

From: John Simmonds, Deputy Leader & Cabinet Member – Finance & Procurement  
Andy Wood, Corporate Director of Finance & Procurement

To: CABINET – 15 July 2013

Subject:

- (1) **REVENUE AND CAPITAL BUDGET OUTTURN 2012-13**
- (2) **REVENUE BUDGET ROLL FORWARD**
- (3) **CAPITAL BUDGET ROLL FORWARD**
- (4) **2012-13 FINAL MONITORING OF KEY ACTIVITY INDICATORS**
- (5) **2012-13 FINAL FINANCIAL HEALTH INDICATORS**
- (6) **2012-13 FINAL MONITORING OF PRUDENTIAL INDICATORS**
- (7) **IMPACT OF 2012-13 REVENUE BUDGET OUTTURN ON RESERVES**

Classification: **Unrestricted**

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## 1. **Summary**

- 1.1 This report sets out the provisional revenue and capital budget outturn for 2012-13. It details:
- where revenue projects have been rescheduled and/or are committed
  - where there is under or overspending.
- The provisional outturn on the revenue budget shows an underspend of £16.081m (excluding schools). This is a £6.827m increase in the underspend compared to the projected underspend of -£9.254m reported in April.
- 1.2 Details of the proposals for the use of the £16.081m revenue budget underspending are provided in Appendix 2. This identifies those projects where there is already a commitment to spend in 2013-14, leaving an uncommitted balance of £7.224m. However, **Cabinet is also asked to consider:**
- a bid for £0.8m of the roll forward to cover the anticipated continued pressure on the Freedom Pass budget following the changes in Education transport policy introduced during 2012-13 and the continued popularity of the scheme – this is in line with the £0.828m net pressure experienced on this budget in 2012-13; and
  - a bid for £1.5m of the roll forward to offset a continuation of the pressures experienced during 2012-13 on the Specialist Children's Services budget.
- Assuming these bids are approved, this would leave an uncommitted balance of £4.924m. It is recommended that, in consideration of the further Government funding cuts, this is set aside in the earmarked Economic Downturn reserve.
- 1.3 The provisional outturn on the capital budget for 2012-13 is £161.099m, a variance of -£41.899m against the 2012-13 revised approved budget. Details of the capital roll forwards are provided in Appendix 3.
- 1.4 Final monitoring of key activity indicators for 2012-13 is detailed in Appendix 4.
- 1.5 The report also provides the year-end financial health indicators in Appendix 5, prudential indicators in Appendix 6 and impact on reserves in section 3.6.

## **2. Recommendations**

**Cabinet** is asked to:

- 2.1 **Note** the provisional outturn position for 2012-13.
- 2.2 **Agree** that £5m of the 2012-13 revenue underspending is rolled forward to support the 2013-14 budget as reflect in the 2013-14 budget approved by County Council on 14 February.
- 2.3 **Agree** that £3.857m of the 2012-13 revenue underspending is rolled forward to fund existing commitments, as detailed in section 3 of Appendix 2.
- 2.4 **Agree** that £0.8m of the 2012-13 revenue underspending is rolled forward to address the continued anticipated impact on the Freedom Pass budget of the 2012-13 changes in education transport policy and the continued popularity of the scheme.
- 2.5 **Agree** that £1.5m of the 2012-13 revenue underspending is rolled forward to address the continuing demand for Specialist Children's Services.
- 2.6 **Agree** that the £4.924m remainder of the 2012-13 revenue underspending is set aside in the Economic Downturn reserve.
- 2.7 **Note** that £43.871m of capital re-phasing from 2012-13 will be added into 2013-14 and later years, as detailed in Appendix 3 and the 2013-14 Capital Programme will also be adjusted to reflect other 2012-13 variances as reported in the outturn.
- 2.8 **Note** the final monitoring of the key activity indicators for 2012-13 as detailed in Appendix 4.
- 2.9 **Note** the final financial health indicators for 2012-13 as detailed in Appendix 5.
- 2.10 **Note** the final monitoring of the prudential indicators for 2012-13 as detailed in Appendix 6.
- 2.11 **Note** the impact of the 2012-13 provisional revenue budget outturn on reserves as detailed in section 3.6.
- 2.12 **Note** that the schools' revenue and capital reserves have reduced by some £12.264m. Details are provided in this report.

## **3. BUDGET OUTTURN 2012-13**

### **3.1 INTRODUCTION**

- 3.1.1 This report sets out the provisional revenue and capital budget outturn for 2012-13. There may be minor variations in figures during the final stage of the closing of accounts process and the accounts are also still subject to external audit.
- 3.1.2 For the 13<sup>th</sup> consecutive year the Council is able to demonstrate sound financial management, by containing its revenue expenditure within the budgeted level (excluding schools).

### **3.2 REVENUE BUDGET OUTTURN 2012-13**

- 3.2.1 The provisional outturn is a net underspend of £16.081m against portfolio budgets and a £10.964m reduction in school reserves, giving a total underspend of £5.117m.
- 3.2.2 This -£16.081m provisional outturn position (excluding schools) compares with the net variance of -£9.254m last reported to Cabinet at its meeting on 15 April, which represents a movement since the last report of -£6.827m. The net provisional outturn by portfolio and the movement since the last report are shown below in table 1.

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

Portfolio	Budget	Provisional Outturn	Variance	Variance per last report	Movement
	£k	£k	£k	£k	£k
Education, Learning & Skills	+48,359	+42,610	-5,749	-4,196	-1,553
Specialist Children's Services	+148,321	+154,979	+6,658	+5,950	+708
Specialist Children's Services - Asylum	+280	+3,132	+2,852	+3,082	-230
Adult Social Care & Public Health	+329,464	+326,907	-2,557	-1,596	-961
Environment, Highways & Waste	+156,630	+153,697	-2,933	-803	-2,130
Customer & Communities	+81,390	+77,350	-4,040	-2,679	-1,361
Regeneration & Economic Development	+3,654	+3,657	+3	0	+3
Finance & Business Support	+85,482	+76,101	-9,381	-8,363	-1,018
Business Strategy, Performance & Health Reform	+60,409	+60,228	-181	-283	+102
Democracy & Partnerships	+7,574	+6,821	-753	-366	-387
<b>SUB TOTAL (excl Schools)</b>	<b>+921,563</b>	<b>+905,482</b>	<b>-16,081</b>	<b>-9,254</b>	<b>-6,827</b>
<i>Schools (ELS portfolio)</i>	0	+10,964	+10,964	+5,655	+5,309
<b>TOTAL</b>	<b>+921,563</b>	<b>+916,446</b>	<b>-5,117</b>	<b>-3,599</b>	<b>-1,518</b>

Note 1: Although schools reserves have reduced by £10.964m, this is made up of a £1.095m increase in reserves by schools against the schools delegated budgets (a £1.888m drawdown as a result of 34 schools converting to academy status and taking their reserves with them offset by a £2.983m underspend for the remaining Kent schools), together with a drawdown of the unallocated schools budget of £12.059m, mainly relating to schools collaboration work, funding for transitional protection for changes in formula funding for specialist schools delegated budgets; and a revenue contribution to capital for joint funded capital projects with schools in order to keep them warm, safe and dry.

3.2.3 Detailed below are the main reasons for the movement in the portfolio forecasts since the last monitoring report to Cabinet on 15 April, as shown in Table 1:

**3.2.4 Education, Learning & Skills:**

The overall position for the portfolio has moved by -£1.553m since the 15 April report to Cabinet. The main movements are:

- 3.2.4.1 **-£0.670m Strategic Management & Directorate Support:** an increase in the underspend from -£1.098m to -£1.768m mainly due to further underspending on the contingency budget of £0.589m, of which £0.3m was set aside for potential issues arising from the restructure, which was not required, and -£0.214m relates to the bad debt provision, where a £0.100m increase was included in previous forecasts but the final position was a -£0.114m reduction due to settlement of some outstanding debts. In addition, there was £0.110m further underspending on the SEN budget due to vacancies and unspent non staffing budgets.
- 3.2.4.2 **+£0.168m Special School & Hospital Recoupment:** a reduction in the underspend from -£0.740m to -£0.572m following confirmation of the number of placements and conclusion of negotiations with Other Local Authorities.
- 3.2.4.3 **-£0.203m Early Years & Childcare:** an increase in the underspend from -£0.364m to -£0.567m which was mainly due to a further £0.169m underspend against the Graduate Leader Fund as a result of fewer students in nursery settings undertaking funded training.
- 3.2.4.4 **-£0.261m Home to College Transport:** an increase in the underspend from -£0.228m to -£0.489m. This was due to lower usage of the 16+ card than previously forecast (-£0.160m) and -£0.121m as a result of changes in transportation for the spring term and closures due to the snow. There was also a small reduction in income of £0.020m.

3.2.4.5 -£0.371m Mainstream Home to School Transport: an increase in the underspend from -£0.865m to -£1.236m. The main reason for this movement was that renegotiations of transport contracts were only concluded in February but were backdated to the start of the academic year. There were also smaller movements as a result of closures due to snow and changes to transport arrangements.

3.2.4.6 -£0.181m SEN Home to School Transport: a reduction in the pressure from +£1.616m to +£1.435m as a result savings on transportation changes for the spring term and school closures due to the snow.

### 3.2.5 **Specialist Children's Services Portfolio:**

The overall position for the portfolio (excluding Asylum) has moved by +£0.708m to an overspend of £6.658m since the 15 April report to Cabinet. The main movements are:

3.2.5.1 +£0.932m Children's Social Care Staffing – an increase in the pressure to +£2.014m mainly due to additional staffing costs of £0.810m compared to previous forecasts and an overspend of £0.174m against the Improvement budget due to higher than anticipated IT costs, offset by additional income of -£0.052m.

3.2.5.2 +£0.795m increase in the pressure on Fostering to +£3.865m, mainly due to increased demand for both in house and Independent Sector fostering placements (+£0.426m), together with additional staff costs (+£0.381m) partially offset by additional Intensive Intervention Grant (-£0.157m), and +£0.156m additional spend on Related Fostering due to the impact of enhanced payments to Connected Persons (i.e an immediate relative, spouse, civil partner or immediate relation by marriage or civil partnership).

3.2.5.3 +£0.520m increase in the pressure on Legal Charges to +£1.530m mainly due to increased demand and late notification of charges.

3.2.5.4 +£0.284m increase in the pressure on the Adoption Service to +£0.919m mainly as a result of higher than expected costs of the CORAM management fee, (CORAM is a leading children's charity who we have commissioned to provide our adoption services); increased charges from other local authorities and voluntary organisations for increased adoption placements and a further increase in Special Guardianship payments, reflecting continued movement away from Fostering Kinship.

3.2.5.5 +£0.260m Residential Children's Services – an increase in the pressure to +£2.844m mainly as a result of increased demand for non disabled independent sector residential placements, together with an increase in the weekly unit cost, partially offset by additional income for placements from health.

3.2.5.6 -£0.633m Children's Centres – an increase in the underspend from -£0.850m to -£1.483m due to various further small underspends across the 97 centres and holding back of uncommitted centralised budgets in order to offset pressures elsewhere within Specialist Children's Services.

3.2.5.7 -£0.472m underspend on Safeguarding of which -£0.272m relates to the Kent Safeguarding Children Board. This represents KCC's share of the underspend of the KSCB Board and the underspending related to partners contributions is held in a Fund. Under the terms of the inter-agency agreement, KCC has an obligation to provide this funding to the Board and therefore this is included in the roll forward proposals detailed in appendix 2. In addition there is an underspend on staffing of -£0.109m and increased income of -£0.091m

3.2.5.8 -£0.325m increase in the underspend on Preventative Children's Services to -£1.677m mainly due to underspending on commissioned services and a reduction in assumed spend on Multi Agency Specialist Hubs which is partially offset by additional spending on Direct Payments and Independent sector day care and short breaks for disabled children.

3.2.5.9 -£0.279m increase in the underspend on Leaving Care (formerly 16+) to -£0.308m mainly due to the reclaim of surplus funds from Catch 22 relating to prior years partially offset by increased costs of running the 16+ contract.

3.2.5.10 -£0.248m increase in the underspend on Strategic Management & Support mainly due to lower than anticipated staffing costs and additional income.

3.2.5.11 There were a number of smaller movements across the other budgets within Specialist Children's Services which account for the remaining movement of -£0.126m.

### **Specialist Children's Services Portfolio - Asylum:**

3.2.5.12 The pressure on the Asylum Service has reduced by -£0.230m to an overspend of £2.852m since the 15 April report to Cabinet. This movement is mainly due to changes in clients and client turnover, lower than anticipated costs of Appledore and Millbank units and reduced central costs.

### **3.2.6 Adult Social Care & Public Health Portfolio:**

The overall position for the portfolio has moved by -£0.961m to an underspend of -£2.557m since the 15 April report to Cabinet. This is mainly due to a reduction in the bad debt provision (-£0.564m), including two specific provisions that are no longer required following receipt of outstanding funds, and underspending on Public Health (-£0.368m), which includes an underspend against the transition funding. These are funds provided by government for set up costs incurred prior to the transfer of responsibility for Public Health services from PCTs with effect from 1 April 2013. There are many other movements across A-Z service lines, but these offset to have only a marginal impact on the overall portfolio position.

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

The overall underspend for the portfolio has increased by a further -£2.130m, to -£2.933m since the 15 April report to Cabinet. The main movements are:

3.2.7.1 -£1.393m Waste Management – an increase in the underspend to -£4.012m as a result of a further reduction in waste volumes of 14,055 tonnes to a total of 687,945 tonnes, together with a reduction in costs at Materials Recycling Facilities following a further price reduction and a change in destination of materials.

3.2.7.2 -£0.086m on Highways Services – although this is only a small movement, there are a number of larger compensating movements across all of the A-Z budgets within this service grouping. The main changes relate to:

- +£0.636m increase in the pressure on the adverse weather budget, mainly due to increased costs of the snow emergency and additional salting runs as a result of the exceptional cold winter extending throughout March;
- +£0.168m increase in the pressure on highway drainage due to the exceptional wet weather during the year;
- +£0.122m increase in the pressure on general maintenance and emergency response, where increased spend on reactive maintenance, inspector vehicles (fuel and lease costs), additional staff costs to cover the snow and ice emergency have been largely offset by reduced spend on dual carriageway maintenance and insurance recoveries for repairs required following road traffic accidents;
- -£0.156m underspending on streetlight maintenance largely due to redirecting staffing resources to deal with winter weather, which will require roll forward to 2013-14 in order to complete these works;
- -£0.239m on road safety largely due to additional income from speed awareness courses and reduced costs due to fewer courses being run;
- -£0.375m increase in the underspend on traffic management largely due to additional income from the Permit Scheme and increased income from license fees (for digging up or placing equipment on the highway/footpaths such as signs/skips/scaffolding), inspection fees and road closures;
- -£0.102m as a result of a reduction in the pressure on tree maintenance, grass cutting and weed control.

3.2.7.3 -£0.604m Directorate Management & Support - an increase in the underspend from -£0.611m to -£1.215m predominately reflecting lower than anticipated costs of legal services, premises costs, equipment and transport, together with additional income mainly from developers towards legal costs and from Medway Council towards pensions costs for pre 1998 staff that transferred under Local Government Reorganisation.

3.2.7.4 -£0.259m Environment Management – an increase in the underspend from -£0.054m to -£0.313m. This reflects the re-phasing of Flood Project Work including the completion of Surface Water Management Plans and drainage surveys, which requires roll forward to 2013-14 and various other small movements.

