allington WtE Plant. Offset by reduced contractual payments in Disposal Contracts.	+1,435	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	-3,281
EHW	Highways: Adverse Weather - Additional salting runs and snow clearance	+1,000	EHW	Highways: Highways Improvements - Drawdown of revenue balance sheet income to fund revenue contribution to capital	-980
EHW	Highways: Highways Improvements - Revenue contribution to capital for Ashford Drivers roundabout scheme	+980	EHW	Highways: Streetlight maintenance - drawdown of funds held in the revenue balance sheet for streetlight column replacement	-600
EHW	Commercial Services - shortfall in contribution due to approved costs of restructure and reorganisation	+640	EHW	Highways: Streetlight energy	-540
EHW	Highways: Streetlight maintenance - revenue contribution to capital for streetlight column replacement	+600	EHW	Highways General Maintenance and Emergency Response: drawdown of funds held in the revenue balance sheet to fund replacement barriers	-500
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	-441

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
EHW	Highways General Maintenance and Emergency Response: RCCO for replacement of barriers	+500	EHW	Household Waste Recycling Centres - additional income from textiles contract	-407
EHW	Commercial Services - rephasing of delivery of increased income target into 2013-14	+430	EHW	Highways: Traffic Management - Permit Scheme income	-325
EHW	Disposal Contracts - additional volumes of waste (approx 22,000 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.	+375	EHW	Household Waste Recycling Centres - reduced haulage fees as waste tonnage below affordable level	-264
EHW	Highways: General maintenance and emergency response - dual carriageway maintenance	+282	EHW	Highways: Traffic Management - contract saving	-263
EHW	Highways: Road Safety - increased speed awareness costs offset by increased income	+258	EHW	Haulage & Transfer Stations - waste tonnage below affordable level	-236
EHW	Highways: Tree maintenance, grass cutting and weed control - Tree stump removal	+252	EHW	Highways: General maintenance and emergency response - depots maintenance and energy	-234
EHW	Transport Services: Freedom Pass - change of education transport policy	+246	EHW	Transport Services: Concessionary Fares - reduced usage	-232
EHW	Recycling Contracts and Composting - increase in prices	+235	EHW	Highways: Traffic Management - s74 and road closure income	-226
EHW	Highways: Tree maintenance, grass cutting and weed control - Additional weed control activity due to exceptional rainy weather	+216	EHW	Strategic Management & Directorate Support - strategic management uncommitted balances	-201
EHW	Strategic Management & Directorate Support - revenue contribution to capital for Cyclopark scheme	+201	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	Planning Applications - under recovery of income due to reduced number of planning applications; offset by vacancies within staffing	+190	EHW	Highways: Road Safety - increased income for speed awareness courses to offset increased costs	-153
EHW	Highways: General maintenance and emergency response - increased overnight emergency response costs	+160	EHW	Highways: Road Safety - bicycle training reduced costs	-140
EHW	Highways: Tree maintenance, grass cutting and weed control - Shrub maintenance due to exceptional rainy weather	+150	EHW	Recycling Contracts and composting is approximately 9,600 tonnes under budget	-134
EHW	Commercial Services - shortfall in contribution due to one off restructuring costs	+150	EHW	Household Waste Recycling Centres - income from lead acid batteries	-110
EHW	Highways: Road Safety - bicycle training reduced income offset by reduced costs	+130	EHW	Planning Applications - staffing vacancies offsetting reduced income from planning applications	-107
EHW	Highways: General maintenance and emergency response - relocation of Transport Integration Team	+120	EHW	Highways: Bridges & Other Structures - reduction in maintenance fees from external contractors	-100
EHW	Transport Services: Freedom Pass - increased usage	+108			

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
EHW	Household Waste Recycling Centres - bad debts written off	+107			
EHW	Highways: Bridges & Other Structures - reduction in income from external contractors for maintenance fees	+100			
	EH&W PORTFOLIO TOTAL	+9,565		EH&W PORTFOLIO TOTAL	-9,828
C&C	Contact Centre & Consumer Direct: reduction in income linked to reduced call volumes for Consumer Direct	+520	C&C	Registration Service: additional income from ceremonies & associated licences	-582
C&C	Community Learning & Skills: reduced tuition fee income from course fees for 2012-13 academic year	+321	C&C	Contact Centre & Consumer Direct: reduction in staff numbers in line with reduced call volumes for Consumer Direct	-470
C&C	Library Service: underrecovery of income from a company which is in the process of going into liquidation	+224	C&C	Strategic Management & Directorate Support: Staff savings following Heads of Service & senior management reviews	-434
C&C	Registration Service: purchase of additional software licences	+220	C&C	Library Service: managed underspend to offset unrecovered income from a company facing liquidation	-302
C&C	Youth Service: Increased activities at Youth centres/hubs	+212	C&C	Corporate Communications: staff savings from restructure & unspent roll forward	-287
C&C	Registration Service: purchase of equipment	+200	C&C	Supported Independence & Supported Employment: staffing underspend within KSE	-252
C&C	Supporting Independence: increase in grants to external providers to support the Neighbourhood Community Projects	+165	C&C	Supporting People: release of unrealised creditors from prior years	-224
C&C	Strategic Management & Directorate Support: expenditure on directorate priorities & Invest to Save Projects	+154	C&C	Community Learning & Skills: better than expected performance against Adult Skills contract in summer term resulting in increased income from Skills Funding Agency	-200
C&C	Youth Service: Outdoor Education reduction in use by external clients due to inclement weather	+141	C&C	Strategic Management & Directorate Support: staff savings from delay in recruiting to posts following Business Transformation restructure	-189
C&C	Youth Service: costs of global camp at Swattenden Centre during the Olympics	+119	C&C	Registration Service: staffing savings due to holding vacancies during restructure & integration with Libraries & Archives services	-182
C&C	Community Wardens: One-off contribution to Independent Domestic Violence Advocate Fund	+110	C&C	Youth Service: increased income at Youth Centres/hubs	-170
			C&C	Community Wardens: staff vacancies	-166
			C&C	Supporting People: savings from re-tendering of contracts effective from October 2013	-160
			C&C	Gateways: re-phasing of opening and change in specification of Swanley & Herne Bay gateways	-159
			C&C	Youth Offending Service: staff vacancy savings pending notification of future funding levels from Youth Justice Board	-158
			C&C	Trading Standards (including KSS): staffing vacancies	-150
			C&C	Emergency Planning: release of Oil Pollution Boom reserve	-136

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
			C&C	Youth Offending service: lower activity levels than expected in secure accomodation placements	-131
			C&C	Community Learning & Skills: effects of management action taken to offset income shortfall	-121
			C&C	Youth Service: costs of global camp at Swattenden Centre during the Olympics part funded by draw down from Big Events Fund reserve	-106
	C&C PORTFOLIO TOTAL	+2,386		C&C PORTFOLIO TOTAL	-4,579
	R&ED PORTFOLIO TOTAL	+0		R&ED PORTFOLIO TOTAL	-0
F&BS	transfer of forecast underspend on Insurance Fund to the Insurance reserve	+1,250	F&BS	savings on debt charges due to re-phasing of capital programme in 11-12, together with no new borrowing in 12-13	-4,572
F&BS	Increase in MRP	+403	F&BS	Earmarked funding held within unallocated budgets to offset anticipated shortfall in Commercial Services contribution & other pressures	-3,048
F&BS	Finance & Procurement Gross: additional Edukent costs, primarily for the Contractor Services Billing system	+281	F&BS	Reduction in anticipated insurance claims	-1,250
F&BS	Finance & Procurement Income: reduced income for Edukent	+249	F&BS	Finance & Procurement Gross: draw down of Dedicated Schools Grant - Central Expenditure reserve to offset pressure within Edukent	-530
F&BS	Contribution to economic downturn reserve of 2012-13 write down of discount saving from 2008-09 debt restructuring	+159	F&BS	underspend on leases	-452
F&BS	Finance & Procurement Gross: relocation and accommodation costs following centralisation	+140	F&BS	Finance & Procurement Gross - staffing underspend	-302
			F&BS	2012-13 write down of discount saving from 2008-09 debt restructuring	-159
			F&BS	anticipated underspend on carbon reduction commitment energy efficiency scheme	-150
			F&BS	underspending against the other financing items budgets	-125
			F&BS	underspend against local authority subscriptions budget	-100
	F&BS PORTFOLIO TOTAL	+2,482		F&BS PORTFOLIO TOTAL	-10,688
BSPHR	Property & Infrastructure Gross - extensions to leasehold payments; and more cautious approach to capitalising expenditure	+996	BSPHR	ICT Income: Information Systems income from additional pay as you go activity	-767
BSPHR	ICT Gross: Information Systems costs of additional pay as you go activity	+767	BSPHR	Property and Infrastructure Income - Use of Local Authority Capital Maintenance Grant to fund revenue expenditure previously categorised as capital	-580

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
BSPHR	Human Resources Income - under recovery of income target by Schools Personnel Service	+327	BSPHR	Property & Infrastructure Gross - management action/underspend on central budgets	-505
BSPHR	Governance & Law Income - difficulties in generating new external work	+317	BSPHR	Human Resources Gross - underspend on Schools Personnel Service mainly on salaries, partially off-setting under delivery of income target	-285
BSPHR	Human Resources Gross - pressure on Employee Services budget mainly on staffing	+299	BSPHR	Human Resources Income - increased Employee Services income	-256
BSPHR	Human Resources Gross - pressure on providing training	+187	BSPHR	Human Resources Income - additional training income	-177
BSPHR	Human Resources Gross - increased spend relating to Rewards	+100	BSPHR	Property & Infrastructure Gross - re-phasing of New Ways of Working initiative	-164
			BSPHR	Governance & Law Gross - vacancies on staffing	-154
			BSPHR	Business Strategy Gross - staffing underspend	-124
			BSPHR	Human Resources Income - increased income relating to Rewards	-122
			BSPHR	Human Resources Gross - underspend on Kent Graduate Programme	-121
	BSP&HR PORTFOLIO TOTAL	+2,993		BSP&HR PORTFOLIO TOTAL	-3,255
			D&P	Reduction in External Audit Fee	-150
	D&P PORTFOLIO TOTAL	+0		D&P PORTFOLIO TOTAL	-150
		+62,783			-64,073

3.4 Key issues and risks

3.4.1.1 Education, Learning & Skills portfolio: Forecast (excl. schools) -£4.068m

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 have been found. A saving on mainstream home to school transport due to numbers requiring transport in the new academic year being considerably lower than budgeted levels, in part due to the success of the Freedom Pass and 16+ Travel Card, has been reflected in the 2013-15 MTFP but this is offset by a pressure on SEN home to school transport. However, since the 2013-14 budget was approved, this pressure has increased and if this trend continues the directorate will need to identify additional savings in order to balance next year's budget. Further details are provided in Annex 1.

3.4.1.2 Education, Learning & Skills portfolio – Schools Delegated: Forecast +£5.655m

This relates to a £1.955m reduction in schools reserves resulting from an anticipated 35 schools converting to academy status this financial year and taking their accumulated reserves with them, together with a reduction of £3.700m for the remaining Kent schools, based on their second monitoring returns for this financial year detailing their nine monthly forecasts.

3.4.2.1 **Specialist Children's Services portfolio: Forecast +£5.981m**

There has been a continuation of the demand pressures experienced during 2011-12 mainly on Fostering, Residential Children's Services and Adoption together with the associated impact on legal costs and children's social care staffing. These pressures are partially offset by underspending across the 97 Children's Centres and some re-phasing of the strategies relating to early intervention and prevention. In addition, there has been a shift from 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 +£3.082m**

This potential pressure is in respect of both unaccompanied asylum seeking children and those eligible under the care leaving legislation. A full report on the Asylum issues is elsewhere on this agenda.

3.4.3 **Adult Social Care & Public Health portfolio: Forecast -£1.619m**

There is lower than budgeted demand for direct payments, day care, supported accommodation and residential care for Older People and those with a physical disability. These underspends are partially offset by increased demand for Older People nursing care, domiciliary care and residential care for clients with learning disabilities or mental health needs. From the 1st October, the Supporting Independence Service contract was introduced and the forecast outturn includes the estimated effect of this contract. 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 were transferred in quarter 2 to reflect the service lines that clients transferred to, which included 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 chose this option instead, in order to remain with their existing service providers). Further details are provided in Annex 3.

3.4.4 **Environment, Highways & Waste portfolio: Forecast -£0.592m**

There is an underspend on the waste budgets of £2.6m, reflecting a continuation of the savings experienced in 2011-12 as a result of lower than budgeted waste tonnage, the impact of changes to the operating policies at Household Waste Recycling Centres, effective from 1 October 2012, to exclude commercial waste from the sites and new income streams from recyclates. However this is offset by an estimated £1m cost of the additional salting runs and snow clearance in January and early February and a £1.2m anticipated shortfall in the contribution from Commercial Services due to additional approved 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. 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, are largely offset by additional income from the Permit Scheme and lower than anticipated costs of streetlight energy. In addition, a number of revenue contributions to capital to fund pressures within the capital programme are being funded by a drawdown of funds from the revenue balance sheet. Further details are provided in Annex 4.

3.4.5 **Customer & Communities portfolio: Forecast -£2.343m**

This underspend is largely due to staffing savings across many units following restructuring and because vacancies are being held in anticipation of future funding reductions and/or savings approved as part of the 2013-15 MTFP, in order to minimise the impact of compulsory redundancies wherever possible, but only where the impact on front line delivery has been negligible or fully mitigated. However, there are some one-off pressures within the Libraries, Registration & Archives Service, which are being offset by management action within the Library Service and additional income from ceremonies and associated licences within the Registration Service. Also, there are savings from the re-tendering of contracts and the release of unrealised creditors within the Supporting People service; fewer than budgeted secure accommodation placements within the Youth Offending service; the release of a reserve following effective commissioning arrangements within Emergency Planning and 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. Part of the roll forward from 2011-12 for the back log of long inquests within the Coroners service will be required to roll forward to 2013-14 due to re-phasing. 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 **-£0.200m**

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. This saving is partially offset by one-off relocation and accommodation costs as a result of the centralisation of the function.

3.4.6.2 **Business Strategy, Performance & Health Reform portfolio:** Forecast **-£0.354m**

A shortfall in income within Governance & Law due to difficulties in generating new external work is being offset by staffing vacancy savings within Governance & Law and Business Strategy, and a saving on the Kent Graduate Programme within Human Resources (HR) due to staff finding permanent jobs and leaving the scheme early. Also within HR, the under-delivery of challenging income targets within the Schools Personnel Service is being largely offset by staffing savings; pressure on staffing within Employee Services due to increased demand to support many divisional restructures and service transformations is being largely offset by additional income and the additional costs of providing training, especially professional training for social workers, are being largely offset by additional income. Within Property & Infrastructure, 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, also there has been a more cautious approach to capitalising expenditure in accordance with accounting requirements, and dedicated resources have been put in place to programme manage the New Ways of Working initiative which will give greater clarity on timelines for coming out of properties. These pressures are offset by management action within Property Group and the use of capital grant to fund the revenue costs which have previously been capitalised. This treatment is in accordance with the grant rules. Roll forward will be required to fund the re-phasing of office moves associated with the New Ways of Working initiative.

3.4.6.3 **Democracy & Partnerships portfolio:** Forecast **-£0.203m**

This forecast underspend is made up of a number of small variances, mainly within the Finance – Internal Audit and Business Strategy – International & Partnerships units.

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 **-£8.044m.**

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 so far this financial year. 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 other pressures, and these funds have now been released in order to offset these pressures. There are also some smaller underspends in relation to local authority subscriptions and the carbon reduction commitment energy efficiency scheme.

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. This saving has been reflected in the 2013-15 MTFP.

Further details are provided in Annex 7.

3.4.8 In the context of a savings requirement of around £80m and on the back of delivering a £95m saving target last year, and the continued high demand for Specialist Children's Services throughout the year, an overall forecast underspending position is a considerable achievement. The position will be closely monitored throughout the remainder of the financial year and every effort will be made to ensure that we retain an underspend of at least £5m, which is required to roll forward to support the 2013-14 approved budget.

3.5 Implications for future years/MTFP

3.5.1 The key issues and risks identified above have been addressed in directorate medium term plans (MTFP) for 2013-15. 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. Consequently the 2013-15 MTFP put all services, into a fully funded base budget position for the start of 2013-14 and reflects predicted changes in activity levels and service delivery. However, since the 2013-14 budget was approved, the pressure on the SEN Home to School Transport has increased and if this trend continues the ELS directorate will need to identify additional savings in order to balance next year's budget. These and other pressures and savings are detailed in the annex reports. With regard to the pressures within SCS, as well as providing funding in the 2013-15 MTFP for the full year effect of current numbers of Looked After Children, 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 £634.807m, excluding PFI. The forecast outturn against this budget is £602.255m, giving a variance of -£32.552m. This is made up of an unfunded variance of +£1.167m, re-phasing to later years of -£31.281m, funded variances of +£19.528m and project underspends of -£21.966m.

4.2 Table 1 – Revised approved budget

	Total	Adults Social Care & Public Health	Business Strategy, Performance & Health Reform	Customers & 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	629.382	21.498	33.476	13.551	275.660	180.201	104.227	0.769
Approvals made since last Cabinet meeting	5.425	0.073	-0.136	0.136	5.418	0.000	0.000	-0.066
Revised approved budget	634.807	21.571	33.340	13.687	281.078	180.201	104.227	0.703

4.3 Table 2 – Funded and Revenue Funded Variances

	Total	Adults Social Care & Public Health	Business Strategy, Performance & Health Reform	Customers & Communities	Education, Learning & Skills	Environment, Highways & Waste	Regeneration & Economic Development	Specialist Childrens' Services
Scheme	£m	£m	£m	£m	£m	£m	£m	£m
Cabinet to agree cash limit changes:								
Highway Major Enhancement	6.723					6.723		
Integrated Transport Schemes	-0.450					-0.450		
Folkestone Activities, Respite & Rehabilitation Care Centre	0.007	0.007						
Youth Vehicles	0.041			0.041				
Platt CEPS	0.633				0.633			
Total Funded Variances	6.954	0.007	0.000	0.041	0.633	6.273	0.000	0.000
No cash limit changes to be made:								
Highway Major Enhancement	1.368					1.368		
Integrated Transport Schemes	1.396					1.396		
Member Highway Fund	0.217					0.217		
Non TSG Land and Part 1 claims	0.040					0.040		
Energy Water Efficiency KCC/External	0.097					0.097		
Coldharbour Gypsy site	0.060					0.060		
Ashford Drivers Roundabout	3.023					3.023		
Cyclopark						0.250		
A28 Chart Road						3.600		
Ashford, Thanet & Swale MASH	0.006							0.006
Public Rights of Way	0.085			0.085				
Country Parks	0.015			0.015				
Youth Vehicles	0.146			0.146				
Trading Standards Vehicles	0.017			0.017				
Tonbridge Youth Facility	0.025			0.025				
St Johns/Kingsmead	0.646				0.646			
Goat Lees	0.013				0.013			
Basic Need - 2012-13	-0.765				-0.765			
Basic Need Future Years	0.977				0.977			
The Judd	-0.420				-0.420			
Archbishop Courtenay	0.040				0.040			
Modernisation Prog.	0.491				0.491			
Quarryfields	0.060				0.060			
Rendezvous Site Margate							0.002	
Total	18.343	0.007	0.000	0.329	1.675	16.324	0.002	0.006

4.4 Table 3 – Summary of variance

	Total	Adults Social Care & Public Health	Business Strategy, Performance & Health Reform	Customers & Communities	Education, Learning & Skills	Environment, Highways & Waste	Regeneration & Economic Development	Specialist Childrens' Services
	£m	£m	£m	£m	£m	£m	£m	£m
Unfunded variance	1.167	0.000	0.000	0.000	0.000	0.060	0.000	1.107
Funded variance (from table 2)	16.478	0.007	0.000	0.063	2.760	13.648	0.000	0.000
Variance to be funded from revenue	3.050	0.000	0.000	0.266	0.100	2.676	0.002	0.006
Project underspend	-21.966	0.000	-0.700	-0.005	-1.185	-7.775	-12.284	-0.017
Rephasing (to/from 2012-15)								
	-31.281	-1.418	0.000	0.000	0.000	-8.130	-21.733	0.000
Total Variance	-32.552	-1.411	-0.700	0.324	1.675	0.479	-34.015	1.096

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 E&E: (Overspend +£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 (Overspend +£1.113m)**

Latest MASH estimates show a forecast variance of £1.113m in 2012-13. This reflects a continuing pressure and has not changed since last reported to Cabinet. £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 £0.307m, the funding of which is yet to be resolved.

- **Coldharbour Gypsy site E&E: Amber (Overspend +£0.120m)**

The main reason for the overspend is that unplanned works needed to be carried out by utility companies to avoid any damage to the existing cable and pipes. Part of the overspend (£0.060m) is to be funded from the Homes & Communities Agency (HCA). Action is still being taken to confirm the remaining £0.060m.

4.6 Summary of schemes which are re-phasing:

- **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.

- **Community Care Centre – Thameside Eastern Quarry/Ebbsfleet ASC&PH**

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 adjustment to the Ebbsfleet project resulting in a reduction of £0.321m to the cash limit in 2015-16.

- **Sandwich Sea Defence E&E**
 The project has been re-phased by £1.016m to reflect the agreed schedule of planned contribution from KCC to the Environment Agency.
- **Kent Thameside Strategic Programme E&E**
 With continued uncertainty over future public sector funding commitment to this programme a review has been carried out. As a result, the delivery of the programme has been re-phased beyond 2012-15 by £0.966m. There is a reduction of forecast spend by £0.323m within the 3 year period to reflect reduced external funding available for this scheme.
- **Country Park Access & Development C&C**
 The improvements to the car park at Manor Park is now expected to be completed by September 2013. Initially the works were due to be completed by the year end but the bedding in of the new grasscrete surface is going to take longer than expected, which would mean the car park being closed over the busiest summer months, so the commencement date has been rescheduled accordingly.
- **Tunbridge Wells Library C&C**
 Practical completion is now scheduled to occur in the next financial year due to a combination of issues including protracted procurement and contractual processes as well as changes to specification. Contracts have now been signed.
- **Edenbridge Community Centre C&C**
 The contractor submitted an extension of time request in relation to the construction of the Edenbridge Centre and the associated housing development. The impact of this was that the opening of the centre was delayed. The facility is being opened in phases with the Church and the Library opening their doors on the 2 January 2013. The remaining partners will be moving in over the coming months. The official opening event will be held on the 6 March 2013.
- **Gateways C&C**
 The ICT Multi-Channel project has been re-aligned to run in parallel with the ICT Infrastructure investment (within the BSS portfolio) and the requirements of the single customer account as the various projects are dependent on one another.
- **Integrated Childrens System BSP&HR**
 The original project timeline with the practical completion date of 31 March 2013, was optimistic and once the project team started working through the detail it became evident that it was not achievable. It has been agreed to phase the roll out, which would see the main part of ICS going live at the end of May 2013.
- **Enterprise Resource Programme (Phase 1) BSP&HR**
 This project was originally planned to be completed by 31st March 2013. Synchronised sign on and elements of remote access work streams cannot be delivered until server refresh has completed. This has resulted in a small amount of re-phasing (-£0.114m) into 2013-14.
- **Property Asset Management System BSP&HR**
 The specification for the system was drawn up when the business was very different. A business analysis is being undertaken to double check suitability of the preferred system and to ensure that Atrium delivers what is required. This has delayed implementation of the new system from March 2013 to December 2013. The impact of this is that the current Atrium system will now be retired by September and the Enterprise system by December.
- **Regional Growth Fund REG**
 -£15.434m has been re-profiled beyond 2012-15 based on the best estimates of applications expected for the Expansion East Kent Fund. It is still anticipated that the money will be distributed in accordance with the grant rules and within the timescale specified.
- **Broadband REG**

-£5.000m has been re-phased to beyond 2012-15. Due to delays at a national level in finalising the BDUK procurement framework and the UK state aid notification with the EU, the implementation of the Kent and Medway BDUK programme has been delayed. As a result, suppliers are now informing Government that it will be necessary to extend the implementation window beyond March 2015. Given that Kent has an early slot on the procurement pipe line, we anticipate that the project will be completed by the end of December 2015. We anticipate that we should have a more detailed spend profile post procurement in April 2013.

4.7 Summary of Projects which are underspending:

- **Basic Need - Modular Classrooms: (underspend -£0.765m) and Modernisation Programme 2008/09/10 (The Judd School) (underspend -£0.420m) ELS portfolio**
These underspends are to be used to offset pressures elsewhere within the ELS capital programme.
- **Growth Without Gridlock: (underspend -£5.000m) EH&W portfolio**
The whole programme has been reviewed in light of the achievability of schemes within the timescale and as part of the capital budget process for 2013-16 the programme has been reduced by £5.000m.
- **HWRC - Ton & Malling: (underspend -£1.000m) EH&W portfolio**
Based on a review of the project as part of the 2013-16 budget process, the cost of this scheme has been reduced by £1.000m.
- **East Kent Access Road Phase 2: (underspend -£0.452m) EH&W portfolio**
The underspend reflects the agreement on the main contract final account, revised estimates for land acquisition based on progress with land negotiations and revised LCA part 1 claim estimates based on a review with the completed scheme now operational.
- **Kent Thameside Strategic Programme: (underspend -£0.323m) EH&W portfolio**
There is a reduction of forecast spend by £0.323m within the 3 year period to reflect reduced external funding available for this scheme.
- **Victoria Way: (Underspend -£0.210m) EH&W portfolio**
Reduced forecast reflects the agreement on the main contract final account and associated risk.
- **Sittingbourne Northern Relief Road: (underspend -£0.160m) EH&W portfolio**
Overall predicted scheme outturn has been reduced. This follows the completion of wider signing works with actual cost less than originally estimated together with a further reduction in residual risk provision.
- **Local Authority Mortgage Scheme: (underspend of -£12.000m) R&ED portfolio**
The LAMS initiative is now to be handled as part of the Investments and Treasury function and therefore will no longer form part of the capital monitoring.
- **Euro Kent: (underspend of -£0.284m) R&ED portfolio**
There forecast underspend is due to a reduction in the forecast of compensation claims which are payable under the Land Compensation Act Part 1.
- **Corporate Property Strategic Capital: (underspend of -£0.700m) BSP&HR portfolio**
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.

4.8 Summary of projects by Status

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

- 4.8.2 Green – Projects on time and budget
- Amber – Projects either delayed, or over ¹budget
- Red – Projects both delayed and over budget

4.8.3 Table 5 – Project Progress summary by Directorate

	Number of Schemes			
	Green	Amber	Red	Total
ELS	60	0	0	60
FSC	16	3	0	19
E&E	30	4	0	34
C&C	19	4	0	23
BSS	29	6	0	35
Total	154	17	0	171



4.9 Good News Stories

E&E Directorate

4.9.1 In the last quarter there has been significant progress on a number of major scheme residual issues. Final accounts have been agreed for East Kent Access Phase 2 and particularly for Drovers Roundabout - M20 J9 and Victoria Way, Ashford. There were significant claims associated with these complex schemes delivered against a difficult programme and funding regime.

4.9.2 Cyclopark was formally opened by the Minister of Sport in May 2012 heralding KCC's on going commitment to sport and communities at the beginning of London Olympic Games period with an

¹ 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.

attendance of over 3000 guests and extensive national press coverage. Primarily an outdoor activity facility, Cyclopark opened at the beginning of what has since been confirmed as the wettest year on record but has, nevertheless, been successful in attracting over 350 events and visitor numbers in excess of 65,000 in its first 10 months. It continues to build upon its success and wider reputation most recently with a cycle ride event with Sir Chris Hoy who was impressed with the facilities saying: "Cyclopark is a great facility and the closed road circuit was perfect for our testing with plenty of twists and turns to get a feel for bikes handling, short climbs and long straights to really push it".

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 Corporate Risk Register was refreshed after consultation with Cabinet Members and the Corporate Management Team and presented to Cabinet on 3rd December 2012. As a result of the refresh three risks were transferred to directorate risk registers (Governance & Internal Control; Academies independence from KCC; and responsiveness to emerging Government reforms and directives).
- 6.2 Two new risks have been added to the Corporate Risk Register, relating to the overall delivery of KCC savings over the medium term and risks relating to procurement. The Corporate Management Team has also suggested that the Ash Dieback disease, which has started to affect Ash trees in the county, be listed as a corporate risk, due to the potential Health & Safety and financial impacts.
- 6.3 Progress against mitigating actions for Corporate risks that were due for completion in Q3 is being checked, with findings reported via the Quarterly Performance Report to the Performance & Evaluation Board, Corporate Board and Cabinet. Key actions due in Q4 are also being monitored to ensure they are on track. Insufficient progress against actions will trigger more detailed scrutiny from the Performance & Evaluation Board.
- 6.4 Directorate risk registers have been re-established or refreshed and reported to Cabinet Committees in January 2013. All of them contain risks of a financial nature and list controls and mitigating actions. Divisional risk registers are also in place and subject to ongoing review.
- 6.5 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.
- 6.6 A Business Intelligence training session, including performance and risk management, will run alongside the Financial Management Development Programme in 2013/14.

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	134.0	-7.3
General Fund balance	31.7	31.7	-
Schools Reserves *	59.1	53.4	-5.7

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

7.2 The reduction of £7.3m 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 £5.7m in the schools reserves is made up of a reduction of £2m due to an anticipated 35 schools converting to academy status this financial year and therefore taking their accumulated reserves with them, together with a reduction of £3.7m for the remaining Kent schools based on their second monitoring returns for this financial year detailing their nine monthly forecasts.

8. STAFFING LEVELS

8.1 The following table provides a snapshot of the staffing levels by directorate as at 31 December 2012 compared to the numbers as at 31 March 2012, 30 June 2012 and 30 September based on active assignments. Between 31 March 12 and 31 December 12, there has been a reduction of 1,418.00 FTEs of which 1,084.67 were in schools and 333.33 were non-schools.

		Mar-12	Jun-12	Sep-12	Dec-12	Difference	
						Number	%
KCC	Assignment count	44,226	42,875	41,586	41,636	-2,590	-5.86%
	Headcount (inc. CRSS)	37,399	36,226	35,216	35,264	-2,135	-5.71%
	Headcount (exc. CRSS)	33,274	32,061	31,201	31,219	-2,055	-6.18%
	FTE	24,389.61	23,514.33	22,978.31	22,971.61	-1,418.00	-5.81%
KCC - Non Schools	Assignment count	13,901	13,671	13,440	13,333	-568	-4.09%
	Headcount (inc. CRSS)	12,652	12,430	12,237	12,203	-449	-3.55%
	Headcount (exc. CRSS)	10,865	10,613	10,447	10,407	-458	-4.22%
	FTE	9,186.64	8,971.02	8,863.43	8,853.31	-333.33	-3.63%
BSS	Assignment count	1,673	1,559	1,574	1,573	-100	-5.98%
	Headcount (inc. CRSS)	1,665	1,555	1,569	1,569	-96	-5.77%
	Headcount (exc. CRSS)	1,646	1,540	1,552	1,553	-93	-5.65%
	FTE	1,523.86	1,427.96	1,443.80	1,445.31	-78.55	-5.15%
ELS	Assignment count	1,646	1,589	1,527	1,556	-90	-5.47%
	Headcount (inc. CRSS)	1,585	1,526	1,470	1,498	-87	-5.49%
	Headcount (exc. CRSS)	1,295	1,237	1,187	1,214	-81	-6.25%
	FTE	990.93	947.65	917.46	943.11	-47.82	-4.83%
C&C	Assignment count	3,971	3,941	3,832	3,823	-148	-3.73%
	Headcount (inc. CRSS)	3,415	3,398	3,319	3,321	-94	-2.75%
	Headcount (exc. CRSS)	2,274	2,239	2,166	2,144	-130	-5.72%
	FTE	1,730.35	1,706.67	1,657.95	1,646.10	-84.25	-4.87%
E&E	Assignment count	1,205	1,198	1,174	1,162	-43	-3.57%
	Headcount (inc. CRSS)	1,190	1,184	1,160	1,153	-37	-3.11%
	Headcount (exc. CRSS)	1,079	1,072	1,046	1,042	-37	-3.43%
	FTE	1,028.29	1,026.00	999.94	994.41	-33.88	-3.29%
FSC	Assignment count	5,406	5,384	5,333	5,219	-187	-3.46%
	Headcount (inc. CRSS)	4,897	4,865	4,819	4,763	-134	-2.74%
	Headcount (exc. CRSS)	4,611	4,560	4,532	4,488	-123	-2.67%
	FTE	3,913.21	3,862.74	3,844.28	3,824.38	-88.83	-2.27%
Schools	Assignment count	30,325	29,204	28,146	28,303	-2,022	-6.67%
	Headcount (inc. CRSS)	24,932	23,960	23,125	23,198	-1,734	-6.95%
	Headcount (exc. CRSS)	22,487	21,517	20,815	20,870	-1,617	-7.19%
	FTE	15,202.97	14,543.31	14,114.88	14,118.30	-1,084.67	-7.13%

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 a residual pressure remains forecast within the SCS portfolio but that this is offset by underspending on the other portfolios and we remain on target to deliver the £5m underspend to support the 2013-14 budget.
- 9.3 **Note** and **agree** the changes to the capital programme, as detailed in section 4.3.
- 9.4 **Note** the latest Financial Health Indicators and Prudential Indicators as reported in appendix 2 and appendix 3 respectively.
- 9.5 **Note** the directorate staffing levels as at the end of December 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	746,533	-746,533	0	
ELS	184,085	-119,077	65,008	
SCS	201,175	-50,357	150,818	
SCS - Asylum	14,901	-14,621	280	
ASC&PH	450,844	-113,761	337,083	
EH&W	179,538	-24,425	155,113	
C&C	133,746	-52,267	81,479	
R&ED	5,729	-2,060	3,669	
F&BS	170,455	-107,142	63,313	
BSP&HR	98,634	-41,317	57,317	
D&P	7,743	-260	7,483	
Per Q2 report	2,193,383	-1,271,820	921,563	
Subsequent changes:				
				Changes to grant/income allocations:
ELS	117	-117	0	Service for schools non delegated staff costs: Increase in DfE Golden Hellos grant
ELS	82	-82	0	Services for Schools: School Improvement: Mathematics Specialist Teaching (MaST) Incentive Payments Grant from DfE
ELS	-83	83	0	Schools Delegated: Adjustment to DfE Pupil Premium Summer School grant
ELS	318	-318	0	Schools Delegated & Attendance & Behaviour: DfE Additional Grant for Schools (incl PRUs)
ELS	-2,138	2,138	0	Schools Delegated & ELS Directorate Management & Support: DSG adjustment for academy converters to end of December
ASC&PH	2,803	-2,803	0	Services for Older People: Funding from PCTs for Supporting local resilience during winter and maintaining access in 2012-13
BSP&HR	549	-549	0	Property & Infrastructure: NHS funding & nursery contributions for Multi Agency Specialist Hub (MASH) buildings
				Technical Adjustments:
ELS	42,656	-40,500	2,156	transfer of responsibility for Early Years Education from SCS to ELS portfolio
SCS	-42,656	40,500	-2,156	
SCS	139	-139	0	realignment of Children's Centre budgets following reallocation of budget to individual centres
ASC&PH	-10	10	0	Strategic Management & Directorate Support: realignment of budget to correct budget build
ASC&PH	90	-90	0	Older People Residential Care: realignment of Broadmeadow S75 income budget from PCT
ASC&PH	7	-7	0	Older People Residential Care: gross and income realignment in respect of Broadmeadow meals budget
ASC&PH	-41	41	0	Older People Day Care: removal of historic income budget which is no longer received
ASC&PH	-36	36	0	Older People Nursing Care: removal of historic PCT income budget, which is no longer received

Portfolio	CASH LIMIT			
	Gross	Income	Net	
	£k	£k	£k	
ASC&PH	-13	13	0	Older People Residential Care: removal of historic income budget which is no longer received
C&C	139	-139	0	correction to adjustment between CLS & Strategic Management & Directorate Support undertaken in Q1
C&C	-21	21	0	Gross and Income realignment for Lullingstone country park to reflect historic income levels
C&C / BSP&HR	-358	358	0	removal of recharging for Invicta House rent for Contact Centre & Consumer Direct following centralisation of budgets to Corporate Landlord
C&C / BSP&HR	-24	24	0	removal of recharging for Out Of Hours calls (Libraries & Contact Centre) following centralisation of budgets to ICT
EHW	-343	343	0	Removal of recharging of overheads following transfer of Transport Integration Unit from Commercial Services to E&E
EHW / BSP&HR	-9	9	0	removal of recharging for E&E Facilities Management overhead following centralisation of budgets to Corporate Landlord
EHW / F&BS	-369	369	0	Gross and income realignment to reflect reduction in Commercial Services contribution following a reduction in the number of cars in the lease car scheme
EHW	300		300	Virement from underspending on net debt charges budget within F&BS portfolio to fund pot hole repairs required following the recent snow
F&BS	-300		-300	
EHW	850		850	Virement from Initiatives to Boost the Economy budget within the Other Financing Items budget in the F&BS portfolio to fund pot hole repairs required following the recent snow
F&BS	-850		-850	
R&ED	94	-94	0	Correction to recharging budget within Business Strategy
F&BS	-165	165	0	Gross and Income realignment in respect of finance costs charged to Asylum grant
BSP&HR	125	-125	0	ICT: Gross and income realignment following transfer of Technical Support from Commercial Services to EiS
BSP&HR	-24	24	0	ICT: realignment of EiS (incl Schools Broadband) budgets
BSP&HR	-36	36	0	Property & Infrastructure: realignment of Corporate Landlord & removal of recharging
BSP&HR	-871	871	0	ICT: removal of recharging following centralisation of ICT budgets
Revised Budget	2,193,305	-1,271,742	921,563	

FINANCIAL HEALTH INDICATORS

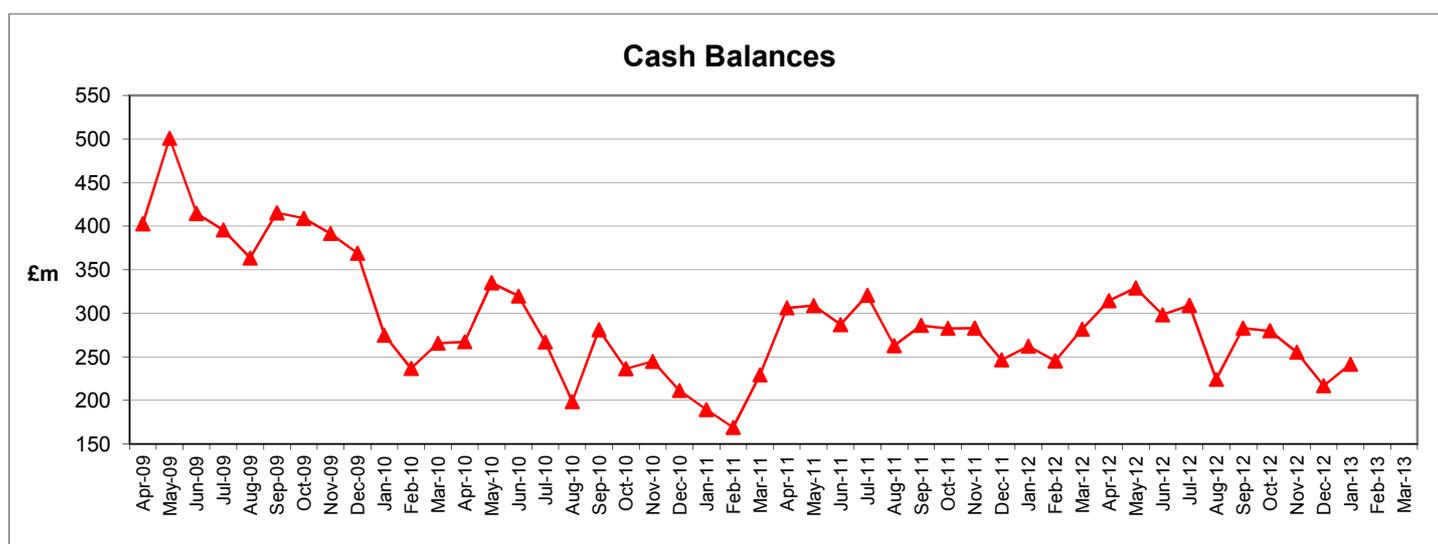
1. CASH BALANCES

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 (£16.34m), balances of schools in the corporate scheme (£48.9m), 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, with a further £20m repaid in November.

	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
2009-10	402.7	500.9	414.6	395.7	363.6	415.4	409.1	391.7	369.1	275.0	236.7	265.8
2010-11	267.4	335.2	319.8	267.2	198.7	281.3	236.4	244.9	211.5	189.5	169.1	229.5
2011-12	306.3	308.9	287.0	320.9	262.9	286.2	282.9	283.1	246.7	262.4	245.3	281.7
2012-13	314.6	329.2	298.4	309.1	224.2	283.1	280.0	255.5	216.9	241.5		



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 £43.9m 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.

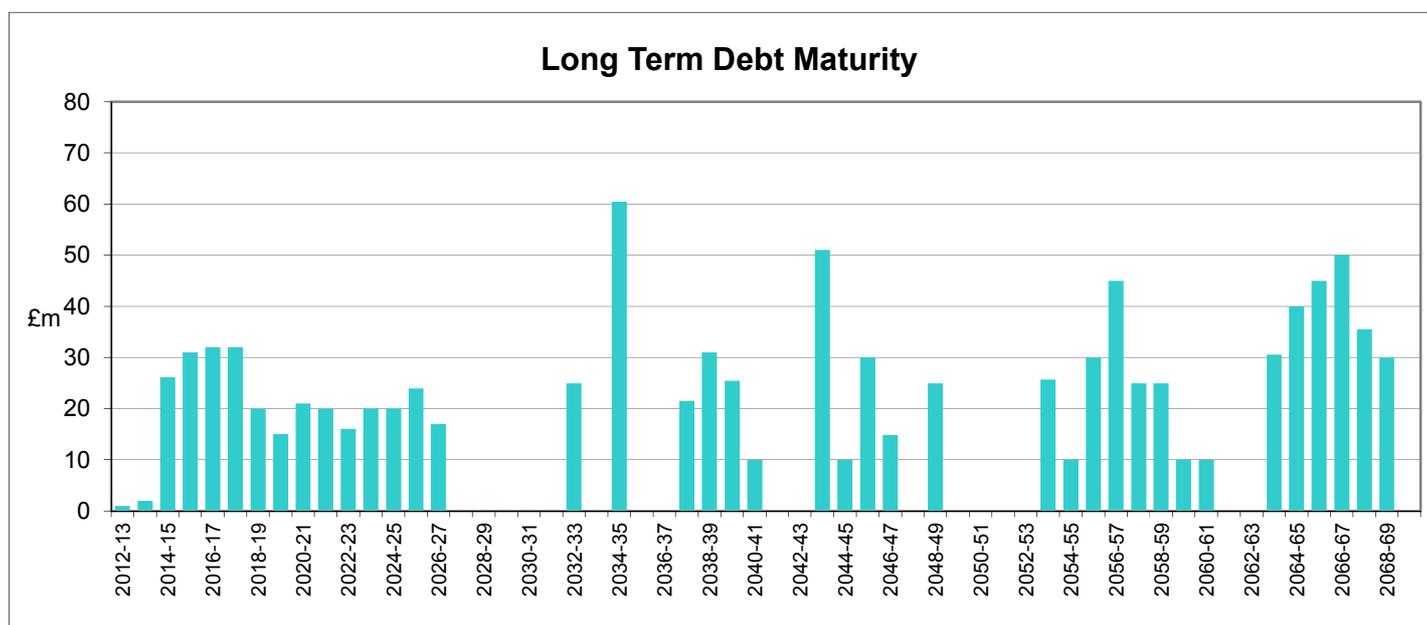
The graph shows total principal repayments due in each financial year. Small maturities indicate repayment of principal for annuity or equal instalment of principal loans, where principal repayments are made at regular intervals over the life of the loan. The majority of loans have been taken on a maturity 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 and a further £20m was repaid in November both from cash balances and £1.021m relating to equal instalment loans was also repaid from cash

balances in September, hence the figure in the table of £1.000m represents the remaining debt still to be repaid in this financial year.

Year	£m	Year	£m	Year	£m	Year	£m	Year	£m
2012-13	1.000	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	TOTAL	1,013.288



3. OUTSTANDING DEBT OWED TO KCC

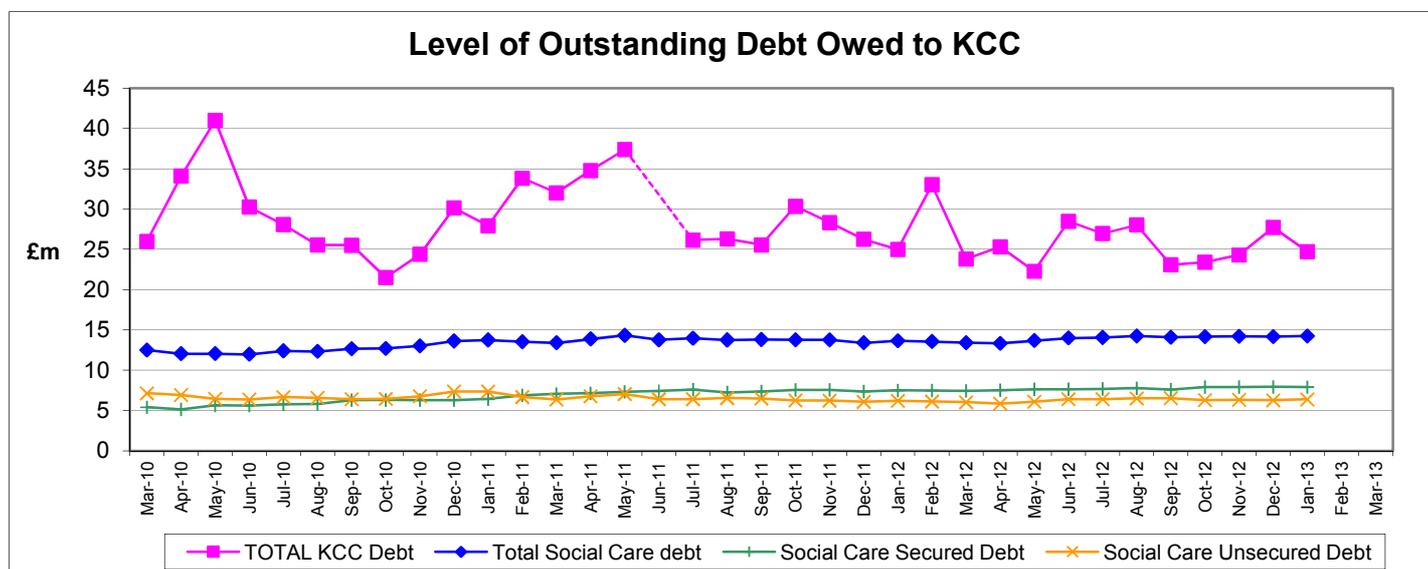
The following graph represents the level of outstanding debt due to the authority, which has exceeded its payment term of 30 days. The main element of this relates to Adult Social Services and this is also identified separately, together with a split of how much of the Social Care debt is secured (i.e. 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	14.157	11.818	25.975
April 10	5.132	6.919	12.051	2.243	14.294	19.809	34.103
May 10	5.619	6.438	12.057	3.873	15.930	25.088	41.018
June 10	5.611	6.368	11.979	3.621	15.600	14.648	30.248
July 10	5.752	6.652	12.404	4.285	16.689	11.388	28.077
Aug 10	5.785	6.549	12.334	5.400	17.734	7.815	25.549
Sept 10	6.289	6.389	12.678	4.450	17.128	8.388	25.516
Oct 10	6.290	6.421	12.711	3.489	16.200	5.307	21.507
Nov 10	6.273	6.742	13.015	4.813	17.828	6.569	24.397
Dec 10	6.285	7.346	13.631	6.063	19.694	10.432	30.126

	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
Jan 11	6.410	7.343	13.753	6.560	20.313	7.624	27.937
Feb 11	6.879	6.658	13.537	7.179	20.716	13.124	33.840
March 11	7.045	6.357	13.402	11.011	24.413	7.586	31.999
April 11	7.124	6.759	13.883	10.776	24.659	10.131	34.790
May 11	7.309	7.023	14.332	11.737	26.069	11.338	37.407
June 11	7.399	6.381	13.780	*	13.780	*	13.780
July 11	7.584	6.385	13.969	4.860	18.829	7.315	26.144
Aug 11	7.222	6.531	13.753	4.448	18.201	8.097	26.298
Sept 11	7.338	6.467	13.805	4.527	18.332	7.225	25.557
Oct 11	7.533	6.241	13.774	6.304	20.078	10.276	30.354
Nov 11	7.555	6.215	13.770	5.886	19.656	8.671	28.327
Dec 11	7.345	6.063	13.408	5.380	18.788	7.469	26.257
Jan 12	7.477	6.185	13.662	5.518	19.180	5.792	24.972
Feb 12	7.455	6.102	13.557	12.661	26.218	6.800	33.018
Mar 12	7.411	6.018	13.429	2.881	16.310	7.476	23.786
April 12 #	7.509	5.836	13.345	6.530	19.875	5.445	25.320
May 12 #	7.615	6.068	13.683	4.445	18.128	4.146	22.274
June 12 #	7.615	6.384	13.999	4.133	18.132	10.353	28.485
July 12 #	7.674	6.392	14.066	4.750	18.816	8.145	26.961
Aug 12	7.762	6.491	14.253	5.321	19.574	8.452	28.026
Sept 12	7.593	6.506	14.099	3.002	17.101	5.974	23.075
Oct 12	7.893	6.280	14.173	2.574	16.747	6.653	23.400
Nov 12	7.896	6.310	14.206	3.193	17.399	6.894	24.293
Dec 12	7.914	6.253	14.167	3.829	17.996	9.713	27.709
Jan 13	7.885	6.369	14.254	3.711	17.965	6.762	24.727
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.

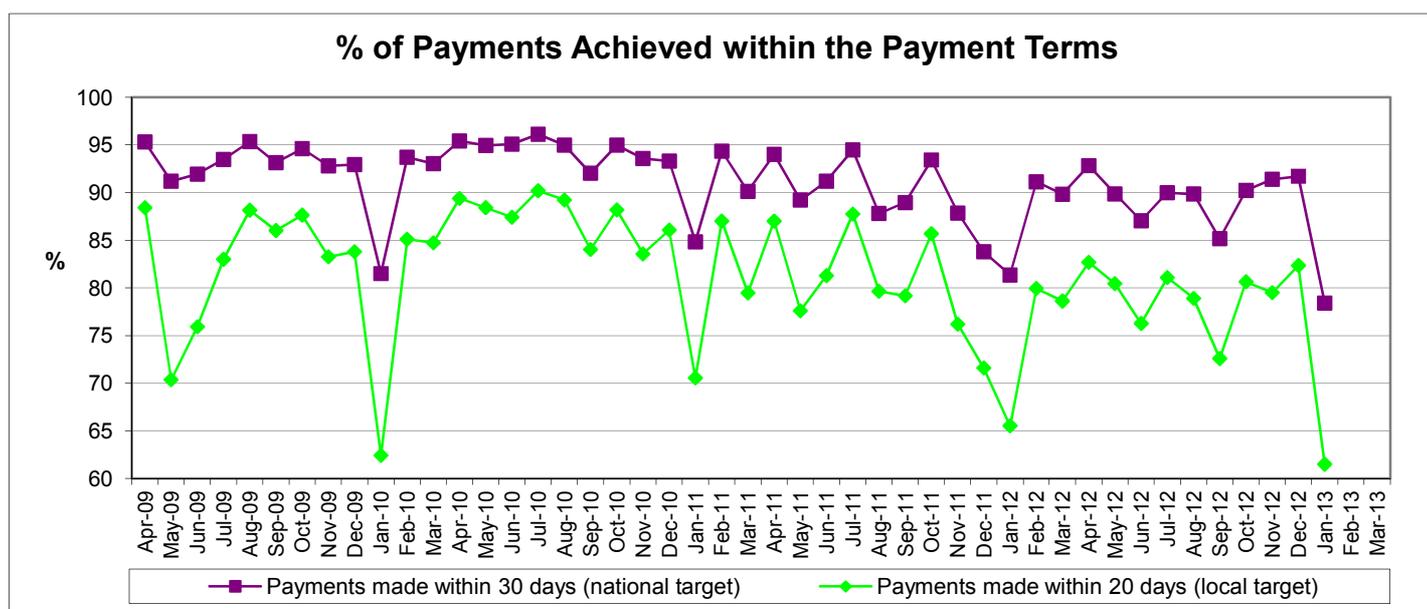
The previously reported secured and unsecured social care debt figures for April to July 2012 have been amended slightly following a reassessment of some old debts between secured and unsecured.



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	91.4	79.5
December	92.9	83.8	93.3	86.1	83.8	71.6	91.7	82.3
January	81.5	62.4	84.8	70.6	81.4	65.5	78.4	61.5
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 each year are consistently lower than other months due to the Christmas/New Year break. This position was exacerbated in 2009-10 and 2012-13 due to snow. The 2012-13 year to date figure for invoices paid within 20 days is 77.5%, and within 30 days is 88.6%. 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	77.5%	88.6%

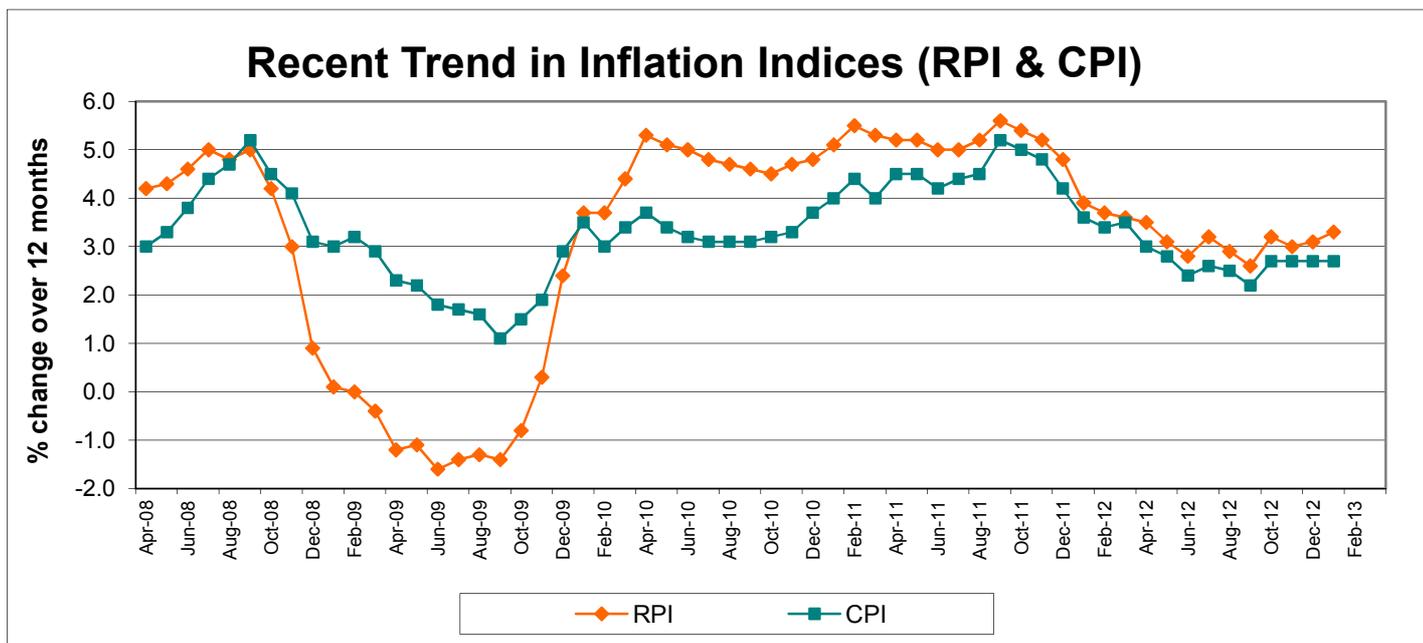
Percentages are reducing because the amount of invoices that arrive in Accounts Payable (AP) late, i.e. already outside of our payment terms of 20 days, is increasingly high. For the week ending 04/01/13 58% of standard invoices were late and 54% of Iproc invoices were late. The 'best' week this year has been the week ending 15/02/13 when 27% of standard invoices and 19% of Iproc invoices were received late.

We can only encourage our colleagues in directorates to prioritise invoices and endeavour to pay the late invoices quickly when they do get to AP. A Kmail has recently been sent out reminding colleagues of our address (a huge amount of post still goes to the old address that has to be diverted by the Post Room) and we have appointed temporary workers to deal with the influx of invoices we expect to see in the next few weeks in the lead up to the financial year end. Restructures are bound to be playing a part in this, which is a KCC wide issue and not an issue with Accounts Payable.

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	3.0	2.7
December	0.9	3.1	2.4	2.9	4.8	3.7	4.8	4.2	3.1	2.7
January	0.1	3.0	3.7	3.5	5.1	4.0	3.9	3.6	3.3	2.7
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		



2012-13 Qtr 3 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	£206.666m	(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 31-01-13
	£m	£m	£m
Capital Financing Requirement	1,495.873	1,538.083	1,486.415
Annual increase/reduction in underlying need to borrow	22.273	21.939	-9.458

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	13.97%

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 £m	Position as at 31.01.13 £m
Borrowing	1,154	969
Other Long Term Liabilities	0	0
	1,154	969

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

	Prudential Indicator 2012-13 £m	Position as at 31.01.13 £m
Borrowing	1,198	1,013
Other Long Term Liabilities	0	0
	1,198	1,013

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

	Upper limit	Lower limit	As at 31.01.13
	%	%	%
Under 12 months	10	0	0.1
12 months and within 24 months	25	0	0.2
24 months and within 5 years	40	0	8.8
5 years and within 10 years	30	0	10.7
10 years and within 20 years	30	10	12.0
20 years and within 30 years	30	5	14.7
30 years and within 40 years	30	5	12.9
40 years and within 50 years	40	10	17.8
50 years and within 60 years	40	10	22.8

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

Indicator	Actual
£50m	£10m

EDUCATION, LEARNING & SKILLS DIRECTORATE SUMMARY DECEMBER 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 2 monitoring report to reflect the transfer of responsibility for Early Years Education from the SCS portfolio to the ELS portfolio, centralisation of the ICT budgets to BSS directorate (see annex 6), and the transfer of the Service Level Agreements for Home to School Transport to the new Transport Operations A-Z budget within the EH&W portfolio (see annex 4), following the transfer of the Transport Integration Unit to E&E directorate from Commercial Services. 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 reduction in DSG as a result of schools converting to Academies up to the end of December.

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	
Education, Learning & Skills portfolio							
Delegated Budget:							
Schools Delegated Budgets	744,614	-744,614	0	5,655		5,655	Drawdown for expected academy converters; drawdown in KCC school reserves
TOTAL DELEGATED	744,614	-744,614	0	5,655	0	5,655	
Non Delegated Budget:							
ELS Strategic Management & directorate support budgets	10,616	-7,647	2,969	-1,107	15	-1,092	Restructure contingency not required; legal costs pressure; participation by rights underspend
Services for Schools:							
- PFI Schools Schemes	23,810	-23,810	0	0	0	0	
- Schools' Meals	566	-566	0	41	-41	0	
- Schools' Non Delegated Staff Costs	2,808	-2,705	103	-592	602	10	Reduced traded service with schools for excepted items
- Schools' Other Services	7,113	-6,646	467	694	-693	1	Increased cleaning and refuse contracts (gross and income)
- Schools' Redundancy Costs	1,273	-1,232	41	0	0	0	
- School Improvement Services	18,325	-13,661	4,664	-449	413	-36	Reduced traded training service with schools
- Special School & Hospital Recoupment	1,660	-2,460	-800	22	-762	-740	Additional recoupment from OLA pupils in Kent schools

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Schools' Teachers Pension Costs	7,829	-2,684	5,145	370	-12	358	Increased capitalisation costs
	63,384	-53,764	9,620	86	-493	-407	
<u>Children's Services</u>							
- Education & Personal							
- 14 - 19 year olds	5,257	-1,650	3,607	-1,938	-297	-2,235	Kent Employment project costs to span more than one year; underspend against grant
- Attendance & Behaviour	19,708	-18,907	801	1,037	-490	547	Unachievable contract saving; additional spend and income for PRU places
- Connexions	6,784	0	6,784	0	0	0	
- Early Years & Childcare	8,874	-5,335	3,539	80	-233	-153	Income from schools and academies
- Early Years Education	42,656	-40,500	2,156	0	0	0	
- Education Psychology Service	2,902	-13	2,889	-160	-543	-703	Vacancies & reduced TRP costs; additional income for traded service
- Free School Meals	1,288	-1,288	0	0	0	0	
- Individual Learner Support	10,292	-9,115	1,177	-1,844	1,472	-372	Early Years training provided elsewhere within existing resources; Reduced traded service with schools for MCAS; Reduced expenditure and income for portage service
- Statemented Pupils	7,618	-7,618	0	-685	685	0	Reduced costs and income from other local authority placements
- Independent Special School Placements	12,324	-12,324	0	-74	74	0	
	117,703	-96,750	20,953	-3,584	668	-2,916	
<u>Transport Services</u>							
- Home to College Transport	1,947	-367	1,580	709	-942	-233	New 16+ card transport scheme
- Mainstream HTST	13,202	-584	12,618	-1,025	364	-661	Fewer than budgeted numbers travelling
- SEN HTST	17,052	0	17,052	1,197	-7	1,190	Higher than budgeted number travelling
	32,201	-951	31,250	881	-585	296	
<u>Assessment Services</u>							
- Assessment of Children's Educational Needs	1,727	-581	1,146	51		51	
TOTAL NON DELEGATED	225,631	-159,693	65,938	-3,673	-395	-4,068	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Total ELS portfolio controllable	970,245	-904,307	65,938	1,982	-395	1,587	
Assumed Mgmt Action							
- ELS portfolio						0	
Total ELS after mgmt action	970,245	-904,307	65,938	1,982	-395	1,587	

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 +£5,655k

The forecast £5.655m drawdown of school reserves shown in table 1 represents the estimated reduction in reserves of £1.955m resulting from 35 schools converting to academies, including 30 schools which converted to academies by the end of January, and a further 5 expected to convert before the end of March 2013, together with the nine monthly monitoring received from schools, which suggests that the drawdown from reserves for the remaining Kent schools is +£3,700k.

Non Delegated Budgets

1.1.3.2 ELS Strategic Management & Directorate Support Budgets; Gross -£1,107k, Income +£15k, Net -£1,092k

The ELS Strategic Management & Directorate Support budget is reporting a gross underspend of -£1,107k. However within this there is a pressure of £435k due to both the legal costs incurred when schools convert to academies and general legal fees attributable to the directorate. 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 previously there is an underspend of £222k on the Participation by Rights budget within the Inclusion Unit. The 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 throughout the year. In addition there is a reported underspend on the contingency budget of £1,000k. Savings attributed to the ELS restructure were phased over three years in the MTFP (2011-12 to 2013-14) but as the new structure 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 offset 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 -£320k, all of which are less than £100k in value, including -£170k 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 -£592k, Income +£602k, Net +£10k

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 -£590k and under recovery of income +£590k. There are other minor gross and income variances.

- b. Schools' Other Services: Gross +£694k, Income -£693k, Net +£1k
The gross pressure on this budget is mainly due to an increase in school cleaning and refuse contract costs +£696k which, as a traded service, has generated an additional £740k of income. All other variances are less than £100k in value.
- c. School Improvement Services: Gross -£449k, Income +£413k, Net -£36k
Although there is a forecast gross underspend on this line, there is a gross pressure of +£252k due to additional staff being retained to work with secondary schools on improving standards. There is a gross underspend on the Employment based initial teacher training scheme of -£209k, together with an income variance of +£209k as this scheme is grant funded and any unspent grant will be rolled forward as a receipt in advance into 2013-14 and spent in line with the academic year. The training and development and school leadership teams were given ambitious income targets this year and whilst they are forecasting an under recovery of income of +£437k, they have also reduced the costs associated with this by -£331k. The Improving Together Network which receives income from schools for this service is forecasting additional income of -£124k. There are other gross and income variances, all under £100k in value, totalling -£161k and -£109k respectively.
- d. Special School & Hospital Recoupment: Gross +£22k, Income -£762k, Net -£740k
This service is forecasting additional income from other local authorities for their pupils in our special schools of -£762k.
- e. Schools' Teachers Pension Costs: Gross +£370k, Income -£12k, Net +£358k
There is a forecast pressure of £370k due to additional annual pension capitalisation costs.

1.1.3.4 Children's Services – Education & Personal:

- a. 14 – 19 Year Olds: Gross -£1,938k, Income -£297k, Net -£2,235k
A rollover 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 business 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 budget (£1,890k) 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).

The Skills and Employability Unit has received grant funding for the final term of the 2011-12 academic year. This grant has not been utilised leading to a gross underspend of -£104k. In addition £240k of income for the same grant was received during 2011-12 and brought forward into 2012-13 as a receipt in advance as it could be used over the academic year. This also remains unspent and accounts for -£240k of the income variance. There is no requirement to repay any unspent grant.
- b. Attendance & Behaviour: Gross +£1,037k, Income -£490k, Net +£547k
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. There is a gross pressure of £421k and income variance of -£421k relating 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 +£80k, Income -£233k, Net -£153k
Additional income of £233k has been generated on this budget line from course 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. Early Years Education

The latest forecast suggests an overspend of around £1.3m on payments to PVI providers for 3 and 4 year olds as overall the actual hours exceeds the budgeted number of hours for the summer, autumn and spring 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.

e. Education Psychology Service: Gross -£160k, Income -£543k, Net -£703k

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 -£543k 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.

f. Individual Learner Support: Gross -£1,844k, Income +£1,472k, Net -£372k

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 delegation 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.

The portage service is forecasting a reduction in income, of which the majority is internal income, of +£131k, and a corresponding gross underspend of -£131k. In addition there is a forecast gross underspend on this budget line of -£206k, due to early years training previously supported by the Early Years Inclusion and Equalities budget being provided elsewhere in the directorate, within existing resources. There are a number of other gross and income variances all of which are below £100k in value.

g. Statemented Pupils: Gross -£685k, Income +£685k, Net Nil

The forecast income from other local authorities for Statemented support of their pupils in our schools has reduced by £685k. There is a corresponding gross underspend of -£685k.

1.1.3.5 Transport Services:

a. Home to College Transport: Gross +£709k, Income -£942k, Net -£233k

There is a gross pressure on this budget line of +£1,180k due to the implementation of the new Kent 16+ card which is partly covered by income from the sale of tickets of £1,142k. The forecast pressure is based on limited usage data from when the scheme began in September 2012 and a more accurate forecast is expected in the next exception report. As a result of the successful launch of the 16+ card, only those students who started post 16 studies before September 2012 still receive transport under existing home to college arrangements and consequently, during this transitional period, numbers travelling are less than budgeted for, leading to a gross underspend of -£471k and a reduction in income for the sale of tickets of +£200k.

b. Mainstream HTST: Gross -£1,025k, Income +£364k, Net -£661k

The forecast gross underspend of -£1,025k is due to the numbers requiring transport being considerably lower than budgeted levels, in part due to the success of the Freedom Pass and 16+ travel card. This has been reflected as a saving in the 2013-15 MTFP. In addition there is a corresponding reduction in post statutory charge income of +£364k because, as mentioned above, new 16+ students are tending to opt for the 16+ card for school transport.

c. SEN HTST: Gross +£1,197k, Income -£7k, Net +£1,190k

There is a forecast gross pressure on this budget line of +£1,197k as the number of children travelling is consistently higher than the budgeted number. However, 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 as well as pupil numbers. As the numbers continue to increase, existing vehicles are running at full occupancy and additional or larger vehicles have had to be provided.

The increased number of statements has also resulted in some pupils being transported further to be placed in suitable provision for their needs.

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 for remaining Kent schools	+3,700	ELS	14-19 year olds (gross) - Kent Employment project	-1,890
ELS	Schools delegated budgets (gross) - estimated drawdown of reserves following 35 schools converting to academies	+1,955	ELS	Individual Learner Support (gross) - Minority Communities Achievement Service reduced buy back from schools	-1,347
ELS	Individual Learner Support (income) - Minority Communities Achievement Service reduced buy back from schools	+1,347	ELS	Home to college transport (income) - new 16+ transport scheme	-1,142
ELS	SEN transport (gross) - higher than budgeted numbers travelling	+1,197	ELS	Mainstream home to school transport (gross) - fewer numbers travelling	-1,025
ELS	Home to college transport (gross) - new 16+ transport scheme	+1,180	ELS	ELS Strategic Management & Directorate budgets (gross) - release of restructure contingency	-1,000
ELS	Schools' Other Services (gross) - cleaning and refuse contracts	+696	ELS	Special School & Hospital Recoupment (income) - additional income from other local authorities for places at our special schools	-762
ELS	Statemented Pupils (income) - reduced income from other local authorities for statemented support in our schools	+685	ELS	Schools' Other Services (income) - cleaning and refuse contracts	-740
ELS	Schools' Non Delegated Staff costs (income) - excepted items reduced buy back from schools	+590	ELS	Statemented Pupils (gross) - reduced spend on statemented support for other local authority pupils in our schools	-685
ELS	Attendance & Behaviour (gross) - unachievable contract saving	+550	ELS	Schools' Non Delegated Staff costs (gross) - excepted items reduced buy back from schools	-590
ELS	School Improvement (Income) - reduced income from Workforce and Professional Development traded service	+437	ELS	Education Psychology Service (income) - income from traded service with schools and other customers	-543
ELS	ELS Strategic Management & Directorate budgets (gross) - academy converter legal costs & general legal fees	+435	ELS	Home to college transport (gross) - fewer students requiring transport under old scheme	-471
ELS	Attendance & Behaviour (gross) - PRUs additional staffing & premises costs (matched by income from schools & academies)	+421	ELS	Attendance & Behaviour (income) - PRUs additional income from schools & academies	-421
ELS	Schools' Teachers Pensions costs - capitalisation costs	+370	ELS	School Improvement (gross) - reduced expenditure from Workforce and Professional Development traded service	-331

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ELS	Mainstream home to school transport (income) - reduction in post statutory charge income due to students opting for 16+ card	+364	ELS	14-19 year olds (income) - Young Apprentices Grant income for academic year	-240
ELS	School Improvement (gross) - additional costs to improve secondary school standards	+252	ELS	Early Years & Childcare (income) - income from course fees, training and support	-233
ELS	School Improvement (income) - Employment based initial teacher training grant to be spent in line with academic year	+209	ELS	ELS Strategic Management & Directorate budgets (gross) - Participation by Rights	-222
ELS	Home to college transport (income) - reduced income from ticket sales under old transport scheme	+200	ELS	School Improvement (gross) - Employment based initial teacher training grant to be spent in line with academic year	-209
ELS	Individual Learner Support (income) - Portage service reduced income in line with reduced expenditure	+131	ELS	Individual Learner Support (gross) - Early Years training	-206
			ELS	Individual Learner Support (gross) - Portage service reduced spend in line with reduced income	-131
			ELS	School Improvement (income) - Additional income from Improving Together network	-124
			ELS	14-19 year olds (gross) - unspent grant funding for final term of 2011-12 academic year	-104
		+14,719			-12,416

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 2013-15 MTFP of £583k and therefore alternative savings have been identified to fund this.

There has been a realignment between the legal services and contingency budgets in the 2013-15 MTFP to offset the pressure on the legal budget resulting from schools converting to academies.

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. Although the current forecast shows a net underspend of -£661k, the full year effect of the reduction in pupil numbers should yield a larger saving in 2013-14. Consequently a saving of £950k has been included in the 2013-15 MTFP.

A pressure has been included in the 2013-15 MTFP for the increased demand for SEN Home to School Transport. However, since the budget was set, the pressure on this budget has increased and if this continues additional offsetting savings will need to be identified within the directorate in 2013-14.

Additional income from trading with schools and academies has been reflected in the 2013-15 MTFP.

It should be noted that the underspend on special school recoupmnt is for 2012-13 only as the Department for Education is changing the way that recoupmnt 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 £1,890k 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]*

The forecast underspend for the directorate, excluding schools, is -£4,068k as shown in table 1. After adjusting for the roll forward of £1,890k for the Kent Youth Employment Programme referred to in section 1.1.6 above, there is a residual underspend of £2,178k to contribute towards the £5m underspend from 2012-13 being used to support the overall 2013-14 KCC budget, as approved by County Council on 14 February 2013.