- 3.2.7.5 +£0.088m on Transport Services – this is due to a continued increase in the pressure on the Freedom Pass budget of +£515k to +£828k due to the continued popularity of the scheme and the impact of Education policy changes. Renegotiation of contracts with a major supplier of transport has resulted in savings on the home to school transport budget but increased costs to the Freedom Pass budget, as the contract costs with this supplier are allocated based on numbers of season tickets/passes in issue and there has been a reduction in the number Home to School Transport season tickets but an increase in the number of Freedom Passes. However, in order to offset these increased costs on the Freedom Pass budget, an invest to save project within the Subsidised Bus Routes budget has been postponed until 2013-14.
- 3.2.7.6 +£0.259m Commercial Services – Savings were expected to be generated during 12-13 as a result of the re-procurement of the blackberry & mobile phones contracts. Due to delays in the start of the new contracts, these did not begin until part way through the year, August for blackberries and February for mobile phones, meaning that the savings will not be realised until the 2013-14 financial year. These contracts are now managed by ICT within BSS directorate and these savings are reflected within the ICT budget from 1 April 2013.
- 3.2.8 **Customer & Communities Portfolio:**  
The underspend for this portfolio has increased by -£1.361m to -£4.040m since the 15 April report to Cabinet. This consists of several relatively small movements across many A-Z budget lines. The main movements are:
- 3.2.8.1 -£0.468m Gateways – an increase in the underspend to -£0.561m which is primarily due to a re-phasing of spend into 2013-14 on the Ghurkha integration project for which roll forward is required (details are provided in appendix 2), together with a reduction in staffing costs and anticipated recharges.
- 3.2.8.2 -£0.283m Library Service – a movement from +£0.034m to -£0.249m, which is due to a reduction in the forecasts for furniture and equipment, IT costs and further staff vacancy savings, as well as an anticipated revenue contribution to capital not being required, together with a small increase in income.
- 3.2.8.3 -£0.226m Registration Service – an increase in the underspend from -£0.644m to -£0.870m, which is mainly due to additional income from citizenship ceremonies and the nationality checking service, together with further staffing savings as a result of a restructure of service.
- 3.2.8.4 -£0.166m Contact Centre & Consumer Direct Service – an increase in the underspend from -£0.028m to -£0.194m due to further staffing vacancies/staff turnover, lower than previously forecast costs of the new consumer direct contract with Citizen Advice Bureau, together with an increase in income.
- 3.2.8.5 -£0.121m Strategic Management & Directorate Support – an increase in the underspend from -£0.605m to -£0.726m which consists of a number of small movements, including a reduction due to corporate funding for salary protection not being taken into account in previous forecasts; further staffing and staff related underspends; a reduction in both the bad debt provision and legal costs, together with a small increase in income.
- 3.2.8.6 -£0.116m Community Learning & Skills Service - a reduction in income, mainly due to lower income from course fees, has been more than offset by management action including reductions in specialist fees/consultants costs (e.g. tutor fees), IT expenditure, external venue hire, training, printing and stationery costs.
- 3.2.8.7 -£0.110m Coroners Service – an increase in the underspend from -£0.025m to -£0.135m due to lower than anticipated claims from coroners and a resulting reduction in consultants fees, mainly due to the continuing backlog of long inquests (requiring roll forward – see appendix 2).
- 3.2.8.8 +£0.273m Youth Service – an increase in the pressure from +£0.147m to +£0.420m as a result of additional specialist fees; a revenue contribution to capital; purchase of award packs for Duke of Edinburgh scheme; additional equipment for Outdoor Education plus some other small variances, partially offset by staff vacancy savings.
- 3.2.8.9 The balance of the movement is due to smaller, often compensating, movements on many other budgets including Sports Development, Community Engagement, Local Boards & Member Grants and Trading Standards.

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

The underspend on this portfolio has increased by -£1.018m to -£9.381m since the 15 April report to Cabinet, which is due to:

3.2.9.1 A -£1.082m increase in the underspend on the Financing Items budgets, which is predominately due to the impact on the net debt charges and investment income budget of our recovery of Icelandic monies and re-phasing of the capital programme; further underspending against the Carbon Reduction Commitment, corporate subscriptions and initiatives to boost the economy budgets; together with additional unringfenced grant income.

3.2.9.2 This position also reflects:

- an underspend on the Insurance Fund of £1.494m which has been transferred to the Insurance Reserve, in line with usual practice. This underspend, which is mainly due to a reduction in the provision for liability claims and claims paid, is £0.244m higher than previously forecast.
- an underspend against the Modernisation of the Council budget of £2.330m which has been transferred to the Workforce Reduction reserve, in line with usual practice, in order to offset future costs of staffing reductions required to achieve budget savings.

### 3.2.10 **Business Strategy, Performance & Health Reform Portfolio:**

The position for the portfolio has increased by +£0.102m from an underspend of -£0.283m to an underspend of -£0.181m since the 15 April report to Cabinet. The main movements are:

3.2.10.1 +£1.006m within Property & Infrastructure which is mainly due to lower recharge income and increased spend in relation to the Corporate Landlord estate than previously forecast (£0.8m), together with increased revenue costs as a result of a reduction in expenditure that was eligible to be capitalised (£0.1m).

3.2.10.2 -£0.607m within HR which is mainly due to the re-phasing of training programmes into 2013-14, for which roll forward is requested as detailed in Appendix 2, together with various other smaller movements.

3.2.10.3 -£0.171m against the Public Health (LINK, Local Healthwatch & Health Reform) budget, of which £0.128m relates to unspent Health Reform funds which are requested to roll forward to fund commitments arising from the need to support the development of seven new Health and Wellbeing Boards, to be aligned with the NHS Clinical Commissioning Groups. The remainder relates to various small variances within the unit.

3.2.10.4 The remaining movement of -£0.126m is mainly due to improvements in the outturn for Governance & Law and BSS Strategic Management & Directorate Support.

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

The underspend for the portfolio has increased by -£0.387m to -£0.753m since the 15 April report to Cabinet. This is mainly due to a lower than anticipated external audit fee; reduced staffing costs within the International & Partnerships team, mainly due to vacancies, together with many other small variances particularly within Internal Audit and Democratic & Member Services. These savings were partially offset by increased costs of bi-elections.

3.3 A reconciliation of the revenue gross and income cash limits to the last full monitoring report, as reported to Cabinet on 18 March, is provided in Appendix 1.

## 3.4 **REVENUE BUDGET ROLL FORWARD PROPOSALS**

3.4.1 Of the £16.081m provisional underspend, £5m is required to roll forward to support the 2013-14 budget as assumed in the 2013-14 approved budget; £3.857m is required to roll forward to fund the completion of a number of projects within directorates, which have been rescheduled and/or are committed. Details of these commitments are provided in Appendix 2. **Cabinet is asked to approve these roll forward proposals.** This leaves a residual uncommitted balance of £7.224m. It is recommended that this be used as follows:

- £0.8m to address the continued anticipated impact on the Freedom Pass budget of the 2012-13 changes in education transport policy and the popularity of the scheme. **Cabinet is asked to approve this roll forward proposal.**

- £1.5m to address the continued demand for Specialist Children's Services. **Cabinet is asked to approve this roll forward proposal.**
- in consideration of the further Government funding cuts, the balance of £4.924m is set aside in the earmarked Economic Downturn reserve. **Cabinet is asked to approve this contribution of the remaining 2012-13 underspend to reserves.**

### 3.5 DELEGATED SCHOOLS BUDGET

3.5.1 The previously forecast draw down from reserves of £5.655m, which was made up of a drawdown of £1.955m as a result of 35 schools converting to academies together with a reduction of £3.7m in reserves for the remaining Kent schools, was based on the schools nine month monitoring returns. The actual movement in schools reserves in 2012-13 was a reduction of £10.964m, a movement of +£5.309m from the forecast position, which is due to previously unforecast drawdown against the schools unallocated budget of £12.059m, a reduction in the estimated drawdown as a result of schools converting to academies of -£0.067m as one school which was included in the previous forecast did not convert by the end of March and a shift of -£6.683m in the remaining Kent schools position.

3.5.2 The £10.964m reduction in schools reserves in 2012-13 is made up of:

- a £1.888m drawdown of reserves as a result of 34 schools converting to new style academy status and taking their reserves with them,
- an underspend of £2.983m for the remaining Kent schools,
- in addition, there is a drawdown on the unallocated schools budget of £12.059m, which is mainly due to £5.200m for schools collaboration work; £2.420m to fund transitional protection for changes in formula funding for specialist schools delegated budgets; £2.951m revenue contribution to capital for joint funded capital projects with schools in order to keep them warm, safe and dry; £0.411m for schools broadband; £0.300m for schools finance training; and an overspend on early years placements of £1.135m, offset by -£0.358m of other minor variances. This has reduced total school revenue reserves to £48.124m of which £9.931m relates to unallocated schools budget. Of the remaining £38.193m, the schools returns show that of this balance, £9.182m is committed for specific revenue projects and contributing towards larger capital projects.

### 3.6 IMPACT ON RESERVES

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

Account	Balance at 31/3/12 £m	Balance at 31/3/13 £m	Movement £m
Earmarked Reserves	141.3	163.7	+22.4
General Fund balance	31.7	31.7	-
Schools Reserves	59.1	48.1	-11.0

3.6.1 The general reserves position at 31 March 2013 remains unchanged from the position as at 31 March 2012, at £31.7m. £31.7m amounts to 3.3% of the 2013-14 net revenue budget, and 2.2% of the 2013-14 gross revenue budget (excluding schools). This is reviewed formally as part of the annual budget process – see Appendix F of the 2013-15 Medium Term Financial Plan for further details.



3.6.2 The provisional movement of +£22.4m in earmarked reserves since 31 March 2012 is mainly due to:

• New Council Tax Equalisation reserve	+£7.5m	Reflects approval given in the 2012-13 budget
• New Drug & Alcohol treatment reserve	+£5.3m	Reflects change in accounting treatment of the balance of external funding to be spent on treatment of substance misuse previously treated as a receipt in advance
• New Commuted Sums reserve	+£4.6m	Reflects change in accounting treatment, previously treated as a receipt in advance
• Increase in the Economic Downturn Reserve	+£4.5m	reflects decisions taken during 2012-13, including transfer of the residual 2011-12 uncommitted underspend
• Restructure/Invest to Save reserve	+£4.2m	Reflects agreed contributions
• Increase in the Workforce Reduction reserve	+£2.7m	Reflects the underspending against the 2012-13 Modernisation of the Council budget
• Increase in IT Asset Maintenance Reserve	+£2.4m	Reflects the budgeted contribution
• Increase in Prudential Equalisation reserve	+£2.1m	
• Increase in Insurance reserve	+£2.0m	Mainly the 2012-13 underspend against the Insurance Fund
• Increase in DSG reserve	+£1.7m	
• Increase in Commercial Services earmarked reserves	+£0.5m	
• Reduction in the reserve to support next year's budget	-£3.5m	
• Reduction in the Kingshill development smoothing reserve	-£2.0m	Reflecting budgeted drawdown
• Reduction in Rolling Budget Reserve	-£1.9m	
• Reduction in Libraries/IT PFI grant settlement reserve	-£1.7m	Reflecting budgeted drawdown
• Reduction in Social Care – Supported Living Costs reserve	-£1.6m	
• Reduction in NHS Support for Social Care reserve	-£1.5m	Reflecting the balance of monies passported from PCTs to be spent on jointly agreed plans with Health
• Reduction in the reserve for projects previously classified as capital but now considered revenue	-£1.1m	includes Member Highway Fund
• Reduction in School Maintenance Indemnity Scheme	-£0.8m	Reflects change in accounting treatment
• Reduction in Special Funds	-£0.7m	Reflecting spend against the Regeneration Fund and Economic Development Fund
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	+£22.7m	

### 3.7 CAPITAL BUDGET OUTTURN 2012-13

3.7.1 The following changes have been made to the 2012-15 capital programme since the last report to Cabinet:

**TABLE 1: PROVISIONAL FINAL CAPITAL BUDGET BY PORTFOLIO FOR 12-15**

	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	668.565	26.509	59.676	15.679	301.474	182.535	80.909	1.783
Approvals made since last Cabinet meeting	-0.810	-0.650	-0.160			0.000		
Revised approved budget	667.755	25.859	59.516	15.679	301.474	182.535	80.909	1.783
Revised approved budget broken down by year:								
2012-13	202.998	3.697	23.943	6.621	99.201	58.791	10.036	0.709
2013-14	277.455	11.090	20.193	4.805	136.247	70.070	33.976	1.074
2014-15	187.302	11.072	15.380	4.253	66.026	53.674	36.897	0.000

3.7.2 The provisional outturn for 2012-13 is £161.099m, a variance of -£41.899m against the 2012-13 revised approved budget. This is shown in Table 2.

**TABLE 2: PROVISIONAL FINAL CAPITAL OUTTURN BY PORTFOLIO FOR 12-13 ONLY**

	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 2012-13	202.998	3.697	23.943	6.621	99.201	58.791	10.036	0.709
Provisional outturn	161.099	2.335	8.963	4.606	83.720	57.453	2.693	1.329
Provisional variance	-41.899	-1.362	-14.980	-2.015	-15.481	-1.338	-7.343	0.620
<b>Variance due to:</b>								
Rephasing	-43.871	-1.353	-13.241	-2.211	-15.617	-3.853	-7.345	-0.251
Funded variances	4.388	0.000	-0.231	0.196	0.151	3.399	0.002	0.871
Project underspends	-2.416	-0.009	-1.508	0.000	-0.015	-0.884	0.000	0.000

3.7.3 The main reasons for the final provisional variances (>£0.100m) are listed below within their respective portfolios.

### 3.7.4 Adult Social Care & Public Health Portfolio:

Project	Funded Variance		Under spend	Rephase to/ beyond 12-13	Total Variance
	Other	Revenue			
Older Persons Strategy Wyllie Court				-0.500	-0.500
Learning Disabled Strategy				-0.308	-0.308
Home Support Fund				-0.274	-0.274
Public Access Strategy				-0.131	-0.131
IT Strategy				-0.075	-0.075
Older Persons Gravesham Place Terrace				-0.055	-0.055
Older Persons Folkestone Activities and Respite & Rehab.				-0.007	-0.007
Bower Mount (LD Strategy)			-0.007		-0.007
Learning Disabled Strategy Tunbridge Wells respite				-0.003	-0.003
Older Persons Strategy			-0.002		-0.002
<b>TOTAL</b>	0.000	0.000	-0.009	-1.353	-1.362

Taken from the above Table 2, the provisional variance is -£1.362m and is as a result of:

#### **Re-phasing (total -£1.353m – from table 2 above)**

- **Older Persons Strategy Wyllie Court:** mainly due to re-phasing of -£0.500m from 2012-13 to 2013-14 for Wyllie Court. Revised procurement guidance received from Legal now allows 25 days Expression of Interest, therefore spend has been delayed to early 2013-14.
- **Learning Disability Strategy:** Re-phasing of -£0.308m from 12-13 to 13-14 covering both various community hub related projects involving partnership negotiations, coupled with the delayed completion of building works at The Bridge (Hythe).
- **Home Support Fund:** Re-phasing of -£0.274m from 12-13 to 13-14 to reflect projects approved by KCC, supported by district councils but district council funding only available in 13-14.
- **Public Access:** £0.131m re-phasing to 13-14 to reflect continuing negotiations with various interested partners in delivering the New Ways of Working Strategy (NWW).

The remaining £0.140m of re-phasing is made up of minor variances (<£0.100m) on a number of projects.

#### **Project underspends (total £0.009m – from table 2 above)**

Underspends are on projects which are individually less than £0.100m therefore no narrative is provided.

- **Public Access:** There is an overall underspend of £0.453m forecast over the three year period which is being used to fund the overspend on MASH.

### 3.7.5 Business Strategy, Performance & Health Reform Portfolio:

Project	Funded Variance		Under spend	Rephase to/ beyond 12-13	Total Variance
	Other	Revenue			
New Work Spaces				-8.334	-8.334
Modernisation of Assets	-0.203			-0.953	-1.156
Sustaining Kent				-1.647	-1.647
Corporate Property Strategic Capital			-1.357		-1.357
Integrated Childrens Systems				-0.748	-0.748
Enterprise Resource Programme - Phase 2				-0.500	-0.500
Enterprise Resource Programme - Phase 1				-0.377	-0.377
Property Asset Management System				-0.297	-0.297
Oracle Release 12				-0.230	-0.230
Disposal Costs			-0.149		-0.149
Connecting with Kent				-0.111	-0.111
Oracle Self Service Development				-0.044	-0.044
Modernisation of Assets	-0.028				-0.028
Modernisation of Assets	-0.007				-0.007
Faversham Family Centre			-0.002		-0.002
Energy Efficiency & Renewable Energy	0.007				0.007
					0.000
<b>TOTAL</b>	<b>-0.231</b>	<b>0.000</b>	<b>-1.508</b>	<b>-13.241</b>	<b>-14.980</b>

Taken from the above Table 2, the provisional variance is -£14.980m and is as a result of:

#### **Re-phasing (total -£13.241m – from table 2 above)**

- **New Ways of Working (NWW):** Re-phasing of -£8.334m from 12-13 to 13-14. The NWW programme is currently finalising proposals for three office hubs and localised hubs. Although negotiations were nearing finalisation at year end, the capital spend will now be incurred during the first quarter of 2013-14.
- **Modernisation of Assets:** Re-phasing of -£0.953m from 12-13 to 13-14. This is the result of the following issues that have arisen through the year:
  - Aligning Modernisation of Asset spend against the New Ways of Working Programme.
  - Retendering of contracts due to either receiving a higher tender price than originally planned or retendering due to poor returns from contractors.
  - Legal Issues for example: awaiting planning consent or the restrictions from the Conservation Office owing to the historical nature of a building have resulted in delays to certain projects.
- **Sustaining Kent:** Re-phasing of -£1.647m from 12-13 to 13-14. We have encountered a number of technical difficulties during the unified communications implementation, which has resulted in significant delays. In view of the pressing need to replace existing obsolete systems, we continue to work with the contractor to deliver this project.

- **Integrated Childrens Systems:** Re-phasing of -£0.748m from 12-13 to 13-14. 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 with a revised go live date towards the latter part of 2013-14. This will also allow a more recent version of the software to be used.
- **Enterprise Resource Programme – phase 1 & 2:** Re-phasing on phase 1 of -£0.377m from 12-13 to 13-14. Synchronised sign on and (elements of) remote access work streams cannot be delivered until server refresh has completed. Re-phasing on phase 2 of -£0.500m from 12-13 to 13-14. Sufficient funding remaining from phase 1 to cover initial stages of phase 2.
- **Property Asset Management System:** re-phasing of -£0.297m from 12-13 to 13-14. The system is being procured through the SE7. There has been a delay whilst the initial framework is established.
- **Oracle Release 12:** rephasing of -£0.230m from 12-13 to 13-14. As a result of the delay in the Server refresh project the purchase of the Oracle Licences originally planned for R12 has also been delayed.
- **Connecting with Kent:** re-phasing of -£0.111m from 12-13 to 13-14. This project has linked functionality with the Sustaining Kent project streams and the delays to Unified Comms has caused an underspend on licences on this project, which have now been re-phased to 13-14.

The remaining -£0.044m of re-phasing is made up of minor variances (<£0.100m) on a number of projects.

#### **Project Underspends (total £1.508m – from table 2 above)**

- **Corporate Property Strategic Capital:** Underspend of £1.357m:
  - In accordance with accounting requirements many items of expenditure which have traditionally been capitalised now must be charged to and funded through revenue. As a result, £0.700m of the DFE local authority capital maintenance grant currently shown here has been used to cover revenue expenditure as the grant rules allow us to do this. £0.580m of this has been used within Property Group and £0.120m has been used to fund work undertaken by the Development Investment Team within Regeneration, in respect of development contributions for schools.
  - £0.210m of the total underspend is due to reduced activity in Academies costs.
  - £0.447m of the total underspend is a result of costs that have previously been allocated to this code, now being processed to individual project codes. This is being analysed to ascertain the correct level of budget required and where it should be allocated.
- **Disposal costs:** Underspend of -£0.149m. Unit costs were less than anticipated in delivering the disposal programme.

#### **Funded variances: -£0.231m**

- Modernisation of Assets: -£0.028m allocated to fund the overspend on Ramsgate Library (C&C).
- Modernisation of Assets: -£0.007m to fund overspend on Energy Efficiency & Renewable Energy (BSHPR)
- Energy Efficiency & Renewable Energy: +£0.007m funded from underspend on Modernisation of Assets
- Modernisation of Assets: -£0.203m allocated to other capital projects.

### 3.7.6 **Customer & Communities Portfolio:**

Project	Funded Variance		Under spend	Rephase to/ beyond 12-13	Total Variance
	Other	Revenue			
The Beaney	0.052	0.121			0.173
Small Community projects	0.063				0.063
Ramsgate Library	0.028				0.028
Library Modernisation				-0.536	-0.536
Web Platform				-0.266	-0.266
Tunbridge Wells Library		0.025		-0.288	-0.263
Kent History & Library Centre				-0.188	-0.188
Country Parks		0.025		-0.176	-0.151
PROW	0.020	0.003		-0.151	-0.128
Dartford & gravesham NHS Trust Capital contribution				-0.128	-0.128
Village Halls & Community Centres				-0.121	-0.121
Gateways	-0.056			-0.058	-0.114
Youth Service Reconfiguration				-0.083	-0.083
Gravesend Library	-0.068			-0.005	-0.073
Grant to Cobtree Trust				-0.057	-0.057
Community Facilities at Edenbridge	0.013			-0.069	-0.056
Ashford Gateway Plus	-0.040			-0.001	-0.041
MOA - Vehicles and equip		0.022		-0.054	-0.032
CLS Service Reprovision				-0.025	-0.025
Libraries Invest to Save	-0.012			-0.005	-0.017
					0.000
					0.000
<b>TOTAL</b>	<b>-0.000</b>	<b>0.196</b>	<b>0.000</b>	<b>-2.211</b>	<b>-2.015</b>

Taken from the above Table 2, the provisional variance is -£2.015m and is as a result of:

#### **Re-phasing (total -£2.211m – from table 2 above)**

- **Library Modernisation:** Re-phasing of -£0.536m from 12-13 to 13-14 to part fund the Swanley and Herne Bay Gateways library elements, along with modernisation at Tunbridge Wells library, which are now due to proceed in the current year. Business cases for both Swanley and Herne Bay gateways have been redeveloped to incorporate specification changes and revised funding models. Broadstairs Library modernisation is complete apart from payment of retentions.
- **Web Platform:** -£0.266m re-phased from 12-13 to 13-14 in order for the replacement of KCC's core website/digital platform to be aligned with updating the digital content and therefore improving the experience of the customer.
- **Tunbridge Wells Library:** -£0.288m re-phased from 12-13 to 13-14 reflecting a revised completion date of June 2013.
- **Kent History and Library Centre:** Rephasing of -£0.188m from 12-13 to 13-14 due to external rendering and public realm/highway works being delayed as a result of late frosts.
- **Country Parks:** Re-phasing of -£0.176m from 12-13 to 13-14 due to various schemes that were initiated in 2012-13 but could not be completed for varying reasons such as awaiting the outcome of a final Archaeology report for works at Lullingstone Car Park and minimising disruption to the public during the peak summer months.

- **Public Rights of Way:** Re-phasing of -£0.151m from 12-13 to 13-14 due to various scheduled works that were initiated in 2012-13 but could not be completed. This is a rolling programme of major and improvement works, with the main elements of rephasing due to technical delays and funding has been deferred accordingly, with the agreement from the Department of Transport.
- **Dartford and Gravesham NHS Trust capital contribution:** Re-phasing of -£0.128m from 12-13 to 13-14 due to works being delayed until May 2013. The KCC element of the project is minor in comparison to the build extension that the Trust are undertaking and therefore the KCC element has fallen in line with a slightly revised timetable for completion.
- **Village Halls and Community Centres:** Re-phasing of -£0.121m from 12-13 to 13-14 to align the funding for three delayed external projects and where funding is only released once expenditure has been incurred and match funding obtained.
- **Gateways:** Re-phasing of -£0.058m from 12-13 to 13-14 as an element of the ICT Multi-Channel project is now to be completed in the following year..
- The remaining -£0.299m of re-phasing is made up of minor variances (<£0.100m) on a number of projects.

#### **Funded variances (total £0.196m– from table 2 above)**

- **The Beaney:** Variance of +£0.173m due to changes in specification, leading to increased build costs, and a loss of external funding. The project is jointly managed by KCC and Canterbury City Council. The variance is funded primarily by a £0.121m revenue contribution, developer contributions and re-allocating other underspends from completed projects within the directorate.
- **Small Community Projects:** Variance of +£0.063m funded by additional external funding from the districts.
- **Ramsgate Library:** Variance of +£0.028m funded from re-allocating other budgets across the authority.
- **Public Rights of Way (PROW):** Variance of £0.023m, £0.012m funded by a contribution from the Member Highway Fund, £0.003m revenue contribution and £0.008m additional external funding.
- **Country Parks:** Variance of +£0.025m funded from revenue.
- **Tunbridge Wells Library:** Variance of +£0.025m funded by revenue.
- **Modernisation of Assets:** Variance of +£0.022m funded from revenue.
- **Gateways:** Underspend of -£0.056m, which have been use to fund additional costs/reduced income on both the Beaney and Edenbridge (see last bullet point).
- **Gravesend Library:** Underspend of -£0.068m used to part fund Edenbridge variance.
- **Libraries Invest to Save:** Underspend of -£0.012m used to part fund Edenbridge variance.
- **Ashford Gateway Plus:** Underspend of -£0.040m used to part fund Edenbridge variance.
- **Community Facilities at Edenbridge:** Variance of +£0.013m funded by additional external funding. In addition, part of the secured funding for the project is now to be received over the period of the lease, rather than as a lump sum as initially expected, which means that underspends from other projects within the C&C portfolio have been used to fund the current year's obligations.

### 3.7.7 Education, Learning & Skills Portfolio:

Project	Funded Variance		Under spend	Rephase to/ beyond 12-13	Total Variance
	Other	Revenue			
Sheppey Academy				2.498	2.498
BSF Wave 3		0.082		1.199	1.281
The Wyvern School	0.029				0.029
Annual Planned Enhancement Programme				-4.463	-4.463
Duke of York Academy				-2.424	-2.424
Astor of Hever Academy				-2.309	-2.309
The Knole Academy				-1.686	-1.686
Basic Need - Other				-1.213	-1.213
Skidders Academy				-1.122	-1.122
Development Opps - St Johns Primary/Kingsmead				-0.861	-0.861
Goat Lees Primary				-0.770	-0.770
BSF Unit Costs				-0.669	-0.669
Special Schools Review 11/12 Phase 1				-0.639	-0.639
Basic Need - Modulars				-0.596	-0.596
Academy Unit Costs				-0.405	-0.405
Longfield Academy				-0.358	-0.358
Specialist Schools Programme 09/10				-0.325	-0.325
Templar Barracks (Repton Park)				-0.191	-0.191
Unit Review				-0.155	-0.155
Vocational Education Programme				-0.148	-0.148
Archbishop Courtenay Primary				-0.147	-0.147
£5m DSG Revenue Grant				-0.118	-0.118
Primary Improvement Programme	0.040			-0.150	-0.110
Swadelands School			-0.015		-0.015
The Community College, Whitstable			-0.000		-0.000
					0.000
Other rephased projects <£0.100m				-0.565	-0.565
					0.000
<b>TOTAL</b>	<b>0.069</b>	<b>0.082</b>	<b>-0.015</b>	<b>-15.617</b>	<b>-15.481</b>

Taken from the above Table 2, the provisional variance is £15.481m and is as a result of:

#### **Re-phasing (total £15.617m – from table 2 above)**

- **Sheppey Academy** £2.498m, this build is currently ahead of schedule.
- **BSF Wave 3** £1.199m – spend against this budget has been brought forward due to agreement to amendments to the contracts which gave rise to payments in 12-13 rather than 13-14. In addition to this, £0.082m has been funded from revenue.
- **Annual Planned Enhancement Programme** -£4.463m – Underspends have occurred across the annual planned enhancement programme for a number of reasons:
  - Retendering of contracts due to either receiving a higher tender price than originally planned or retendering due to poor returns from contractors.
  - Legal Issues sometimes arise on projects which can cause delays.
  - Schools refusing access to sites.



- **Duke of York Academy** re-phasing of -£2.424m from 12-13 to 13-14. There was a delay in signing contracts.
- **Astor of Hever** re-phasing of -£2.309m from 12-13 to 13-14. There has been a delay in signing contracts due to additional searches for site areas not previously highlighted.
- **The Knole Academy** re-phasing of -£1.686m from 12-13 to 13-14. , there has been a delay in signing contracts, caused through final negotiation with the Contractor to ensure the contract terms were correct.
- **Basic Need Other** re-phasing of -£1.213m from 12-13 to 13-14. This has been rephased as the programme has been finalised.
- **Skidders Academy** re-phasing of -£1.122m from 12-13 to 13-14. There have been delays on site due to bad weather and the unexpected discovery of asbestos which has delayed completion of the new building. The project was due to be handed over to the school in February but was actually handed over in April.
- **St Johns Primary/Kingsmead** re-phasing of -£0.861m from 12-13 to 13-14. Planning permission has been refused. The scheme is being re-evaluated with a view to re-submitting plans in 2013-14.
- **Goat Lees Primary** re-phasing of -£0.770m from 12-13 to 13-14. This project has slipped by 3 weeks due to bad weather but measures have been put in place to ensure the project is still completed in August 2013.
- **BSF Unit Costs** re-phasing of -£0.669m from 12-13 to 13-14. Works at Community College Whitstable have been rephased to ensure minimal disruption to the school.
- **Special Schools Review 11/12 Phase 1** re-phasing of -£0.639m from 12-13 to 13-14. This programme of works is largely complete. The remaining balance is to be re-phased to cover any possible future payments.
- **Basic Need – Modulars** re-phasing of -£0.596m from 12-13 to 13-14. The basic need programme of works is subject to change as a predicted modular project may develop into a larger basic need scheme. For example: Ethelbert Road Primary was originally included in the Modular programme at £0.400m but now forms part of the larger basic need programme.
- **Academy Unit Costs** re-phasing of -£0.405m from 12-13 to 13-14. A delay in signing contracts has led to this budget rephasing. The delays were caused through final negotiation with the Contractor to ensure the contract terms were correct.
- **Longfield Academy** re-phasing of -£0.358m from 12-13 to 13-14. The final retention payment is being withheld awaiting the completion of defects.
- **Specialist Schools Programme 09/10** re-phasing of -£0.325m from 12-13 to 13-14. This rephasing relates to an all weather sports pitch at Ursuline College. There has been a delay in agreeing the lease arrangements with King Ethelbert School and subsequently the Secretary of State. The school have now agreed to proceed and work will commence in 13-14.
- **Templar Barracks (Repton Park)** re-phasing of -£0.191m from 12-13 to 13-14. The final account isn't yet agreed and therefore the re-phasing is to accommodate any increase on costs.
- **Unit Review** re-phasing of -£0.155m from 12-13 to 13-14. Two project contractors have gone into administration. Remedial works and final costs are not yet agreed.
- **Vocational Education Programme** re-phasing of -£0.148m from 12-13 to 13-14. Work is still to proceed at Swan Valley. The internal building work and fitting of equipment was delayed due to the withdrawal of the original provider and a new partner has not yet been confirmed. There has been some interest from Paramount who are keen to use the building as their visitor centre, if this proceeds, the requirements for the centre may change.
- **Archbishop Courtenay Primary** re-phasing of -£0.147m from 12-13 to 13-14. This scheme is complete but the remaining balance is to be rephased to cover any possible future payments.

- **£5m DSG Revenue Grant** re-phasing of -£0.118m from 12-13 to 13-14. Not all of the balance of the £5m has been allocated to schools. The Schools Forum has agreed that the completion date for this programme of works can be extended to 31 March 2014.
- **Primary Improvement Programme** re-phasing of -£0.150m from 12-13 to 13-14. The main contractor on the Beaver Green project is in administration, retention monies are being negotiated due to incomplete defects. There is currently a dispute with the consultant and contractor at The Manor Primary, future commitments are subject to the outcome of an extension of time claim.

This leaves a further re-phasing of -£0.565m on a number of projects made up of minor variances of less than £0.100m.

**Project underspends (total -£0.015m – from table 2 above)**

The -£0.015m is on 2 projects, the amounts for which are both less than £0.100m, therefore no narrative is provided.

**Funded variances – (Total £0.151m - from table 2 above)**

- This is made up of minor variances (less than £0.100m) on a number of projects therefore no narrative is provided.