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 £281.078m excluding schools (see table 1 below). The forecast outturn against this budget is £282.753m, giving a variance of +£1.675m. After adjustments for funded variances and reductions in funding, the revised variance comes to £0.000m (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	275.660	
Approvals made since last reported to Cabinet	5.418	
Revised approved budget	281.078	

1.2.5 Table 2 – Funded Variances

Scheme	Portfolio	Amount £m	Reason
Cabinet to approve cash limit changes			
Platt CEPS	ELS	0.633	Project agreed by P&R committee Sept 2012
No cash limit changes to be made			
St Johns/Kingsmead	ELS	0.646	Additional contribution expected from the Diocese
Goat Lees	ELS	0.013	Additional developer contributions
Basic Need - Modular Classrooms	ELS	-0.765	Savings to be used against Basic Need Future Years programme
Basic Need Future Years	ELS	0.977	From Basic Need Modular Classrooms and additional developer contributions
The Judd	ELS	-0.420	Savings to be used against Modernisation Programme Future Years
Archbishop Courtenay - Primary Improvement Programme	ELS	0.040	Highways Revenue Contribution
Modernisation Programme	ELS	0.491	Minor changes across the programme to be partly offset by The Judd
Self Funded Project (Quarryfields)	ELS	0.060	Revenue Contribution
Total		1.675	

1.2.6 Table 3 – Summary of Variance

	Amount £m
Unfunded variance	0.000
Funded variance (from table 2)	1.545
Variance to be funded from revenue	0.100
Project underspend	0.000
Rephasing (beyond 2012-15)	0.000
Total variance	1.675

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

	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	£m
	(a)	(b)	(c)	(d)	(e)	(f)	(g) = (e - c)	(h) = (b+e+f)-a	
Annual Planned Enhancement Programme	26.496	0.000	26.496	0.000	26.496	0.000	0.000	0.000	Green
Non Delegated Devolved Capital (PRU's)	0.653	0.000	0.653	0.000	0.653	0.000	0.000	0.000	Green
Ryarsh Primary School	0.169	0.000	0.169	0.000	0.169	0.000	0.000	0.000	Green
Archbishop Courteney (Site Purchase)	5.001	4.854	0.147	0.000	0.147	0.000	0.000	0.000	Green
Basic Need - Modular Classrooms	5.455	0.076	5.379	0.000	4.614	0.000	-0.765	-0.765	Green
Modernisation Programme 2008/09/10	0.500	0.000	0.500	0.000	0.080	0.000	-0.420	-0.420	Green
Specialist Schools Programme 2009/10	0.350	0.013	0.337	0.000	0.337	0.000	0.000	0.000	Green
Other Residual Projects :	-0.001	-0.001	0.000	0.000	0.000	0.000	0.000	0.000	Green
Special Schools Review - Phase 1	47.556	46.836	0.720	0.000	0.688	0.000	-0.032	-0.032	Green
Special Schools Review - Phase 2	3.000	1.677	1.323	0.000	1.355	0.000	0.032	0.032	Green
Vocational Education Programme	1.542	1.393	0.149	0.000	0.149	0.000	0.000	0.000	Green
Primary Improvement Programme	31.606	30.020	1.586	0.000	1.626	0.000	0.040	0.040	Green
Unit Review	3.500	0.816	2.684	0.000	2.684	0.000	0.000	0.000	Green
Dev Opps - Whitstable Community College	0.681	0.673	0.008	0.000	0.008	0.000	0.000	0.000	Green
Dev Opps - Swadelands	0.400	0.385	0.015	0.000	0.015	0.000	0.000	0.000	Green
Self Funded Projects	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	Green
Building Schools for the Future - Wave 3	138.438	133.154	5.284	0.000	5.284	0.000	0.000	0.000	Green
BSF Unit Costs	0.693	0.000	0.693	0.000	0.693	0.000	0.000	0.000	Green
Practical Cooking Spaces	3.695	3.693	0.002	0.000	0.002	0.000	0.000	0.000	Green
Academy Unit Costs	4.680	2.862	1.818	0.000	1.818	0.000	0.000	0.000	Green
Academy - New Line Learning	28.706	28.309	0.397	0.000	0.397	0.000	0.000	0.000	Green
Academy - Cornwallis Academy	35.394	33.460	1.934	0.000	1.934	0.000	0.000	0.000	Green
Academy - Longfield Academy	24.956	24.578	0.378	0.000	0.378	0.000	0.000	0.000	Green
Academy - Spires	13.694	10.440	3.254	0.000	3.254	0.000	0.000	0.000	Green

	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	£m
	(a)	(b)	(c)	(d)	(e)	(f)	(g) = (e - c)	(h) = (b+e+f)-a	
Academy - Sheppey	50.578	25.683	24.895	0.000	24.895	0.000	0.000	0.000	Green
Academy - Marsh	16.627	13.905	2.722	0.000	2.722	0.000	0.000	0.000	Green
Academy - Skinners	20.399	5.963	14.436	0.000	14.436	0.000	0.000	0.000	Green
Goat Lees Primary School	4.760	0.246	4.514	0.000	4.527	0.000	0.013	0.013	Green
Repton Park (Templar Barracks)	6.100	1.789	4.311	0.000	4.311	0.000	0.000	0.000	Green
Dunton Green Primary School	0.800	0.000	0.800	0.000	0.800	0.000	0.000	0.000	Green
Lansdowne Primary School	2.500	0.000	0.000	2.500	0.000	2.500	0.000	0.000	Green
Cheesemans Green PS	4.300	0.000	0.000	4.300	0.000	4.300	0.000	0.000	Green
Rushenden Primary School	3.000	0.000	0.000	3.000	0.000	3.000	0.000	0.000	Green
Leybourne Primary School	2.000	0.000	0.000	2.000	0.000	2.000	0.000	0.000	Green
John Wesley, Ashford	2.500	0.000	0.000	2.500	0.000	2.500	0.000	0.000	Green
Aylesham Primary School	1.000	0.000	0.000	1.000	0.000	1.000	0.000	0.000	Green
Ebbsfleet	5.100	0.000	0.000	5.100	0.000	5.100	0.000	0.000	Green
BN Other	29.885	0.000	29.885	0.000	30.862	0.000	0.977	0.977	Green
Modernisation Programme 2008/09/10	3.000	0.389	2.611	0.000	2.614	0.000	0.003	0.003	Green
Modernisation Programme 2011/12	6.512	3.590	2.922	0.000	2.965	0.000	0.043	0.043	Green
Modernisation Programme Future Years	19.797	0.000	19.797	0.000	20.242	0.000	0.445	0.445	Green
Dev Opps - St Johns PS/Kingsmead	2.017	0.030	1.987	0.000	2.633	0.000	0.646	0.646	Green
Dev Opps - Platt CEPS	0.000	0.000	0.000	0.000	0.633	0.000	0.633	0.633	Green
Academy - John Wallis	7.647	0.032	7.615	0.000	7.615	0.000	0.000	0.000	Green

	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	£m
	(a)	(b)	(c)	(d)	(e)	(f)	(g) = (e - c)	(h) = (b+e+f)-a	
Academy - Wilmington Enterprise	13.056	0.200	12.856	0.000	12.856	0.000	0.000	0.000	Green
Academy - The Knole	16.946	0.000	16.946	0.000	16.946	0.000	0.000	0.000	Green
Academy - Dover Christchurch	10.253	0.134	10.119	0.000	10.119	0.000	0.000	0.000	Green
Academy - Astor of Hever	11.545	0.000	11.545	0.000	11.545	0.000	0.000	0.000	Green
Academy - Duke of York	24.240	0.000	24.240	0.000	24.240	0.000	0.000	0.000	Green
Special Schools Review - Phase 2	30.000	0.065	29.935	0.000	29.935	0.000	0.000	0.000	Green
Folkestone Academy Playing Fields	2.256	2.256	0.000	0.000	0.000	0.000	0.000	0.000	Green
£5m DSG Revenue Grant - Schools Mtce	5.000	0.050	4.950	0.000	4.950	0.000	0.000	0.000	Green
Dev Opps - Headcorn Primary School	1.184	0.000	0.000	1.184	0.000	1.184	0.000	0.000	Green
Dev Opps - Bromstone Primary	3.088	0.000	0.000	3.088	0.000	3.088	0.000	0.000	Green
Dev Opps - Highworth Grammar	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	Green
Dev Opps - Istead Rise	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	Green
Dev Opps - Paddock Wood	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	Green
Dev Opps - Sevenoaks Primary	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	Green
Dev Opps - Whitehill Primary	0.950	0.000	0.000	0.950	0.000	0.950	0.000	0.000	Green
Self Funded Project (Quarryfields)	0.264	0.198	0.066	0.000	0.126	0.000	0.060	0.060	Green
TOTAL	684.468	377.768	281.078	25.622	282.753	25.622	1.675	1.675	

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 have been classified as amber or red.

Other Significant Variances

1.2.13 There is significant re phasing within the 2012-15 budget (2012/13 -£50.326m, 2013/14 +£36.506m & 2014/15 +£13.820m). 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.

1.2.14 **Annual Planned Enhancement Programme** - £1.222m has been re-phased into 13/14. This is due to less than anticipated spend on Day to Day Emergency Works and also the Schools Access Initiative, both of which are reactive programmes responding to school requests.

1.2.15 **Basic Need** - £5.743m has been re-phased into 13/14 to reflect delivery of the current programme.

1.2.16 **Modernisation Programme** - Across the whole modernisation programme, £8.131m has been re-phased into 13/14 to reflect development of the programme.

1.2.17 **Special Schools Review** - £10.541m has been re-phased into 2014/15 to reflect development of the programme. The programme will be managed in stages with future capital receipts realised from the disposal of current school sites being utilised to assist with the funding of future projects.

1.2.18 **£5m DSG Revenue Grant** - £1.950m has been re-phased into 2013/14. This is reflective of school projects which are not going to be completed in the current financial year along with projects which have been programmed for school holidays so as to avoid disruption.

1.2.19 **Self Funded Project (Quarryfields)** - this project has transferred from FSC portfolio to ELS.

1.2.20 **St Johns Primary School/Kingsmead** - This project is currently forecasting a £646k overspend. There is an informal agreement with Canterbury Diocese that they will make a contribution of £600k from the sale of the Diocese Payne School site.

1.2.21 Key issues and Risks

None to report.

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

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

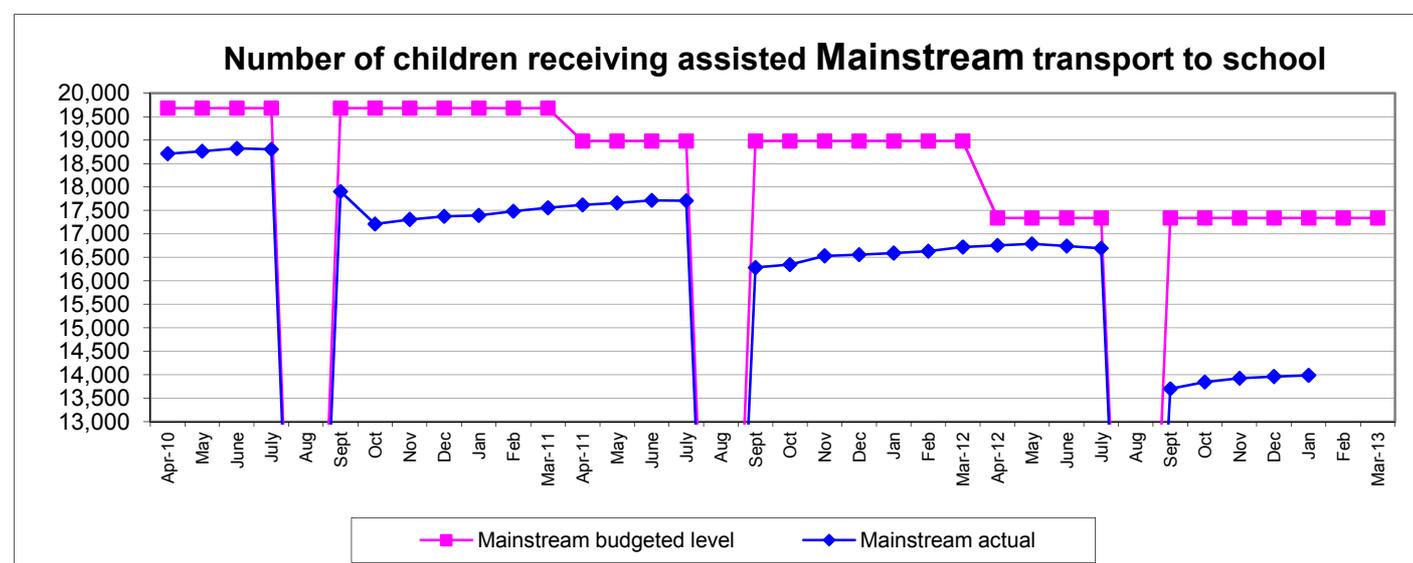
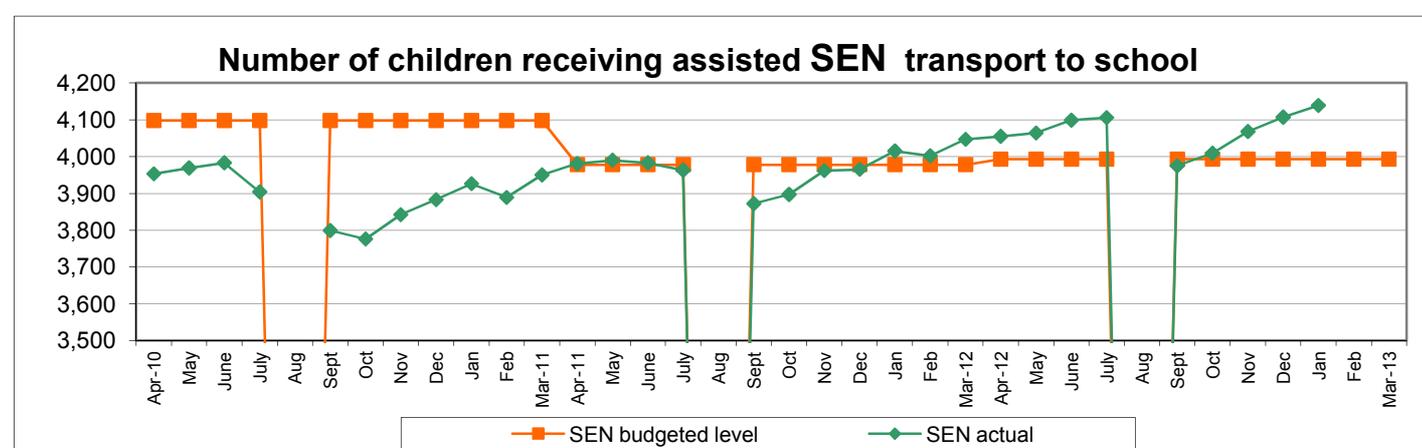
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	as at 31-3-07	as at 31-3-08	as at 31-3-09	as at 31-3-10	as at 31-3-11	as at 31-3-12	projection
Total number of schools	596	575	570	564	538	497	462
Total value of school reserves	£74,376k	£79,360k	£63,184k	£51,753k	£55,190k	£59,088k	£53,433k
Number of deficit schools	15	15	13	23	17	7	10
Total value of deficits	£1,426k	£1,068k	£1,775k	£2,409k	£2,002k	£833k	£322k

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 35 schools (including 6 secondary schools and 29 primary schools) will convert to academies before the 31st March 2013 in line with the government’s decision to fast track outstanding schools to academy status. In addition two primary schools have merged and a new school has opened in Ashford.
- The estimated drawdown from schools reserves of £1,955k represents the estimated reduction in reserves resulting from 35 schools converting to academy status. In addition, the nine month monitoring has now been received from schools and the estimated drawdown from reserves for the remaining Kent schools is £3,700k.

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	4,068	17,342	13,925
Dec	4,098	3,883	19,679	17,373	3,978	3,965	18,982	16,556	3,993	4,107	17,342	13,960
Jan	4,098	3,926	19,679	17,396	3,978	4,015	18,982	16,593	3,993	4,139	17,342	13,985
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	

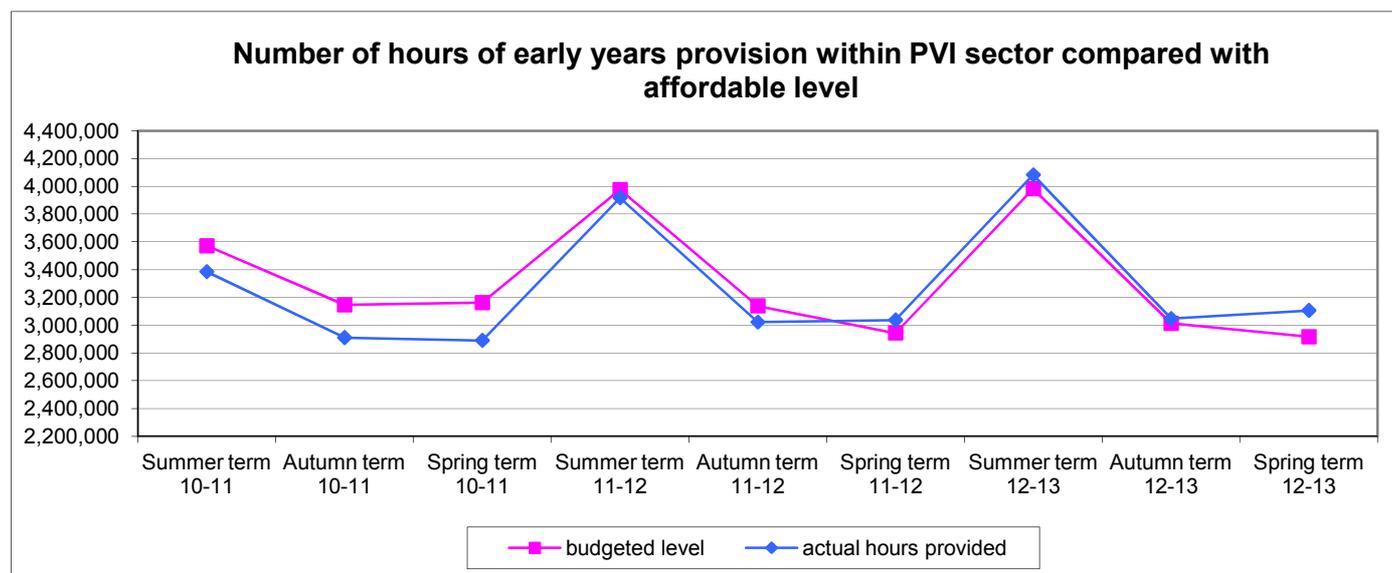


Comments:

- **SEN HTST** – The number of children travelling is higher than the budgeted level and 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. Therefore a gross overspend of +£1,197k is reported in 1.1.3.5.c. A pressure is also reflected in the 2013-15 MTFP.
- **Mainstream HTST** – A gross underspend of +£1,025k is expected on the Mainstream Home to School Transport budget based on the current numbers requiring transport in the new academic year as reported in section 1.1.3.5.b. A saving is also reflected in the 2013-15 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	3,048,035
Spring term	3,161,965	2,890,423	2,943,439	3,037,408	2,917,560	3,106,277
	9,881,796	9,186,557	10,058,366	9,977,499	9,912,767	10,237,182



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 324,415 hours above the affordable level for the year, which suggests an overspend of £1.317m on this budget which has been mentioned in section 1.1.3.4.d 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
DECEMBER 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 2 report to reflect the centralisation of the ICT budgets to BSS directorate (see annex 6), and the transfer of the Service Level Agreements for transport related services to the new Transport Operations A-Z budget within the EH&W portfolio (see annex 4), following the transfer of the Transport Integration Unit to E&E directorate from Commercial Services. 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	
Specialist Children's Services portfolio							
Strategic Management & Directorate Support Budgets	3,448	-175	3,273	-267		-267	Staff vacancies
<u>Children's Services:</u>							
- Education & Personal							
- Children's Centres	17,650	-139	17,511	-660	-128	-788	Release of uncommitted budget, various underspends across 97 centres
- Early Years & Childcare	0	0	0	179	-155	24	Additional PVI income, corresponding spend
- Virtual School Kent	2,683	-704	1,979	89	-10	79	
	20,333	-843	19,490	-392	-293	-685	
- Social Services							
- Adoption	8,310	-49	8,261	635		635	Increase in placements, SGO
- Asylum Seekers	14,901	-14,621	280	64	3,018	3,082	forecast shortfall in funding, awaiting resolution with Govt
- Childrens Support Services	2,538	-1,043	1,495	-124	88	-36	OOH team staffing
- Fostering	34,302	-237	34,065	3,061	9	3,070	Increase in demand, change in unit cost, reduced demand for Kinship Non LAC, increase demand for related foster payments
- Leaving Care (formerly 16+)	5,123	0	5,123	-29		-29	
- Legal Charges	6,315	0	6,315	1,010		1,010	Increased demand

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Preventative Children's Services	20,560	-4,369	16,191	-1,544	192	-1,352	Reduction in S17 payments, MASH lease, re-phasing of strategies relating to early intervention & prevention, increased demand for Direct payments
- Residential Children's Services	13,749	-2,144	11,605	2,010	343	2,353	Increase in weeks/ lower unit cost, specialist placements, increased costs of respite care for disabled children due to complexity of needs
- Safeguarding	4,598	-316	4,282	0		0	Staff vacancies
	110,396	-22,779	87,617	5,083	3,650	8,733	
<u>Assessment Services</u>							
- Children's Social Care Staffing	39,099	-819	38,280	1,282	0	1,282	Staffing
Total SCS portfolio	173,276	-24,616	148,660	5,706	3,357	9,063	
Assumed Management Action							
- SCS portfolio						0	
Forecast after Mgmt Action				5,706	3,357	9,063	

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:

1.1.3.1 Strategic Management & Directorate Support: Gross -£267k

This variance is predominantly due to a staffing underspend within the Performance & Information Management unit of -£190k, which is mainly due to unfilled vacancies.

1.1.3.2 Children's Centres: Net -£788k (-£660k Gross, -£128k Income)

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.

There is a further gross underspend on Children's Centres of -£488k which is due to various small underspends spread over the 97 centres. There is also a further gross pressure of +£128k which has a corresponding income variance -£128k, which relates to where the centres receive income for shared costs, rental of rooms, activities etc, all of which also incur expenditure.

1.1.3.3 Early Years & Childcare: Net +£24k (+£179k Gross, -£155k Income)

There is a forecast income variance of -£155k due to additional income being received by the Early Years nurseries in respect of 2, 3 & 4 year old funding. This results in additional spend and a corresponding gross pressure of +£155k has been forecast. There are also other small gross variances of +£24k relating to the three KCC run nurseries which are transferring to ELS.

1.1.3.4 Adoption: Gross +£635k

The current forecast variance of +£635k includes a pressure of +£192k for an increase in the cost of placements. In addition, there is a pressure of +£386k 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. There are also other small gross pressures of +£57k.

1.1.3.5 Asylum Seekers – Net +£3,082k (+£64k gross, +£3,018k income)

We are now forecasting a potential net pressure of £3,082k against the Asylum Service. This pressure is in respect of both unaccompanied asylum seeking children and those eligible under the care leaving legislation.

A separate report on this issue is elsewhere on this Cabinet agenda.

1.1.3.6 Children's Support Services: Net -£36k (-£124k Gross, +£88k Income)

There is a forecast underspend on staffing of -£65k which is for the Out of Hours team, there are also other small gross variances of -£59k, and a small income variance of +£88k.

1.1.3.7 Fostering: Net +£3,070k (+£3,061k Gross, +£9k Income)

There is a forecast gross pressure of +£801k on Non-related fostering (in house) as a result of the forecast number of weeks of service being 1,851 higher than the affordable level of 54,872, this generates £707k of the current pressure. Additionally, the unit cost being +£1.71 higher than previously estimated when setting the cash limit, has increased the pressure by +£94k.

A gross pressure of +£2,532k is forecast for Independent fostering. Again this is as a result of an increase in weeks support, which is 3,376 higher than the affordable level of 6,152 and results in a pressure of +£3,088k. However, the average weekly cost is -£90.35 lower than budgeted, and this reduces the total pressure by -£556k.

A gross underspend of -£677k 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 +£386k in section 1.1.3.4 above) and +£317k on related foster payments (see below), and other small gross variances of +£26k.

There is also a gross pressure of +£317k on related foster payments due to an increase in demand resulting from the drive to move children from Kinship to Related foster payments (and SGO see section 1.1.3.4).

The county fostering team is forecasting a gross pressure of +£88k, due to an increase in the number of staff following the restructure. There is also a small income variance of +£9k.

1.1.3.8 Leaving Care (formerly 16+): Gross -£29k

An underspend of -£457k is forecast on leaving care/Section 24. This is partly due to more young people opting to remain with their foster carers, 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 +£133k.

1.1.3.9 Legal Charges: Gross +£1,010k

There is a pressure forecast on the legal budget of +£1,010k, of which +£860k is due to demand being greater than that budgeted for and +£150k is spend which has moved from the Section 17 budget (see section 1.1.3.10)

1.1.3.10 Preventative Children's Services: -£1,352 k (-£1,544k Gross, +£192k Income)

There is a forecast underspend of -£570k on the Section 17 (*Provision of services for children in need, their families and others*) budget. -£150k of this is due to spend being re-classified as legal costs, previously been classified as Section 17. These costs are now included in section 1.1.3.9. A further underspend has been forecast of -£420k due to management action and more detailed guidance being issued to district teams on when they can make Section 17 payments. There is also a small income variance of +£55k

There is a forecast underspend of -£249k 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 -£308k, of which there is an underspend of -£496k 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 is a forecast pressure of +£319k for Direct payments, which is due to the number of forecast weeks being 4,660 higher than budgeted, and the forecast rate being £10.60 higher than the budgeted rate. There is also a small income variance of +£13k.

Due to some re-phasing of the strategies relating to early intervention and prevention a -£500k underspend is forecast. There is a further gross underspend of -£150k and corresponding income variance of +£150k, which reflects a number of renegotiated commissioned services, which have also resulted in some loss of joint funding. There is also a further small income variance of +£8k on the prevention strategy budget.

There are also various other small gross variances totalling -£86k, and an income variance of -£34k.

1.1.3.11 Residential Children's Services: Net +£2,353k (+£2,010k Gross, +£343k Income)

Of the pressure within residential services, +£1,851k (+£1,478k Gross, +£373k Income) relates to non disabled independent sector residential provision. The forecast number of weeks of service is 680 higher than the affordable level of 1,892, which generates +£2,011k of current pressure. Additionally the unit cost being -£281.66 lower than previously estimated when setting the cash limit has reduced this pressure by -£533k. The income variance of +£373k 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 +£474k (+£450k Gross, +£24k Income). This is due to an increase in costs of specialist placements of +£350k, and a pressure of +£100k due to an increase in the overall number of placements. There is also a small income variance of +£24k.

There is a forecast net pressure of +£110k relating to KCC respite care for disabled children reflecting the complexity of the children's needs, which comprises a gross pressure of +£166k and a small income variance of -£56k.

There is a small net underspend on Residential care for Non-LAC of -£38k, comprising of a gross underspend of -£40k and an income variance of +£2k

There is also a small underspend forecast on secure accommodation of -£44k

1.1.3.12 Assessment Services – Children's Social Care Staffing: Gross +£1,282k

Following a more in depth monitoring process this quarter including greater engagement of finance staff, service managers and Area Directors, we are now in a position to provide a more accurate reflection of the financial position on this budget. This is producing a gross pressure of +£1,282k on staffing costs.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
SCS	Fostering - Gross - Independent - forecast weeks higher than budgeted	+3,088	SCS	Fostering - Gross - Independent - forecast unit cost lower than budgeted	-556
SCS	Asylum - forecast shortfall in funding, awaiting resolution with Government	+3,082	SCS	Residential - Gross - Non Dis Independent Sector - forecast unit cost lower than budgeted	-533
SCS	Residential - Gross - Non Dis Independent Sector - forecast weeks higher than budgeted	+2,011	SCS	Preventative Children's services - Gross - re-phasing of strategies relating to early intervention and prevention	-500
SCS	Children's social care staffing - Gross - Additional staffing costs	+1,282	SCS	Preventative Children's services - Gross - Independent sector day care disability - reduction in core activity due to a shift to direct payments	-496
SCS	Legal Charges - Gross - increased demand	+860	SCS	Children's centres - Gross - Various small underspends across 97 centres	-488
SCS	Fostering - Gross - Non-related in house - forecast weeks higher than budgeted	+707	SCS	Leaving care - Gross - decrease in demand as 16-18 yr olds remaining in foster care, stricter controls around S24 payments	-457
SCS	Adoption - Gross - Increase in Special Guardianship Orders	+386	SCS	Preventative Children's services - Gross - management action and more detailed guidance on Section 17 payments	-420
SCS	Residential - Income - Non Dis Independent Sector - reduction in income for placements from Health	+373	SCS	Fostering - Gross - Kinship non LAC - move to SGO	-386
SCS	Residential - Gross - Dis Independent Sector - Increase in specialist placements	+350	SCS	Fostering - Gross - Kinship non LAC - move to related fostering	-317
SCS	Preventative Children's services - Gross - Direct Payments - Forecast weeks/unit costs higher than budgeted (shift from Ind day care disability)	+319	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	+317	SCS	Preventative Children's services - Gross - Independent sector day care non disability- renegotiated day care rate	-249
SCS	Leaving care - Gross - VAT liability	+295	SCS	Strategic Management & Directorate Support - Gross - Vacancies within Performance & Information Management unit	-190
SCS	Adoption - Gross - Increase in cost of placements	+192	SCS	Early Years - Gross - additional income for increased payments for 2, 3 & 4 year olds	-155
SCS	Preventative Children's services - Gross - increased cost of MASH due to lease changes	+188	SCS	Preventative Children's services - Gross - Costs re-classified as legal costs	-150
SCS	Residential - Gross - In house respite care for disabled children - complexity of needs	+166	SCS	Preventative Children's Services - Income - loss of joint funding from health	-150

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
SCS	Early Years - Gross - additional costs due to increased payments for 2, 3 & 4 year olds	+155	SCS	Children's centres - Income - Various income for utilities, activities etc	-128
SCS	Legal Charges - Gross - costs moved from S.17	+150			
SCS	Preventative Children's Services - Gross - renegotiated commissioned services	+150			
SCS	Children's centres - Gross - Various spend on utilities, activities etc	+128			
SCS	Residential - Gross - Disability Independent Sector - increase in the overall number of placements	+100			
		+14,299			-5,475

1.1.4 Actions required to achieve this position:

Controls have been put in place which we believe are helping to reduce the financial pressures on Specialist Children's Services 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.

1.1.5 Implications for MTFP:

The current year pressures have been addressed in the recently approved 2013/15 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]*

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 Specialist Childrens Services

The Specialist Childrens Services portfolio has an approved budget for 2012-15 of £0.703m (see table 1 below). The forecast outturn against this budget is £1.799m, giving a variance of +£1.096m. After adjustments for funded variances and reductions in funding, the revised variance comes to +£1.090m. This is made up of an unfunded variance of +£1.107m and project underspends of -£0.017m (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	-0.066
Revised approved budget	0.703

1.2.5 Table 2 – Funded and Revenue Funded Variances

Scheme	Portfolio	Amount £m	Reason
Cabinet to approve cash limit changes			
No cash limit changes to be made			
Ashford, Thanet & Swale MASH	SCS	0.006	Revenue Cont-as previously reported
Total		0.006	

1.2.6 Table 3 – Summary of Variance

	Amount £m
Unfunded variance	1.107
Funded variance (from table 2)	
Variance to be funded from revenue	0.006
Project Underspend	-0.017
Rephasing (beyond 2012-15)	
Total variance	1.096

1.2.7 **Main reasons for variance**

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 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
	£m	£m	£m	£m	£m	£m	£m	£m	
Approval to Spend									
Ashford, Thanet and Swale MASH	15.826	15.843	-0.017	0.000	1.096	0.000	1.113	1.113	Amber - Overspend
TSB2 Short Breaks Pathfinder Programme	0.532	0.117	0.415	0.000	0.415	0.000	0.000	0.000	Green
Early Years & Children's Centres	41.955	41.901	0.054	0.000	0.037	0.000	-0.017	-0.017	Green
Self Funded Project (Quarryfields)(tr to ELS)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	Green
Service Redesign	0.251	0.000	0.251	0.000	0.251	0.000	0.000	0.000	Green
	58.564	57.861	0.703	0.000	1.799	0.000	1.096	1.096	

- 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 £1.113m in 2012-13. This reflects a continuing pressure and has not changed since last reported to Cabinet. £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 £0.307m, the funding of which is yet to be resolved.

Other Significant Variances

1.2.13 **Quarry Fields – Self funded Project** – The cash limit and spend for this project has been moved to the ELS portfolio in alignment with the responsibilities for Early years.

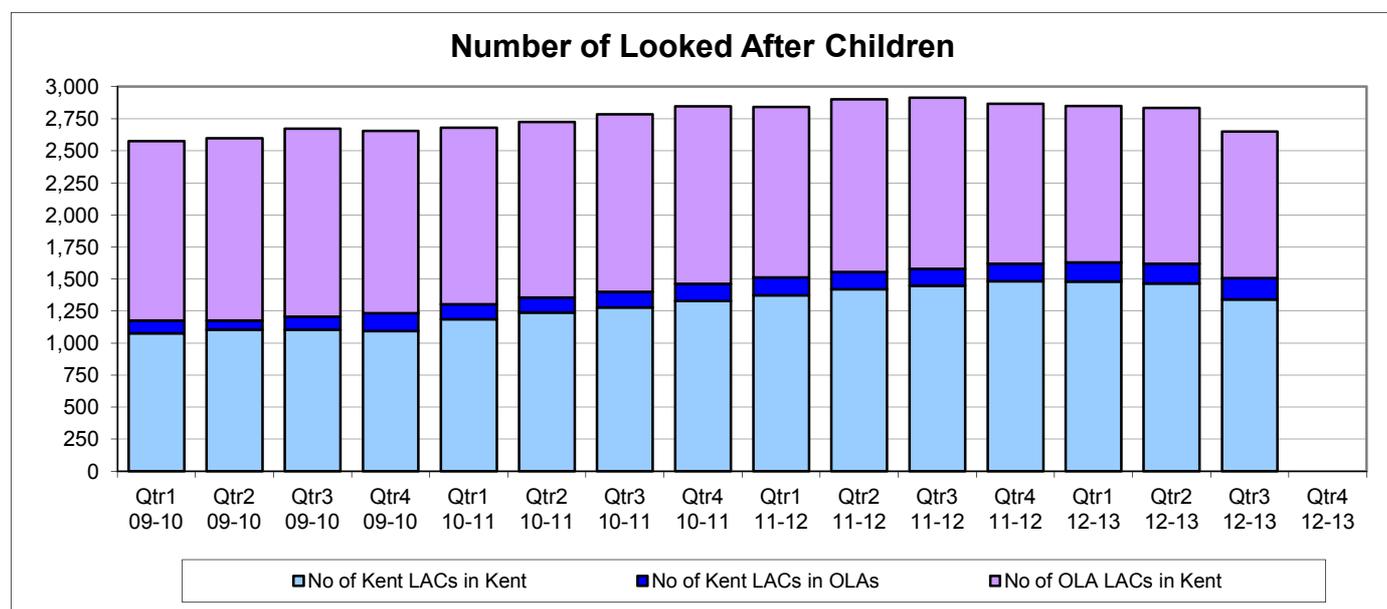
Key issues and Risks

1.2.14 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
2009-10					
Apr – Jun	1,076	100	1,176	1,399	2,575
Jul – Sep	1,104	70	1,174	1,423	2,597
Oct – Dec	1,104	102	1,206	1,465	2,671
Jan – Mar	1,094	139	1,233	1,421	2,654
2010-11					
Apr – Jun	1,184	119	1,303	1,377	2,680
Jul – Sep	1,237	116	1,353	1,372	2,725
Oct – Dec	1,277	123	1,400	1,383	2,783
Jan – Mar	1,326	135	1,461	1,385	2,846
2011-12					
Apr – Jun	1,371	141	1,512	1,330	2,842
Jul – Sep	1,419	135	1,554	1,347	2,901
Oct – Dec	1,446	131	1,577	1,337	2,914
Jan – Mar	1,480	138	1,618	1,248	2,866
2012-13					
Apr – Jun	1,478	149	1,627	1,221	2,848
Jul – Sep	1,463	155	1,618	1,216	2,834
Oct – Dec	1,340	165	1,505	1,144	2,649
Jan – Mar					



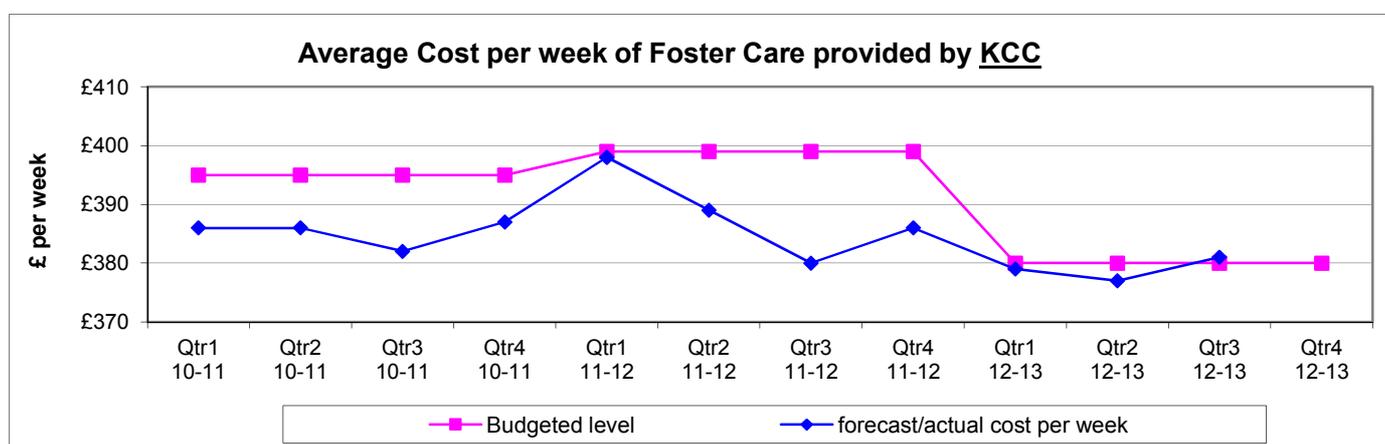
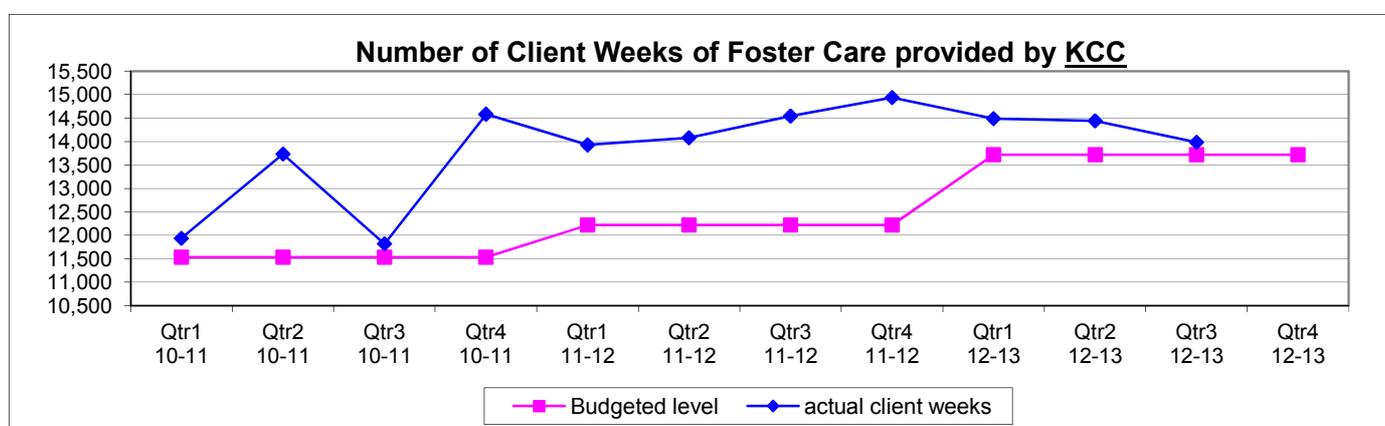
Comments:

- 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 113 this quarter, there could have been more (or less) during the period.
- The increase in the number of looked after children for the first half of 2012-13 compared to when the 2012-13 budget was set (Q3 11/12) 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 62% 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	13,986	£380	£382
Jan - Mar	11,532	14,580	£395	£387	12,219	14,938	£399	£386	13,718		£380	
	46,128	52,067	£395	£387	48,876	57,484	£399	£386	54,872	42,913	£380	£382



Comments:

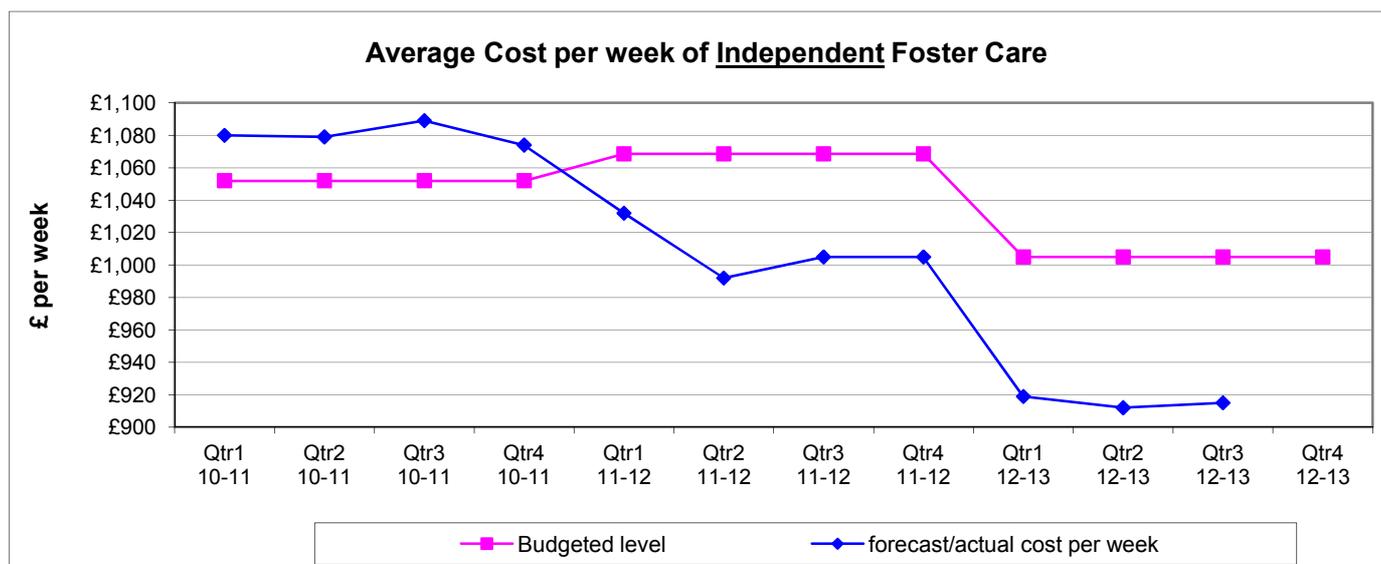
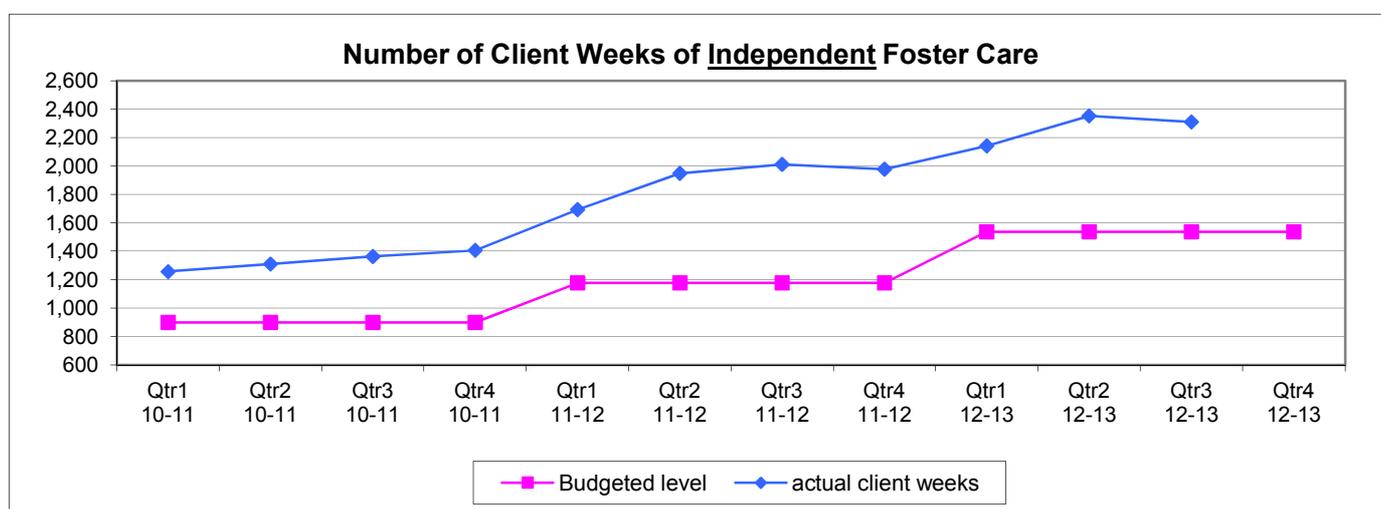
- The actual number of client weeks is based on the numbers of known clients at a particular point in time. This may be subject to change due to the late receipt of paperwork.
- The budgeted level has been calculated by dividing the budget by the average weekly cost. The average weekly cost is also an 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 3rd 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 56,723 (excluding asylum), which is 1,851 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

1.1.4), and problems finding suitable in-house placements. At the forecast unit cost of £381.71 per week, this increase in activity gives a pressure of £707k.

- The forecast unit cost of £381.71 is +£1.71 above the budgeted level and when multiplied by the budgeted number of weeks, gives a pressure of +£94k.
- Overall therefore, the combined gross pressure on this service for both under and over 16's (and those with a disability) is +£801k (£707k + £94k), as reported in section 1.1.3.7.

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	2,310	£1,005	£915
Jan - Mar	900	1,406	£1,052	£1,074	1,178	1,977	£1,068.60	£1,005	1,538		£1,005	
	3,600	5,336	£1,052	£1,074	4,710	7,629	£1,068.60	£1,005	6,152	6,803	£1,005	£915



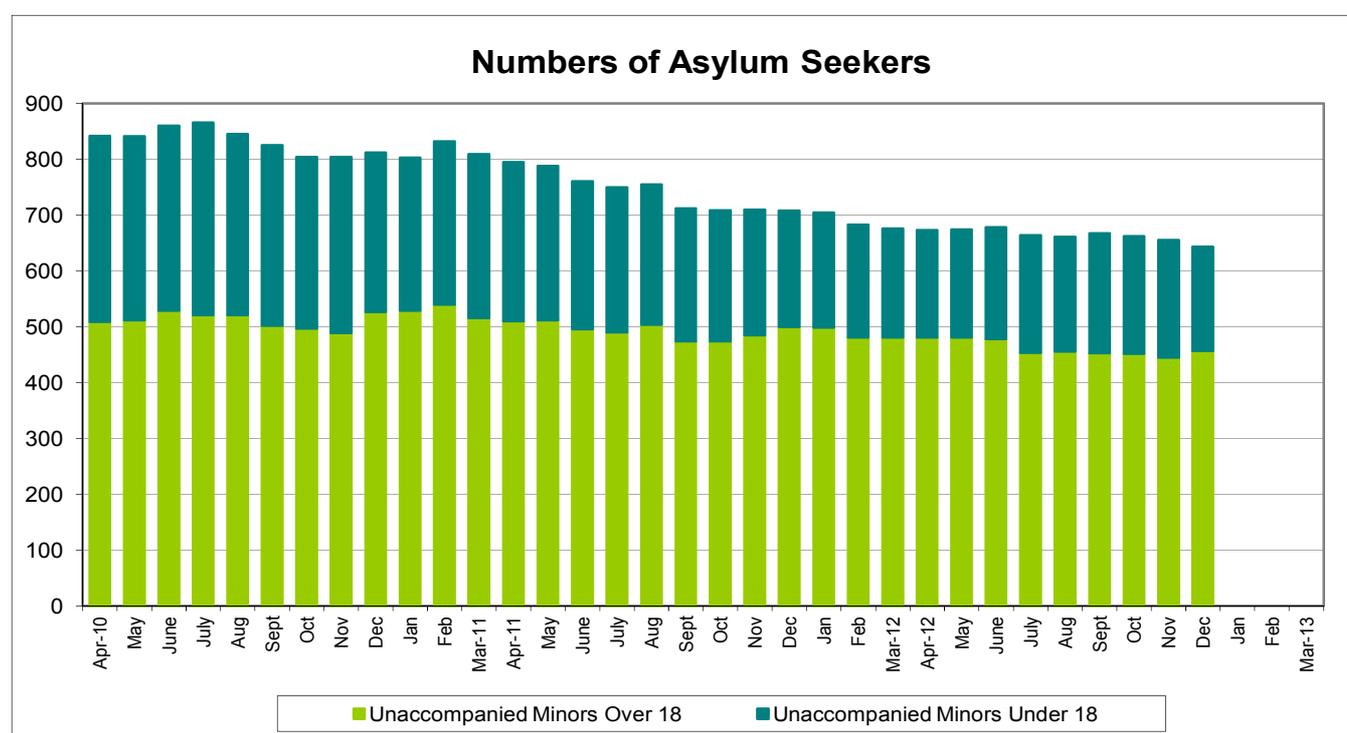
Comments:

- 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 3rd 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 9,528 (excluding asylum), which is 3,376 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 £914.65, this increase in activity give a pressure of £3,088k.
- The forecast unit cost of £914.65 is an average and is -£90.35 below the budgeted level and when multiplied by the budgeted number of weeks gives a saving of -£556k
- Overall therefore, the combined forecast gross pressure on this service and is +£2,532k (+£3,088k increased demand and -£556k lower unit cost), as reported in sections 1.1.3.7.

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	210	452	662
November	315	489	804	225	485	710	210	445	655
December	285	527	812	208	500	708	186	457	643
January	274	529	803	206	499	705			
February	292	540	932	202	481	683			
March	293	516	809	195	481	676			

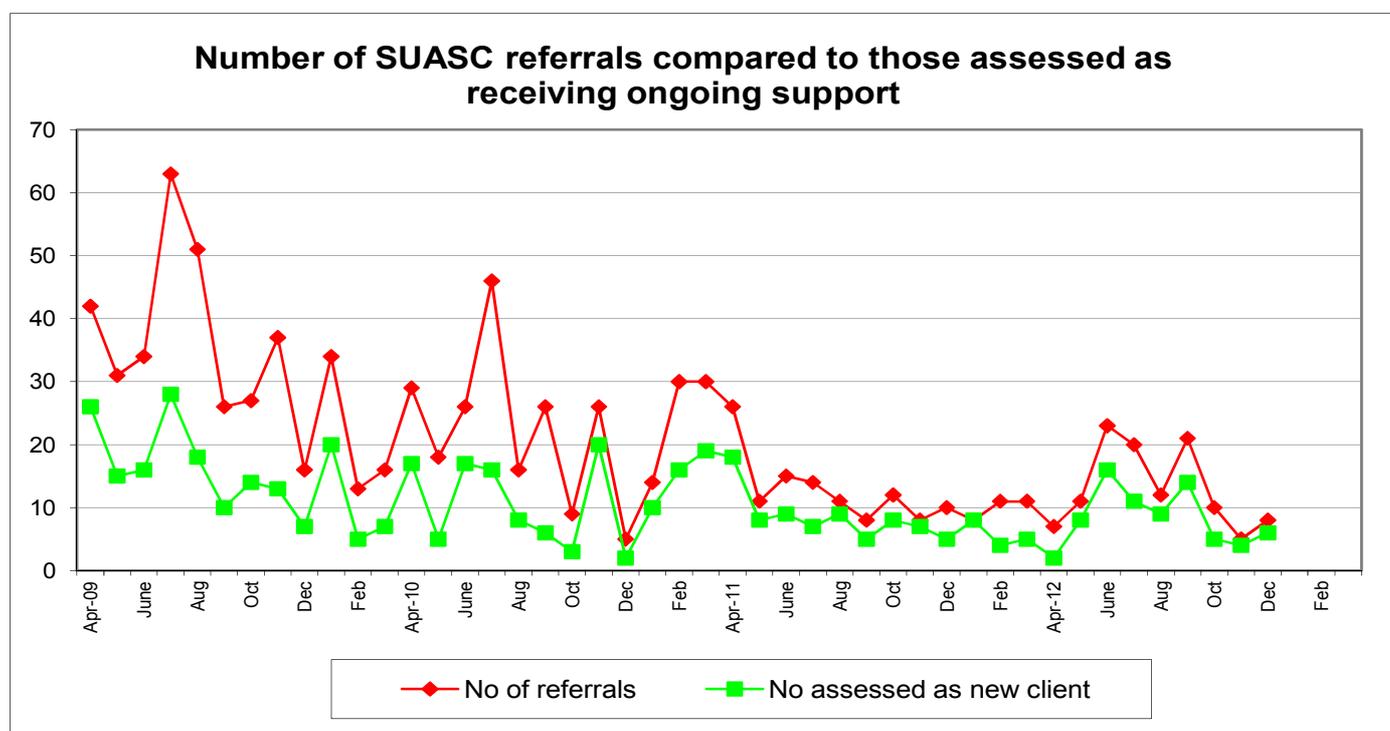


Comment:

- 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	2	29%
May	31	15	48%	18	5	28%	11	8	73%	11	8	73%
June	34	16	47%	26	17	65%	15	9	60%	23	16	70%
July	63	28	44%	46	16	35%	14	7	50%	20	11	55%
Aug	51	18	35%	16	8	50%	11	9	82%	12	9	75%
Sept	26	10	38%	26	6	23%	8	5	62%	21	14	67%
Oct	27	14	52%	9	3	33%	12	8	67%	10	5	50%
Nov	37	13	35%	26	20	77%	8	7	88%	5	4	80%
Dec	16	7	44%	5	2	40%	10	5	50%	8	6	75%
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%			
	390	179	46%	275	139	51%	145	93	64%	117	75	64%

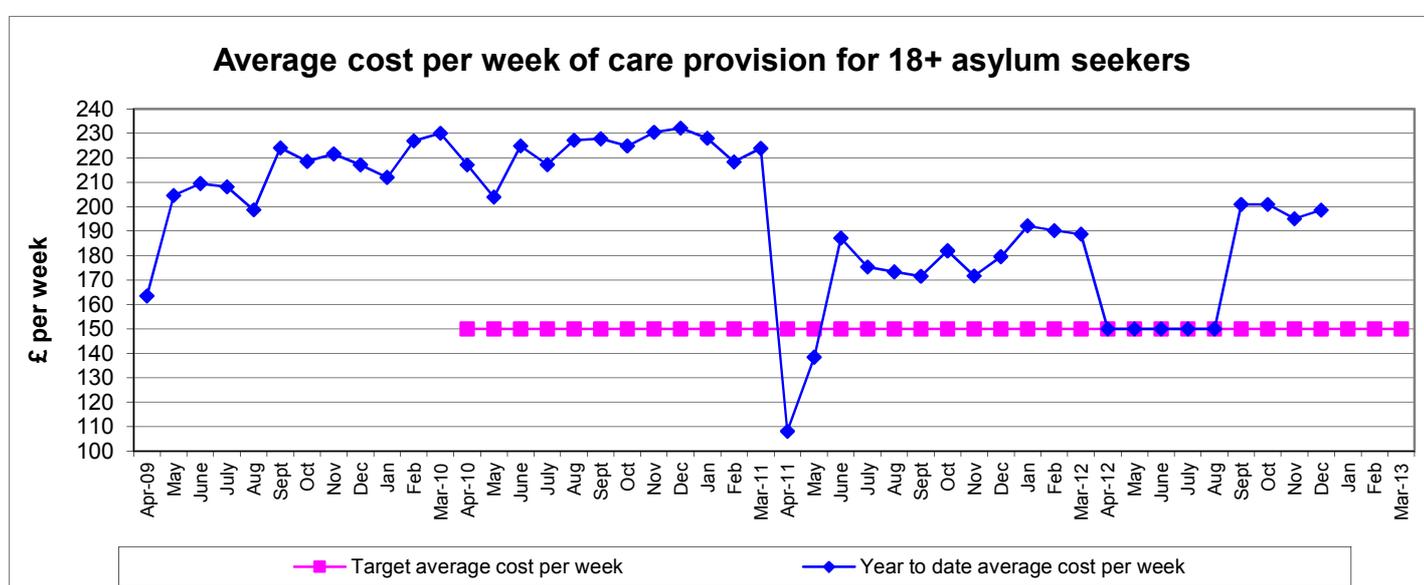


Comments:

- 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 13, which is below 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 64%.
- The budget assumed 9 new clients per month (60% of 15 referrals) but the average number of new clients per month is currently 8 i.e a 10% decrease.
- The number of referrals assessed as a new client has been revised for the period April 12 to August 12 due to a more accurate definition of criteria.
- Where a young person has been referred but not assessed as a new client this would be due to them being re-united with their family, assessed as 18+ and returned to UKBA or because they have gone missing before an assessment has been completed.

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	200.97
November		221.64	150.00	230.47	150.00	171.64	150.00	195.11
December		217.10	150.00	232.17	150.00	179.58	150.00	198.61
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 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
DECEMBER 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 2 monitoring report to reflect the centralisation of the ICT budgets to BSS directorate (see annex 6), and the transfer of the Service Level Agreements for transport related services to the new Transport Operations A-Z budget within the EH&W portfolio (see annex 4), following the transfer of the Transport Integration Unit to E&E directorate from Commercial Services. 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 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	
Adult Social Care & Public Health portfolio							
Strategic Management & Directorate Support Budgets	9,903	-1,066	8,837	-40	-34	-74	Estimated legal charge pressure; staffing vacancies
<u>Adults & Older People:</u>							
- Direct Payments							
- Learning Disability	12,769	-547	12,222	-505	247	-258	Lower than budgeted activity & unit cost offset by one-off payments; income charge lower than budgeted level
- Mental Health	708	0	708	-8	-8	-16	
- Older People	6,924	-787	6,137	-453	-76	-529	Activity below budgeted level offset by unit cost above budgeted level
- Physical Disability	9,580	-374	9,206	-175	-107	-282	Activity below budgeted level offset by unit cost above budgeted level plus more one-off payments; unit income charge higher than budgeted level
Total Direct Payments	29,981	-1,708	28,273	-1,141	56	-1,085	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Domiciliary Care							
- Learning Disability	5,261	-1,532	3,729	323	306	629	Unit cost above budget level & activity below budget level; additional pressure on extra care housing clients; under-recovery of income received by Independent Living Service
- Mental Health	350	-114	236	-83	26	-57	
- Older People	44,586	-12,669	31,917	-1,687	1,529	-158	Activity for P&V & in-house below budgeted level; savings on block contract; Shortfall in income due to reduced activity
- Physical Disability	7,403	-595	6,808	186	-93	93	Activity lower than budgeted level & unit cost above budget level
Total Domiciliary Care	57,600	-14,910	42,690	-1,261	1,768	507	
- Nursing & Residential Care							
- Learning Disability	75,667	-6,456	69,211	819	175	994	Activity & unit cost above budget level for IS; activity below budget level and unit cost above budget level for preserved rights; delay in review of in-house units;
- Mental Health	7,243	-692	6,551	274	-41	233	Unit cost higher than budget level
- Older People - Nursing	46,868	-24,730	22,138	1,599	-1,050	549	Activity & unit cost above budget level; income charge higher than budget level; RNCC costs to be recharged to health
- Older People - Residential	85,686	-36,724	48,962	-2,585	1,845	-740	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	-669	197	-472	Activity lower than budget level; higher unit cost;
Total Nursing & Residential Care	229,277	-70,571	158,706	-562	1,126	564	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Supported Accommodation							
- Learning Disability	33,366	-3,645	29,721	-1,184	702	-482	Unit cost below budget level; transfer from reserve; Supporting Independence Service Pressure; underspend on group homes; income charge lower than budgeted
- Physical Disability/Mental Health	2,986	-279	2,707	-238	-137	-375	Savings from the Supporting Independence Service; income charge higher than budget level
Total Supported Accommodation	36,352	-3,924	32,428	-1,422	565	-857	
- Other Services for Adults & Older People							
- Contributions to Vol Orgs	15,570	-1,655	13,915	14	80	94	
- Day Care							
- Learning Disability	13,200	-237	12,963	74	49	123	Staffing savings due to in-house modernisation strategy & reduction in activity; Independent Sector pressure
- Older People	3,313	-59	3,254	-685	32	-653	Re-commissioning strategies
- Physical Disability/Mental Health	1,320	-5	1,315	-38	-2	-40	
Total Day Care	17,833	-301	17,532	-649	79	-570	
- Other Adult Services	13,629	-17,857	-4,228	285	-262	23	Transfer of clients to the Provider Managed Services Pilot; Increased unit cost on meals provision; learning disability development fund staffing & commissioning underspend; telehealth/telecare additional costs offset from health income
- Safeguarding	1,071	-196	875	-50	50	0	
Total Other Services for A&OP	48,103	-20,009	28,094	-400	-53	-453	
- Assessment Services							
- Adult's Social Care Staffing	41,314	-4,316	36,998	-391	185	-206	vacancies; various minor income pressures
Community Services:							
- Public Health Management & Support	374	0	374	38	-53	-15	
- Public Health (incl Local Involvement Network)	106	-57	49	-38	38	0	
Total ASC&PH portfolio	453,010	-116,561	336,449	-5,217	3,598	-1,619	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Business Strategy, Performance & Health Reform portfolio							
- Public Health (LINK, Local Healthwatch & Health Reform)	758	-60	698	16	-16	0	
Total FSC ADULTS controllable	453,768	-116,621	337,147	-5,201	3,582	-1,619	
Assumed Management Action							
- ASC&PH portfolio						0	
- BSP&HR portfolio						0	
Forecast after Mgmt Action				-5,201	3,582	-1,619	

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:

1.1.3.1 Strategic Management & Directorate Support Budgets -£74k (-£40k Gross & -£34k Income)

The gross and income variances are less than £100k but within this is a pressure on legal costs (+£133k), which assumes similar levels of activity as in 2011-12, offset by underspends on various staffing lines including -£162k within the performance & information unit due to vacancies during the year.

1.1.3.2 Direct Payments -£1,085k (-£1,141k Gross & +£56k Income):

a. Learning Disability -£258k (-£505k Gross & +£247k Income)

The forecast underspend against the gross service line of £505k is generated as a result of the forecast activity weeks being 2,221 (-£540k) lower than the affordable level, along with the forecast unit cost being lower than the affordable by £1.27 (-£66k). The underspend on longer term direct payments is offset by a net pressure of +£131k where the number of one-off payments has not been offset by the recovery of surplus funds from existing direct payment clients (periodically we recover unspent funds from long term direct payment clients). The remaining gross variance of -£30k relates to under spending on payments to carers.

This service is forecasting an under recovery of income of +£247k, as the actual average unit income being charged is £4.48 lower than the budgeted level resulting in a shortfall of +£234k plus a minor variance due to the reduced level of activity (+£13k).

b. Older People -£529k (-£453k Gross & -£76k Income)

The budget is forecast to under spend by -£453k on gross expenditure. The number of weeks is forecast to be 8,682 fewer than budgeted, generating a saving of -£1,278k, which is partially offset by the unit cost being higher than budgeted by £15.38 and therefore generating a pressure of +£803k. The balance of the variance relates to minor pressures on one-off payments and payments to carers (+£22k).

The lower than budgeted number of weeks leads to a shortfall in income of +£164k, however this is more than offset by unit income being £4.84 higher than budgeted resulting in a saving of -£240k.

c. Physical Disability -£282k (-£175k Gross & -£107k Income)

The forecast number of weeks of care provided is 2,841 lower than anticipated generating a forecast under spend of -£521k, this is partially offset by the unit cost being higher than budgeted by £2.73 (£145k) and the number of one-off payments being in excess of the budgeted level (+£200k) along with minor pressure on payments to carers (+£1k).

The lower than budgeted number of weeks leads to a shortfall in income of +£27k however this is more than offset by a £2.53 higher than budgeted unit income resulting in a saving of -£134k.

1.1.3.3 **Domiciliary Care +£507k (-£1,261k Gross & +£1,768k Income):**

a. **Learning Disability +£629k (+£323k Gross & +£306k Income)**

The overall forecast is a pressure against the gross of +£323k, coupled with an under recovery of income by +£306k. The number of hours is forecast to be 63,618 lower than the affordable level, generating a -£873k forecast under spend. The forecast unit cost is £4.22 higher than the affordable level, increasing the forecast by +£1,017k. The remaining variance of +£179k against gross, is comprised of a pressure on Extra Care Sheltered Housing of +£144k and other minor variances less than £100k each (+£35k).

The income variance is mainly due to of +£306k is mainly due to the under-recovery of income of +£337k 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 -£158k (-£1,687k Gross & +£1,529k Income)**

The overall forecast is an under spend against gross of -£1,687k, coupled with an under recovery of income of £1,529k. The number of hours is forecast to be 67,409 lower than the affordable hours generating a -£1,003k forecast under spend. The forecast unit cost is £0.13 higher than the affordable level, partially offsetting this initial forecast underspend by +£311k.

The Kent Enablement at Home (KEAH) in house service is forecasting a gross under spend of -£580k, 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 +£174k is currently being forecast. A saving of -£354k 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 -£202k for those clients in Sheltered Accommodation.

The remaining gross variance relates to the estimated contribution to the bad debt provision (+£200k) resulting from the increase in outstanding client debt this financial year reported in section 3, offset by a drawdown from the NHS Support for Social Care reserve (-£139k) and release of unrealised creditors of -£94k.

The income variance of +£1,529k reflects the under-recovery of client income of +£1,562k which is largely due to the reduced activity, marginally offset by minor variances of -£33k.

c. **Physical Disability +£93k (+£186k Gross & -£93k Income)**

The gross variance is caused by a forecast of 17,719 hours below the affordable level, creating a -£245k saving, which is offset by a unit cost variance of £0.80 greater than affordable level, causing a pressure of +£416k. The remaining gross pressure (+£15k), and income variance (-£93k) are due to variances on a number of other budgets within this heading, all below £100k.

1.1.3.4 **Nursing & Residential Care +£564k (-£562k Gross & +£1,126k Income):**

a. **Learning Disability +£994k (+£819k Gross & +£175k Income)**

A gross pressure of +£819k, coupled with an under recovery of income of -£175k generates the above net forecast variance. The forecast level of client weeks is 823 higher than the affordable level generating a +£1,016k forecast pressure. The gross unit cost is currently forecast to be £4.46 higher than the affordable level, which generates a +£176k forecast pressure. 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 1,532 weeks lower than affordable creating a saving of -£1,359k offset by a unit cost variance totalling +£868k. In addition, a further saving of -£87k has been generated from a release of a provision no longer required.

There is a +£192k 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) (+£13k).

The forecast income variance of +£175k is due to a number of compensating variances within residential care. The additional forecast client weeks for residential care add -£72k of income, and the actual income per week is higher than the expected level by £8.97 which generates a further over-recovery in income of -£353k.

The reduction in client weeks compared to the affordable level for preserved rights residential care creates a loss of +£146k of income, coupled with a lower actual income per week than the expected level of £15.05 which generates an under-recovery in income of +£435k.

The remaining income variance of +£19k relates to in house provision and RNCC.

b. Mental Health +£233k (+£274k Gross & -£41k Income)

The forecast gross pressure of £274k is primarily due to the residential care gross unit cost being £19.25 higher than the budgeted level creating a pressure of £199k, along with a proposed contribution towards the S117 provision of £77k for future cases.

c. Older People- Nursing +£549k (+£1,599k Gross & -£1,050k Income)

There is a forecast pressure of +£1,599k on gross and an over recovery of income of -£1,050k, leaving a net pressure of +£549k. The forecast client weeks is 1,751 higher than the affordable level, which generates a pressure of +£829k coupled with the unit cost forecast to be £7.54 higher than budget, which gives a gross pressure of +£613k. The remaining gross variance relates to additional nursing care to be recharged to health (RNCC) of +£471k partially offset by a drawdown from the NHS Support for Social Care reserve of -£279k along with other minor variances on preserved rights and unrealised creditors (-£35k).

The increased activity in nursing care has resulted in a -£356k over-recovery of income, along with an increase in the average unit income being recouped from clients totalling -£254k. Forecast reimbursement from health for RNCC of -£471k along with minor variances on preserved rights (+£31k) form the balance of the income variance.

d. Older People- Residential -£740k (-£2,585k Gross & +£1,845k Income)

This service is reporting a gross under spend of £2,585k, along with an under recovery of income of £1,845k. The forecast level of client weeks is 3,435 lower than the affordable levels, which generates a forecast under spend of -£1,359k. This is partially offset by the unit cost being £1.74 higher than the affordable levels creating a +£267k pressure.

A gross underspend is also forecast for Preserved Rights of -£415k which is mainly due to a lower than affordable level of activity of 1,114 weeks creating a -£488k under spend, offset by a +£73k minor pricing pressure.

A gross variance of +£609k 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 (+277k), along with costs associated with the integrated care centres which are due to be recharged to the PCT (+£332k, 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 -£1,344k underspend, to help offset the increases seen in nursing care, as detailed above. In addition, a drawdown from the NHS Support for Social Care reserve of -£279k has also been forecast. The balance of the underspend relates to unrealised creditors totalling -£64k.

On the income side, the reduction in activity results in a +£742k shortfall in client income, along with a lower than budgeted average unit income being charged which has increased this shortfall by +£871k. In addition, there is a forecast under recovery of client income of +£677k for the In-house service, mainly due to less permanent clients being placed in the homes because of the OP Modernisation Strategy. The remaining income variance predominately relates to the

recharge of costs associated with the integrated care centres to the PCT (-£332k) along with other smaller variances each below £100k (-£113k).

e. Physical Disability -£472k (-£669k Gross & +£197k Income)

A gross under spend of £669k, along with an under recovery of income of £197k, is reported for this budget. The forecast level of client weeks of service is 941 lower than the affordable level, giving a forecast under spend of -£816k. The forecast unit cost is currently £13.01 higher than the affordable level, which reduces that under spend by +£184k. The balance is due to other minor underspends totalling -£37k relating the Preserved Rights service, RNCC clients and unrealised creditors.

The reduced activity results in a reduction in income of +£99k, along other minor pressures on income totalling +£98k.

1.1.3.5 **Supported Accommodation -£857k (-£1,422k Gross & +£565k Income):**

a. Learning Disability -£482k (-£1,184k Gross & +£702k Income)

A gross underspend of -£1,184k, offset with an under recovery of income of £702k generates the above net variance. The gross underspend is predominately due to the expected net draw down of -£902k from the Social Care Supported Living costs reserve following a review of potential liabilities relating to ordinary residence along with a further -£100k from the release of unrealised creditors. In addition, the gross unit cost for supported accommodation is currently forecast to be -£9.54 lower than the affordable level, which generates a saving of -£257k and a forecast underspend of -£216k is reported against group home budgets as part of the modernisation of learning disability services. These underspends are slightly offset by the Supporting Independence Service which is forecasting a pressure of +£285k as this new contract arrangement is established and the transfer of clients from other LD service lines is completed. The balance of the gross underspend (+£6k) is due to minor other variances (including a +£28k pressure as a result of forecast activity being 30 weeks above budgeted level).

The under recovery of income is mainly due to the average unit income being lower than budgeted so creating a +£709k 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.

b. Physical Disability / Mental Health -£375k (-£238k Gross & -£137k Income)

Mental health supported accommodation services are forecasting a gross underspend of £200k due to savings relating to the introduction of the Supporting Independence Service (-£128k) along with reduction in the number of weeks being supported (-£72k). The balance of the gross underspend relates to physical disability (-£38k). There is a small over recovery of income of -£137k 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 -£453k (-£400k Gross & -£53k Income):**

a. Day Care -£570k (-£649k Gross, +£79k 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 -£317k for Learning Disability in-house provision. This is more than offset by a pressure on the commissioning of external learning disability day care services (+£391k). 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 (-£685k) and other minor variances across the other client groups (-£38k). The income pressure of +£79k results from a reduction in health contributions based on the current client profile.

b. Other Adult Services +£23k (+£285k Gross, -£262k Income)

The gross pressure of +£285k is due to a number of variances, of which those over £100k are detailed below. The income variance of -£262k is primarily due to additional health contributions from health towards the telecare/telehealth budget.

There is a pressure of +£198k resulting from the transfer of older people clients from OP Domiciliary Care to the Provider Managed Services Pilot. This is a formal agreement whereby an approved service provider is appointed to hold and spend someone's Personal Budget for him or her on the understanding that it will be spent according to his or her individual support plan outcomes, this is in contrast to traditional case management. The costs for this service include the cost of care provision.

The number of hot meals provided to older people has continued to fall over the past few years as clients chose alternative methods to receive this service (and can be funded through a direct payment). The unit cost paid per meal is linked to the number of meals provided (under the current contract the more meals provided, the lower the unit cost) and the fall in demand for meals during this year has resulted in a pressure of +£180k due to the resultant increased unit cost associated with current numbers of meals. Negotiations with the existing supplier are taking place in respect of the unit costs for 2013-14, prior to the re-letting of the contract.

The learning disability development fund is currently forecasting a gross under spend of -£182k 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 telecare/telehealth budget is currently forecasting a gross pressure of +£162k along with additional income contributions of -£258k. These services have been primarily funded from the whole system demonstrator grant however this grant is coming to an end and the current equipment commitments have exceeded the remaining grant available by +£175k although this is partially offset by the redeployment of staff associated with the project (-£148k). The balance of the gross pressure relates to the purchase and licence of a new server (+£135k). The PCT have agreed to fund the purchase of the new server along with a contribution towards the existing equipment commitment totalling -£258k.

The balance of both the gross and income variances (-£73k and -£4k respectively) relates to a number of minor variances on other budget lines.

1.1.3.7 **Assessment Services – Adult's Social Care staffing -£206k (-£391k Gross & +£185k Income):**

The gross underspend of -£391k reflects the current staffing forecast, representing 1% to the overall budget for assessment staffing services, and results from the delay in recruitment to known vacancies. The forecast reduction in income of +£185k 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 client income due to reduced activity	+1,562	ASCPH	Residential Care - Learning Disability Gross: preserved rights number of weeks forecast to be lower than affordable level	-1,359
ASCPH	Domiciliary Care - Learning Disability Gross: forecast unit cost higher than affordable level	+1,017	ASCPH	Residential Care - Older People Gross: forecast number of weeks lower than affordable level	-1,359
ASCPH	Residential Care - Learning Disability Gross: forecast number of weeks greater than affordable level	+1,016	ASCPH	Residential Care - Older People Gross: release of contingency to help fund pressures on nursing care	-1,344
ASCPH	Residential Care - Older People Income: forecast unit charge lower than affordable level	+871	ASCPH	Direct Payments - Older People Gross: forecast number of weeks lower than affordable level	-1,278
ASCPH	Residential Care - Learning Disability Gross: preserved rights unit cost forecast to be higher than affordable level	+868	ASCPH	Domiciliary Care - Older People Gross: forecast number of hours lower than affordable level	-1,003
ASCPH	Nursing Care - Older People Gross: forecast number of weeks higher than affordable level	+829	ASCPH	Supported Accommodation - Learning Disability Gross: expected net drawdown from social care supported living costs reserve	-902
ASCPH	Direct Payments - Older People Gross: forecast unit cost higher than affordable level	+803	ASCPH	Domiciliary Care - Learning Disability Gross: forecast number of hours lower than affordable level	-873
ASCPH	Residential Care - Older People Income: forecast number of weeks lower than affordable level	+742	ASCPH	Residential Care - Physical Disability Gross: forecast number of weeks lower than affordable level	-816
ASCPH	Supported Accommodation - Learning Disability Income: forecast unit charge lower than affordable level	+709	ASCPH	Day Care - Older People Gross: savings from re-commissioning strategies in both in-house & external services	-685
ASCPH	Residential Care - Older People Income: lower income resulting from the placing of less permanent clients in in-house units	+677	ASCPH	Domiciliary Care - Older People Gross: Savings from the Kent Enablement at Home service as a result of forecast activity below budgeted level	-580
ASCPH	Nursing Care - Older People Gross: forecast unit cost higher than affordable level	+613	ASCPH	Direct Payments - Learning Disability Gross: forecast number of weeks lower than affordable level	-540
ASCPH	Nursing Care - Older People Gross: additional nursing care to be recharged to health (RNCC)	+471	ASCPH	Direct Payments - Physical Disability Gross: forecast number of weeks lower than affordable level	-521
ASCPH	Residential Care - Learning Disability Income: preserved rights unit charge forecast is lower than affordable level	+435	ASCPH	Residential Care - Older People Gross: preserved rights forecast number of weeks lower than affordable level	-488

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ASCPH	Domiciliary Care - Physical Disability Gross: forecast unit cost higher than affordable level	+416	ASCPH	Nursing Care - Older People Income: additional nursing care to be recharged to health (RNCC)	-471
ASCPH	Day Care - Learning Disability Gross: pressure on the commissioning of external day care services	+391	ASCPH	Assessment Adult's Social Care Staffing Gross: delay in recruitment to known vacancies	-391
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	+337	ASCPH	Nursing Care - Older People Income: forecast number of weeks higher than affordable level	-356
ASCPH	Residential Care - Older People Gross: integrated care centre health costs to be recharged to the PCT	+332	ASCPH	Domiciliary Care - Older People Gross: savings on block contracts	-354
ASCPH	Domiciliary Care - Older People Gross: forecast unit charge higher than affordable level	+311	ASCPH	Residential Care - Learning Disability Income: forecast unit charge greater than affordable level	-353
ASCPH	Supported Accommodation - Learning Disability Gross: Establishment of new supporting independence service & further transfer of clients from other LD services	+285	ASCPH	Residential Care - Older People Income: integrated care centre health costs to be recharged to the PCT	-332
ASCPH	Residential Care - Older People Gross: staffing pressure on in-house units due to absences and vacancy cover	+277	ASCPH	Day Care - Learning Disability Gross: staffing savings on in-house service from modernisation strategy & reduced client numbers	-317
ASCPH	Residential Care - Older People Gross: forecast unit cost higher than affordable level	+267	ASCPH	Residential Care - Older People Gross: Drawdown from NHS support for social care reserve	-279
ASCPH	Direct Payments - Learning Disability Income: forecast unit charge lower than affordable level	+234	ASCPH	Nursing Care - Older People Gross: Drawdown from NHS support for social care reserve	-279
ASCPH	Direct Payments - Physical Disability Gross: one-off payments in excess of budgeted level	+200	ASCPH	Other Adult Services Income: PCT contributions towards purchase of new telecare/telehealth server & equipment	-258
ASCPH	Domiciliary Care - Older People Gross: estimated contribution to the bad debt provision to cover rising client debt levels	+200	ASCPH	Supported Accommodation - Learning Disability Gross: forecast unit cost lower than budgeted level	-257
ASCPH	Residential Care - Mental Health Gross: unit cost forecast to be higher than affordable level	+199	ASCPH	Nursing Care - Older People Income: forecast unit charge higher than affordable level	-254
ASCPH	Other Adult Services Gross: transfer of clients from OP Domiciliary Care to the Provider Managed Services Pilot	+198	ASCPH	Domiciliary Care - Physical Disability Gross: forecast number of hours lower than affordable level	-245
ASCPH	Residential Care - Learning Disability Gross: delay in the review of in-house units	+192	ASCPH	Direct Payments - Older People Income: forecast unit charge higher than affordable level	-240

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ASCPH	Residential Care - Physical Disability Gross: forecast unit cost is higher than affordable level	+184	ASCPH	Supported Accommodation - Learning Disability Gross: underspend on group home budgets as part of the modernisation of Learning disability in-house services	-216
ASCPH	Other Adult Services Gross: higher unit cost paid per meal resulting from drop in number of meals provided	+180	ASCPH	Domiciliary Care - Older People Gross: savings on the provision of domi care to clients within sheltered accommodation	-202
ASCPH	Other Adult Services Gross: current telecare/telehealth equipment commitments are higher than grant available	+175	ASCPH	Other Adult Services Gross: Learning Disability Development Fund underspend resulting from review of payments to organisations and redeployment of staff	-182
ASCPH	Residential Care - Learning Disability Gross: forecast unit cost higher than affordable level	+176	ASCPH	Strategic Management & Directorate Support Gross: vacancies within the performance & information unit.	-162
ASCPH	Domiciliary Care - Older People Gross: pressure on the provision of enablement services by external providers	+174	ASCPH	Other Adult Services Gross: redeployment of staff within the telecare/telehealth service	-148
ASCPH	Direct Payments - Older People Income: forecast number of weeks lower than affordable level	+164	ASCPH	Domiciliary Care - Older People Gross: Drawdown from NHS support for social care reserve	-139
ASCPH	Residential Care - Learning Disability Income: preserved rights number of weeks forecast to be lower than affordable level	+146	ASCPH	Supported Accommodation - Physical Disability/Mental Health Income: forecast unit charge higher than affordable level	-137
ASCPH	Direct Payments - Physical Disability Gross: forecast unit cost higher than affordable level	+145	ASCPH	Direct Payments - Physical Disability Income: forecast unit charge higher than affordable level	-134
ASCPH	Domiciliary Care - Learning Disability Gross: pressure on Extra Care Sheltered Housing	+144	ASCPH	Supported Accommodation - Mental Health Gross: savings resulting from introduction of Supporting Independence Service	-128
ASCPH	Other Adult Services Gross: costs associated with purchase of new server & licence for telecare/telehealth service	+135	ASCPH	Supported Accommodation - Learning Disability Gross: Release of unrealised creditors set up in 2011/12	-100
ASCPH	Strategic Management & Directorate Support Gross: estimated legal charges pressure based on 11-12 outturn.	+133			
ASCPH	Direct Payments - Learning Disability Gross: one-off direct payments higher than recovery of surplus funds from long term clients	+131			
		+16,339			-17,682

1.1.4 Actions required to achieve this position:

None

1.1.5 Implications for MTFP:

All pressures and savings have been addressed in 2013-15 MTFP approved by County Council on 14th February 2013.