### 3.7.8 Environment, Highways and Waste Portfolio:

Project	Funded Variance		Under spend	Rephase to/ beyond 12-13	Total Variance
	Other	Revenue			
Old Scheme residual	1.177				1.177
Ashford Drovers Roundabout/J9	0.034	0.986			1.020
Coldharbour Gypsy site		0.125		0.233	0.358
A2 Cyclopark		0.528	-0.027	-0.176	0.325
Herne Bay Site Improvements	0.206				0.206
Plant and Equipment		0.091			0.091
Member Highway Fund	-0.038	0.369		-0.272	0.059
Reshaping Highways Accommodation				0.011	0.011
East Kent Facilities-Transfer Station	-0.206			-1.215	-1.421
Highways Major Maintenance	0.287	0.168		-1.301	-0.846
Victoria Way, Ashford	-0.210			-0.246	-0.456
Integrated Transport scheme		0.016	-0.647	0.193	-0.438
Commercial Services			-0.210		-0.210
East Kent Access Phase 2				-0.182	-0.182
A228 Leybourne West Malling Bypass	-0.154			-0.019	-0.173
Energy Water Efficiency Schemes				-0.170	-0.170
Rushenden Relief Road				-0.168	-0.168
Non TSG Land Part 1				-0.104	-0.104
Major scheme Preliminary Design				-0.100	-0.100
Sittingbourne Northern Relief Road				-0.100	-0.100
Swale Transfer Station				-0.100	-0.100
Kent Thameside		0.020		-0.091	-0.071
A2 Slip Road				-0.027	-0.027
East Kent Facilities-Containers				-0.017	-0.017
Ashford Ring Road				-0.002	-0.002
					0.000
<b>TOTAL</b>	<b>1.096</b>	<b>2.303</b>	<b>-0.884</b>	<b>-3.853</b>	<b>-1.338</b>

Taken from the above Table 2, the provisional variance is -£1.338m and is as a result of:

#### **Rephasing (total -£3.853m – from table 2 above)**

- **A2 Cyclopark:** re-phasing -£0.176m from 12-13 to 13-14. Poor weather since the opening has delayed elements of landscaping and area of building works.
- **Member Highway Fund:** re-phasing of -£0.272m from 12-13 to 13-14. A number of schemes had to be re-programmed due to both adverse weather in January to March and on-going consultations.
- **East Kent Facilities-Transfer Station:** re-phasing of -£1.215m to 13-14. Construction work is due for completion towards the end of May 2013, with the site fully operational from the beginning of July. The construction work was originally expected to commence in September 2012, however due to modifications in the planning consent the starting of the work was delayed by two months.

- **Highways Major Maintenance:** re-phasing of -£1.301m on drainage and street lighting works from 12-13 to 13-14. Unseasonable cold weather in February and March prevented ecology works needed prior to the delivery of a major drainage scheme and this has also delayed the programme of some smaller drainage improvement works.  
An additional sum of £0.600m was approved on 21<sup>st</sup> December 2012 for the replacement of street lights that had failed structural testing. The timing of this approval gave the street lighting team insufficient time to acquire the additional resources necessary to deliver the full programme by the year end. It was anticipated that Independent Connection Providers would be available from January to work with Enterprise, however, they were unable to commence work until mid-February.
- **Victoria way:** re-phasing -£0.246m from 12-13 to 13-14. This is mainly due to difficulty in profiling Land Compensation Act (LCA) Part 1 as progress of claims highly dependent on the action of claimants and their agents.
- **Integrated Transport Schemes (IT):** re-phasing of +£0.193m from 13-14 to 12-13. Some of the earlier re-phased works (Advance design and delivery of some of the IT schemes) were managed to deliver within the financial year.
- **East Kent Access Phase 2:** re-phasing of -£0.182m from 12-13 to 13-14. Additional works associated with traffic calming measures and residual works related primarily to land acquisition have been moved in to 2013-14.
- **Energy Water Efficiency Schemes:** re-phasing of -£0.170m to future years.  
During 12-13 two large LED lighting upgrade projects were completed. The repayment was made in a lump sum rather than in instalments over several years as is the usual loan repayment method. As this money has been received early we will aim to re-invest it in the future in more energy efficiency projects.
- **Rushenden Relief Road:** re-phasing of -£0.168m from 12-13 to 13-14. The final settlements for Network Rail fees have been less than anticipated. However, it remains difficult to estimate the potential LCA Part 1 liability and this money is advised to be rolled forward in case of further claims.
- **Non TSG Land and Part 1 (LCA):** re-phasing of -£0.104m from 12-13 to 13-14. Annual spend and profiling is particularly difficult for LCA Part 1 expenditure which is often an aggregate of many small claims where progress is highly dependent on the action of claimants, their agents and responses to legal check.
- **Major Scheme Preliminary Design Fees:** re-phasing of -£0.100m to 15-16 due to initial Local Transport Board priorities only just established. The Councils major Capital Planning Manager is now in post and will consider future priorities for this programme.
- **Sittingbourne Northern Relief Road:** re-phasing of -£0.100m from 12-13 to 13-14. Residual minor works primarily related to the Road Safety Audit has been re-phased to 13-14 because of other major scheme priorities and resource availability.
- **Swale Transfer Station:** re-phasing -£0.100m from 12-13 to 13-14. Work on finding a replacement site to relocate the waste transfer station was progressed during 2012-13, but to date a suitable alternative site has yet to be secured. Further work since has concluded there may be benefit to KCC in redeveloping the waste transfer station on an enlarged footprint at the existing location, on land that we own. The £0.100m is required to work up and implement the scheme to take this forward.
- **Coldharbour:** includes rephasing of +£0.233m. An explanation of the variance on Coldharbour is included under the Funded Variances section below.

This leaves further re-phasing of -£0.145m on a number of projects made up of minor variances of less than £0.100m.

### **Project underspends (total -£0.884m – from table 2 above)**

- **Integrated Transport Schemes: -£0.647m**
  - The Sustrans initial funding agreement being reduced as a result of the revised scheme specification. We are only able to claim the revised funding, therefore there will be no surplus funding as a result of this “underspend”.
  - Some developer contribution resurfacing budgeted works had been carried out under Highways Major maintenance and the spend is reflected in Highways Major Maintenance rather than Integrated Transport.
  - One of the s.106 funding schemes has been reviewed in light of potential pinchpoint funding implications. The pinchpoint funding was successful and the s.106 funds will be added to this to deliver a larger scheme.
- **Commercial Services Vehicles & plants: -£0.210m**

The under spend is due partly to a delayed move into Abbey Wood Road, coupled with some of the costs being now met by a third party.
- The remaining underspend of £0.027m is less than £0.100m therefore no narrative is provided.

### **Funded variances – (total £3.632m – from table 2 above)**

- **Old Schemes-Residual: + £1.177m** over spend due to two major land acquisitions for Fastrack Phase 1 Major Scheme that had been referred to the Land Tribunals have been completed by voluntary agreement giving cost certainty and avoiding on-going cost of Lands Tribunal proceedings and associated outturn risk. Primary reason for increased outturn cost is that some land was deemed by local planning authority to have been acceptable for development in a “no scheme” situation that had not been anticipated when the scheme was implemented. The additional expenditure was funded from the under spend of **-£0.154m** on surplus land creditor provision on **A228 Leybourne West Malling Bypass** and the rest from the capital receipts.
- **Drovers Roundabout, J9 and Footbridge: +£1.020m** The main contract final account has been agreed after extensive assessment of major complex claims, by negotiation. The overspend was funded from revenue, external other and the grant under spend (**-£0.210m**) on **Victoria Way**.
- **Coldharbour Lane Gypsy & Travellers site: +£0.358m** in 12-13. The total overspend on the project is now forecast to be £0.574m and will be funded from additional Homes & Communities Agency (HCA) grant and a revenue contribution. The scheme costs have increased due to delays caused by both adverse weather and utility supply problems found during construction. A £0.200m contribution has been sought from Tonbridge & Malling Borough Council and a decision is expected at the end of June 2013.
- **A2 Cyclopark: +£0.528m** Whilst opened on target in May 2012 elements of the build were still being completed following delays to the initial start date and minor variations as work commenced. This resulted in increased contractor and consultants costs. Contractor and consultant final accounts were agreed providing cost certainty.
- **Herne Bay Site Improvements: +£0.206m** the extra spend was due to a delay in the commencement of the construction work on site as a result of the diversions for various utility works and other compensating events during the construction phase of the project. The over spend was funded from the surplus funding (**-£0.206m**) identified from the **East Kent Facilities Transfer Station scheme**.
- **Highways Major Maintenance: + £0.455m** a major part of the funded variance is to deal with replacing high risk street lighting columns that had failed structural testing. Also, there were additional resurfacing works carried out as part of the major maintenance enhancement programme in 12-13. All of these works were funded from revenue, developer and external other contributions.
- **Member Highway Funds: +£0.331m** a number of back log schemes originally thought to be revenue were implemented as capital schemes and were funded from revenue.

### 3.7.9 Regeneration & Enterprise Portfolio:

Project	Funded Variance		Under spend	Rephase to/ beyond 12-13	Total Variance
	Other	Revenue			
LIVE Margate				-2.958	-2.958
Regional Growth Fund				-1.684	-1.684
Empty Property Initiative				-1.210	-1.210
Capital Regeneration Fund				-1.045	-1.045
No Use Empty - Rented Affordable Homes Project				-0.250	-0.250
Tram Road/Tontine Street Road works				-0.074	-0.074
Swale Parklands				-0.065	-0.065
Euro Kent				-0.020	-0.020
Folkestone Heritage Quarter (HLF)				-0.020	-0.020
Dover Priory Approach Road				-0.014	-0.014
Managed Work Space - The Old Rectory				-0.014	-0.014
Rural Broadband				-0.002	-0.002
Old Town Hall				0.011	0.011
Rendezvous site - Margate		0.002			0.002
					0.000
<b>TOTAL</b>	<b>0.000</b>	<b>0.002</b>	<b>0.000</b>	<b>-7.345</b>	<b>-7.343</b>

Taken from the above Table 2, the provisional variance is -£7.343m and is as a result of:

#### **Re-phasing (total -£7.345m – from table 2 above)**

- **LIVE Margate:** re-phasing of -£2.958m from 12-13 to 13-14. This is due to not buying as many properties late in the year as planned.
- **Regional Growth Fund:** re-phasing of -£1.684m from 12-13 to 13-14. The in year spend has now been realigned to show actual payments to be made rather than committed funds.
- **Empty Property Initiative:** re-phasing of -£1.210m from 12-13 to 13-14 due to a lower than anticipated level of loans being distributed in the current year.
- **Capital Regeneration Fund:** re-phasing of -£1.045m from 12-13 to 13-14. This re-phasing reflects the latest bids received.
- **No Use Empty – Rented Affordable Homes Project:** re-phasing of -£0.250m from 12-13 to 13-14. Spend has been delayed whilst KCC and HCA agree the wording within the contract document as well as the granting of Investment Partner status by the HCA. Whilst KCC await confirmation of this, several projects have been identified as eligible for support, with one project conditionally approved in readiness to progress.

The remaining £0.198m of re-phasing is made up of minor variances (<£0.100m) on a number of projects.

#### **Project underspends (total -£0.002m – from table 2 above)**

No narrative as under £0.100m.

### 3.7.10 Specialist Children's Services Portfolio:

Project	Funded Variance		Under spend	Rephase to/ beyond 12-13	Total Variance
	Other	Revenue			
MASH	1.282				1.282
TSB 2 Short Breaks Programme	-0.391				-0.391
Service Redesign				-0.251	-0.251
Children's Centres	-0.020				-0.020
					0.000
<b>TOTAL</b>	<b>0.871</b>	<b>0.000</b>	<b>0.000</b>	<b>-0.251</b>	<b>0.620</b>

Taken from the above Table 2 above, the provisional variance is +£0.620m and is as a result of:

#### **Re-phasing (total -£0.251m – from table 2 above)**

- **Service Redesign:** Re-phasing of -£0.251m from 12-13 to 13-14 due to site allocation issues that were not resolved in time for progress in 12-13. These issues are now resolved and spend is expected to proceed early 13-14.

#### **Funded variances – (total +£0.871m – from table 2 above).**

- **Multi Agency Specialist Hubs:** Variance of +£1.282m in 2012-13, funded by £0.212m prudential borrowing, £0.570m Transforming Short Breaks 3 (TSB) grant, and £0.500m contribution from NHS. This variance arose from claims for additional costs originating in December 2011. There was also an overspend of £0.718m on this project in 2011-12. This was funded in the interim by slippage on borrowing from other schemes within the Capital programme. Alternative funding has now been found to re-imburse the borrowing. This is to be funded from the underspend on Transforming Short Breaks 2 in 2012-13 and a forecast underspend on Public Access in the Adults portfolio in 2013-14.
- **TSB2 Short Breaks Programme:** Underspend of -£0.391m to fund the 2011-12 overspend on MASH.
- **Childrens Centres:** Underspend of -£0.020m to fund the 2011-12 overspend on MASH.

## 3.8 GOOD NEWS STORIES

**C&C - Broadstairs Library project:** A full refurbishment of 846 sqm of Broadstairs Library as part of Library Modernisation Programme which was completed on time and within budget. The refurbishment has opened up a larger proportion of the facility to the local community, Adult Education are now delivering services from the facility with students and staff very complimentary of the modern facilities and the old Adult Education building has now been rationalised.

**R&ED – Empty Property Initiative:** Kent County Council launched its 'No Use Empty' (NUE) campaign in 2005 as part of its Public Sector Service Agreement (PSA2) targets, to examine better ways of delivering services, and particularly at working more effectively with district councils. The primary aim of the Initiative is to improve the physical urban environment in Kent by bringing empty properties back into use as quality housing accommodation. It is now the longest empty homes initiative and seen as the most successful of its kind across the UK. The initiative was originally focused on the towns of the four districts of Thanet, Dover, Shepway and Swale, as research has found that the majority of empty properties (over 3,000) are located within these four districts. In January 2008, due to the success of the scheme Kent County Council expanded the initiative to include all 12 district councils in the county.

The success of the project has been measured by the tangible results achieved through the number of empty homes brought back into use, which amounts to 2,709 properties (up to March 2013).

The scheme has approved over £7.5m of interest free loans. This has leveraged in excess of £12.8m of private sector funding (owner's contribution), giving a total investment through the loan scheme of £20.3m (up to June 2013).

**ELS** - The Duke of York Academy and St Augustine Academy projects have started on site in the last quarter.

### **3.9 CAPITAL PROJECT ROLL FORWARDS:**

The 2013-14 Capital Programme will now be revised to reflect the re-phasing and other variations of the 2012-13 Capital Programme that resulted in the £41.899m variance in 2012-13. The re-phasing details are included in appendix 3 and will be adjusted in the first full monitoring report in 2013-14.

### **3.10 CAPITAL RECEIPTS and PEF:**

Details of capital receipts and the PEF funds are shown in Appendix 4.

### **3.11 SCHOOLS DEVOLVED CAPITAL**

3.11.1 Capital expenditure incurred directly by schools in 2012-13 was £17.481m. Schools have in hand some £0.676m of capital funding which will be carried forward as part of the overall schools reserves position. This represents a decrease in schools capital reserves of £1.3m.



## 4. STAFFING LEVELS

4.1 The following table provides a snapshot of the staffing levels by directorate as at 31 March 2013 compared to the numbers as at 31 December, 30 September, 30 June and 31 March 2012, based on active assignments. Between 31 March 2012 and 31 March 2013 there has been a reduction of 1,541.38 FTEs, of which -1,229.40 were in schools and -311.98 were non-schools. The reduction in schools based staff is largely as a result of schools converting to academies; hence the staff are no longer employed by KCC.

		Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Difference	
							Number	%
KCC	Assignment count	44,226	42,875	41,586	41,636	41,201	-3,025	-6.84%
	Headcount (inc. CRSS)	37,399	36,226	35,216	35,264	34,952	-2,447	-6.54%
	Headcount (exc. CRSS)	33,274	32,061	31,201	31,219	30,993	-2,281	-6.86%
	<b>FTE</b>	<b>24,389.61</b>	<b>23,514.33</b>	<b>22,978.31</b>	<b>22,971.61</b>	<b>22,848.23</b>	<b>-1,541.38</b>	<b>-6.32%</b>
KCC - Non Schools	Assignment count	13,901	13,671	13,440	13,333	13,172	-729	-5.24%
	Headcount (inc. CRSS)	12,652	12,430	12,237	12,203	12,114	-538	-4.25%
	Headcount (exc. CRSS)	10,865	10,613	10,447	10,407	10,360	-505	-4.65%
	<b>FTE</b>	<b>9,186.64</b>	<b>8,971.02</b>	<b>8,863.43</b>	<b>8,853.31</b>	<b>8,874.66</b>	<b>-311.98</b>	<b>-3.40%</b>
BSS	Assignment count	1,673	1,559	1,574	1,573	1,554	-119	-7.11%
	Headcount (inc. CRSS)	1,665	1,555	1,569	1,569	1,548	-117	-7.03%
	Headcount (exc. CRSS)	1,646	1,540	1,552	1,553	1,534	-112	-6.80%
	<b>FTE</b>	<b>1,523.86</b>	<b>1,427.96</b>	<b>1,443.80</b>	<b>1,445.31</b>	<b>1,430.83</b>	<b>-93.03</b>	<b>-6.10%</b>
ELS	Assignment count	1,646	1,589	1,527	1,556	1,569	-77	-4.68%
	Headcount (inc. CRSS)	1,585	1,526	1,470	1,498	1,514	-71	-4.48%
	Headcount (exc. CRSS)	1,295	1,237	1,187	1,214	1,224	-71	-5.48%
	<b>FTE</b>	<b>990.93</b>	<b>947.65</b>	<b>917.46</b>	<b>943.11</b>	<b>947.37</b>	<b>-43.56</b>	<b>-4.40%</b>
C&C	Assignment count	3,971	3,941	3,832	3,823	3,660	-311	-7.83%
	Headcount (inc. CRSS)	3,415	3,398	3,319	3,321	3,193	-222	-6.50%
	Headcount (exc. CRSS)	2,274	2,239	2,166	2,144	2,047	-227	-9.98%
	<b>FTE</b>	<b>1,730.35</b>	<b>1,706.67</b>	<b>1,657.95</b>	<b>1,646.10</b>	<b>1,630.64</b>	<b>-99.71</b>	<b>-5.76%</b>
E&E	Assignment count	1,205	1,198	1,174	1,162	1,164	-41	-3.40%
	Headcount (inc. CRSS)	1,190	1,184	1,160	1,153	1,154	-36	-3.03%
	Headcount (exc. CRSS)	1,079	1,072	1,046	1,042	1,048	-31	-2.87%
	<b>FTE</b>	<b>1,028.29</b>	<b>1,026.00</b>	<b>999.94</b>	<b>994.41</b>	<b>997.75</b>	<b>-30.54</b>	<b>-2.97%</b>
FSC	Assignment count	5,406	5,384	5,333	5,219	5,225	-181	-3.35%
	Headcount (inc. CRSS)	4,897	4,865	4,819	4,763	4,794	-103	-2.10%
	Headcount (exc. CRSS)	4,611	4,560	4,532	4,488	4,533	-78	-1.69%
	<b>FTE</b>	<b>3,913.21</b>	<b>3,862.74</b>	<b>3,844.28</b>	<b>3,824.38</b>	<b>3,868.07</b>	<b>-45.14</b>	<b>-1.15%</b>
Schools	Assignment count	30,325	29,204	28,146	28,303	28,029	-2,296	-7.57%
	Headcount (inc. CRSS)	24,932	23,960	23,125	23,198	22,966	-1,966	-7.89%
	Headcount (exc. CRSS)	22,487	21,517	20,815	20,870	20,688	-1,799	-8.00%
	<b>FTE</b>	<b>15,202.97</b>	<b>14,543.31</b>	<b>14,114.88</b>	<b>14,118.30</b>	<b>13,973.57</b>	<b>-1,229.40</b>	<b>-8.09%</b>

CRSS = Staff on Casual Relief, Sessional or Supply contracts

### Notes:

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

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

## **5. 2012-13 FINAL MONITORING OF KEY ACTIVITY INDICATORS**

5.1 Details of the final monitoring of key activity indicators for 2012-13 are detailed in Appendix 4.

## **6. FINANCIAL HEALTH INDICATORS**

6.1 The final financial health indicators for 2012-13 are detailed in Appendix 5.

## **7. PRUDENTIAL INDICATORS**

7.1 The final monitoring of the 2012-13 prudential indicators is detailed in Appendix 6.

## **8. CONCLUSIONS**

8.1 For the 13<sup>th</sup> consecutive year the Council is able to demonstrate sound financial management, by containing its revenue expenditure within the budgeted level (excluding schools). In the context of a savings requirement of around £80m and on the back of delivering a £95m saving target in 2011-12, together with continued high demand for Specialist Children's Services, this is a considerable achievement. However, with further savings of £95m required in 2013-14 and the likelihood of further significant government cuts over the medium term, we must not be complacent, hence the recommendation to put the uncommitted underspend from 2012-13 into reserves pending future budget decisions.

## **9. RECOMMENDATIONS**

**Cabinet** is asked to:

9.1 **Note** the provisional outturn position for 2012-13.

9.2 **Agree** that £5m of the 2012-13 revenue underspending is rolled forward to support the 2013-14 budget as reflected in the 2013-14 budget approved by County Council on 14 February.

9.3 **Agree** that £3.857m of the 2012-13 revenue underspending is rolled forward to fund existing commitments, as detailed in section 3 of Appendix 2.

9.4 **Agree** that £0.8m of the 2012-13 revenue underspending is rolled forward to address the continued anticipated impact on the Freedom Pass budget of the 2012-13 changes in education transport policy and the continued popularity of the scheme.

9.5 **Agree** that £1.5m of the 2012-13 revenue underspending is rolled forward to address the continued demand for Specialist Children's Services since the 2013-14 budget was set.

9.6 **Agree** that the £4.924m remainder of the 2012-13 revenue underspending is set aside in the Economic Downturn reserve.

9.7 **Note** that £43.871m of capital re-phasing from 2012-13 will be added into 2013-14 and later years, as detailed in Appendix 3 and the 2013-14 Capital Programme will also be adjusted to reflect other 2012-13 variances as reported in the outturn.

9.8 **Note** the final monitoring of the key activity indicators for 2012-13 as detailed in Appendix 4.

9.9 **Note** the final financial health indicators for 2012-13 as detailed in Appendix 5.

9.10 **Note** the final monitoring of the prudential indicators for 2012-13 as detailed in Appendix 6.

9.11 **Note** the impact of the 2012-13 provisional revenue budget outturn on reserves as detailed in section 3.6.

9.12 **Note** that the schools' revenue and capital reserves have reduced by some £12.264m.

## 10. **BACKGROUND DOCUMENTS**

None

## 11. **CONTACT DETAILS**

Report Authors: Chris Headey  
Revenue Finance  
Central Co-ordination Manager  
01622 69 4847  
[chris.headey@kent.gov.uk](mailto:chris.headey@kent.gov.uk)

Jo Lee/Julie Samson  
Capital Finance Manager  
01622 69 6600  
[jo.lee@kent.gov.uk](mailto:jo.lee@kent.gov.uk)  
[julie.samson@kent.gov.uk](mailto:julie.samson@kent.gov.uk)

Director: Andy Wood, Corporate Director of Finance & Procurement  
01622 69 4622  
[andy.wood@kent.gov.uk](mailto:andy.wood@kent.gov.uk)

### Reconciliation of Gross and Income Cash Limits to the 18 March 2013 Cabinet Report

Portfolio	CASH LIMIT			VARIANCE		
	Gross £k	Income £k	Net £k	Gross £k	Income £k	Net £k
Education, Learning & Skills	212,385	-164,026	48,359	-5,346	-403	-5,749
Specialist Children's Services	158,379	-10,058	148,321	8,661	-2,003	6,658
Specialist Children's Services - Asylum	14,901	-14,621	280	1,346	1,506	2,852
Adult Social Care & Public Health	447,407	-117,246	330,161	-6,508	3,951	-2,557
Environment, Highways & Waste	180,388	-23,758	156,630	4,794	-7,727	-2,933
Customer & Communities	136,938	-55,548	81,390	-3,376	-664	-4,040
Regeneration & Economic Development	5,807	-2,153	3,654	514	-511	3
Finance & Business Support	191,744	-106,976	84,768	-10,342	961	-9,381
Business Strategy, Performance & Health Reform	100,856	-40,430	60,426	5,126	-5,307	-181
Democracy & Partnerships	7,834	-260	7,574	-561	-192	-753
<b>SUB TOTAL (excl Schools)</b>	<b>1,456,639</b>	<b>-535,076</b>	<b>921,563</b>	<b>-5,692</b>	<b>-10,389</b>	<b>-16,081</b>
<i>Schools (ELS portfolio)</i>	<i>742,128</i>	<i>-742,128</i>	<i>0</i>	<i>-13,754</i>	<i>24,718</i>	<i>10,964</i>
<b>TOTAL</b>	<b>2,198,767</b>	<b>-1,277,204</b>	<b>921,563</b>	<b>-19,446</b>	<b>14,329</b>	<b>-5,117</b>
	<b>Gross</b>	<b>Income</b>	<b>Net</b>			
	£k	£k	£k			
<b>Reconciliation:</b>						
Cash Limits per Q3 report to Cabinet on 18 March 2013	<b>2,193,305</b>	<b>-1,271,742</b>	<b>921,563</b>			
<b>Subsequent changes:</b>						
				<b>Changes to grant/income allocations:</b>		
ELS	-134	134	0	final adjustments to DfE Pupil Premium Grant		
ELS	17	-17	0	Additional Bursary Grant from Education Funding Agency		
ELS	-56	56	0	reduction in 6th form funding from EFA following conversion of Meopham to an academy wef 1-2-13		
ELS	165	-165	0	SEND Green paper pathfinder pilot grant from DfE		
ELS	-1,732	1,732	0	reduction in DSG for academy converters in final quarter of 2012-13		
ELS	710	-710	0	additional Year 7 catch up premium allocation for schools and PRUs from DfE		
ELS	353	-353	0	increase in DfE grant for Golden Hellos		
ELS	1,416	-1,416	0	additional contributions from schools towards PFI schemes		
ASC&PH	562	-562	0	Public Health Winter Warmth grant		
ASC&PH	304	-304	0	Public Health Transition grant		
C&C	29	-29	0	DWP funding for set up costs related to taking over responsibility for the Social Fund from 1-4-13		
C&C	46	-46	0	additional DCLG Gurkha Settlement Funding for improving english language skills		
				<b>Technical Adjustments:</b>		
ELS	1,178	-1,178	0	Revenue Expenditure Funded from Capital under Statute (REFCUS) - tfr of capital grant to fund spend that is deemed as revenue		

	<b>Gross</b>	<b>Income</b>	<b>Net</b>	
	£k	£k	£k	
SCS	63	-63	0	distribution of Health monies from Adults to SCS for County Referral Team
ASC&PH	-63	63	0	
ASC&PH	28	-28	0	realignment of Integrated Community Equipment Store (ICES) budget to reflect Adults & PCT contributions
ASC&PH	-250	250	0	realignment to remove historic income cash limit for Excellent Homes for All project
ASC&PH	-32	32	0	remove historic income target within divisional assessment budget
ASCPH/F&BS	76	-76	0	set up gross and income cash limit to reflect change in Social Care charging policy requiring more finance assessment staff
EHW	202	-202	0	gross and income realignment following transfer of Transport Integration from Commercial Services
EHW	-157	157	0	removal of recharging between Transport Integration & Freedom Pass
C&C	-70	70	0	Contact Centre: realign gross and income budgets as a result of lost contract (public health)
C&C	-150	150	0	removal of recharging for staff between Contact Centre & Gateways
C&C	2,749	-2,749	0	Realignment of KDAAT budgets to remove incorrect historic grant & income budgets
C&C	3,957	-3,957	0	roll forward of KDAAT receipts in advance from 2011-12 from National Treatment Agency, PCTs, Home Office for Drug & Alcohol prevention projects
C&C	-28	28	0	removal of internal recharging between Libraries & Gateway for rent at Thanet Gateway
C&C	-2,930	2,930	0	tfr of unspent Tackling Troubled Families grant into 13-14 as a receipt in advance
C&C	-313	313	0	transfer unspent funding from Improvement & Efficiency South East for Multi Channel project into 13-14 as a Receipt in Advance
C&C	247	-247	0	Gross and income realignment for Bexley Registration office as no budget set for this contract
C&C	-362	362	0	tfr of unspent Sports Development external funding into 13-14 as a receipt in advance
BSP&HR	-58	58	0	realignment of Business Strategy budget - removal of historic income target
BSP&HR	-177	177	0	removal of recharging for Dover Discovery Centre following centralisation of budgets to Property
BSP&HR	-39	39	0	removal of recharging following centralisation of room hire budgets
BSP&HR	-64	64	0	removal of recharging following centralisation of ICT annual support charges

	<b>Gross</b>	<b>Income</b>	<b>Net</b>	
	£k	£k	£k	
BSP&HR	-25	25	0	Remove recharging from Business Strategy for Research & Evaluation data support role provided to Supporting Independence following centralisation of budget
Revised Budget	2,198,767	-1,277,204	921,563	

## 2012-13 REVENUE BUDGET ROLL FORWARD PROPOSALS

		£000s	£000s
<b>1</b>	<b>2012-13 provisional underspend</b>		<b>-16,081</b>
<b>2</b>	<b>2012-13 underspending to support the 2013-14 budget approved by County Council in February</b>		<b>5,000</b>
<b>3</b>	<b>Rescheduled/committed projects:</b>		
a	<p><i>ELS portfolio - 14 -19 Year Olds - Kent Youth Employment Programme</i> This represents the re-phasing of Kent Youth Employment Programme, which is funded from the Big Society Fund. This scheme was launched at the end of the 2011-12 financial year and its purpose is to encourage Kent businesses to recruit unemployed young people who have been unemployed for a significant period. The scheme involves the payment of grants to employers, but as the payments are only made following completion of 6 months and 12 months in placements, a significant amount of the budget has re-phased into 2013-14 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.</p>	1,854	
b	<p><i>SCS portfolio - Kent Safeguarding Children Board</i> This represents KCC's share of the underspend of the KSCB Board. Under the terms of the inter-agency agreement, KCC has an obligation to provide this funding to the Board. The underspending relating to partners contributions is held in a Fund.</p>	272	
c	<p><i>ASC&amp;PH portfolio - Kent &amp; Medway Safeguarding Vulnerable Adults Committee</i> This represents KCC's share of the underspend of the Committee. Under the terms of the multi-agency agreement, KCC has an obligation to provide this funding to the Committee. The underspending relating to partners contributions has been rolled forward as a receipt in advance.</p>	28	
d	<p><i>ASC&amp;PH portfolio - Adults externally funded CASA project (Consortium for Assistive Solutions Adoption)</i> This represents funds required to provide match funding to fulfil our obligation to the partnership agreement in relation to re-phasing of the CASA (Consortium for Assistive Solutions Adoption) project.</p>	19	
e	<p><i>EH&amp;W portfolio - Streetlight Maintenance</i> Re-phasing of planned works into 2013-14 as the highways contractor was required to redirect resources to deal with the prolonged period of snow and freezing conditions.</p>	155	
f	<p><i>EH&amp;W portfolio - Environment Management - Flood Project Work</i> Re-phasing of work to complete Surface Water Management Plans - these have been delayed because of changes to, and issues with, the consultancy framework operated by the Environment Agency.</p>	137	
g	<p><i>EH&amp;W portfolio - Planning &amp; Transport Policy - Externally funded ROCK Project</i> This represents funds required to provide match funding to fulfil our obligation to the partnership agreement in relation to re-phasing of the ROCK (Regions of Connecting Knowledge) transport links project to enhance rail services to Europe.</p>	99	
h	<p><i>EH&amp;W portfolio - Environment Management - Drainage Surveys</i> Re-phasing of drainage surveys - the highways contractors were due to complete this work by 31 March 2013 but were required to redirect resources to deal with the prolonged period of snow and freezing conditions.</p>	30	

		£000s	£000s
i	<i>Customer &amp; Communities portfolio - Gateways - Ghurkha project</i> This represents re-phasing of the Government funded project to integrate Ghurkhas and their dependents into the community and to improve their English language skills.	243	
j	<i>Customer &amp; Communities portfolio - Coroners Service</i> A backlog of long inquests will fall into 2013-14 and so as not to place undue pressure on the 2013-14 budget, roll forward is required to fund this re-phasing.	60	
k	<i>Customer &amp; Communities portfolio - Member Grants</i> Grants which have been committed in 2012-13 for projects internal to KCC, but where the work was not completed by 31 March 2013. This relates to both the Member Community Grants Scheme and the Local Scheme Grants.	16	
l	<i>Customer &amp; Communities portfolio - Arts Development Externally funded Recreate project</i> This represents funds required to provide match funding for the EU project - Recreate, as required and committed to via the partnership agreement.	5	
m	<i>BSP&amp;HR portfolio - Human Resources - Re-phasing of Training Programmes</i> This represents re-phasing of the following training programmes.	549	
	- <i>Independent Sector funding</i>	219	
	- <i>Children's Supervision (Ofsted Improvement Plan Year 2)</i>	132	
	- <i>Integrated Children's System Training</i>	124	
	- <i>Coaching courses</i>	39	
	- <i>Skills for Care Milestones</i>	19	
	- <i>Chartered Management Institute</i>	9	
	- <i>Practice Placements</i>	7	
n	<i>BSP&amp;HR portfolio - Property &amp; Infrastructure - New Ways of Working</i> Roll forward is required to fund the re-phasing of the one-off costs of office moves into 2013-14	217	
o	<i>BSP&amp;HR portfolio - Public Health - Health Reform</i> This relates to the remaining Health Reform monies, which is required to fund commitments arising from the need to support the development of seven new Health & Wellbeing Boards to be aligned with the NHS Clinical Commissioning Groups. KCC has been tasked with supporting these new arrangements and the funding will be used to ensure sufficient resources are available within the Policy & Strategic Relationships team to fulfil this role.	128	
p	<i>Democracy &amp; Partnerships portfolio - Internal Audit</i> To fund remainder of contract with external consultants (Deloitte & Touche Public Sector) to deliver the work in the 2012-13 audit plan, which has re-phased to 2013-14.	27	
q	<i>Democracy &amp; Partnerships portfolio - Internal Audit</i> This represents re-phasing of TRP (laptop changes) and a necessary upgrade to the Teammate audit software	18	
			<b>3,857</b>
<b>4</b>	<b>Uncommitted balance of underspending</b>		<b>-7,224</b>



<b>5</b>	<b>Cabinet is asked to consider:</b>		
a	<i>Environment Highways &amp; Waste portfolio – Freedom Pass</i> The Freedom Pass budget overspent by a net £828k in 2012-13, in part due to the popularity of the scheme and partly due to the impact of the implementation of Education transport policy changes. It is anticipated that a similar pressure will be experienced in 2013-14.	800	
b	<i>Specialist Children’s Services portfolio</i> Demand for specialist children’s services continued to increase in the final quarter of 2012-13, after the 2013-14 budget was calculated, so it is proposed that in order to address the shortfall in the 2013-14 budget compared to outturn activity levels, £1.5m of the rolled forward underspend from 2012-13 is provided to the service.	1,500	
			<b>2,300</b>
<b>6</b>	<b>Uncommitted balance of underspending if items 5a &amp; 5b are approved</b>		<b>-4,924</b>

**CAPITAL RE-PHASING**

The 2013-14 and future years capital programme will be adjusted to reflect the total re-phasing of £43.871m as follows:-

<b>Adult Social Care &amp; Public Health</b>	2012-13 £m	2013-14 £m	2014-15 £m	Future years £m	Total £m
Older Persons - Wyllie Court	-0.500	0.500			0.000
Learning Disabled Strategy	-0.308	0.308			0.000
IT Strategy	-0.075	0.075			0.000
Public Access Strategy	-0.131	0.131			0.000
Home Support Fund	-0.274	0.274			0.000
Total re-phasing >£0.100m	-1.288	1.288	0.000	0.000	0.000
Other re-phased projects <£0.100m	-0.065	0.065			0.000
<b>TOTAL RE-PHASING</b>	<b>-1.353</b>	<b>1.353</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

<b>Business Strategy, Performance &amp; Health Reform</b>	2012-13 £m	2013-14 £m	2014-15 £m	Future years £m	Total £m
Modernisation of Assets	-0.953	0.953			0.000
Oracle Release 12	-0.230	0.230			0.000
Property Asset Management System	-0.297	0.297			0.000
Sustaining Kent	-1.647	1.647			0.000
Enterprise Resource Programme - Phase 1	-0.377	0.377			0.000
Integrated Childrens Systems	-0.748	0.748			0.000
Enterprise Resource Programme - Phase 2	-0.500	0.500			0.000
New Work Spaces	-8.334	8.334			0.000
Connecting with Kent	-0.111	0.111			0.000
Total rephasing >£0.100m	-13.197	13.197	0.000	0.000	0.000
Other rephased projects <£0.100m	-0.044	0.044			0.000
<b>TOTAL REPHASING</b>	<b>-13.241</b>	<b>13.241</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

<b>Customer &amp; Communities</b>	2012-13 £m	2013-14 £m	2014-15 £m	Future years £m	Total £m
Public Rights Of Way	-0.151	0.151			0.000
Country Parks	-0.176	0.176			0.000
Library Modernisation	-0.536	0.536			0.000
Village Halls & Community Centres	-0.121	0.121			0.000
Tunbridge Wells Library	-0.288	0.288			0.000
Kent History & Library Centre	-0.188	0.188			0.000
Community Facilities at Edenbridge	-0.069	0.069			0.000
Web Platform	-0.266	0.266			0.000
Dartford & Gravesham NHS Trust Capital contribution	-0.128	0.128			0.000
Scheme name (rephasing >£0.100m)					0.000
Total re-phasing >£0.100m	-1.923	1.923	0.000	0.000	0.000
Other re-phased projects <£0.100m	-0.288	0.288			0.000
<b>TOTAL RE-PHASING</b>	<b>-2.211</b>	<b>2.211</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

<b>Education, Learning &amp; Skills</b>	2012-13 £m	2013-14 £m	2014-15 £m	Future years £m	Total £m
Annual Planned Enhancement Programme	-4.463	4.463			0.000
Goat Lees Primary	-0.770	0.770			0.000
Archbishop Courtenay Primary	-0.147	0.147			0.000
Basic Need - Modulars	-0.596	0.596			0.000
Specialist Schools Programme 09/10	-0.325	0.325			0.000
Special Schools Review 11/12 Phase 1	-0.639	0.639			0.000
Vocational Education Programme	-0.148	0.148			0.000
Primary Improvement Programme	-0.150	0.150			0.000
Unit Review	-0.155	0.155			0.000
BSF Wave 3	1.199	-1.199			0.000
BSF Unit Costs	-0.669	0.669			0.000
Academy Unit Costs	-0.405	0.405			0.000
The Knole Academy	-1.686	1.686			0.000
Longfield Academy	-0.358	0.358			0.000
Sheppey Academy	2.498	-2.498			0.000
Skinner's Academy	-1.122	1.122			0.000
Templar Barracks (Repton Park)	-0.191	0.191			0.000
Basic Need - Other	-1.213	1.213			0.000
Development Opps - St Johns Primary/Kingsmead	-0.861	0.861			0.000
Astor of Hever Academy	-2.309	2.309			0.000
Duke of York Academy	-2.424	2.424			0.000
£5m DSG Revenue Grant	-0.118	0.118			0.000
Other rephased projects					
Total re-phasing >£0.100m	-15.052	15.052	0.000	0.000	0.000
Other re-phased projects <£0.100m	-0.565	0.565			0.000
<b>TOTAL RE-PHASING</b>	<b>-15.617</b>	<b>15.617</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

<b>Environment, Highways &amp; Waste</b>	2012-13 £m	2013-14 £m	2014-15 £m	Future years £m	Total £m
Major Scheme Preliminary Design	-0.100	0.000	0.000	0.100	0.000
Highway Major Maintenance	-1.301	1.301			0.000
Member Highway fund	-0.272	0.272			0.000
Integrated Transport Schemes	0.193	-0.193			0.000
Non TSG Land	-0.104	0.104			0.000
Energy Water Investment Fund	-0.170	0.048	0.044	0.078	0.000
East Kent Transfer Station	-1.215	1.215			0.000
Sittingbourne NRR	-0.100	0.100			0.000
East Kent Access Road Ph2	-0.182	0.182			0.000
Rushenden Relief Road	-0.168	0.168			0.000
A2 Cyclopark	-0.176	0.176			0.000
Victoria Way Ph 1	-0.246	0.184	0.062		0.000
Swale Transfer Station	-0.100	0.100			0.000
Coldharbour Gypsy Site	0.233	-0.173	-0.060		0.000
Total re-phasing >£0.100m	-3.708	3.484	0.046	0.178	0.000
Other re-phased projects <£0.100m	-0.145	0.145			0.000
<b>TOTAL RE-PHASING</b>	<b>-3.853</b>	<b>3.629</b>	<b>0.046</b>	<b>0.178</b>	<b>0.000</b>

<b>Regeneration &amp; Economic Development</b>	2012-13 £m	2013-14 £m	2014-15 £m	Future years £m	Total £m
Empty Property Initiative	-1.210	1.210			0.000
No Use Empty - Rented Affordable Homes Project	-0.250	0.250			0.000
Broadband		-3.350	-0.076	3.426	0.000
Capital Regeneration Fund	-1.045	1.045			0.000
LIVE Margate	-2.958	3.308		-0.350	0.000
Regional Growth Fund	-1.684	1.684			0.000
Total re-phasing >£0.100m	-7.147	4.147	-0.076	3.076	0.000
Other re-phased projects <£0.100m	-0.198	0.184	-0.019	0.033	0.000
<b>TOTAL RE-PHASING</b>	<b>-7.345</b>	<b>4.331</b>	<b>-0.095</b>	<b>3.109</b>	<b>0.000</b>

<b>Specialist Childrens Services</b>	2012-13 £m	2013-14 £m	2014-15 £m	Future years £m	Total £m
Service Redesign	-0.251	0.251			0.000
Total re-phasing >£0.100m	-0.251	0.251	0.000	0.000	0.000
Other re-phased projects <£0.100m					0.000
<b>TOTAL RE-PHASING</b>	<b>-0.251</b>	<b>0.251</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

**2012-13 FINAL MONITORING OF KEY ACTIVITY INDICATORS****1. EDUCATION, LEARNING & SKILLS DIRECTORATE****1.1 Number of schools with deficit budgets compared with the total number of schools:**

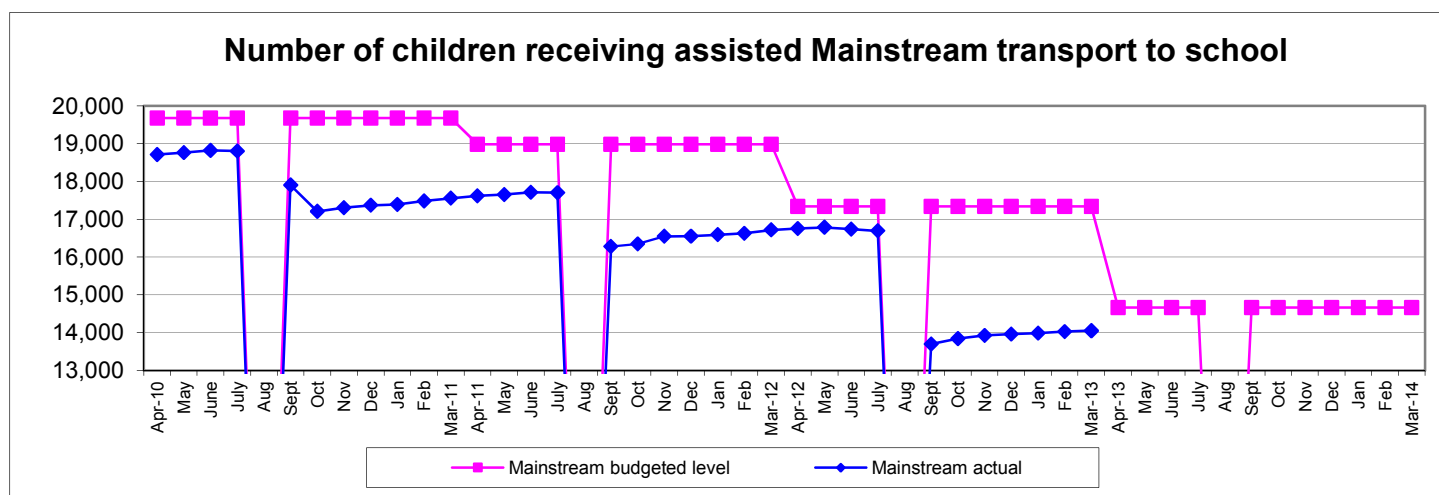
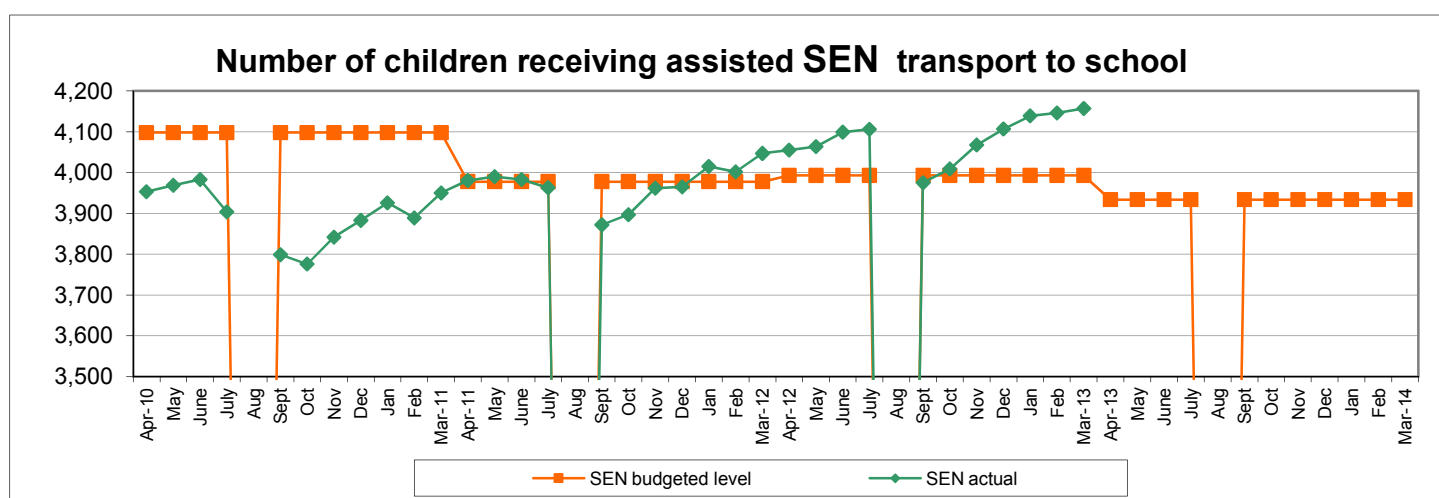
	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
	as at 31-3-07	as at 31-3-08	as at 31-3-09	as at 31-3-10	as at 31-3-11	as at 31-3-12	as at 31-3-13	projection
Total number of schools	596	575	570	564	538	497	463	435
Total value of school reserves	£74,376k	£79,360k	£63,184k	£51,753k	£55,190k	£59,088k	£48,124k	£46,171k
Number of deficit schools	15	15	13	23	17	7	8	9
Total value of deficits	£1,426k	£1,068k	£1,775k	£2,409k	£2,002k	£833k	£364k	£1,449k

## Comments:

- The information on deficit schools for 2013-14 has been obtained from the schools 3 year plans completed in spring/early summer 2012 and show nine schools predicting a deficit at the end of year 2. 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 but these only include information relating to the current year. School's Financial Services will already have been working with these nine schools to reduce the risk of a deficit in 2013-14. The next update on school deficits will be available for the quarter 1 report to Cabinet in September (i.e from the school 3 year plans completed in spring/early summer 2013).
- KCC now has a "no deficit" policy for schools, which means that schools cannot plan for a deficit budget at the start of the year. Unplanned deficits will need to be addressed in the following year's budget plan, and schools that incur unplanned deficits in successive years will be subject to intervention by the 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 has reduced due to 34 schools, including 5 secondary schools and 29 primary schools, converting to academies during the year 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 drawdown from schools reserves of £10,964k includes +£1,888k which represents the reduction in reserves resulting from 34 schools converting to academy status during the year. The remaining drawdown of £9,076k relates to an increase of £2,983k in the balances of the remaining Kent schools and a £12,059k drawdown from the schools unallocated reserve.