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 forecast underspend for Adult Services is -£1.619m as shown in table 1, which is contributing towards the £5m underspend from 2012-13 being used to support the overall 2013-14 KCC budget, as approved by County Council on 14th February 2013.

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 Adult Social Care and Public Health

The Adult Social Care and Public Health portfolio has an approved budget for 2012-15 of £88.371m, reduced to £21.571m excluding PFI (see table 1 below). The forecast outturn against this budget is £20.160m, giving a variance of -£1.411m. After adjustments for funded variances and reductions in funding, the revised variance comes to -£1.418m (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 excl PFI	21.498
Approvals made since last reported to Cabinet	0.073
Revised approved budget	21.571

1.2.5 Table 2 – Funded and Revenue Funded Variances

Scheme	Portfolio	Amount £m	Reason
Cabinet to approve cash limit changes			
Folkestone Activities, Respite & Rehabilitation Care Centre	ASC&PH	0.007	Additional Developer Contributions
No cash limit changes to be made			

1.2.6 Table 3 – Summary of Variance

	Amount £m
Unfunded variance	0.000
Funded variance (from table 2)	0.007
Variance to be funded from revenue	0.000
Project underspend	0.000
Rephasing (beyond 2012-15)	-1.418
Total variance	-1.411

1.2.7 Main reasons for variance

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	Green
Home Support Fund	9.456	4.312	3.532	1.612	3.532	1.612	0.000	0.000	Green
Tunbridge Wells Respite (formerly Rusthall Site)	0.217	0.167	0.050	0.000	0.050	0.000	0.000	0.000	Green
Bower Mount Project	0.072	0.060	0.012	0.000	0.007	0.000	-0.005	-0.005	Green
MH Strategy	0.547	0.283	0.264	0.000	0.264	0.000	0.000	0.000	Green
Public Access	1.700	0.516	1.184	0.000	1.184	0.000	0.000	0.000	Green
Bearsted Dementia Project	0.025	0.025	0.000	0.000	0.000	0.000	0.000	0.000	Green
Folkestone Activities, Respite and Rehabilitation Care Centre	0.031	0.001	0.030	0.000	0.037	0.000	0.007	0.007	Green
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	Amber - Delayed
Dartford TC - OP Strategy - Trinity Centre, Dartford	1.194	0.122	1.072	0.000	1.072	0.000	0.000	0.000	Green
OP Strategy - Specialist Care Facilities - (formerly Int. Care Ctr & Dorothy Lucy Ctre).	5.088	0.000	5.088	0.000	5.088	0.000	0.000	0.000	Green
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	Green
LD Modernisation - Good Day Programme	6.779	0.427	6.352	0.000	6.357	0.000	0.005	0.005	Green
Community Care Centre - Thameside Eastern Quarry / Ebbsfleet	1.418	0.000	1.418	0.000	0.000	1.097	-1.418	-0.321	Amber - Delayed
							0.000	0.000	
TOTAL Adults Social Care and Public Health	97.258	7.274	88.372	1.612	86.961	2.709	-1.411	-0.314	

- 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 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.
- 1.2.13 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 adjustment to the Ebbsfleet project resulting in a reduction of £0.321m to the cash limit in 2015-16.

Other Significant Variances

- 1.2.14 There are no other significant variances to report

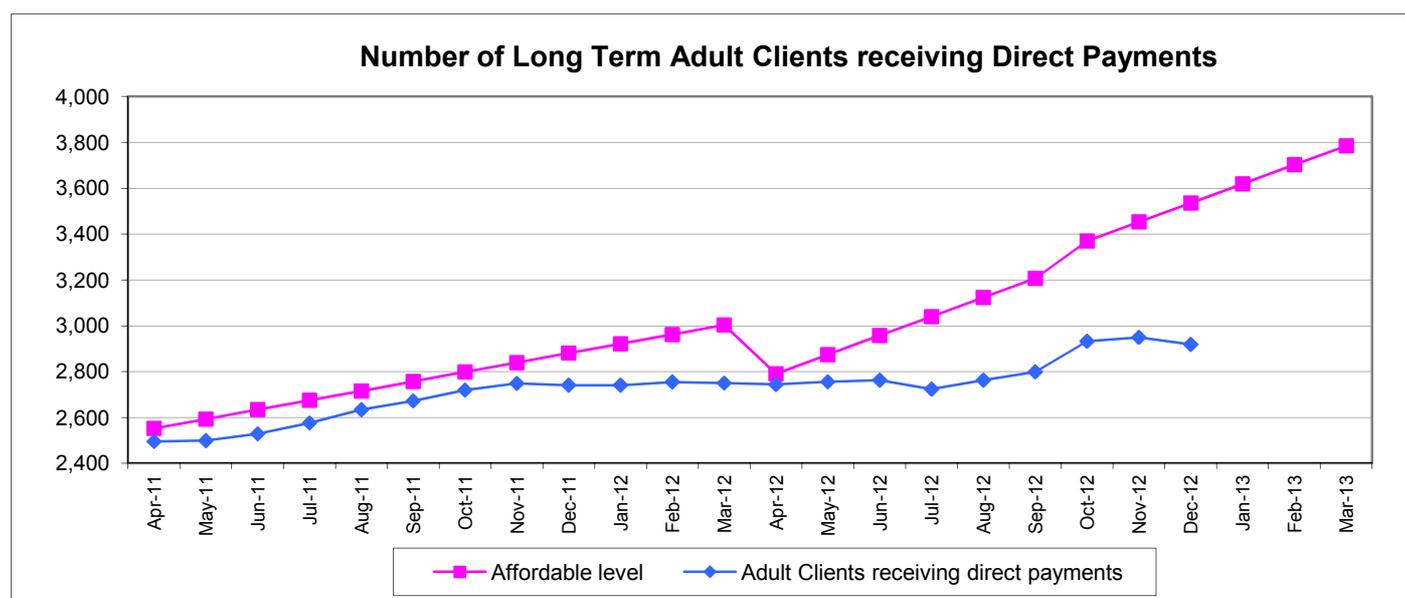
Key Issues & Risks

- 1.2.15 None to report

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	2,744	169
May	2,593	2,499	89	2,874	2,756	147
June	2,635	2,529	90	2,957	2,763	133
July	2,675	2,576	125	3,040	2,724	156
August	2,716	2,634	141	3,123	2,763	167
September	2,757	2,672	126	3,207	2,799	147
October	2,799	2,719	134	3,370	2,933	185
November	2,839	2,749	122	3,453	2,949	119
December	2,881	2,741	111	3,536	2,919	76*
January	2,921	2,741	130	3,619		
February	2,962	2,755	137	3,702		
March	3,003	2,750	117	3,785		
			1,459			1,299



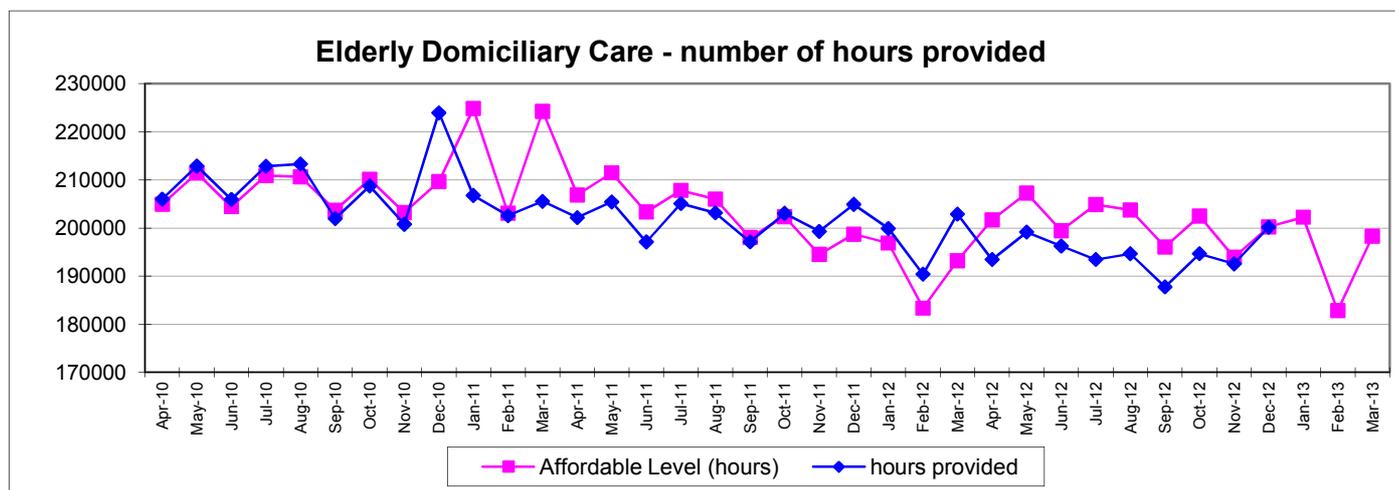
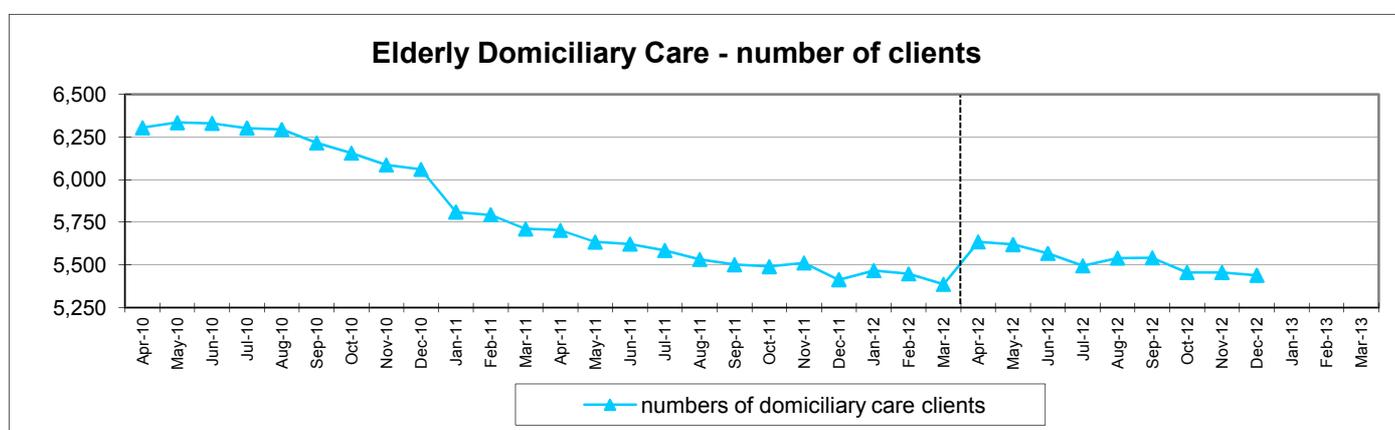
Comments:

- The presentation of activity being reported for direct payments changed in the Q2 report 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 that due to the time taken to record changes in direct payments onto the client database the number of clients and one-off direct payments for any given month may change therefore the current year to date activity data is refreshed in each report to provide the most up to date information.
- *The low number of one-off payments in December may be due to delays in recording payments and will be updated in the outturn report reported to Cabinet in July.
- 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 -£1.141m 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.

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	193,451	5,635
May	211,437	212,877	6,335	211,484	205,436	5,634	207,244	199,149	5,619
June	204,452	205,937	6,331	203,326	197,085	5,622	199,445	196,263	5,567
July	210,924	212,866	6,303	207,832	205,077	5,584	204,905	193,446	5,494
August	210,668	213,294	6,294	206,007	203,173	5,532	203,736	194,628	5,540
September	203,708	201,951	6,216	198,025	197,127	5,501	196,050	187,749	5,541
October	210,155	208,735	6,156	202,356	203,055	5,490	202,490	194,640	5,456
November	203,212	200,789	6,087	194,492	199,297	5,511	193,910	192,555	5,455
December	209,643	223,961	6,061	198,704	204,915	5,413	200,249	200,178	5,439
January	224,841	206,772	5,810	196,879	199,897	5,466	202,258		
February	203,103	202,568	5,794	183,330	190,394	5,447	182,820		
March	224,285	205,535	5,711	193,222	202,889	5,386	198,277		
TOTAL	2,521,376	2,501,274		2,402,516	2,410,522		2,391,092	1,752,059	



Comment:

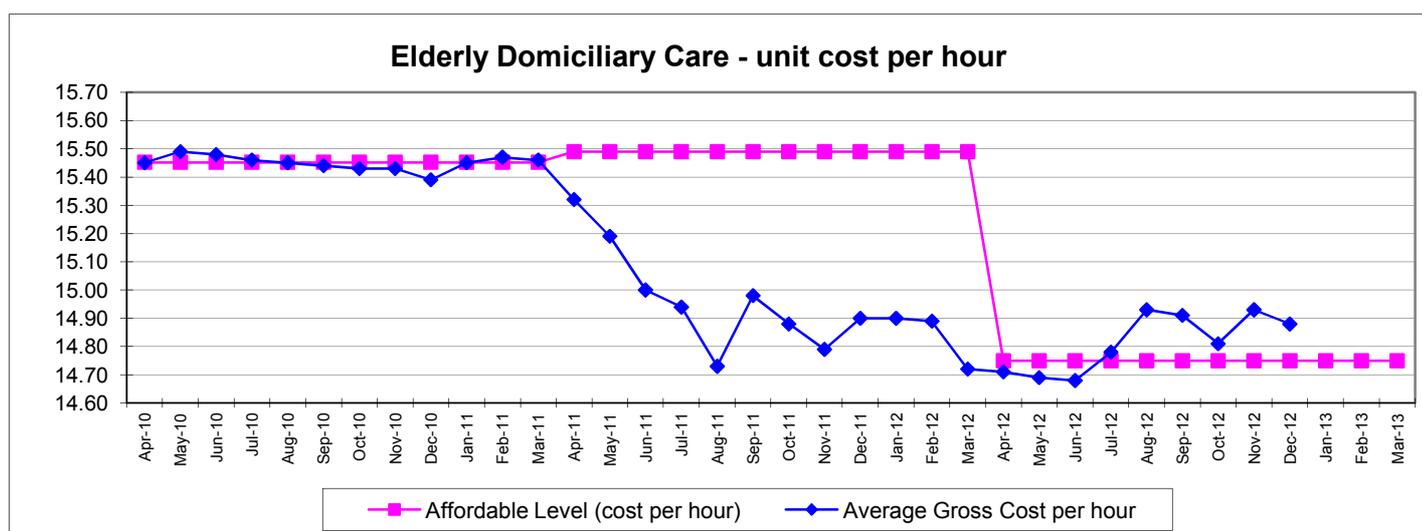
- Figures exclude services commissioned from the Kent Enablement At Home Service.
- The current forecast is 2,323,683 hours of care against an affordable level of 2,391,092, a difference of -67,409 hours. Using the forecast unit cost of £14.88 this reduction in activity reduces the forecast by -£1,003k, as highlighted in section 1.1.3.3.b.
- To the end of December 1,752,059 hours of care have been delivered against an affordable level of 1,807,737 a difference of -55,678 hours.
- 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 2,373,183 included in the Q2 monitoring report to Cabinet in December to 2,391,092 to reflect the allocation of winter pressures monies for domiciliary care.
- Please note the year to date activity for 2012-13 has been updated to reflect known delays in the updating of cases on the client database due to the continually changing nature of these care packages. For comparison, in the Q2 monitoring report to Cabinet in December the total number of client hours to September was 1,184,828 and is now 1,164,686.

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	14.81
November	15.452	15.43	15.49	14.79	14.75	14.93
December	15.452	15.39	15.49	14.90	14.75	14.88
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	

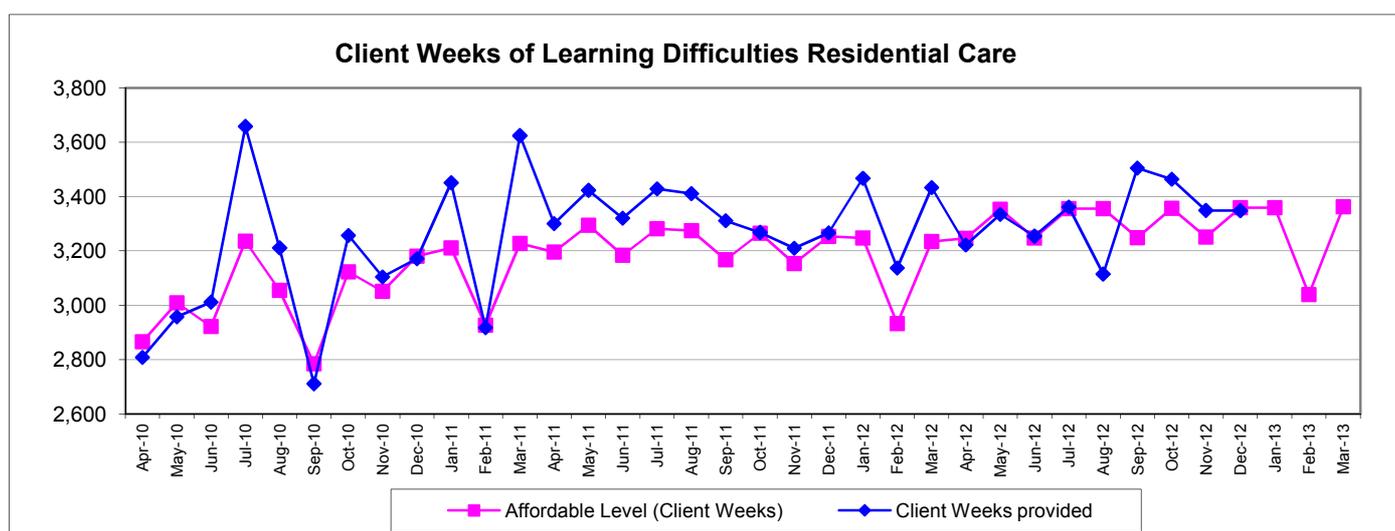


Comments:

- 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 £14.88 is higher than the affordable cost of £14.75 and this difference of +£0.13 increases the forecast by £311k 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	3,464
November	3,051	3,104	3,154	3,210	3,251	3,349
December	3,181	3,171	3,253	3,266	3,359	3,348
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	
TOTAL	36,593	37,880	38,485	39,974	39,533	29,952

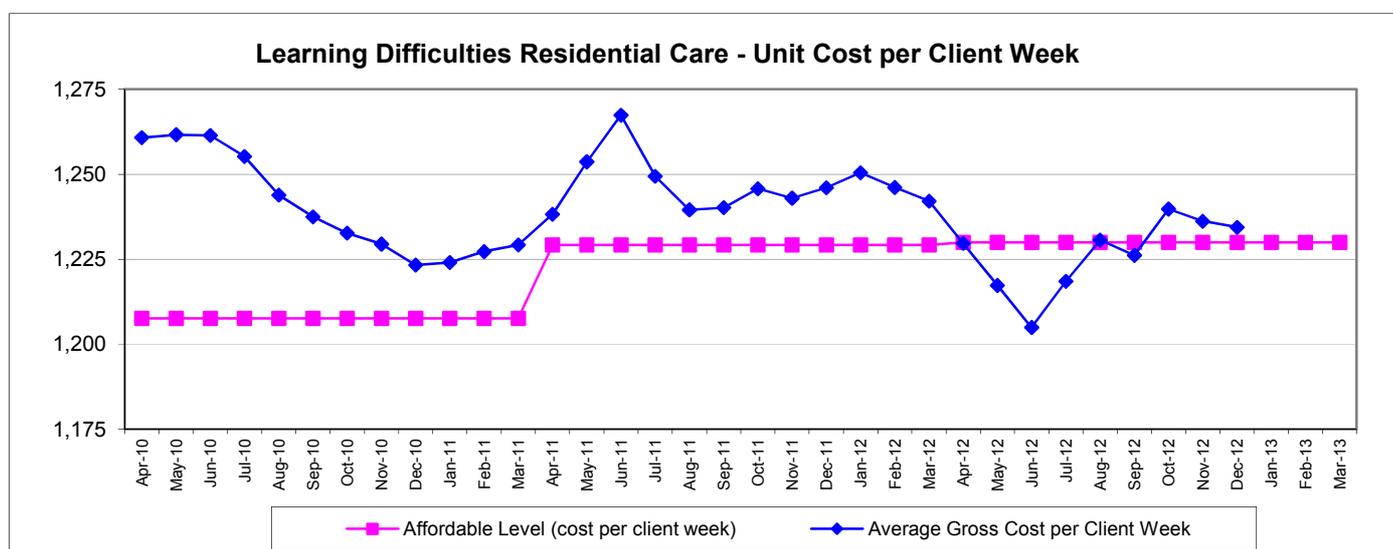


Comments:

- 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 December 2012 it was 751. This includes any ongoing transfers as part of the S256 agreement with Health, transitions, provisions and Ordinary Residence.
- The current forecast is 40,356 weeks of care against an affordable level of 39,533, a difference of +823 weeks. Using the forecast unit cost of £1,234.39 this additional activity adds £1,016k to the forecast, as highlighted in section 1.1.3.4.a.
- To the end of December 29,952 weeks of care have been delivered against an affordable level of 29,773, a difference of +179 weeks. The current year to date activity suggests a lower pressure however the forecast also includes 233 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. In addition, the current year activity is understated due to delays in the processing of short term beds on the activity database. The forecast includes the full costs of all non permanent block contracts and assumes full occupancy of these beds within the activity forecast. Additional resources have been allocated to clear this backlog of cases and the year to date activity will be restated in the Outturn Report to Cabinet in July.

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	1,239.77
November	1,207.58	1,229.44	1,229.19	1,242.97	1,229.93	1,236.19
December	1,207.58	1,223.31	1,229.19	1,246.05	1,229.93	1,234.39
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	

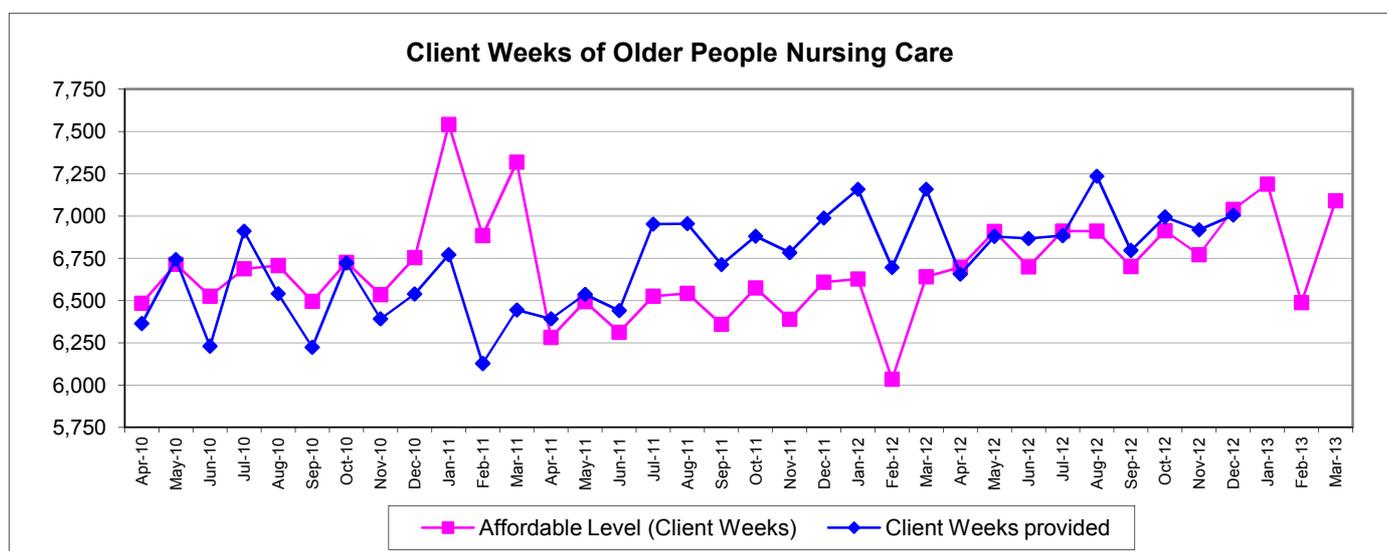


Comments:

- 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 £1,234.39 is higher than the affordable cost of £1,229.93 and this difference of +£4.46 adds £176k 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	6,995
November	6,535	6,393	6,391	6,784	6,772	6,918
December	6,755	6,539	6,610	6,988	7,039	7,005
January	7,541	6,772	6,628	7,159	7,189	
February	6,885	6,129	6,036	6,696	6,489	
March	7,319	6,445	6,641	7,158	7,090	
TOTAL	81,382	78,016	77,405	81,659	82,322	62,237

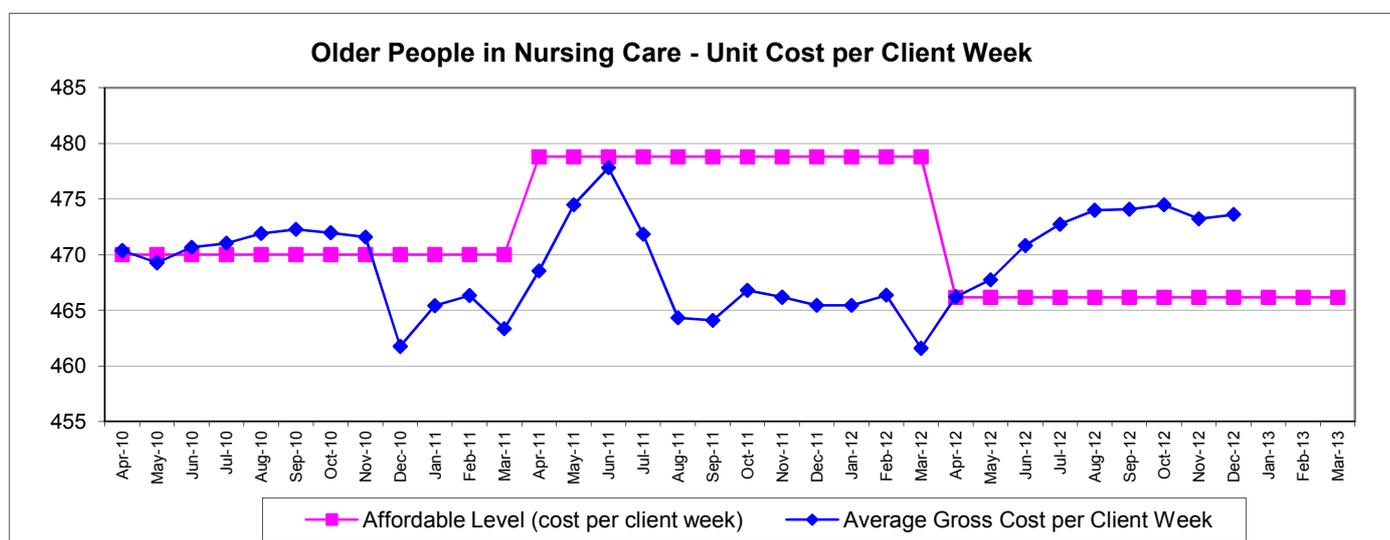


Comment:

- 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 December 2012 it was 1,497.
- The current forecast is 84,073 weeks of care against an affordable level of 82,322, a difference of +1,751 weeks. Using the actual unit cost of £473.61, this additional activity adds +£829k to the forecast, as highlighted in section 1.1.3.4.c.
- To the end of December 62,237 weeks of care have been delivered against an affordable level of 61,554, a difference of +683 weeks. Current year to date activity suggests the forecast should be lower for this service however, the current year to date activity is understated due to delays in the processing of short term beds on the activity database. The forecast includes the full costs of all non permanent block contracts and assumes full occupancy of these beds within the activity forecast. Additional resources have been allocated to clear this backlog of cases and the year to date activity will be restated in the Outturn Report to Cabinet in July.
- Please note the affordable level of client weeks has been updated from 81,474 included in the Q2 monitoring report to Cabinet in December to 82,322 to reflect the allocation of winter pressures monies for nursing care.

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	474.47
November	470.01	471.58	478.80	466.17	466.16	473.23
December	470.01	461.75	478.80	465.44	466.16	473.61
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	

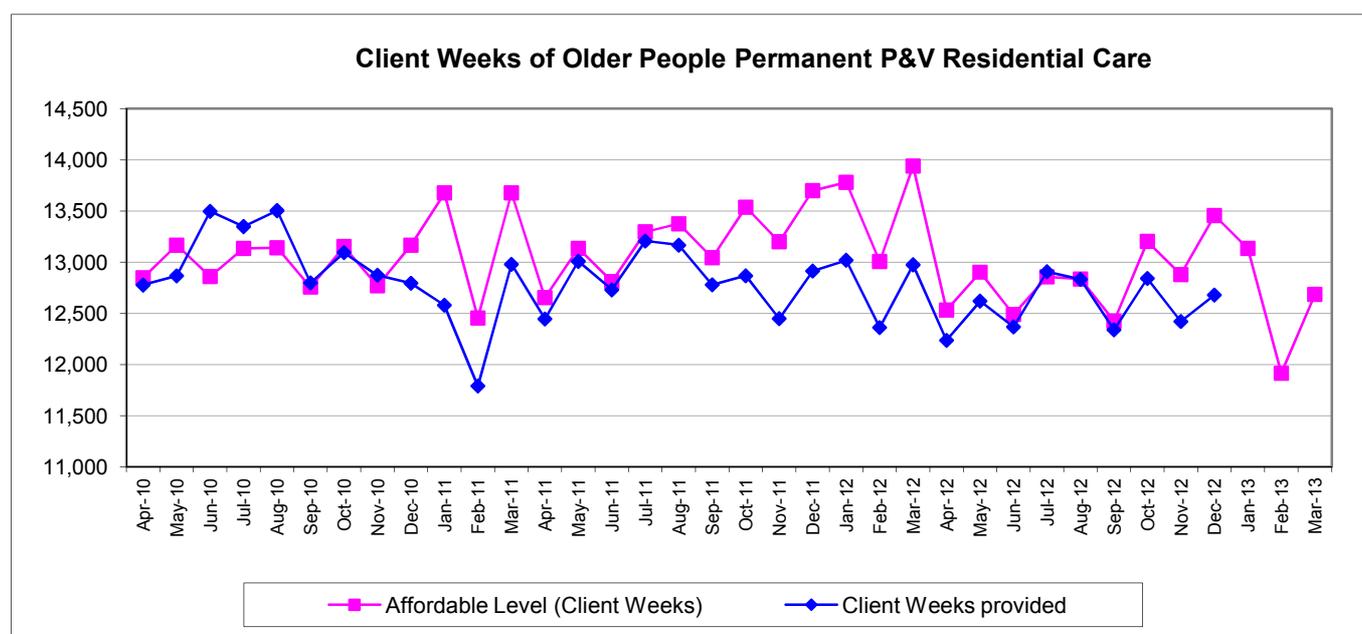


Comments:

- 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 £473.61 is higher than the affordable cost of £466.16 and this difference of +£7.54 adds +£613k 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	13,858	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	13,203	12,842
November	12,771	12,873	13,200	12,448	12,880	12,422
December	13,167	12,796	13,700	12,914	13,358	12,679
January	13,677	12,581	13,782	13,019	13,135	
February	12,455	11,790	13,007	12,361	11,916	
March	13,678	12,980	13,940	12,975	12,786	
TOTAL	156,812	154,909	159,487	153,925	153,320	113,249



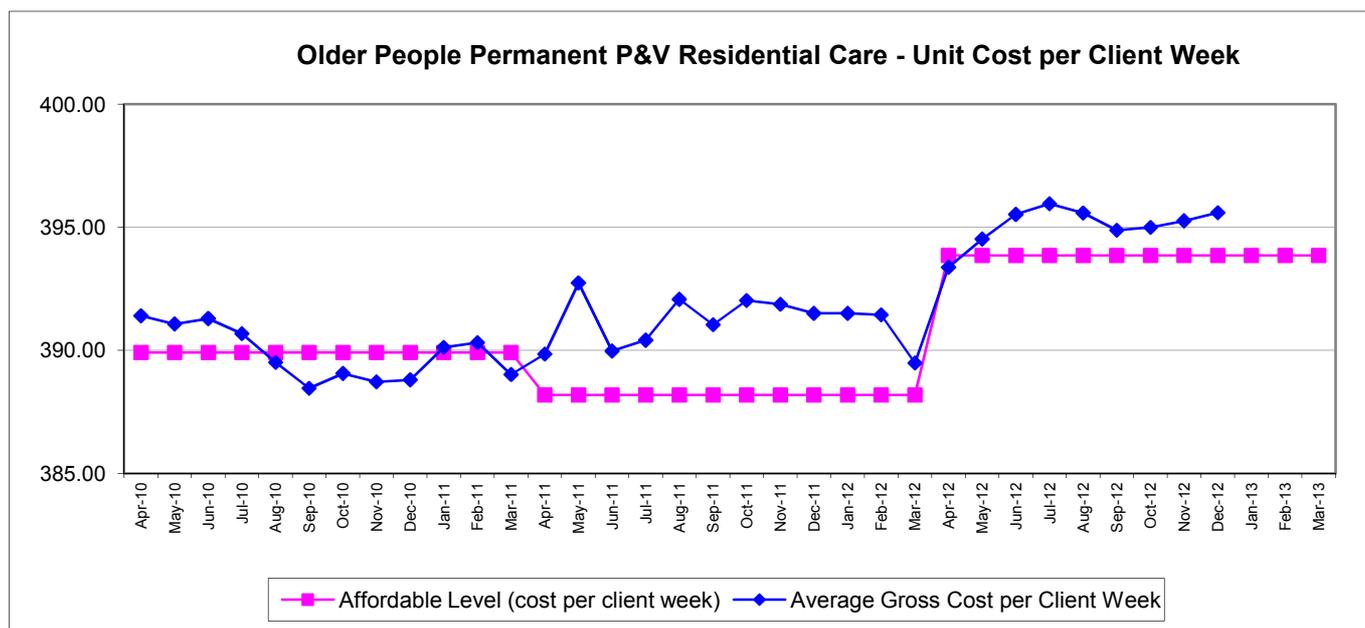
Comments:

- 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 December 2012 it was 2,707. 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 149,885 weeks of care against an affordable level of 153,320, a difference of -3,435 weeks. Using the forecast unit cost of £395.59 this reduced activity saves -£1,359k from the forecast, as highlighted in section 1.1.3.4.d.
- To the end of December 113,249 weeks of care have been delivered against an affordable level of 115,483, a difference of -2,334 weeks. Current year to date activity suggests the forecast could be slightly higher for this service however the forecast assumes the level of non-permanent care services falls marginally by the end of the year.