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

	2010-11				2011-12				2012-13				2013-14	
	SEN		Mainstream		SEN		SEN		SEN		Mainstream		SEN	Mainstream
	Budget level	actual	Budget level	Budget level	actual	Budget level	Budget level	actual	Budget level	Budget level	Budget level	actual	Budget Level	Budget Level
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	3,934	14,667
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	3,934	14,667
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	3,934	14,667
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	3,934	14,667
Aug	0	0	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	3,934	14,667
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	3,934	14,667
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	3,934	14,667
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	3,934	14,667
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	3,934	14,667
Feb	4,098	3,889	19,679	17,485	3,978	4,002	18,982	16,632	3,993	4,146	17,342	14,029	3,934	14,667
Mar	4,098	3,950	19,679	17,559	3,978	4,047	18,982	16,720	3,993	4,157	17,342	14,051	3,934	14,667

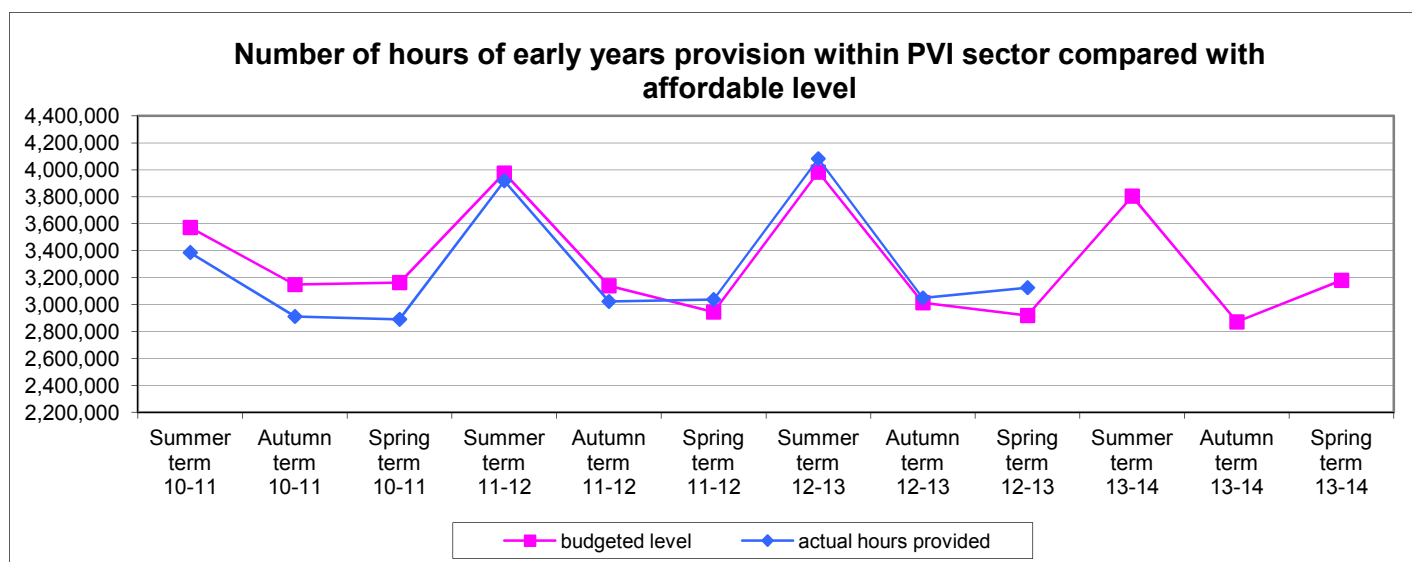


### Comments:

- **SEN HTST** – The number of children travelling is higher than the budgeted level, but 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, resulting in a gross overspend against this budget of +£1,444k. The budgeted level for 2013-14 has reduced from the 2012-13 budgeted level to reflect the higher unit cost experienced in 2012-13 (as adjusted for prices increase and transformation savings).
- **Mainstream HTST** – The number of children travelling is lower than the budgeted level resulting in a corresponding gross underspend of -£1,538k.

1.3 **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		2013-14
Term	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided	Budgeted number of hours
Summer	3,572,444	3,385,199	3,976,344	3,917,710	3,982,605	4,082,870	3,803,791
Autumn	3,147,387	2,910,935	3,138,583	3,022,381	3,012,602	3,048,035	2,871,320
Spring	3,161,965	2,890,423	2,943,439	3,037,408	2,917,560	3,125,343	3,178,904
	<b>9,881,796</b>	<b>9,186,557</b>	<b>10,058,366</b>	<b>9,977,499</b>	<b>9,912,767</b>	<b>10,256,248</b>	<b>9,854,015</b>



**Comments:**

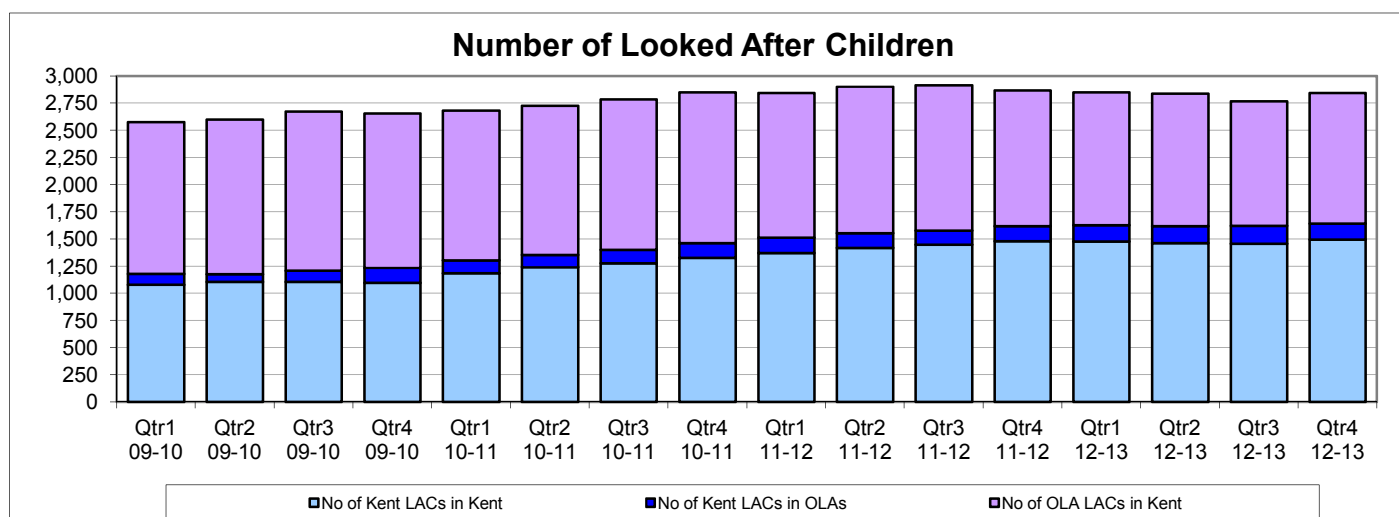
- The budgeted number of hours per term is based on an assumed level of take-up and the assumed number of weeks the providers are open. The variation between the terms is due to two reasons: firstly, the movement of 4 year olds at the start of the Autumn term into reception year in mainstream schools; and secondly, the terms do not have the same number of weeks.
- The 2012-13 activity has resulted in an overspend of £1.135m on this budget. 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 has been funded from a drawdown from the schools unallocated DSG reserve.
- 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.
- It is likely that a realignment of this budget will take place in the 2013-14 quarter 1 full monitoring report to reflect changes in the funding methodology as a result of the school funding reform, where the use of more up to date early years census data is likely to result in increased funding levels and as a consequence the budgeted number of hours will change.

## 2. FAMILIES & SOCIAL CARE DIRECTORATE

The affordable levels included for 2013-14 are based on the approved budget, however Families & Social Care will be reviewing the split of their budget across service groups in light of the outturn and revisions to the allocation of 2013-14 savings to individual budgets to reflect the latest service transformation plans within the directorate, and any changes will be requested in the first full monitoring report for 2013-14, to be reported to Cabinet in September. The affordable levels of activity will therefore change as a result of this exercise.

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

	No of Kent LAC placed in Kent	No of Kent LAC placed in OLAs	TOTAL NO OF KENT LAC	No of OLA LAC placed in Kent	TOTAL No of LAC in Kent
<b>2009-10</b>					
Apr – Jun	1,076	100	<b>1,176</b>	1,399	<b>2,575</b>
Jul – Sep	1,104	70	<b>1,174</b>	1,423	<b>2,597</b>
Oct – Dec	1,104	102	<b>1,206</b>	1,465	<b>2,671</b>
Jan – Mar	1,094	139	<b>1,233</b>	1,421	<b>2,654</b>
<b>2010-11</b>					
Apr – Jun	1,184	119	<b>1,303</b>	1,377	<b>2,680</b>
Jul – Sep	1,237	116	<b>1,353</b>	1,372	<b>2,725</b>
Oct – Dec	1,277	123	<b>1,400</b>	1,383	<b>2,783</b>
Jan – Mar	1,326	135	<b>1,461</b>	1,385	<b>2,846</b>
<b>2011-12</b>					
Apr – Jun	1,371	141	<b>1,512</b>	1,330	<b>2,842</b>
Jul – Sep	1,419	135	<b>1,554</b>	1,347	<b>2,901</b>
Oct – Dec	1,446	131	<b>1,577</b>	1,337	<b>2,914</b>
Jan – Mar	1,480	138	<b>1,618</b>	1,248	<b>2,866</b>
<b>2012-13</b>					
Apr – Jun	1,478	149	<b>1,627</b>	1,221	<b>2,848</b>
Jul – Sep	1,463	155	<b>1,618</b>	1,216	<b>2,834</b>
Oct – Dec	1,455	165	<b>1,620</b>	1,144	<b>2,764</b>
Jan – Mar	1,494	147	<b>1,641</b>	1,200	<b>2,841</b>



#### Comments:

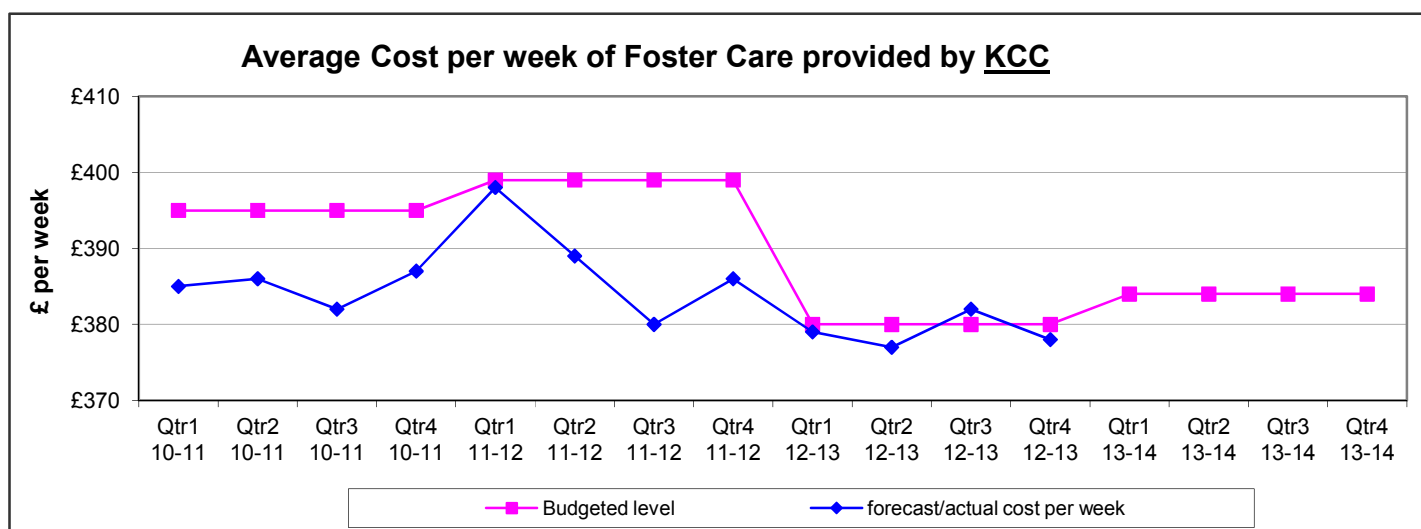
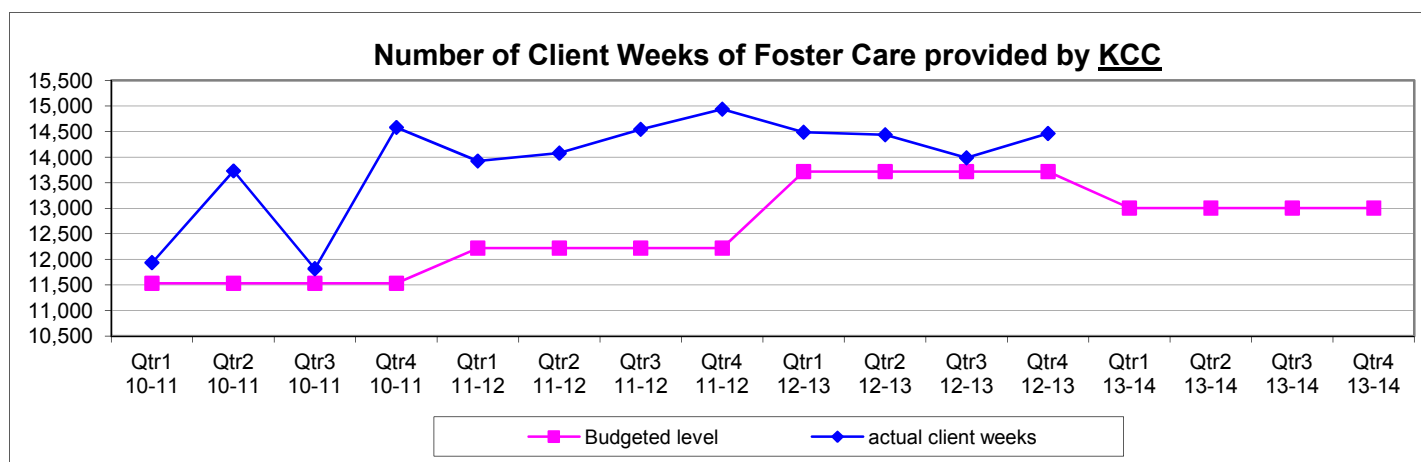
- Children Looked After by KCC may on occasion be placed out of the County, which is undertaken using practice protocols that ensure that all long-distance placements are justified and in the interests of the child. All Looked After Children are subject to regular statutory reviews (at least twice a 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 increased by 21 this quarter and 23 over the year, there could have been more (or less) during the period.
- The increase in the number of looked after children has placed additional pressure on the services for Looked After Children, including fostering and residential care.

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

	2010-11				2011-12				2012-13				2013-14	
	No of weeks		Average cost per client week		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	actual	Budget level	Budget level
Apr-June	11,532	11,937	£395	£386	12,219	13,926	£399	£398	13,718	14,487	£380	£379	13,005	£384
July-Sep	11,532	13,732	£395	£386	12,219	14,078	£399	£389	13,718	14,440	£380	£377	13,005	£384
Oct-Dec	11,532	11,818	£395	£382	12,219	14,542	£399	£380	13,718	13,986	£380	£382	13,005	£384
Jan-Mar	11,532	14,580	£395	£387	12,219	14,938	£399	£386	13,718	14,462	£380	£378	13,005	£384
	<b>46,128</b>	<b>52,067</b>	<b>£395</b>	<b>£387</b>	<b>48,876</b>	<b>57,484</b>	<b>£399</b>	<b>£386</b>	<b>54,872</b>	<b>57,375</b>	<b>£380</b>	<b>£378</b>	<b>52,020</b>	<b>£384</b>