- Please note the affordable level of client weeks has been updated from 150,914 included in the Q2 monitoring report to Cabinet in December to 153,320 to reflect the allocation of winter pressures monies for residential care.

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	394.99
November	389.91	388.72	388.18	391.87	393.85	395.26
December	389.91	388.80	388.18	391.50	393.85	395.59
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	

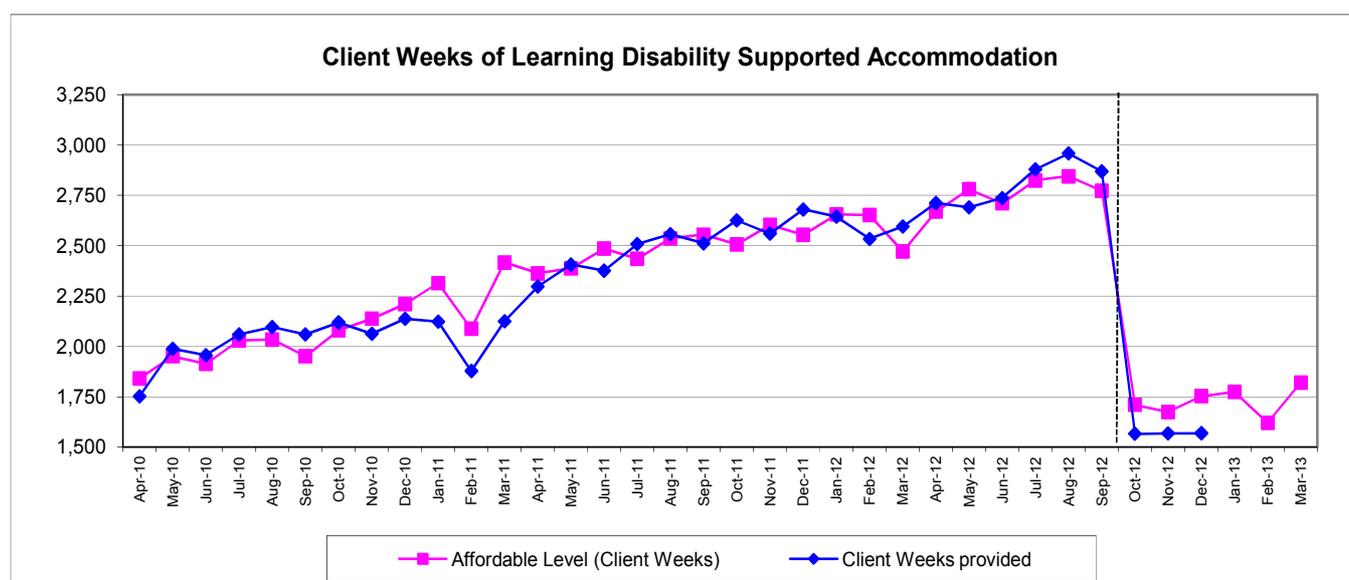


Comments:

- The forecast unit cost of £395.59 is higher than the affordable cost of £393.85 and this difference of +£1.74 adds +£267k 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	1,566
November	2,138	2,063	2,603	2,560	1,675	1,568
December	2,210	2,137	2,554	2,680	1,753	1,569
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	
TOTAL	24,967	24,356	30,204	30,295	26,957	21,548



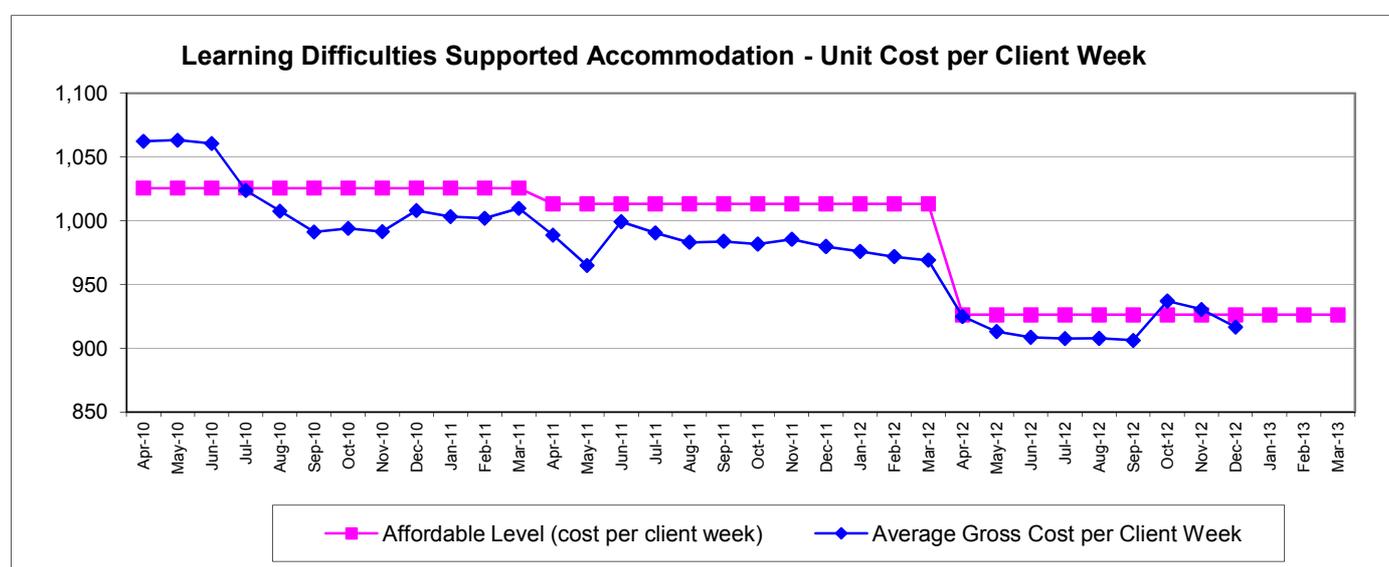
Comments:

- The affordable level for 2012-13 was amended in quarter 2 because from 1st October 2012 the Supporting Independence Service (SIS) was introduced and as a result a significant number of clients previously receiving supported accommodation services have transferred to this new arrangement and are no longer forecast under this activity indicator. This is represented by the significant drop in budgeted level from October 2012 onwards. The Supporting Independence Service clients are 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 December 2012 it was 284 (of which 114 are S256). This drop in clients reflects the transfer to the new SIS service explained above.
- The current forecast is 26,987 weeks of care against an affordable level of 26,957, a difference of +30 weeks. Using the forecast unit cost of £916.62 this increase in activity provides a pressure of +£28k, as reflected in section 1.1.3.5.a.
- To the end of December 21,548 weeks of care have been delivered against an affordable level of 21,742, a difference of -194 weeks. Current year to date activity suggests the forecast should be lower for this service however, the forecast includes approximately 196 weeks of expected transition and provision clients, therefore there is expected to be an increased pressure on this service in the final three months of the financial year.
- 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	936.95
November	1,025.67	991.56	1,013.18	985.45	926.16	930.40
December	1,025.67	1,007.95	1,013.18	979.83	926.16	916.62
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 £916.62 is lower than the affordable cost of £926.16 and this difference of -£9.54 provides a saving of -£257k when multiplied by the affordable weeks. The forecast unit cost assumes £94k 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.

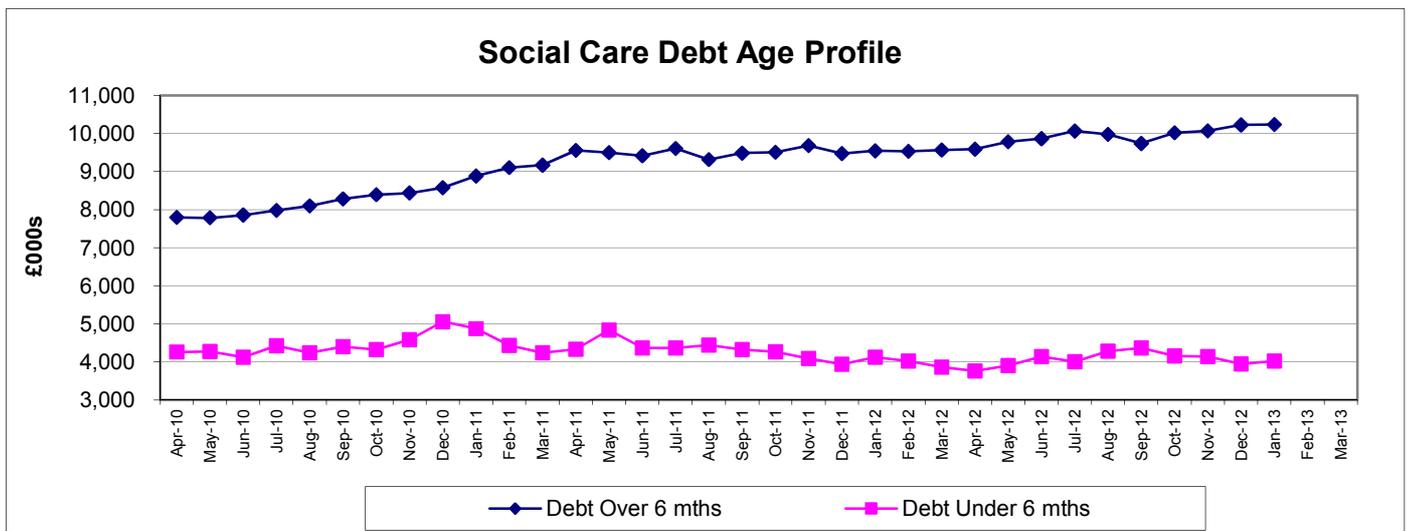
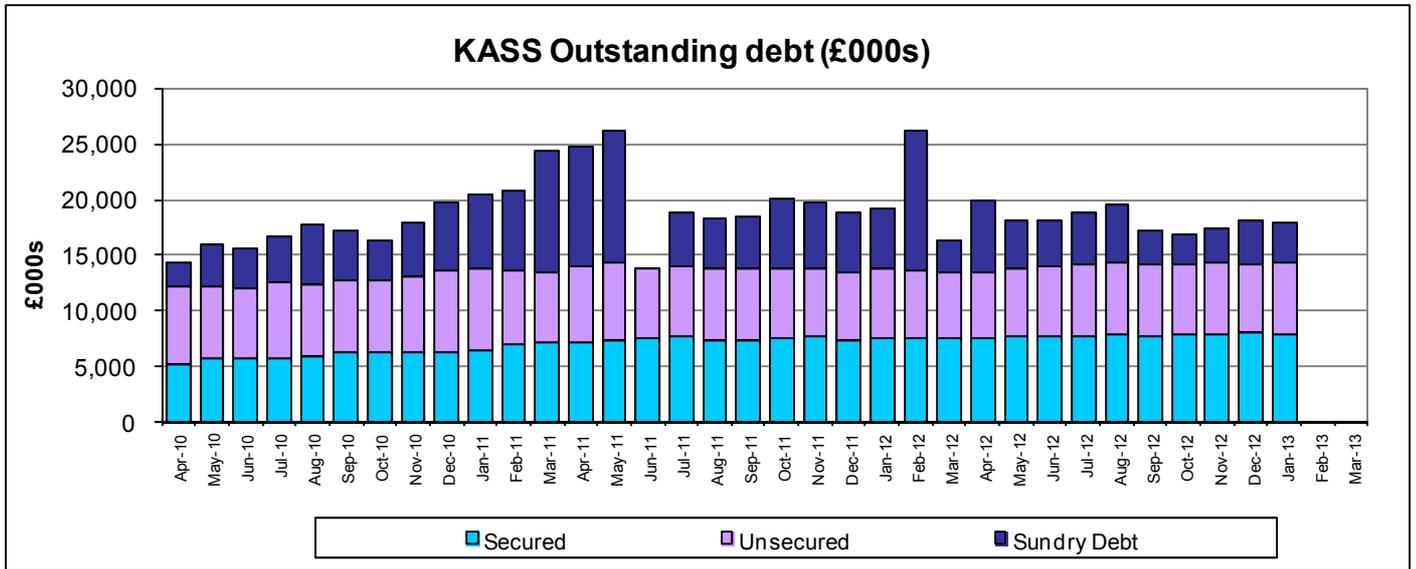
3. SOCIAL CARE DEBT MONITORING

The outstanding debt as at the end of January was £17.965m compared with October's figure of £16.747m (reported to Cabinet in December) excluding any amounts not yet due for payment (as they are still within the 28 day payment term allowed). Within this figure is £3.711m of sundry debt compared to £2.574m in October. The amount of sundry debt can fluctuate for large invoices to health. Also within the outstanding debt is £14.254m relating to Social Care (client) debt which is a small increase of £0.081m from the last reported position to Cabinet in December. 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	Social Care Debt						
	Total Due Debt (Social Care & Sundry Debt) £000s	Sundry Debt £000s	Total Social Care Due Debt £000s	Debt Over 6 mths £000s	Debt Under 6 mths £000s	Secured £000s	Unsecured £000s
Apr-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	17,399	3,193	14,206	10,069	4,137	7,896	6,310
Dec-12	17,996	3,829	14,167	10,226	3,941	7,914	6,253
Jan-13	17,965	3,711	14,254	10,237	4,017	7,885	6,369
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 were amended slightly between the Quarter 1 and Quarter 2 reports following a reassessment of some old debts between secured and unsecured.



ENTERPRISE & ENVIRONMENT DIRECTORATE SUMMARY DECEMBER 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 2 monitoring report to reflect the transfer of the Transport Integration Unit to E&E directorate from Commercial Services, together with the Service Level Agreements for transport related services from ELS and FSC (see annexes 1, 2 and 3). A new Transport Operations A-Z budget line has been established within the Transport Services section of the A-Z and this is reflected in table 1 below. The cash limit for General Maintenance and Emergency Response includes a virement of £300k from the underspend on Net Debt Charges in the Finance and Business Support Portfolio together with a virement of £850k from the Initiatives to Boost the Economy budget within the Other Financing Items budget also within the Finance and Business Support Portfolio; this funding is to cover the cost of pothole repairs resulting from the January/February snow. There have also been a number of other technical adjustments to budget, including the centralisation of the ICT budgets to BSS directorate (see annex 6).
- 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	
Environment, Highways & Waste portfolio							
E&E Strategic Management & Directorate Support Budgets	8,085	-408	7,677	-341	-136	-477	ICT development costs; saving on feasibility studies; Cyclopark revenue contribution to capital; savings on uncommitted directorate budgets
<u>Environment:</u>							
- Environment Management	4,132	-1,526	2,606	-4	-10	-14	
<u>Highways:</u>							
<u>Highways Maintenance:</u>							
- Adverse Weather	3,238	0	3,238	1,033	0	1,033	Additional salting runs and snow clearance
- Bridges & Other Structures	2,683	-239	2,444	-130	150	20	Reduced maintenance and associated developer income
- General maintenance & emergency response	14,359	-487	13,872	914	-494	420	Dual carriageway maintenance; office relocation; depot savings; emergency response; barrier replacement and associated drawdown of funds from the balance sheet

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Highway drainage	3,242	-82	3,160	692	0	692	Backlog of scheduled cleaning; additional drainage costs due to exceptional adverse weather
- Streetlight maintenance	3,970	-167	3,803	591	-591	0	Streetlight column replacement; drawdown of funds held in the balance sheet
	27,492	-975	26,517	3,100	-935	2,165	
<i>Highways Safety & Management:</i>							
- Development Planning	2,128	-1,283	845	-100	-18	-118	Staffing vacancies and other small variances
- Highways Improvements	7,709	-50	7,659	766	-972	-206	Savings from procurement exercise on resurfacing budget; Ashford Drivers roundabout scheme costs and income
- Road Safety	3,246	-2,234	1,012	28	79	107	Increase in speed awareness training & reduction in bicycle training costs & income
- Streetlight energy	5,845	0	5,845	-540	0	-540	Energy savings
- Traffic management	5,527	-2,622	2,905	-310	-551	-861	Contract saving; s74 fees and permit scheme income
- Tree maintenance, grass cutting & weed control	3,331	-78	3,253	637	-19	618	Increased weed control activity and shrub maintenance due to exceptional rainy weather; Tree stump removal
	27,786	-6,267	21,519	481	-1,481	-1,000	
<i>Planning & Transport Strategy:</i>							
- Planning & Transport Policy	1,251	-15	1,236	-73	-13	-86	
- Planning Applications	1,128	-550	578	-161	190	29	Staffing vacancies held to offset reduced income
	2,379	-565	1,814	-234	177	-57	
<i>Transport Services:</i>							
- Concessionary Fares	16,307	-27	16,280	-165	0	-165	Reduced usage
- Freedom Pass	13,648	-2,459	11,189	354	-26	328	Increased usage; education transport policy changes
- Subsidised Bus Routes	8,643	-1,454	7,189	-179	133	-46	Retendering/changing contracts
- Transport Operations	871	-170	701	45	15	60	
- Transport Planning	456	-219	237	13	0	13	
	39,925	-4,329	35,596	68	122	190	
<i>Waste Management</i>							
<i>Recycling & Diversion from Landfill:</i>							
- Household Waste Recycling Centres	8,620	-1,482	7,138	-220	-407	-627	Reduced waste tonnage; income from recyclables
- Partnership & Waste Co-ordination	722	-168	554	1	-32	-31	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Payments to Waste Collection Authorities (DCs)	5,473	-102	5,371	-441	0	-441	Reduced waste tonnage
- Recycling Contracts & Composting	10,516	-601	9,915	101	46	147	reduced waste tonnage; increase in prices / impact of landfill tax
	25,331	-2,353	22,978	-559	-393	-952	
<i>Waste Disposal:</i>							
- Closed Landfill Sites & Abandoned Vehicles	764	-180	584	25	52	77	
- Disposal Contracts	29,297	-156	29,141	-2,977	26	-2,951	Reduced waste processed by the Allington WtE plant; waste sent for landfill instead
- Haulage & Transfer Stations	8,575	-75	8,500	-236	8	-228	Reduced waste tonnage
- Landfill Tax	7,165	0	7,165	1,435	0	1,435	Increased landfill due to extended planned maintenance of Allington WtE plant
	45,801	-411	45,390	-1,753	86	-1,667	
Commercial Services	0	-6,879	-6,879	0	1,220	1,220	Reduced contribution
Total E, H & W portfolio	180,931	-23,713	157,218	758	-1,350	-592	
Regeneration & Enterprise portfolio							
Development Staff & Projects	662	-662	0	-48	48	0	
Total E&E controllable	181,593	-24,375	157,218	710	-1,302	-592	
Assumed Management Action							
- EHW portfolio						0	
- R&E portfolio						0	
Forecast after Mgmt Action				710	-1,302	-592	

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 -£341k, Income -£136k, Net -£477k

Although there is a forecast gross underspend of -£341k, this includes a pressure of £89k 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 is a forecast pressure of +£201k due to a revenue contribution to capital for the Cyclopark scheme which is being covered by an underspend of -£201k from within the Strategic Management where a number of uncommitted balances have been identified. There are a number of other gross underspends all less than £100k which total -£255k including underspends on project development and an annual management charge from an external contractor. The increased income of -£136k results from small variances over a number of lines.

1.1.3.2 **Highways:**

Overall the Highways Division is forecasting a net pressure of £1,165k, which includes an estimate of £1m for the costs of the snow in January and early February. All variances over £100k are detailed below:

1.1.3.2.1 **Highways Maintenance**

- a. Adverse Weather: Gross +£1,033k, Income Nil, Net +£1,033k
There is a gross pressure of £1,033k forecast on this line of which £1,000k relates to the cost of the additional salting runs and snow clearance in January and early February.
- b. Bridges & Other Structures: Gross -£130k, Income +£150k, Net +£20k
There is a gross underspend of -£130k of which -£100k relates to a reduction in maintenance fees to an external contractor. There is a corresponding reduction in income from developers of +£100k, as these maintenance costs are recharged to developers who benefit from these structures e.g. to gain access to their land. The remaining gross underspend of -£30k and reduction in income of +£50k are all due the small variances all under £100k.
- c. General Maintenance & Emergency Response: Gross +£914k, Income -£494k, Net +£420k
The £414k gross pressure on this budget includes a forecast pressure of +£282k for dual carriageway maintenance together with a pressure of +£160k for emergency overnight response to incidents reported by Kent Police. In addition there is a £120k pressure for relocating the Transport Integration team to the Aylesford Highways dept. There is a forecast underspend of -£234k relating to Highways Depots including underspends on both depot maintenance and energy costs. There is a forecast pressure of +£500k for the replacement of barriers which will be made as a revenue contribution to capital and is to be funded from a drawdown of funds held in the revenue balance sheet of -£500k. There are other minor variances all less than £100k in value which total +£86k.
- d. Highway Drainage: Gross +£692k, Income Nil, Net +£692k
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. There are other minor underspends of -£8k.
- e. Streetlight maintenance: Gross +£591k, Income -£591k, Net Nil
There is a pressure of +£600k in capital expenditure due to the replacement of street light columns but as there is insufficient capital budget for this, it is being funded by a revenue contribution to capital, which is in turn being funded by a drawdown of funds held in the revenue balance sheet of -£600k. There are other minor gross and income variances of £9k.

1.1.3.2.2 **Highways Safety & Management**

- a. Development Planning: Gross -£100k, Income -£18k, Net -£118k
The gross underspend of -£100k on this budget line is made up of a number of small variances all under £100k which includes staff vacancies.
- b. Highway Improvements: Gross +£766k, Income -£972k, Net -£206k
There is a forecast pressure on this budget of £980k due to a revenue contribution to capital for the Ashford Drivers roundabout scheme. This is being funded by drawing down income of -£980k from the revenue balance sheet from a number of sources including developer contributions and performance securities. The remaining gross underspend of -£214k includes savings from a procurement exercise of -£179k on the resurfacing budget to ease the pressure on the drainage budget (section 1.1.3.2.1.d above).
- c. Road Safety: Gross +£28k, Income +£79k, Net +£107k
The gross pressure on this budget includes +£258k of additional costs relating to speed awareness courses which are offset by increased income of -£153k. The approved budget assumes that income will exceed the costs to the authority but as courses are currently running under full capacity the reduction in income is not matched by an exact reduction in expenditure. There has been a reduction in expenditure on bicycle training of -£140k together with a corresponding reduction in income from schools and the Department of Transport of +£130k.

There are a number of other minor gross and income variances all less than £100k in value including reduced expenditure and income for the National Driver Improvement Scheme.

- d. Streetlight energy: Gross -£540k, Income Nil, Net -£540k
There is a forecast underspend on streetlight energy of -£540k as the funding awarded for prices in the 2012-13 budget build has proved to be in excess of what has been required. A saving has been reflected in this 2013-14 budget for this.
- e. Traffic Management: Gross -£310k, Income -£551k, Net -£861k
The new lane rental scheme where companies will pay to rent lanes whilst undertaking work on the most critical/busiest roads of our network has now been approved by the Department of Transport. This scheme will yield income for future years. Under the terms of the scheme the Council will 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 agreed at the December meeting that future surplus funds be transferred to a new earmarked reserve and drawn down as expenditure is incurred in line with initiatives agreed by the Board. A gross pressure on this budget of £145k, forecast in the last monitoring report, for development costs in respect of the new KLRS, which is a one-off cost for 2012-13, has now been removed as it will be transferred to this new earmarked reserve to be offset against future income streams.
- There is a forecast underspend of -£263k as a result of the transfer of staff and contracts back to the Council from an external contractor.
- The forecast additional income of -£551k has resulted from a combination of section 74/road closure fees (-£226k) and income from Permit Schemes (-£325k). 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 the Directorate and Corporate overheads, which are not charged directly to this budget line.
- f. Tree maintenance, grass cutting & weed control: Gross +£637k, Income -£19k, 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, is +£216k and these weather conditions 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 -£161k, Income +£190k, Net +£29k
There is a gross variance of -£161k which primarily results from -£107k of staffing vacancies which are being held to offset an under-recovery in income of +£190k, which largely relates to reduced income from planning applications.

1.1.3.4 **Transport Services:**

- a. Concessionary Fares: Gross -£165k, Income Nil, Net -£165k
The reduction in usage, probably due to the poor summer weather, has led to a forecast underspend on this budget line of -£232k due to fewer journeys travelled. There are other overspends, all less than £100k in value totalling +£67k.
- b. Freedom Pass: Gross +£354k, Income -£26k, Net +£328k
There is a pressure forecast for the freedom pass budget of £354k due to an increase in the number of passes in issue and the number of journeys travelled. £246k of this pressure 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 -£179k, Income +£133k, Net -£46k

A gross underspend of -£133k 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. In addition there is a gross underspend of -£46k due mainly to part year staff vacancies.

1.1.3.5 **Waste Management:**

Overall the Waste Management Division is forecasting a net underspend of £2,619k.

The waste tonnage for the first nine months of 2012-13 is approximately 18,900 tonnes under the affordable level to the end of December. This indicates that waste tonnage will be below the affordable level for the year and an estimated overall tonnage of 702,000 tonnes is predicted, which is 28,000 tonnes below the affordable level. This contributes to an overall forecast underspend on the waste budgets of £2,619k. 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 -£220k, Income -£407k, Net -£627k

An underspend of -£220k on gross expenditure is primarily due to the lower volumes of tonnage which has resulted in reduced haulage fees of -£264k. Despite the reduction in volumes there has still been a significant over-recovery in income of -£514k. The new contract for textiles agreed last December, is generating an additional -£407k, and income on lead acid batteries is adding a further -£110k. There are also small variances in income totalling +£3k relating to glass, paper and card, waste containers, and metals, which reflects a reduction in income from previous forecasts following a drop in the prices for recycled metals. Debts of +£107k for the sale of paper and card have had to be written off after the company concerned went into liquidation.

b. Payments to Waste Collection Authorities (District Councils): Gross -£441k, Income Nil, Net -£441k

A gross underspend of -£441k is forecast due to a decrease in waste and recyclables being managed by the District Councils of approximately 7,000 tonnes.

c. Recycling Contracts & Composting: Gross +£101k, Income +£46k, Net +£147k

The tonnage for recycling and composting is approximately 9,600 tonnes under budget and this has resulted in a gross saving of -£134k. However changes in prices, particularly the impact from changes to legislation earlier in the year, in respect of the landfill tax applied to the processing of inert waste, has resulted in a +£235k pressure. Inert or inactive waste is largely water insoluble and non or very slowly biodegradable; for example, sand, subsoil, concrete, bricks, mineral fibres, fibreglass and so on.

1.1.3.5.2 **Waste Disposal**

a. Disposal Contracts: Gross -£2,977k, Income +£26k, Net -£2,951k

A gross underspend of £2,977k is forecast for this budget as a result of reduced contractual payments of -£3,281k 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 +£375k 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 11,400 tonnes under the affordable level. The remaining gross underspend of -£71k relates to a reduction in the specialist disposal of hazardous material.

b. Haulage & Transfer Stations: Gross -£236k, Income +£8k, Net -£228k

This line is forecasting a gross underspend of -£236k as a result of the overall forecast reduction in waste tonnage.

c. Landfill Tax: Gross +£1,435k, Income Nil, Net +£1,435k

The increased level of waste sent for landfill referred to in section 1.1.3.5.2a above generates a forecast pressure of +£1,435k.

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, £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. 22,000 tonnes) sent to landfill due to extended planned maintenance at the Allington WtE Plant. Offset by reduced contractual payments in Disposal Contracts.	+1,435	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	-3,281
EHW	Highways: Adverse Weather - Additional salting runs and snow clearance	+1,000	EHW	Highways: Highways Improvements - Drawdown of revenue balance sheet income to fund revenue contribution to capital	-980
EHW	Highways: Highways Improvements - Revenue contribution to capital for Ashford Drivers roundabout scheme	+980	EHW	Highways: Streetlight maintenance - drawdown of funds held in the revenue balance sheet for streetlight column replacement	-600
EHW	Commercial Services - shortfall in contribution due to approved costs of restructure and reorganisation	+640	EHW	Highways: Streetlight energy	-540
EHW	Highways: Streetlight maintenance - revenue contribution to capital for streetlight column replacement	+600	EHW	Highways General Maintenance and Emergency Response: drawdown of funds held in the revenue balance sheet to fund replacement barriers	-500
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	-441
EHW	Highways General Maintenance and Emergency Response: RCCO for replacement of barriers	+500	EHW	Household Waste Recycling Centres - additional income from textiles contract	-407
EHW	Commercial Services - rephasing of delivery of increased income target into 2013-14	+430	EHW	Highways: Traffic Management - Permit Scheme income	-325
EHW	Disposal Contracts - additional volumes of waste (approx 22,000 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.	+375	EHW	Household Waste Recycling Centres - reduced haulage fees as waste tonnage below affordable level	-264

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
EHW	Highways: General maintenance and emergency response - dual carriageway maintenance	+282	EHW	Highways: Traffic Management - contract saving	-263
EHW	Highways: Road Safety - increased speed awareness costs offset by increased income	+258	EHW	Haulage & Transfer Stations - waste tonnage below affordable level	-236
EHW	Highways: Tree maintenance, grass cutting and weed control - Tree stump removal	+252	EHW	Highways: General maintenance and emergency response - depots maintenance and energy	-234
EHW	Transport Services: Freedom Pass - change of education transport policy	+246	EHW	Transport Services: Concessionary Fares - reduced usage	-232
EHW	Recycling Contracts and Composting - increase in prices	+235	EHW	Highways: Traffic Management - s74 and road closure income	-226
EHW	Highways: Tree maintenance, grass cutting and weed control - Additional weed control activity due to exceptional rainy weather	+216	EHW	Strategic Management & Directorate Support - strategic management uncommitted balances	-201
EHW	Strategic Management & Directorate Support - revenue contribution to capital for Cyclopark scheme	+201	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	Planning Applications - under recovery of income due to reduced number of planning applications; offset by vacancies within staffing	+190	EHW	Highways: Road Safety - increased income for speed awareness courses to offset increased costs	-153
EHW	Highways: General maintenance and emergency response - increased overnight emergency response costs	+160	EHW	Highways: Road Safety - bicycle training reduced costs	-140
EHW	Highways: Tree maintenance, grass cutting and weed control - Shrub maintenance due to exceptional rainy weather	+150	EHW	Recycling Contracts and composting is approximately 9,600 tonnes under budget	-134
EHW	Commercial Services - shortfall in contribution due to one off restructuring costs	+150	EHW	Household Waste Recycling Centres - income from lead acid batteries	-110
EHW	Highways: Road Safety - bicycle training reduced income offset by reduced costs	+130	EHW	Planning Applications - staffing vacancies offsetting reduced income from planning applications	-107
EHW	Highways: General maintenance and emergency response - relocation of Transport Integration Team	+120	EHW	Highways: Bridges & Other Structures - reduction in maintenance fees from external contractors	-100
EHW	Transport Services: Freedom Pass - increased usage	+108			
EHW	Household Waste Recycling Centres - bad debts written off	+107			
EHW	Highways: Bridges & Other Structures - reduction in income from external contractors for maintenance fees	+100			
		+9,565			-9,828

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.d has been included as a saving in the 2013-15 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 so the income budget has been increased in the 2013-15 MTFP for this.

Commercial Services

The re-phasing of the income target and full year effect of agreed costs of restructuring and reorganisation have been reflected in the 2013-15 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]

The forecast underspend for the directorate is £592k as shown in Table 1, which contributes to the £5m underspend from 2012-13 to be used to support the overall 2013-14 KCC budget, as approved by County Council on 14 February.

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 £180.201m (see table 1 below). The forecast outturn against this budget is £180.680m, giving a variance of £0.479m. After adjustments for funded variances and reductions in funding, the revised variance comes to -£15.845m. This is made up of an unfunded variance of +£0.060m, project underspends of -£7.775m and re-phasing to later years of -£8.130m (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	180.201
Approvals made since last reported to Cabinet	0.000
Revised approved budget	180.201

1.2.5 Table 2 – Funded and revenue funded variances

	Portfolio	Amount	Reason
Scheme		£m	
Cabinet to agree cash limit changes:			
Highway Major Enhancement	E,H&W	6.723	Transferring DfT grant (£0.450m) from IT budget to major enhancement to deal with the drainage pressure; Additional Dft grant (£6.273m) received through LTP settlement
Integrated Transport Schemes	E,H&W	-0.450	Under spend to fund drainage pressure
Total Funded Variances		6.273	
No cash limit changes to be made:			
Highway Major Enhancement	E,H&W	1.368	
Integrated Transport Schemes	E,H&W	1.396	Contribution from Developer and other to carry out IT schemes.
Member Highway Fund	E,H&W	0.217	Previous year's works to be funded from revenue.
Non TSG Land and Part 1 claims	E,H&W	0.040	Developer contributions for part 1 claims
Energy Water Efficiency KCC/External	E,H&W	0.097	Recycled Initial loan for Energy efficiency projects through revenue contribution
Coldharbour Gypsy site	E,H&W	0.060	Additional funds from HCA
Ashford Drivers Roundabout	E,H&W	3.023	GAF and Receipt in advance/capital developer contribution to fund the additional expenditure
Cyclo Park	E,H&W	0.250	Funded from revenue contribution (£0.232m) and the balance of £0.018m from Member Highway Fund
A28 Chart Road	E,H&W	3.600	Funded from developer contribution
Total		16.324	

1.2.6 Table 3 – Summary of Variance

Unfunded variance	0.060
Funded variance (from table 2)	13.648
Variance funded from revenue	2.676
Underspend	-7.775
Rephasing (beyond 2012-15)	-8.130
Total variance	0.479

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	
Major Scheme- Preliminary Design Fees	0.900	0.000	0.900	0.000	0.350	0.150	-0.550	-0.400	Green
Highway Major Maintenance	155.823	0.000	96.157	59.666	104.048	57.366	7.891	5.591	Green
Member Highway Fund	6.898	0.000	6.898	0.000	7.084	2.200	0.186	2.386	Green
Integrated Transport Scheme	17.294	0.000	11.178	6.116	12.124	6.116	0.946	0.946	Green
A2 slip Road	0.056	0.000	0.056	0.000	0.056	0.000	0.000	0.000	Green
Commercial Services Vehicle Plant & Equipment	5.100	0.000	3.800	1.300	3.800	1.300	0.000	0.000	Green
Non TSG Land ,Compensation Claims and Blight	2.967	0.000	2.967	0.000	3.007	0.000	0.040	0.040	Green
Energy & Water Investment Funds-External	0.734	0.445	0.289	0.000	0.700	0.087	0.411	0.498	Green
Energy and Water Efficiency Investment	1.989	1.173	0.736	0.080	0.359	0.010	-0.377	-0.447	Green
Coldharbour Gypsy site	1.861	0.314	1.547	0.000	1.667	0.000	0.120	0.120	Amber - Overspend
Sandwich Sea Defences	3.640	0.000	3.640	0.000	2.624	1.016	-1.016	0.000	Amber - Delayed
Hernebay Site Improvement	1.595	0.306	1.289	0.000	1.289	0.000	0.000	0.000	Green
East Kent Waste Facilities	4.597	3.021	1.576	0.000	1.576	0.000	0.000	0.000	Green
East Kent Waste Facilities-Ashford TS	5.000	0.287	4.713	0.000	4.713	0.000	0.000	0.000	Green
LTP- A228 Leybourne and West Malling Imp	28.579	28.560	0.019	0.000	0.019	0.000	0.000	0.000	Green
Ashford Ring Road	15.554	15.457	0.097	0.000	0.097	0.000	0.000	0.000	Green
Sittingbourne Northern Relief Road	31.705	28.356	3.312	0.037	2.740	0.450	-0.572	-0.159	Green
East Kent Access PH2	87.001	81.317	5.684	0.000	3.210	2.022	-2.474	-0.452	Green
Rushenden Link Road	11.468	10.655	0.813	0.000	0.813	0.000	0.000	0.000	Green
Re-shaping Kent Highways Accommodation	22.073	21.928	0.145	0.000	0.145	0.000	0.000	0.000	Green
A2 Cyclo Park	8.748	7.569	1.179	0.000	1.429	0.000	0.250	0.250	Green
Victoria Way Ph 1	18.552	17.843	0.709	0.000	0.499	0.000	-0.210	-0.210	Green
Ashford-Drover's Roundabout junct.	20.543	20.393	0.150	0.000	3.173	0.000	3.023	3.023	Green
Swale Transfer Station	3.630	0.000	3.630	0.000	3.630	0.000	0.000	0.000	Green

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	
HWRC-Ton & Malling	2.300	0.000	2.300	0.000	0.300	1.000	-2.000	-1.000	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	2.500	2.500	-7.500	-5.000	Green
Kent Thameside Strategic Transport Programme	145.331	0.670	9.071	135.590	7.781	107.748	-1.290	-29.132	Amber - Delayed
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	Amber - Overspend
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
									Green
TOTAL	713.884	238.294	180.201	295.389	180.680	272.566	0.479	-22.344	

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 **Coldharbour Gypsy site: Amber (Real overspend +£0.120m)**

The main reason for the overspend is that unplanned works needed to be carried out by utility companies to avoid any damage to the existing cable and pipes. Part of the overspend (£0.060m) is to be funded from the Homes & Communities Agency (HCA).

Action is still being taken to confirm the remaining £0.060m.

1.2.13 **Sandwich Sea Defence: Amber (Re-phased beyond 2012-15 -£1.016m)**

The project has been re-phased to reflect the agreed schedule of planned contribution from KCC to the Environment Agency.

1.2.14 **A28 Chart Road (Amber overspend +£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.

1.2.15 **Kent Thameside Strategic Programme: Amber (Re-phased -£0.966m underspend £0.323m)**

With continued uncertainty over future public sector funding commitment to this programme a review has been carried out. As a result, the delivery of the programme has been re-phased beyond 2012-15 by £0.966m. There is a reduction of forecast spend by £0.323m within the 3 year period to reflect reduced external funding available for this scheme.

Other Significant Variances

1.2.16 **Highways Major Enhancements: (Real overspend +£7.891m- (2012-2015))**

There is an anticipated over spend of +£0.450m in 2012-13 to deal with urgent capital repair works to drainage system resulting from the scheduled cleansing programme. This additional work will be funded from the Integrated Transport programme grant under spend.

In addition to the drainage issues, another £0.500m will be spent on high risk safety barrier repairs and replacement following county wide condition survey.

Structural testing of street lighting columns has identified urgent need for replacing high risk columns. Estimated cost for this work would be £0.600m. Both of these high risk Street lighting and drainage capital works will be funded from commuted sum receipt in advance. £0.050m revenue contribution was used for footway kerbing works related to Paralympic site.

There were some other maintenance works (£0.215m) carried out as part of the enhancement programme and these are expected to be funded from external other and developers.

Additional funding from DfT (£6.273m) was allocated to this programme in 13-14 and 14-15 as the result of the Chancellor's Autumn Statement on the 5 December 2012.

1.2.17 **Member Highway Fund: (Real overspend +£0.186m)**

The additional expenditure relates to implementing schemes related to previous year's Member High fund allocations and is funded from revenue.

1.2.18 Integrated Transport Schemes (IT): (Real overspend +£0.946m)

The three year programme (2012-15) now includes schemes that are expected to be funded (£1.233m) from developer contributions. A review of current year's programme has resulted in an under spend of £0.450m that will be used to fund the extra drainage pressure in maintenance. There is an additional over spend of £0.163m in the 2012-13 IT programme for a cycle scheme which is partly funded from Sustrans.

1.2.19 Sittingbourne Northern Relief Road: (Underspend -£0.160m and re-phasing -£0.413m)

Overall predicted scheme outturn has been reduced. This follows the completion of wider signing works with actual cost less than originally estimated together with a further reduction in residual risk provision. The part 1 compensation claims have been re-phased to beyond 2012-15.

1.2.20 East Kent Access Road Phase 2: (Underspend -£0.452m and re-phasing -£2.022m)

The underspend reflects the agreement on the main contract final account, revised estimates for land acquisition based on progress with land negotiations and revised LCA part 1 claim estimates based on a review with the completed scheme now operational. Part 1 claims have now been re-phased beyond 2012-15 as the result of the above mentioned review.

1.2.21 Victoria Way: (Underspend -£0.210m)

Reduced forecast reflects the agreement on the main contract final account and associated risk.

1.2.22 A2 Cyclopark: (Real overspend +£0.250m)

There is a predicted real overspend of £0.250m mainly due to activity since opening that will ensure sustainable operation and development of the facility into the future. This includes additional and final landscaping, acoustic dressing for two community rooms, acquisition of the wider land parcels as per the original overall plan, and installation of CCTV. This overspend will be funded from revenue underspends within the directorate and £0.018m from Member Highway Fund.

1.2.23 Ashford Drivers Roundabout and M20 J9 and Foot Bridge: (Real overspend +£3.023m)

The main contract final account has been successfully agreed after extensive assessment of major complex claims, by negotiation. This overspend will be funded from additional Growth Area Fund, unused receipt in advance, and capital contributions.

1.2.24 Growth Without Gridlock: (underspend -£5.000m)

The whole programme has been reviewed in light of the achievability of schemes within the timescale and as part of the capital budget process for 2013-16 the programme has been reduced by £5.000m.

1.2.25 HWRC- Ton & Malling; (Real underspend -£1.000m and Re-phased -£1.000m)

Based on a review of the project as part of the 2013-16 budget process, the cost of this scheme has been reduced by £1.000m. A land search for a suitable site is currently under way and the delivery of the project is now being re-phased by £1.000m.

Key issues and Risks

1.2.26 Cyclopark:

There is a further anticipated overspend relating to the primary engineering contract at the park and the contract for the professional management. Negotiations are underway to determine final contract costs in both respects now that works are largely completed. Details will be clearer in March once the negotiations should have been completed and will be reported once the final costs are known.

1.2.27 Integrated Transport Schemes:

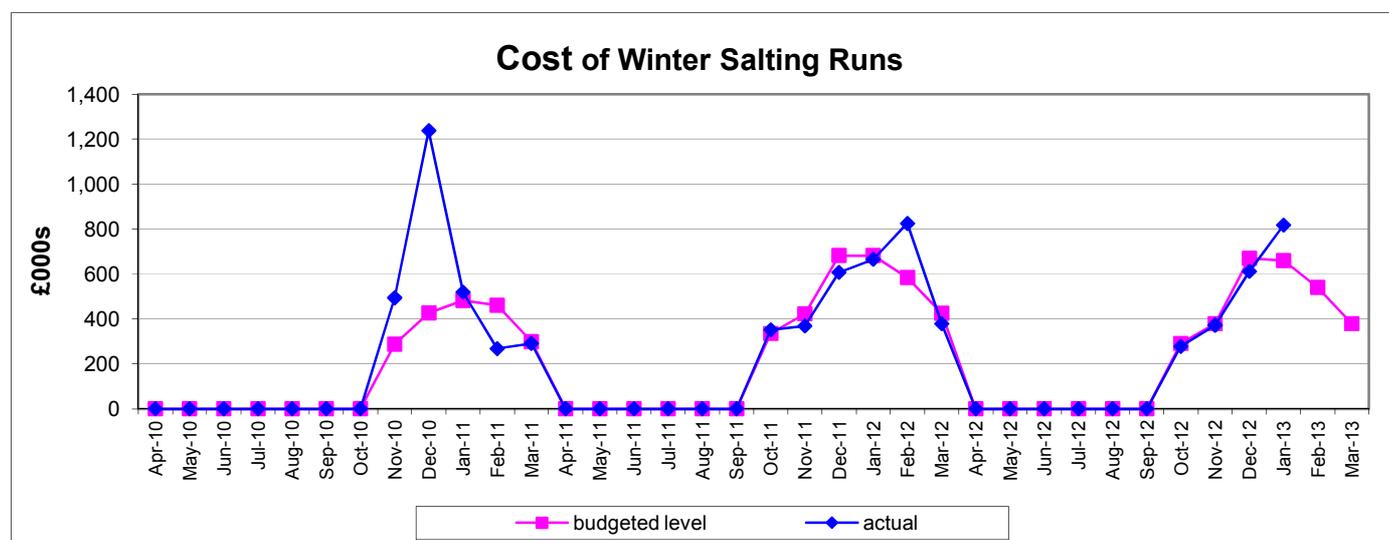
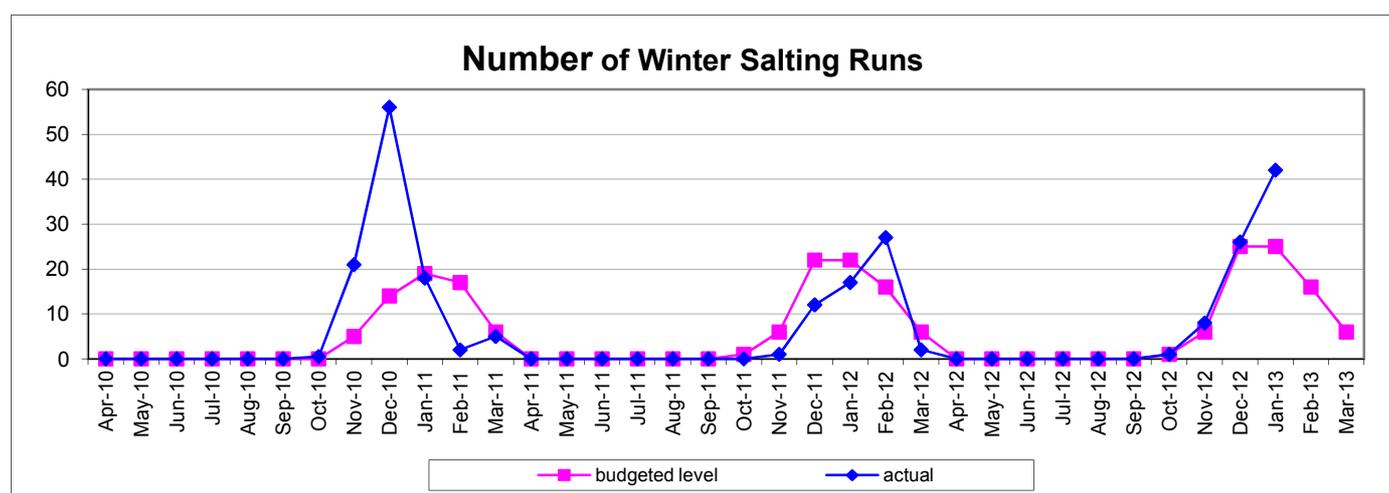
River Dour is one of the IT schemes partly (£0.450m) funded from Sustrans and the agreement with them is that the cycleway is available for use by 1 April 2013. This was thought possible at the time of signing the agreement. Recently a part of the project has been delayed due to technical reasons.

At present the likelihood for the scheme to be completed by 31 March is low with the worst case being that KCC needs to fund the £0.450m from the LTP allocation.

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	1	278	291
November	21	5	494	288	1	6	368	423	8	6	372	379
December	56	14	1,238	427	12	22	607	682	26	25	611	670
January	18	19	519	482	17	22	665	682	42	25	817	660
February	2	17	268	461	27	16	825	584	16	16	540	540
March	5	6	291	299	2	6	378	425	6	6	379	379
TOTAL	102.5	61	2,816	1,957	59	73	3,194	3,131	77	79	2,078	2,919

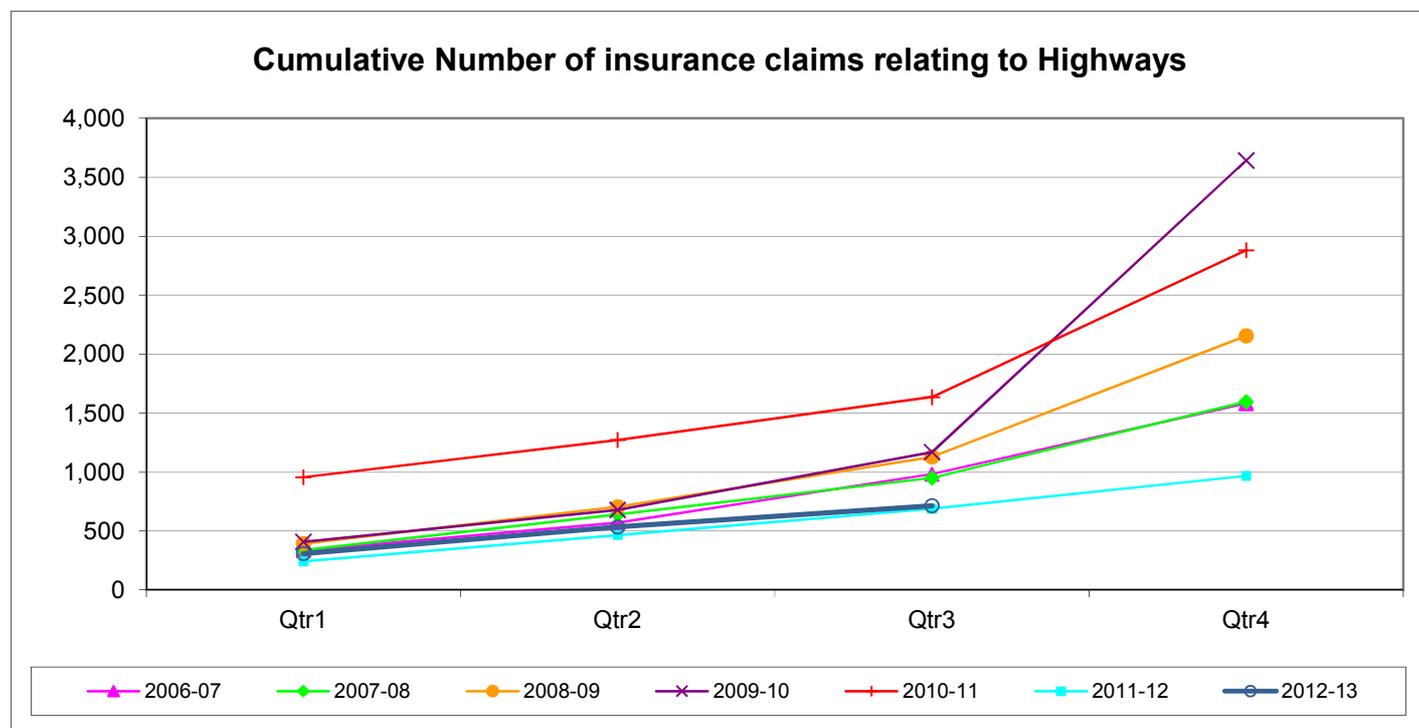


Comment:

- 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.
- Although the actual number of salting runs is higher than budgeted levels, the budgeted cost of salting runs was calculated using the worst case scenario in terms of the rate of spread of salt. As the actual spread of salt has been at a lower rate than assumed, this has resulted in the estimated costs of salting runs not being as high as the number of salting runs may suggest. The forecast pressure reported in 1.1.3.2.1.a includes other costs associated with adverse weather not directly attributed to salting runs such as costs related to snow clearance and the maintenance costs of farmer's ploughs and salt bins.

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	309
July-Sept	570	640	704	679	1,271	465	534
Oct-Dec	982	950	1,128	1,168	1,636	688	714
Jan- Mar	1,581	1,595	2,155	3,644	2,882	968	

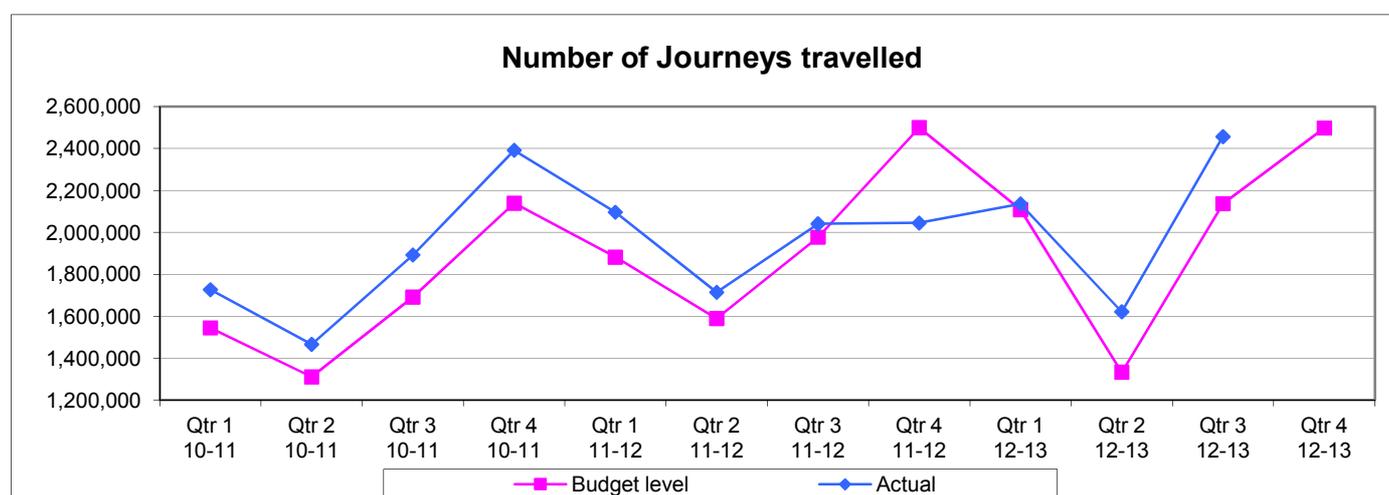
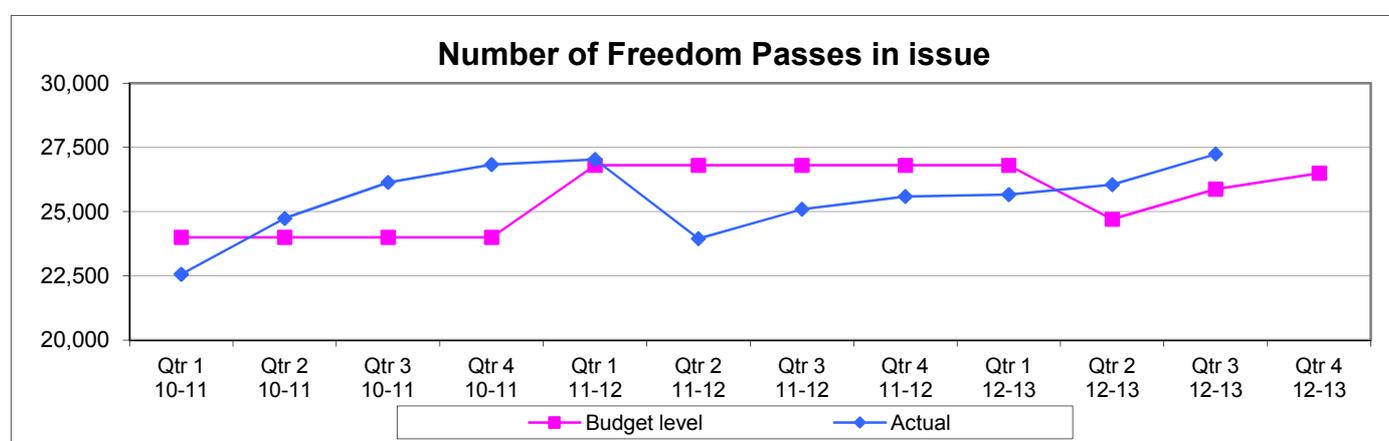


Comments:

- 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 31 December 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 in issue 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
Qtr 1 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	2,135,800
Qtr 2 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	1,621,250
Qtr 3 Oct - Dec	24,000	26,136	1,691,828	1,891,746	26,800	25,092	1,976,884	2,040,713	25,877	27,239	2,136,769	2,456,400
Qtr 4 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	6,213,450



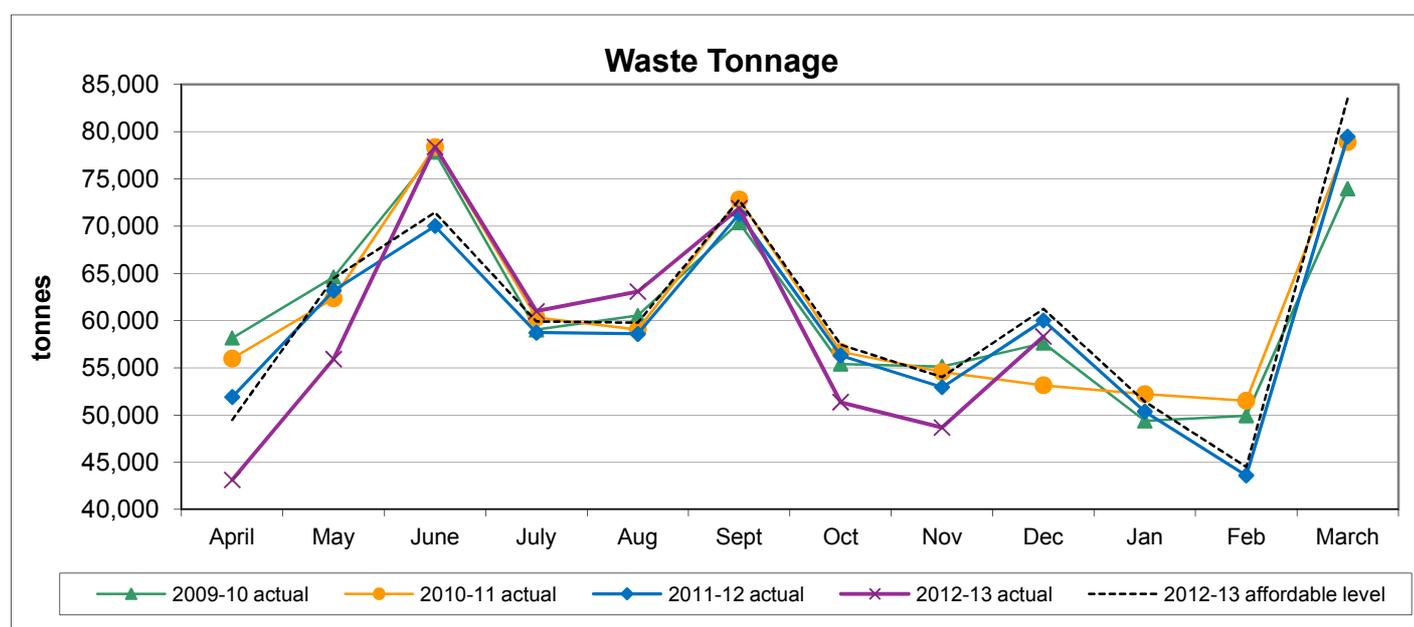
Comments:

- As predicted the number of Kent Freedom Passes was lower in the first quarter of 2012-13 compared to the same quarter in 2011-12 probably due to the fee increase. Applications since quarter one have steadily increased, due in part to changes in education transport policy, and actual journeys are higher than budgeted leading to a forecast pressure which is reported in section 1.1.3.4.b.
- The figures for actual journeys travelled are regularly reviewed and updated as further information is received from the bus companies, so may be subject to change
- 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	43,131	49,499
May	64,618	62,354	63,168	55,912	64,467
June	77,842	78,375	70,006	78,371	71,446
July	59,012	60,310	58,711	60,977	59,919
August	60,522	59,042	58,581	63,069	59,787
September	70,367	72,831	71,296	71,894	72,763
October	55,401	56,690	56,296	51,359	57,454
November	55,138	54,576	52,942	48,669	54,031
December	57,615	53,151	60,009	58,312	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	79,468		83,483
TOTAL	731,936	735,934	716,351	531,694	730,000

* 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 was adjusted in Quarter 1 2012-13 to take account of revised data received from districts.
- In Quarter 1 it was 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 nine months is approximately 18,900 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 28,000 tonnes below budget by year end. The forecast assumes that the reduction in waste volumes experienced in the period October to December will continue throughout the remainder of the year and this reduction is likely to be due to the changes to the operating policies at Household Waste Recycling Centres to stop accepting commercial waste at the sites.
- Waste tonnages will continue to be carefully reviewed as part of the regular monitoring process to Cabinet.

CUSTOMER & COMMUNITIES DIRECTORATE SUMMARY DECEMBER 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” i.e. where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits for the A-Z service analysis have been adjusted since the quarter 2 monitoring report to reflect a number of technical adjustments to budget including the centralisation of ICT budgets and further centralisation of property budgets to Corporate Landlord.
- The inclusion of a number of 100% grants (i.e. grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 of the executive summary.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Customer & Communities portfolio							
C&C Strategic Management & Directorate Support Budgets	10,139	-4,114	6,025	-655	-2	-657	Staffing vacancies offset by directorate and invest to save priorities
<u>Other Services for Adults & Older People:</u>							
- Drug & Alcohol Services	15,971	-14,609	1,362	0	0	0	
- Supporting People	25,605	0	25,605	-384	0	-384	unrealised creditors from prior years; re-tendering of contracts and variations during 12-13
	41,576	-14,609	26,967	-384	0	-384	
<u>Children's Services</u>							
<u>Education & Personal:</u>							
- Youth Service	8,643	-2,154	6,489	162	-37	125	increased activities in Youth centres & hubs offset by increased income. Costs of global camp at Swattenden Centre during Olympics offset by draw down from Big Events Fund reserve. Reduced income for Outdoor Education
- Youth Offending Service	5,539	-2,409	3,130	-357	-19	-376	Reduction in activity levels/placements. Staffing vacancies
	14,182	-4,563	9,619	-195	-56	-251	
<u>Community Services:</u>							
- Archive Service (incl Museum Development)	754	-187	567	-7	-30	-37	
- Arts Development (incl Turner Contemporary)	2,035	-103	1,932	13	-19	-6	
- Big Society	1,000	0	1,000	0	0	0	
- Community Learning & Skills	15,002	-15,355	-353	-121	121	0	Reduced income from course fees offset by savings against non staffing

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Community Safety	1,199	-226	973	-1	2	1	
- Community Wardens	2,884	0	2,884	-49	0	-49	Staff vacancies offset by contribution to IDVA fund
- Contact Centre & Consumer Direct	5,180	-1,859	3,321	-515	513	-2	CDSE - reduced staff numbers & impact of cost cutting exercise, offset by reduced income as a result of reduced activity
- Gateways	2,750	-635	2,115	-129	69	-60	Rephasing of Gateways opening, offset by replacement of furniture/equipment at existing gateways. Reduction of one staff post
- Library Services	16,154	-2,151	14,003	-216	224	8	Underrecovery of income offset against managed underspend
- Sports Development	2,600	-1,621	979	0	-4	-4	
- Supporting Independence & Supported Employment	1,361	-484	877	-206	98	-108	Reduction in staffing; increase in SIP programmes related to Neighbourhood Community projects
	50,919	-22,621	28,298	-1,231	974	-257	
<u>Environment:</u>							
- Country Parks	1,478	-911	567	23	-25	-2	
- Countryside Access (incl PROW)	2,876	-1,023	1,853	0	0	0	
	4,354	-1,934	2,420	23	-25	-2	
<u>Local Democracy:</u>							
- Community Engagement	710	0	710	9	0	9	
- Member Grants	1,266	0	1,266	0	1	1	
	1,976	0	1,976	9	1	10	
<u>Regulatory Services:</u>							
- Coroners	2,980	-475	2,505	-27	0	-27	
- Emergency Planning	841	-199	642	-222	-2	-224	Release of oil pollution boom reserve & staff vacancies
- Registration	2,738	-3,135	-397	267	-582	-315	Staffing vacancies; increased expenditure on software licences & equipment; increased income from ceremonies & associated licences
- Trading Standards	4,047	-735	3,312	-151	-85	-236	staffing vacancies
	10,606	-4,544	6,062	-133	-669	-802	
Total controllable	133,752	-52,385	81,367	-2,566	223	-2,343	
Assumed Management Action						0	
Forecast after Mgmt Action				-2,566	223	-2,343	

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 **C&C Strategic Management & Directorate Support Budgets: Gross -£655k, Income -£2k, Net -£657k**

There is a forecast underspend of -£189k against staffing in Business Transformation following a restructure of the unit as recruitment is taking longer than anticipated.

Following the Heads of Service and senior management reviews within the service there is a -£434k underspend on staffing. This is offset by anticipated spend on directorate and invest to save priorities totalling +£154k.

The current year's Corporate Communications budget included a roll forward sum of £400k, of which £250k was for staffing, and this has not been fully utilised. This, together with an underspend on staffing due to a delay in recruitment of certain posts following a restructure of the unit, has resulted in a forecast underspend on staffing of -£287k. There are other small variances totalling +£101k on gross and -£2k on income.

1.1.3.2 **Other Services for Adults & Older People:**

a. **Supporting People: Gross -£384k, Income Nil, Net -£384k**

Following a thorough review of the Supporting People year to date expenditure and the balance sheet, a number of unrealised creditors relating to prior years have been identified which are no longer deemed necessary and have been released accordingly, contributing -£224k to the forecast underspend. The remaining -£160k forecast gross variance is due to the impact of savings from re-tendering of contracts effective from 1 October 2012, which is the part year effect of the savings to be fully delivered in 2013/14.

1.1.3.3 **Children's Services – Education & Personal:**

a. **Youth Service: Gross +£162k, Income -£37k, Net +£125k**

There is a forecast pressure on activities in Youth Centres & Youth Hubs of +£212k, which is partially offset by an increase in income from those centres of -£170k. The Outdoor Education centres have suffered a decrease in income of +£141k as a result of reduced use of facilities by external clients largely due to the inclement weather over the summer. The service has part mitigated this pressure by reducing costs where possible, albeit a large majority of costs are fixed in nature, and a £90k part compensating reduction is forecast. Spend of £119k on a global camp at the Swattenden Centre providing activities for children during the Olympics, including trips to the Olympic park, is largely being met by a draw down from the Big Events Fund reserve. There are further under and over spends which are individually below £100k.

b. **Youth Offending Service: Gross -£357k, Income -£19k, Net -£376k**

During the year there has been lower than expected activity in secure accommodation placements which has led to a forecast underspend of -£131k. There has been a similar reduction in remand fostering placements, accompanying young offenders to court and youth offending activities which together total an underspend of -£68k. The notification for the 2013-14 funding from Youth Justice Board is yet to be finalised and pending the notification of future funding levels, the service is prudently holding a number of vacancies with a gross staffing underspend of -£158k being reported.

1.1.3.4 **Community Services:**

a. Community Learning & Skills: Gross -£121k, Income +£121k, Net nil

Tuition fee income from course fees is below expected levels for the 2012/13 academic year (Sept 2012 – March 2013), with a forecast under-recovery of +£321k. However, better than expected performance against the summer term of 2011/12 (April 2012 – August 2012) Adults Skills contract is partly offsetting this risk with additional income of -£200k anticipated from the Skills Funding Agency. There are mitigating gross underspends totalling -£121k across a range of budgets as a result of management action taken to offset this income shortfall.

b. Community Wardens: Gross -£49k, Income Nil, Net -£49k

There are two additional leavers since the last quarterly report and this has increased the staffing underspend to -£166k. The budget includes a built in vacancy management target, otherwise the projected underspend would be in excess of this. A one off contribution of £110k has been committed towards a multi-agency project aimed at setting up an Independent Domestic Violence Advocate fund.

c. Contact Centre & Consumer Direct: Gross -£515k, Income +£513k, Net -£2k

There has been a reduction in Consumer Direct call volumes that has led to a reduction in income, as the contract is based on a price per call, of +£520k. However this is offset by a -£470k gross underspend on staffing as a result of reduced staff numbers in line with the reduction in call volumes. A cost cutting exercise has identified further savings to offset the fall in income and this is currently forecast as -£45k. In addition there is a minor income variance relating to services which are no longer provided by the contact centre.

d. Gateways: Gross -£129k, Income +£69k, Net -£60k

The quarter 2 monitoring report included an underspend of -£159k as a result of the re-phasing of the opening of two multi-agency Gateways to 2013-14 (Herne Bay & Swanley). This saving is now partially offset by costs of £75k associated with the opening, in January 2013, of the Eden Centre, a new Gateway in Edenbridge, together with the costs of promoting services and the replacement of furniture, equipment and staff uniforms at existing gateways. A staffing saving of -£45k is now reported following the reduction of one post. The income shortfall results primarily from reduced funding from Gateway partners pending agreement on cost allocations.

e. Library Services: Gross -£216k, Income +£224k, Net +£8k

The income shortfall of +£224k relates to an under-recovery of income from a company that was commissioned to undertake certain merchandising activities and which is now in the process of going into liquidation. When the service became aware of the potential for this loss of income, management action was put in place with a resultant reduction in non staffing costs of -£302k forecast. However, there are some small offsetting gross pressures including an increase in merchandising purchases and additional costs at the Beaney Centre, totalling +£86k.

f. Supporting Independence & Supported Employment: Gross -£206k, Income +£98k, Net -£108k

The forecast income shortfall of +£98k is within Kent Supported Employment (KSE) and relates to the Department for Work & Pensions funded Work programme contract where referrals are below anticipated levels.

There is a -£252k gross variance relating to a reduction in staffing in KSE which has been achieved through improved performance, holding vacancies, as well as reduced activity to programmes such as the DWP contract referred to above.

Within the Supporting Independence Service there is a pressure related to grants to external providers of +£165k to support the Neighbourhood Community Projects, which is offset by underspending on staffing within these projects of -£90k, together with other small variances totalling -£29k.

1.1.3.5 Regulatory Services:

a. Coroners: Gross -£27k, Income NIL, Net -£27k

A roll forward of £150k was approved from 2011-12 for a backlog of long inquests, however £60k is forecast to fall into 2013-14 and so as not to place undue pressure on the 2013-14 budget, roll forward will be required to fund this re-phasing. This £60k underspend in the current year is partially offset by a pressure on staffing for long inquests.

b. Emergency Planning: Gross -£222k, Income -£2k, Net -£224k

There is a forecast underspend against staffing of -£71k as vacancies continue to be held following a restructure of the service during the year. In addition, the Oil Pollution Boom renewals reserve is no longer required following the effective commissioning of alternative arrangements, which transfers the responsibility for the boom to an external provider. Therefore, the balance on the reserve of -£136k has been drawn down and released back to revenue. Other minor variances totalling -£15k contribute to the overall -£222k gross variance.

c. Registration: Gross, +£267k, Income -£582k, Net -£315k

The Registration Service is predicting an underspend on staffing of -£182k arising from vacancies which have been held during the restructure and integration of Registration with the Libraries and Archives services. However, this is offset by some one-off costs relating to the purchase of additional software licences (+£220k) and equipment (+£200k). The income variance of -£562k follows a full reconciliation of income received to date, with amounts relating to the current and future years separately analysed. As the year end approaches, income is initially assumed to relate to deposits for future year ceremonies but this reconciliation has highlighted additional income relating to the current year. In addition, there has been a higher than expected number of weddings in the June to October period resulting in additional income from ceremonies and associated licences.

d. Trading Standards (including Kent Scientific Services): Gross -£151k, Income -£85k, Net -£236k

The combined service is forecasting an underspend on staffing of -£150k as there are a number of posts which have been held vacant during the year pending the restructure of the service.

The income variance, as mentioned in the quarter 2 report, consists of an over recovery of income from the Olympic Delivery Authority (-£26k), an improved income forecast for Kent Scientific Services of (-£22k), and additional income from the sale of a van as well as funding from the National Trading Standards Board to cover the costs of agency staff, which together total -£28k.

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

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
C&C	Contact Centre & Consumer Direct: reduction in income linked to reduced call volumes for Consumer Direct	+520	C&C	Registration Service: additional income from ceremonies & associated licences	-582
C&C	Community Learning & Skills: reduced tuition fee income from course fees for 2012-13 academic year	+321	C&C	Contact Centre & Consumer Direct: reduction in staff numbers in line with reduced call volumes for Consumer Direct	-470
C&C	Library Service: underrecovery of income from a company which is in the process of going into liquidation	+224	C&C	Strategic Management & Directorate Support: Staff savings following Heads of Service & senior management reviews	-434

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
C&C	Registration Service: purchase of additional software licences	+220	C&C	Library Service: managed underspend to offset unrecovered income from a company facing liquidation	-302
C&C	Youth Service: Increased activities at Youth centres/hubs	+212	C&C	Corporate Communications: staff savings from restructure & unspent roll forward	-287
C&C	Registration Service: purchase of equipment	+200	C&C	Supported Independence & Supported Employment: staffing underspend within KSE	-252
C&C	Supporting Independence: increase in grants to external providers to support the Neighbourhood Community Projects	+165	C&C	Supporting People: release of unrealised creditors from prior years	-224
C&C	Strategic Management & Directorate Support: expenditure on directorate priorities & Invest to Save Projects	+154	C&C	Community Learning & Skills: better than expected performance against Adult Skills contract in summer term resulting in increased income from Skills Funding Agency	-200
C&C	Youth Service: Outdoor Education reduction in use by external clients due to inclement weather	+141	C&C	Strategic Management & Directorate Support: staff savings from delay in recruiting to posts following Business Transformation restructure	-189
C&C	Youth Service: costs of global camp at Swattenden Centre during the Olympics	+119	C&C	Registration Service: staffing savings due to holding vacancies during restructure & integration with Libraries & Archives services	-182
C&C	Community Wardens: One-off contribution to Independent Domestic Violence Advocate Fund	+110	C&C	Youth Service: increased income at Youth Centres/hubs	-170
			C&C	Community Wardens: staff vacancies	-166
			C&C	Supporting People: savings from re-tendering of contracts effective from October 2013	-160
			C&C	Gateways: re-phasing of opening and change in specification of Swanley & Herne Bay gateways	-159
			C&C	Youth Offending Service: staff vacancy savings pending notification of future funding levels from Youth Justice Board	-158
			C&C	Trading Standards (including KSS): staffing vacancies	-150
			C&C	Emergency Planning: release of Oil Pollution Boom reserve	-136
			C&C	Youth Offending service: lower activity levels than expected in secure accommodation placements	-131
			C&C	Community Learning & Skills: effects of management action taken to offset income shortfall	-121
			C&C	Youth Service: costs of global camp at Swattenden Centre during the Olympics part funded by draw down from Big Events Fund reserve	-106
		+2,386			-4,579

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

The directorate is forecasting a significant underspend in order to contribute towards the authority's current and future year funding demands. 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:**

To try and minimise the impact of enforced redundancies, a number of the underspends reported in the sections above are where vacancies were being held and where consultation occurred or is ongoing in the current year, in order to achieve the significant budget savings approved by County Council on 14 February 2013.

Also, there remains a lack of clarity around funding allocations for future years which may well yet impact on future year budgets e.g. Youth Justice Board grant for 2013/14. In addition, the directorate is particularly sensitive to changes in income as close to 40% of the directorate's gross expenditure is funded by income and external grants. The final amounts for funding/grants may not be known for some time 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 to establish a loan fund to award loans/grants 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 subject to an annual review by KCC of, among other things, the demand within the market.

It is currently forecast that a further £1m will be donated in 2012/13. The approved budget for 2013/14 assumes that the 2013/14 contribution will be delayed until 2014/15 and this one-off saving is to be used as part of the budget measures for delivering a balanced 2013/14 budget.

Within the Coroners Service, there is a £60k re-phasing of the long inquests backlog into 2013-14, as explained in section 1.1.3.5a above.

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

The forecast underspend for the directorate is -£2,343k as shown in table 1. After adjusting for the roll forward requirement of £60k for the re-phasing of the back log of Coroners long inquests referred to in section 1.1.6 above, there is an underspend of -£2,283k which is contributing towards the £5m underspend from 2012-13 being used to support the overall 2013-14 KCC budget, as approved by County Council on 14 February 2013.

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 £13.687m (see table 1 below). The forecast outturn against this budget is £14.011m, giving a variance of +£0.324m. After adjustments for funded variances and reductions in funding, the revised variance comes to -£0.005 (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	13.551	
Approvals made since last reported to Cabinet	0.136	Virement from Modernisation of Assets budget held within Corporate Landlord
Revised approved budget	13.687	

1.2.5 Table 2 – Funded and revenue funded variances

Scheme	Portfolio	Amount £m	Reason
Cabinet to approve cash limit changes			
Modernisation of Assets - Youth Vehicles	C&C	0.041	To be funded from developer contributions
No cash limit changes to be made			
Public Rights of Way	C&C	0.085	To be funded from revenue (£0.063), external partner funding (£0.007) and Members Highways Fund within E&E (£0.015)
Country Parks	C&C	0.015	To be funded from revenue
Modernisation of Assets - Youth Vehicles *	C&C	0.146	To be funded from revenue
Trading Standards Vehicles	C&C	0.017	To be funded from revenue
Tonbridge Youth Facility *	C&C	0.025	To be funded from revenue
Total		0.329	

*The above variances were contained within a previous monitoring report and are only included here as cash limit changes are not made when variances are funded by revenue, hence this represents an accumulation of variance funded by revenue.

1.2.6 Table 3 – Summary of Variance

	Amount £m
Unfunded variance	0.000
Funded variance (from table 2)	0.063
Variance to be funded from revenue	0.266
Project underspend	-0.005
Rephasing (beyond 2012-15)	0.000
Total variance	0.324

1.2.7 **Scheme Progress**

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									
	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	£m
	(a)	(b)	(c)	(d)	(e)	(f)	(g) = (e - c)	(h) = (b+e+f)-a	
Public Rights of Way - Structural Maintenance	2.422	0.000	2.422	0.000	2.507	0.000	0.085	0.085	Green
Country Parks Access and Development	0.510	0.000	0.510	0.000	0.525	0.000	0.015	0.015	Amber - Delayed
Small Community Projects	2.510	0.000	1.510	1.000	1.510	1.000	0.000	0.000	Green
Library Modernisation Programme	3.113	0.295	1.898	0.920	1.898	0.920	0.000	0.000	Green
Modernisation of Assets	0.727	0.000	0.457	0.270	0.661	0.270	0.204	0.204	Green
Public Sports Facilities Improvements - Capital Grants	0.500	0.000	0.300	0.200	0.300	0.200	0.000	0.000	Green
Village Halls and Community Centres - Capital Grants	1.111	0.000	0.711	0.400	0.711	0.400	0.000	0.000	Green
The Beaney, Canterbury	3.756	3.365	0.391	0.000	0.391	0.000	0.000	0.000	Green
Turner Contemporary	17.400	17.400	0.000	0.000	0.000	0.000	0.000	0.000	Green
Gateways	6.924	4.824	2.100	0.000	2.100	0.000	0.000	0.000	Amber - Delayed
Ashford Gateway Plus	7.606	7.539	0.067	0.000	0.067	0.000	0.000	0.000	Green
Grant to Cobtree Trust	0.100	0.043	0.057	0.000	0.057	0.000	0.000	0.000	Green
Tunbridge Wells Library	0.469	0.028	0.441	0.000	0.441	0.000	0.000	0.000	Amber - Delayed
Kent History and Library Centre	10.981	10.625	0.356	0.000	0.356	0.000	0.000	0.000	Green
Gravesend Library	2.500	2.404	0.096	0.000	0.096	0.000	0.000	0.000	Green
Libraries Invest to Save	1.730	1.528	0.202	0.000	0.197	0.000	-0.005	-0.005	Green
New Community Facilities at Edenbridge	1.009	0.337	0.672	0.000	0.672	0.000	0.000	0.000	Amber - Delayed
Web Platform	1.139	0.810	0.329	0.000	0.329	0.000	0.000	0.000	Green
Youth Service Recognition	0.058	0.000	0.058	0.000	0.083	0.000	0.025	0.025	Green
CLS Service re-provision	0.482	0.000	0.482	0.000	0.482	0.000	0.000	0.000	Green
New Library and Community Centre, Cheeseman's Green	0.350	0.000	0.350	0.000	0.350	0.000	0.000	0.000	Green
Gateway phase 2 completion	0.150	0.000	0.150	0.000	0.150	0.000	0.000	0.000	Green
Dartford & Gravesham NHS trust Capital Contribution	0.128	0.000	0.128	0.000	0.128	0.000		0.000	Green
TOTAL	65.675	49.198	13.687	2.790	14.011	2.790	0.324	0.324	

- 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 **Country Park Access & Development (Re-phasing)** – The improvements to the car park at Manor Park is now expected to be completed by September 2013. Initially the works were due to be completed by the year end but the bedding in of the new grasscrete surface is going to take longer than expected, which would mean the car park being closed over the busiest summer months, so the commencement date has been rescheduled accordingly.
- 1.2.13 **Tunbridge Wells Library (Re-phasing)** - Practical completion is now scheduled to occur in the next financial year due to a combination of issues including protracted procurement and contractual processes as well as changes to specification. Contracts have now been signed.
- 1.2.14 **Edenbridge Community Centre – (Re-phasing)** - The contractor submitted an extension of time request in relation to the construction of the Edenbridge Centre and the associated housing development. The impact of this was that the opening of the centre was delayed. The facility is being opened in phases with the Church and the Library opening their doors on the 2 January 2013. The remaining partners will be moving in over the coming months. The official opening event will be held on the 6 March 2013.
- 1.2.15 **Gateways (Re-phasing)** – The ICT Multi-Channel project has been re-aligned to run in parallel with the ICT Infrastructure investment (within the BSS portfolio) and the requirements of the single customer account as the various projects are dependent on one another.

Other Significant Variances

- 1.2.16 None to report.

Key issues and Risks

- 1.2.17 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.
- 1.2.18 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 1.2.21 below). Funds are also required at Folkestone, for the library element of Edenbridge Community Centre and some Modernisation costs at Tunbridge Wells.
- 1.2.19 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.

- 1.2.20 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.
- 1.2.21 Tunbridge Wells Library - 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 will be regularly reviewed as part of the project management in an attempt to mitigate any risks. Any increase in scope or costs will be reported as part of the monitoring process.
- 1.2.22 Libraries Invest to Save – The project is now complete, with 42 of the self service radio frequency identification (RFID) terminals now installed and fully operational at sites across the county. A small underspend is anticipated. The only residual risk pertinent to this project is that the funds being set aside to replenish/replace the current technology at the end of its useful economic life is insufficient but this will be reviewed on a regular basis.
- 1.2.23 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. Delivery of the programme is dependent on appropriate ICT resources being available. Previously, a risk was highlighted that the existing budget of £0.329m might be insufficient to fully fund the replacement. This potential risk has materialised and further funding of £0.455m has been secured in the 2013/14 Medium Term Financial Plan that was approved by County Council in February 2013.
- 1.2.24 Youth Service Vehicles – the Integrated Youth Service has purchased a total of 6 vehicles in order to replenish and replace an ageing fleet in anticipation of the launch of the new youth transformation which occurred in January 2013. An additional 1 vehicle is to be purchased, funded mainly from developer contributions, since the last report. The above investment, along with the existing renewals programme, will achieve the intended outcome of at least one vehicle per district in the new model.
- 1.2.25 Post mortem facility - this is a capital contribution to a much larger project led by Dartford & Gravesham NHS Trust, of which the post mortem facility is just a part of, so there is a risk that the overall cost, specification and timing is not in line with expectation. This is outside of the direct control of the authority but will be mitigated by regular dialogue with the Trust.
- 1.2.26 Kent History and Library Centre – The Centre was officially opened by HRH The Duke of Kent on 11 December 2012. There have been no additional costs recorded on this project since the last report, with the slightly higher spend on fit out compensated by a compensating underspend on the public realm.

The remainder of the tree works and signage will be completed in the spring. The Gormley sculptures will be installed once the necessary groundwork has been undertaken and progress will be updated in future reports.

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

N/A

BUSINESS STRATEGY & SUPPORT DIRECTORATE SUMMARY DECEMBER 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 2 report to reflect a number of technical adjustments to budget including the centralisation of ICT budgets and further centralisation of property budgets to Corporate Landlord.
- 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	
Regeneration & Enterprise portfolio							
Directorate Management & Support	166	0	166	-17	14	-3	
Development Staff & Projects	4,979	-1,492	3,487	3	0	3	
Total R&E portfolio	5,145	-1,492	3,653	-14	14	0	
Finance & Business Support portfolio							
Finance & Procurement	18,629	-7,303	11,326	-419	219	-200	Many staff appointed at bottom of grade, budget based on mid-point of grade; Edukent pressures offset with draw down from Reserve; relocation and accommodation costs
Total F&BS portfolio	18,629	-7,303	11,326	-419	219	-200	
Business Strategy, Performance & Health Reform portfolio							
Strategic Management & Directorate Support budgets	2,893	-4,520	-1,627	-87	0	-87	
Governance & Law	10,337	-12,470	-2,133	-191	317	126	Staffing vacancies; difficulties generating external work
Business Strategy	3,216	-139	3,077	-233	-21	-254	Staffing vacancies and delays in recruitment

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Property & Infrastructure	29,484	-4,686	24,798	327	-312	15	Extension to leasehold payments; more cautious approach to capitalising spend; use of Capital Grant to fund revenue expenditure; re-phasing of New Ways of Working; management action against central budgets; small variances in income
Human Resources	16,684	-5,645	11,039	169	-323	-154	Under recovery of income on Schools Personnel Services, partially offset by underspend on staffing; additional training costs partially offset by extra income; increased demand to support restructures resulting in staffing pressure on Employee Services; i
Information & Communication Technology	34,087	-13,250	20,837	767	-767	0	IT pay as you go activity funded by additional income
Total BSP&HR portfolio	96,701	-40,710	55,991	752	-1,106	-354	
Democracy & Partnerships portfolio							
Finance - Internal Audit	1,103	-34	1,069	-64	-44	-108	
Business Strategy - International & Partnerships	1,007	-223	784	-104	46	-58	
Democratic & Member Services	3,865	-3	3,862	58	-81	-23	
Local Democracy:							
- Member Grants incl. County Council Elections	1,273	0	1,273	-14	0	-14	
Total D&P portfolio	7,248	-260	6,988	-124	-79	-203	
Total BSS Controllable	127,723	-49,765	77,958	195	-952	-757	
Assumed Management Action:							
- R&E portfolio						0	
- F&BS portfolio						0	
- BSP&HR portfolio						0	
- D&P portfolio						0	
Forecast after Mgmt Action				195	-952	-757	

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 -£419k, Income +£219k, Net -£200k

Within the gross underspend is **-£302k** relating to staffing as 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. There is a pressure of **+£249k** against Edukent resulting from reduced income, and a further pressure of **+£281k** primarily resulting from additional costs relating to the Contractor Services Billing system. This net pressure will be funded via a drawdown of **-£530k** against gross expenditure from the Dedicated Schools Grant – Central Expenditure Reserve. The centralisation of finance has resulted in additional one-off relocation and accommodation costs causing a pressure of **+£140k**. There are also a number of small variances below £100k totalling **-£8k** against gross and **-£30k** against income.

Business Strategy, Performance & Health Reform portfolio:

1.1.3.2 Governance & Law: Gross -£191k, Income +£317k, Net +£126k

The underspend on gross expenditure of **-£191k** primarily consists of **-£154k** on staffing budgets as the unit has been carrying vacancies; non-staffing budgets are underspending by **-£37k**. There is a reduced income forecast of **+£317k** as there have been difficulties in generating new external work. The forecast remains volatile as demand for the service will inevitably move in the final quarter.

1.1.3.3 Business Strategy: Gross -£233k, Income -£21k, Net -£254k

There is currently an underspend of **-£124k** against staffing resulting from vacancies and delays in recruitment. There are also a number of small variances against non-staffing budgets totalling **-£109k** and a small income variance of **-£21k**.

1.1.3.4 Property & Infrastructure: Gross +£327k, Income -£312k, Net +£15k

Property Group is forecasting a **+£327k** gross pressure with a compensating increase in income of **-£312k** against 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. Delivery of these savings is a top priority 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 reflected in the 2013-15 MTFP. Also, dedicated resources have been put in place to programme manage the New Ways of Working initiative (formerly the Work Place Transformation Programme) 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. This, together with issues outlined above have resulted in a **+£996k** gross pressure against Corporate Landlord budgets.

As a consequence Property Group is planning to use **-£580k** of the DFE Local Authority Capital Maintenance Grant, currently shown within their capital budget, to cover the expenditure that was previously capitalised, as the grant rules allow us to fund revenue expenditure from it. Also a number of centrally held budgets within Property Group have been subject to management action and the resulting under-spend of **-£505k** will be used to offset the pressures within Corporate Landlord. Additional clarity around the New Ways of Working initiative has identified a gross underspend of **-£164k** resulting from delays in office moves which have re-phased into 2013-14. This will require a roll forward to 2013-14 in order fund the re-phasing of these one off costs.

Although income is forecast to be **-£312k** more than budget, **-£580k** relates to the use of the capital grant referred to above. There are small (under £100k) under-recoveries in income across a number of budgets within Property Group which total **+£268k**.

1.1.3.5 Human Resources: Gross +£169k, Income -£323k, Net -£154k

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

£327k, but also a partially compensating underspend, mainly on salaries of **£285k**. 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 **£299k**, mainly on staffing, which is partially offset by increased income of **£256k**. There is a further pressure of **£187k** on the cost of providing training, especially professional training for social workers, but this is largely offset by an additional **£177k** of income. The Kent Graduate programme is showing an underspend of **£121k** due to staff finding permanent jobs and leaving the scheme early. A pressure of **£100k** 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 **£122k**. There are a number of smaller gross and income variances against the rest of Human Resources, including Health and Safety, the Divisional budget and the 'Grads Kent' website. These in total add up to a gross of **£11k** and income of **£95k**.

1.1.3.6 Information & Communication Technology: Gross +£767k, Income -£767k, Net Nil

Variances of **£767k** and **£767k** on gross and income respectively reflect the increased demand for additional IT Pay-as-you-go services. Ad hoc demand for services is difficult to predict during budget setting.

Democracy & Partnerships portfolio:

1.1.3.7 Business Strategy – International & Partnerships: Gross -£104k, Income +£46k, Net -£58k

There is an underspend of £104k on gross resulting from reduced spend on a number of non-staffing budgets, primarily specialist fees, rents, and other running costs.

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	Property & Infrastructure Gross - extensions to leasehold payments; and more cautious approach to capitalising expenditure	+996	BSPHR	ICT Income: Information Systems income from additional pay as you go activity	-767
BSPHR	ICT Gross: Information Systems costs of additional pay as you go activity	+767	BSPHR	Property and Infrastructure Income - Use of Local Authority Capital Maintenance Grant to fund revenue expenditure previously categorised as capital	-580
BSPHR	Human Resources Income - under recovery of income target by Schools Personnel Service	+327	F&BS	Finance & Procurement Gross: draw down of Dedicated Schools Grant - Central Expenditure reserve to offset pressure within Edukent	-530
BSPHR	Governance & Law Income - difficulties in generating new external work	+317	BSPHR	Property & Infrastructure Gross - management action/underspend on central budgets	-505

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
BSPHR	Human Resources Gross - pressure on Employee Services budget mainly on staffing	+299	F&BS	Finance & Procurement Gross - staffing underspend	-302
F&BS	Finance & Procurement Gross: additional Edukent costs, primarily for the Contractor Services Billing system	+281	BSPHR	Human Resources Gross - underspend on Schools Personnel Service mainly on salaries, partially off-setting under delivery of income target	-285
F&BS	Finance & Procurement Income: reduced income for Edukent	+249	BSPHR	Human Resources Income - increased Employee Services income	-256
BSPHR	Human Resources Gross - pressure on providing training	+187	BSPHR	Human Resources Income - additional training income	-177
F&BS	Finance & Procurement Gross: relocation and accommodation costs following centralisation	+140	BSPHR	Property & Infrastructure Gross - re-phasing of New Ways of Working initiative	-164
BSPHR	Human Resources Gross - increased spend relating to Rewards	+100	BSPHR	Governance & Law Gross - vacancies on staffing	-154
			BSPHR	Business Strategy Gross - staffing underspend	-124
			BSPHR	Human Resources Income - increased income relating to Rewards	-122
			BSPHR	Human Resources Gross - underspend on Kent Graduate Programme	-121
		+3,663			-4,087

1.1.4 Actions required to achieve this position:

None

1.1.5 Implications for MTFP:

Property Division has submitted new phasing for their Total Place savings, moving £1.3m to future years and the 2013-15 MTFP has been 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 – this will need to be quantified each year dependent on the spend incurred.

In HR – Schools Personnel Service have realigned their gross and income budgets within the 2013-15 MTFP to reflect their Business Plans for 2013-14.

1.1.6 Details of re-phasing of revenue projects:

Property & Infrastructure

New Ways of Working activity will need to be re-phased following delays in office moves (as detailed in section 1.1.3.4). Roll forward of £164k to 2013-14 will be required in order to fund the re-phasing of this programme.

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

Of the -£757k underspend shown in table 1, revenue project re-phasing accounts for +£164k (as detailed in section 1.1.6 above), leaving an underlying underspend of -£593k, which is contributing towards the £5m underspend from 2012-13 being used to support the overall 2013-14 KCC budget, as approved by County Council on 14 February 2013.

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 £137.567m (see table 1 below). The forecast outturn against this budget is £102.852m, giving a variance of -£34.715m.

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 & Economic Development	
	£m	£m	£m	
Approved budget last reported to Cabinet	137.703	33.476	104.227	
Approvals made since last reported to Cabinet	-0.136	-0.136		Virement from MOA to C&C
Revised approved budget	137.567	33.340	104.227	

1.2.5 Table 2 – Funded and Revenue Funded Variances

Scheme	Portfolio	Amount £m	Reason
Cabinet to approve cash limit changes			
No cash limit changes to be made			
Rendezvous site Margate	R&ED	0.002	Revenue funded
Total		0.002	

1.2.6 Table 3 – Summary of Variance

	Total	Business Strategy, Performance & Health Reform	Regeneration & Enterprise
Reason	£m	£m	£m
Unfunded variance			
Funded variance (from table 2)	0.000		
Variance funded by revenue (from table 2)	0.002		0.002
Project underspend	-12.984	-0.700	-12.284
Rephasing (beyond 2012-15)	-21.733		-21.733
Total variance	-34.715	-0.700	-34.015

1.2.7 Main reasons for variance

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

	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	£m
	(a)	(b)	(c)	(d)	(e)	(f)	(g) = (e - c)	(h) = (b+e+f)-a	
BSP&HR									
Modernisation of Assets	17.602	0.000	12.861	4.741	12.861	4.741	0.000	0.000	Green
Disposal Costs	1.000	0.000	0.750	0.250	0.750	0.250	0.000	0.000	Green
Corporate Property Strategic Capital	2.851	0.000	2.851	0.000	2.151	0.000	-0.700	-0.700	Green
Connecting Kent	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	Green
Connecting with Kent	2.413	1.653	0.760	0.000	0.760	0.000	0.000	0.000	Green
Oracle Release 12	1.613	1.383	0.230	0.000	0.230	0.000	0.000	0.000	Green
Oracle Self Service Development	0.633	0.566	0.067	0.000	0.067	0.000	0.000	0.000	Green
Property Asset Management System	0.310	0.000	0.310	0.000	0.310	0.000	0.000	0.000	Amber - Delayed
Sustaining Kent - Maintaining the Infrastructure	10.845	7.875	2.970	0.000	2.970	0.000	0.000	0.000	Green
New Work Spaces	1.030	1.030	0.000	0.000	0.000	0.000	0.000	0.000	Green
Connecting Kent	0.255	0.255	0.000	0.000	0.000	0.000	0.000	0.000	Green
Enterprise Resource Programme (PHASE 1)	2.018	0.164	1.854	0.000	1.854	0.000	0.000	0.000	Amber - Delayed
Energy Efficiency and Renewable Energy in the KCC Estate - Solar Panels (spend)	0.321	0.000	0.321	0.000	0.135	0.000	-0.186	-0.186	Green
Integrated Childrens System	1.326	0.012	1.314	0.000	1.314	0.000	0.000	0.000	Amber - Delayed
Faversham Family Centre	0.026	0.000	0.026	0.000	0.026	0.000	0.000	0.000	Green
Energy Efficiency and Renewable Energy in the KCC Estate - (plan)	0.182	0.000	0.182	0.000	0.368	0.000	0.186	0.186	Green
Enterprise Resource Programme (PHASE 2)	0.500	0.000	0.500	0.000	0.500	0.000	0.000	0.000	Amber - Delayed
New Work Spaces	8.831	0.487	8.344	0.000	8.344	0.000	0.000	0.000	Green
BSP&HR Total	51.756	13.425	33.340	4.991	32.640	4.991	-0.700	-0.700	

	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	£m
	(a)	(b)	(c)	(d)	(e)	(f)	(g) = (e - c)	(h) = (b+e+f)-a	
East Kent Empty Property Initiative	6.625	5.356	1.269	0.000	1.269	0.000	0.000	0.000	Green
No Use Empty - Rented Affordable Homes project	1.000	0.000	1.000	0.000	1.000	0.000	0.000	0.000	Green
Euro Kent	6.398	5.974	0.424	0.000	0.140	0.000	-0.284	-0.284	Green
Dover Priory Station Approach Road	1.604	1.575	0.029	0.000	0.029	0.000	0.000	0.000	Green
Rural Broadband Demonstration Project	2.458	0.000	2.458	0.000	2.458	0.000	0.000	0.000	Green
Tram Road/Tontine Street Road Works	0.100	0.006	0.094	0.000	0.094	0.000	0.000	0.000	Green
Folkestone Heritage Quarter (HLF)	0.400	0.000	0.400	0.000	0.400	0.000	0.000	0.000	Green
Old Town Hall Operating costs Capital	0.150	0.006	0.144	0.000	0.095	0.049	-0.049	0.000	Green
Managed Work Space - The Old Rectory	0.180	0.000	0.180	0.000	0.180	0.000	0.000	0.000	Green
Swale Parklands	0.999	0.827	0.172	0.000	0.172	0.000	0.000	0.000	Green
Rendezvous Site - Margate	0.000	0.000	0.000	0.000	0.002	0.000	0.002	0.002	Green
Broadband	20.000	0.000	20.000	0.000	15.000	5.000	-5.000	0.000	Amber - Delayed
Capital Regeneration Fund	10.106	0.000	10.106	0.000	10.106	0.000	0.000	0.000	Green
Empty Property Initiative	10.951	0.000	5.951	5.000	5.951	5.000	0.000	0.000	Green
Margate Housing	10.000	0.000	10.000	0.000	8.750	1.250	-1.250	0.000	Green
Regional Growth Fund	40.000	0.000	40.000	0.000	24.566	15.434	-15.434	0.000	Amber - Delayed
LAMS	12.000	0.000	12.000	0.000	0.000	0.000	-12.000	-12.000	Green
R&ED Total	122.971	13.744	104.227	5.000	70.212	26.733	-34.015	-12.282	
BSS Total	174.727	27.169	137.567	9.991	102.852	31.724	-34.715	-12.982	

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.

Business Strategy, Performance and Health Reform Portfolio:

- 1.2.12 **Integrated Childrens System:** -£0.207m re-phasing within the three year period. The original project timeline with the practical completion date of 31 March 2013, was optimistic and once the project team started working through the detail it became evident that it was not achievable. It has been agreed to phase the roll out, which would see the main part of ICS going live at the end of May 2013.
- 1.2.13 **Enterprise Resource Programme (Phase 1):** This project was originally planned to be completed by 31st March 2013. Synchronised sign on and elements of remote access work streams cannot be delivered until server refresh has completed. This has resulted in a small amount of re-phasing (-£0.114m) into 2013-14.
- 1.2.14 **Enterprise Resource Programme (Phase 2):** -£0.500m re-phasing within the three year period. Sufficient funding remains from phase 1 to cover initial stages of phase 2. Plans are being developed for the phase 2 money and are likely to be utilised in the first few months of 2013-14.
- 1.2.15 **Property Asset Management System:** -£0.280m re-phasing within the three year period. The specification for the system was drawn up when the business was very different. A business analysis is being undertaken to double check suitability of the preferred system and to ensure that Atrium delivers what is required. This has delayed implementation of the new system from March 2013 to December 2013. The impact of this is that the current Atrium system will now be retired by September and the Enterprise system by December.

Regeneration & Economic Development Portfolio:

- 1.2.16 **Regional Growth Fund:** -£15.434m has been re-profiled beyond 2012-15 based on the best estimates of applications expected for the Expansion East Kent Fund. It is still anticipated that the money will be distributed in accordance with the grant rules and within the timescale specified.
- 1.2.17 **Broadband:** -£5.000m has been re-phased to beyond 2012-15. Due to delays at a national level in finalising the BDUK procurement framework and the UK state aid notification with the EU, the implementation of the Kent and Medway BDUK programme has been delayed. As a result, suppliers are now informing Government that it will be necessary to extend the implementation window beyond March 2015. Given that Kent has an early slot on the procurement pipeline, we anticipate that the project will be completed by the end of December 2015. We anticipate that we should have a more detailed spend profile post procurement in April 2013.

Other Significant Variances

- 1.2.18 **Local Authority Mortgage Scheme (R&ED)** – underspend of -£12.000m. The LAMS initiative is now to be handled as part of the Investments and Treasury function and therefore will no longer form part of the capital monitoring.

- 1.2.19 **Corporate Property Strategic Capital (BSP&HR)** – 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.
- 1.2.20 **Euro Kent (R&ED)** – underspend of -£0.284m There forecast underspend is due to a reduction in the forecast of compensation claims which are payable under the Land Compensation Act Part 1.
- 1.2.21 **LIVE Margate (R&ED)** – re-phasing beyond 2012-15 of -£1.250m. The programme has been re-aligned according to the latest model.
- 1.2.22 **Capital Regeneration Fund (R&ED)** – re-phasing of -£6.115m from 12-13 to 13-14. This re-phasing reflects the latest estimates of bids received.
- 1.2.23 **New Work Spaces (BSP&HR)** – re-phasing of -£3.694m from 12-13 to 13-14. The New Work Spaces programme is currently finalising proposals for three office hubs and localised hubs. Negotiations are being finalised so that the necessary arrangements can be put in place before the end of the year but the payment is likely to fall in the 1st quarter for 2013-14.
- 1.2.24 **Modernisation of Assets (BSP&HR)** – re-phasing of -£1.000m from 12-13 to 13-14. Some works due to commence this financial year will run into 2013-14 for completion.
- 1.2.25 **East Kent Empty Property Initiative (R&ED)** – re-phasing of -£0.620m from 12-13 to 13-14 due to a lower than anticipated level of loans being distributed in the current year.
- 1.2.26 **Sustaining Kent (BSP&HR)** – re-phasing of -£0.470m from 12-13 to 13-14. Part of this project was to be a planned full roll out before year end but due to the purchasing of software licences this has been delayed until the first part of 2013-14. This has not impacted on the planned overall completion date of this project which is 31st March 2014.

Key issues and Risks

- 1.2.27 **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

2.1 Capital Receipts

2.1.1 The total forecast receipts expected to come in during 2012-13 is £17.369m. This is broken down between the various “pots” as detailed in the tables below.

2.1.2 Capital Receipts Funding Capital Programme

	2012-13
	£m
Capital receipt funding required for capital programme	6.255
Banked in previous years and available for use	3.202
Receipts from other sources*	1.880
Requiring to be sold this year	1.173
Forecast receipts for 2012-13	7.290
Potential Surplus / (Deficit)	6.117

2.1.3 The total capital receipt funding required to fund projects in the capital programme per the latest forecasts for 2012-13 totals £6.255m. 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 £1.173m.

2.1.4 Current forecasts show receipts expected in during 2012-13 will total £7.290m, which leaves a potential surplus on capital receipt funding in the capital programme of £6.117m. This will continue to be monitored over the remainder of the year. Any “surplus” receipts achieved in 2012-13 will be needed to fund projects in the future years capital programme.

PEF1

2.1.5 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.

2.1.6 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.

2.1.7 Forecast 2012-13 position

	2012-13
	£m
Opening balance 1st April 2012	-5.567
Planned receipts	0.532
Costs	-0.021
Planned acquisitions	0.000
Closing balance	-5.056

2.1.8 The previous table shows the opening balance on the fund as being -£5.567m. With forecast PEF1 receipts of £0.532m and associated costs of £0.021m, this results in a forecast closing balance of -£5.056m, which is within the permitted £10m overdraft limit.

Revenue position

2.1.9 The balance brought forward at the 1st 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 -£0.494m against the overdraft facility, the PEF1 is forecasting a £2.787m deficit on revenue, which will be rolled to be met from future income streams.

PEF2

2.1.10 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.

2.1.11 Overall Forecast Position on the Fund:

	2012-13
	£m
<u>Capital</u>	
Opening balance	-14.196
Properties to be agreed into PEF2	0.000
Purchase of properties	-1.104
Forecast sale of PEF2 properties	**9.547
Disposal costs	-0.388
Closing Balance	-6.141
<u>Revenue</u>	
Opening balance	-4.231
Net interest on borrowing	-0.478
Holding costs	-0.046
Closing balance	-4.755
Overall closing balance	-10.896

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

2.1.12 The forecast closing balance on the fund is -£10.896m, within the overdraft limit of £85m.

2.1.13 The forecast position on both PEF funds show that the funds are operating well within their acceptable parameters.

FINANCING ITEMS SUMMARY DECEMBER 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 quarter 2 report to reflect a number of technical adjustments to budget including a virement for £300k from the underspending on net debt charges, together with a virement of £850k from the Initiatives to Boost the Economy budget within the Other Financing Items budget to EH&W portfolio for pot hole repairs following the January/February snow.
- 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	
Finance & Business Support Portfolio							
Carbon Reduction Commitment Levy	400		400	-150		-150	underspend on carbon reduction commitment energy efficiency scheme
Contribution to/from Reserves	9,962		9,962	1,409		1,409	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	-1,250		-1,250	lower than anticipated recorded claims/ settlements paid
Modernisation of the Council	3,320		3,320			0	
Contingency for Children's Improvement Plan	0		0			0	budget transferred to SCS
Net Debt Charges (incl Investment Income)	129,338	-9,048	120,290	-6,104	1,324	-4,780	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	1,514	-36	1,478	-225	0	-225	subscriptions & various other underspends
Unallocated	3,048	0	3,048	-3,048	0	-3,048	earmarked funds to offset shortfall in Commercial Services contribution & other pressures
Unringfenced Government Grants		-90,589	-90,589			0	
Total F&BS portfolio	149,182	-99,673	49,509	-9,368	1,324	-8,044	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Business Strategy, Performance & Health Reform portfolio							
Contribution to IT Asset Maintenance Reserve	3,302		3,302			0	
Democracy & Partnerships portfolio							
Audit Fees	464		464	-150		-150	reduction in audit fee
Total Controllable	152,948	-99,673	53,275	-9,518	1,324	-8,194	

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

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

Finance & Business Support Portfolio:

1.1.3.1 Carbon Reduction Commitment Levy:

There is an anticipated underspend of £0.150m against the carbon reduction commitment energy efficiency scheme.

1.1.3.2 Modernisation of the Council:

Any variance against this budget will be transferred to/from reserves in line with usual practice, hence a balanced position is forecast.

1.1.3.3 Net Debt Charges (including Investment Income):

- There is a saving of £0.159m which relates to the write-down in 2012-13 of the £4.024m discount saving on debt restructuring undertaken at the end of 2008-09. (£3.865m was written down during the period 2008-12).
- There is a saving of £4.572m 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 during 2012-13 and cash balances have been relatively high during the year. In addition, there is an improvement in interest returns following the reinstatement of previously suspended counterparties and some lengthening of deposit durations.
- A £0.452m 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 +£0.403m. As reported in 2010-11, we have adopted the asset life method of calculating MRP. This method provides authorities with the option of applying MRP over the life of the asset once it is in operation, so for assets that are not yet operational and still under construction we effectively have an "MRP holiday". However, once these assets do become operational we will incur MRP in the following year. MRP is based on capital expenditure incurred in the previous year and therefore cannot be calculated until the previous year's accounts have been finalised and audited. 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.

1.1.3.4 Insurance Fund:

In the 2012-13 budget additional funding of £1.250m 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 £1.250m against the Insurance Fund this year mainly due to lower claims settlements paid and a 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 just a few significant claims. It should be noted that the Municipal Mutual Scheme of Arrangements has been triggered which will generate a claw back from the Council to meet the outstanding liabilities of the insurer. It is not known when this might take place or how much might be involved, however there is some suggestion that an initial request for funds might be made within the next financial year and could be in the region of 10% of the total exposure of the Council which is currently in excess of £4m. Funding was added to the Insurance reserve during 2011-12 for the potential impact of this claw back and therefore funds are available to cover this liability.

1.1.3.5 Contributions to/from reserves:

- As planned, the £0.159m 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 £1.250m will be transferred to the Insurance Reserve in line with usual practice.

1.1.3.6 Other:

A £0.225m underspend is forecast against the other financing items budgets, mainly local authority subscriptions (£0.100m), together with variances on various other budgets totalling £0.125m.

1.1.3.7 Unallocated:

A £3.048m underspend is forecast. These funds were being held back for anticipated pressures arising during the year, which are now included within directorate/portfolio forecasts, including the forecast shortfall against the Commercial Services contribution as reported in annex 4, which relates to £0.640m of approved costs of restructure and reorganisation, £0.150m of one-off restructuring costs and a re-phasing of £0.430m of the increased income target built into the current year budget but is not now expected to be achieved until 2013-14.

Democracy & Partnerships Portfolio:

1.1.3.5 Audit Fees:

A £0.150m 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	+1,250	F&BS	savings on debt charges due to re-phasing of capital programme in 11-12, together with no new borrowing in 12-13	-4,572
F&BS	Increase in MRP	+403	F&BS	Earmarked funding held within unallocated budgets to offset anticipated shortfall in Commercial Services contribution & other pressures	-3,048
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	-1,250
			F&BS	underspend on leases	-452
			F&BS	2012-13 write down of discount saving from 2008-09 debt	-159
			F&BS	anticipated underspend on carbon reduction commitment energy efficiency scheme	-150
			D&P	Reduction in External Audit Fee	-150
			F&BS	underspending against the other financing items budgets	-125
			F&BS	underspend against local authority subscriptions budget	-100
		+1,812			-10,006

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 is reflected as a saving in the 2013-15 MTFP.

1.1.6 Details of re-phasing of revenue projects:

N/A

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

The £8.194m underspending on the Financing Items budgets as shown in table 1 is offsetting pressures elsewhere across the authority and contributing towards the £5m underspend from the current year being used to support the overall 2013-14 KCC budget, as approved at County Council on 14 February.

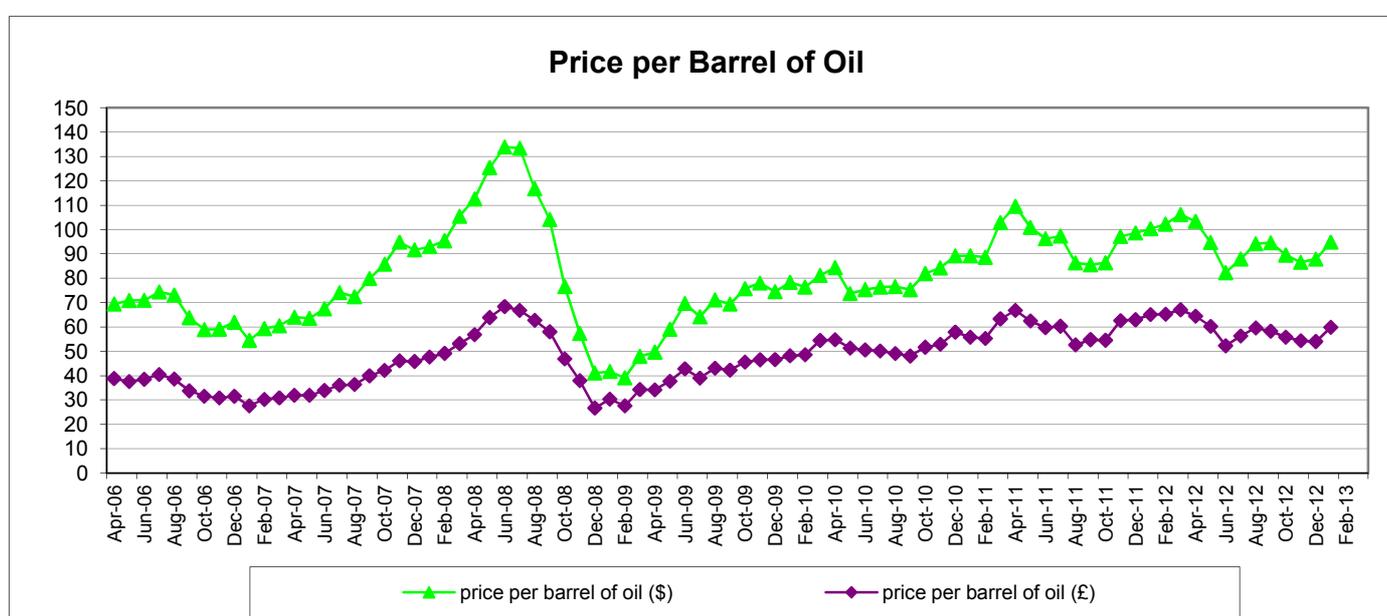
1.2 CAPITAL

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	89.49
November	59.08	94.77	57.31	77.99	84.25	97.16	86.53
December	61.96	91.69	41.12	74.47	89.15	98.56	87.86
January	54.51	92.97	41.71	78.33	89.17	100.27	94.76
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.