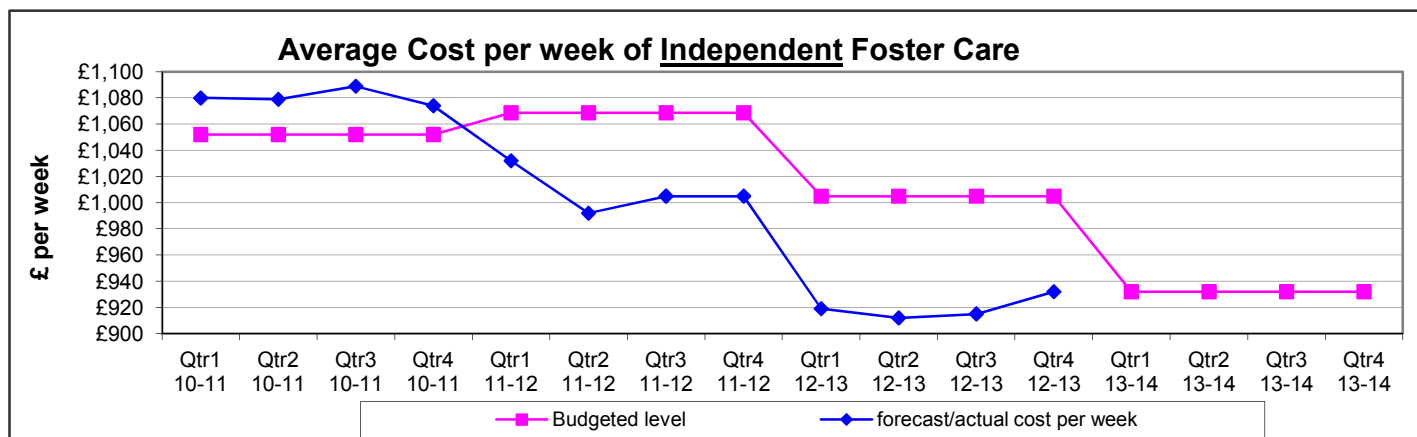
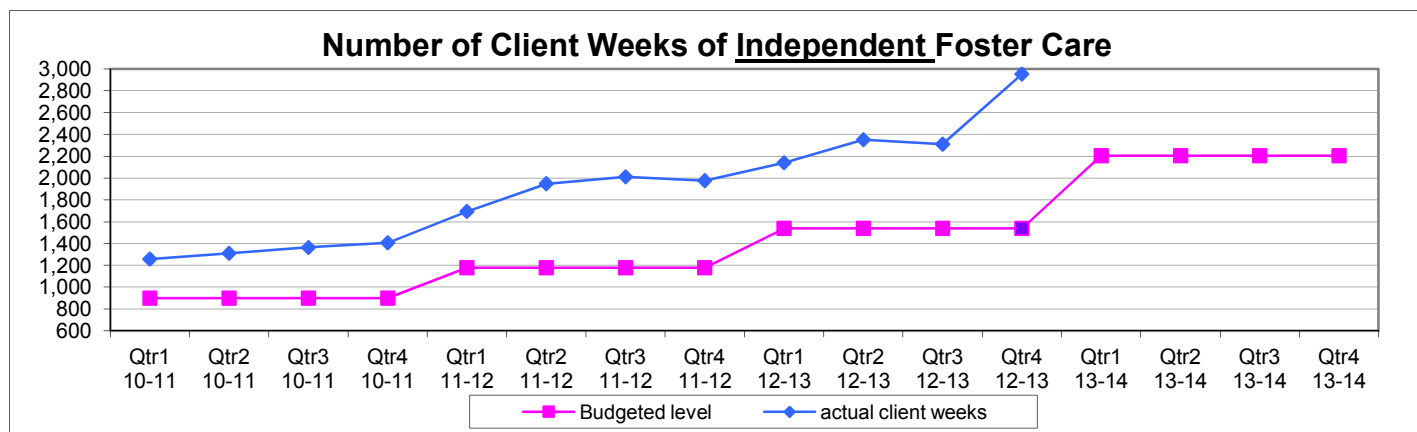
### Comments:

- The actual number of client weeks is based on the numbers of known clients at a particular point in time. This may be subject to change due to the late receipt of paperwork.
- The budgeted level has been calculated by dividing the budget by the average weekly cost. The average weekly cost is also an estimate based on financial information which may be subject to change.

- In addition, the 2012-13 budgeted level represents the level of demand as at the 2011-12 3<sup>rd</sup> quarter's full monitoring report, which is the time at which the 2012-13 budget was set and approved. However, since that time, the service has experienced continued demand on this service.
- The number of weeks provided in 2012-13 was 57,375 (excluding asylum), which is 2,503 weeks above the affordable level. At the unit cost of £378.13 per week, this increase in activity added an additional £946k to the outturn position.
- The unit cost of £378.13, (including both fostering and 16+, but excluding Asylum), is £1.87 below the budgeted level, which gave a saving of -£102k.
- Overall therefore, the combined gross pressure on this service for both under and over 16's (and those with a disability) is +£844k.
- Although there has been additional funding provided for fostering within the 2013-15 MTP, the affordable level in 2013-14 is lower than in 2012-13. This is partly due to a shift in budget between in house and Independent Foster Care (see 2.2.2 below), but also due to some of the 2013-14 budget savings being allocated against in house fostering. As per the statement at the beginning of section 2 of this appendix, these affordable levels may change when the review of budgets has been completed for Quarter 1 of 2013-14.

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

	2010-11				2011-12				2012-13				2013-14	
	No of weeks		Average cost per client week		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	actual	Budget level	Budget level
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	2,205	£932
July-Sep	900	1,310	£1,052	£1,079	1,178	1,948	£1,068.60	£992	1,538	2,352	£1,005	£912	2,205	£932
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	2,205	£932
Jan-Mar	900	1,406	£1,052	£1,074	1,178	1,977	£1,068.60	£1,005	1,538	2,953	£1,005	£932	2,205	£932
	<b>3,600</b>	<b>5,336</b>	<b>£1,052</b>	<b>£1,074</b>	<b>4,710</b>	<b>7,629</b>	<b>£1,068.60</b>	<b>£1,005</b>	<b>6,152</b>	<b>9,756</b>	<b>£1,005</b>	<b>£932</b>	<b>8,820</b>	<b>£932</b>

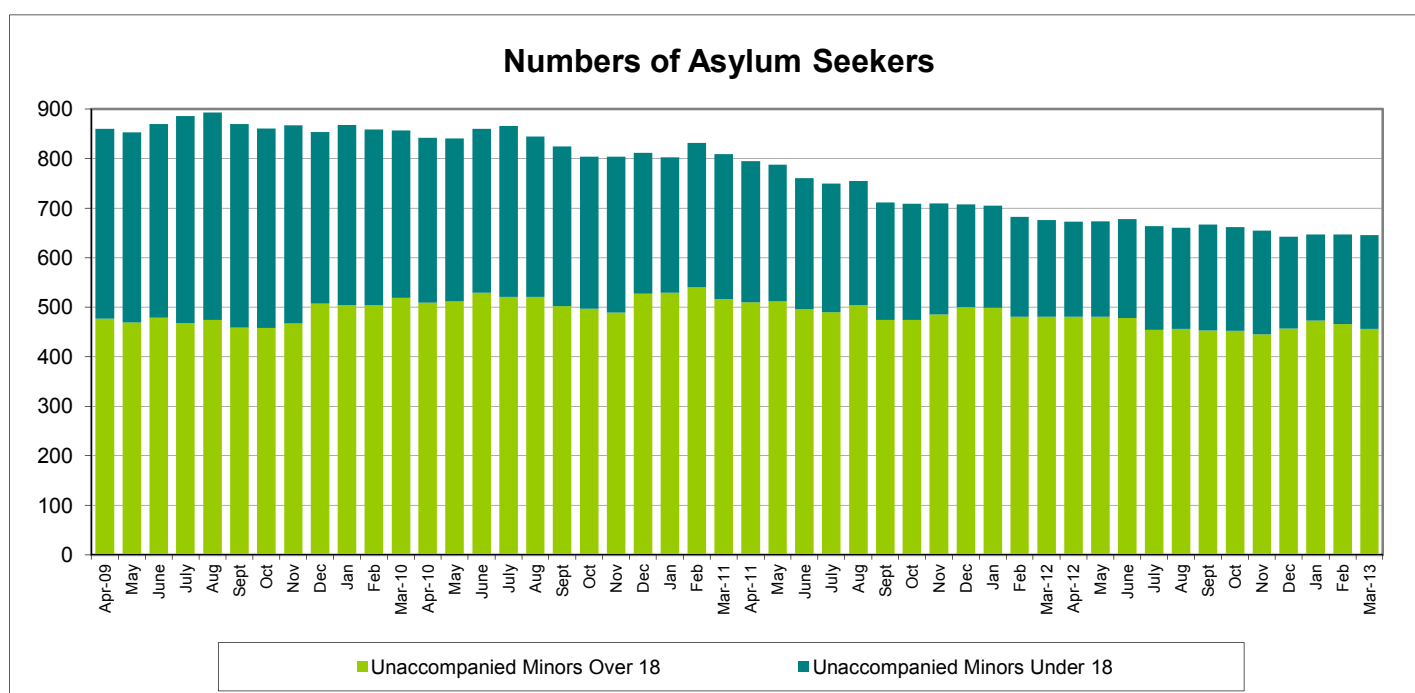


Comments:

- The actual number of client weeks is based on the numbers of known clients at a particular point in time. This may be subject to change due to the late receipt of paperwork.
- The budgeted level has been calculated by dividing the budget by the average weekly cost. The average weekly cost is also an estimate based on financial information which may be subject to change.
- For the 2012-13 budget further significant funding was made available based on the actual level of demand at the 3<sup>rd</sup> quarter's monitoring position for 2011-12, the time at which the 2012-13 budget was set and approved. However, since that date the service has experienced continued demand on this service.
- The number of weeks provided in 2012-13 was 9,756 (excluding asylum), which is 3,604 weeks above the affordable level. At the unit cost of £932.38 per week, this increase in activity added £3,360k to the outturn position.
- The unit cost of £932.38, is -£72.62 below the budgeted level, which provided a saving of -£447k.
- The cost of placements made in 2012-13 are at a lower level than originally forecast, and lower than those placements that have ended in the same period. As a result the 2012-13 unit cost was 7% lower than 2011-12 outturn
- Overall therefore, the combined gross pressure on this service for both under and over 16's (and those with a disability) was +£2,913k.

## 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	174	473	647
February	292	540	932	202	481	683	181	466	647
March	293	516	809	195	481	676	190	456	646

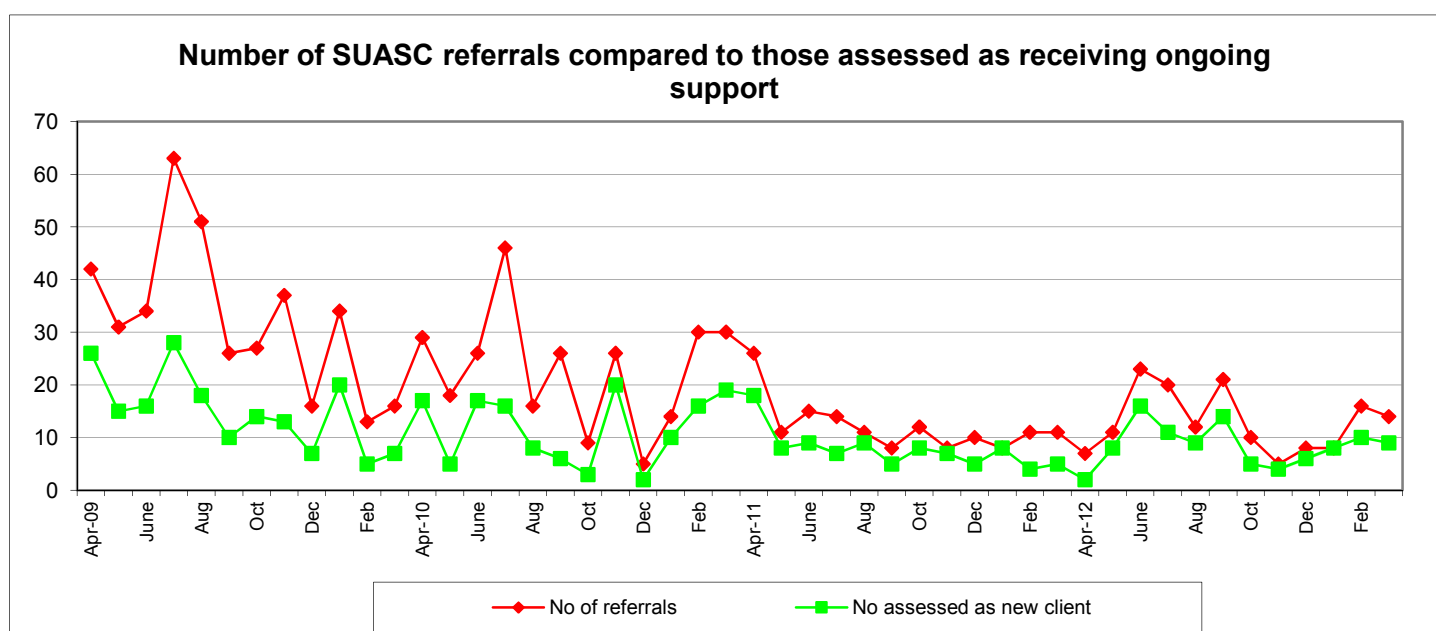


### Comment:

- The overall number of children has remained fairly static this year. The number of clients supported remained below the budgeted level of 690 all year. The budgeted level for 2013-14 is also 690.
- The budgeted number of referrals for 2012-13 was 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 reducing slightly, however the age profile of the under 18 children is increasing.
- 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) i.e. 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%
August	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%	8	8	100%
Feb	13	5	38%	30	16	53%	11	4	36%	16	10	63%
March	16	7	44%	30	19	63%	11	5	45%	14	9	64%
	<b>390</b>	<b>179</b>	<b>46%</b>	<b>275</b>	<b>139</b>	<b>51%</b>	<b>145</b>	<b>93</b>	<b>64%</b>	<b>155</b>	<b>102</b>	<b>66%</b>

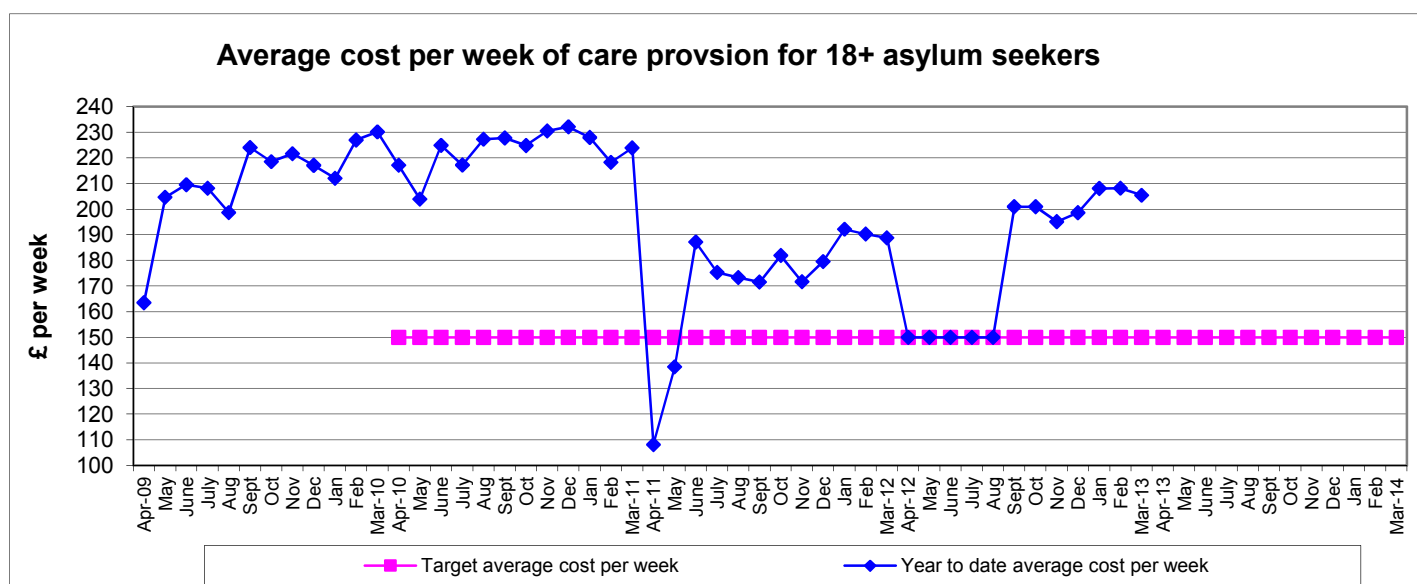


**Comments:**

- In general, referral rates have been lower since September 2009 which coincides with the French Government's action to clear asylum seeker camps around Calais. The average number of referrals per month is now 12.9, 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 for 2012-13 was based on the assumption 60% of the referrals will be assessed as a new client. In 2012-13 the actual rate was 66%. The budget assumed 9 new clients per month (60% of 15 referrals) but the average number of new clients per month was 8.5 (66% of 12.9 average referrals per month). This is 6% lower than the budget assumption of 9 new clients per month.
- The budgeted number of referrals per month for 2013-14 is also 15, with 9 (60%) being assessed as under 18.
- 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 weekly cost of Asylum Seekers Care Provision for 18+ Care Leavers:

	2009-10		2010-11		2011-12		2012-13		2013-14
	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	Target average weekly cost £p
April		163.50	150.00	217.14	150.00	108.10	150.00	150.00	150.00
May		204.63	150.00	203.90	150.00	138.42	150.00	150.00	150.00
June		209.50	150.00	224.86	150.00	187.17	150.00	150.00	150.00
July		208.17	150.00	217.22	150.00	175.33	150.00	150.00	150.00
August		198.69	150.00	227.24	150.00	173.32	150.00	150.00	150.00
September		224.06	150.00	227.79	150.00	171.58	150.00	200.97	150.00
October		218.53	150.00	224.83	150.00	181.94	150.00	200.97	150.00
November		221.64	150.00	230.47	150.00	171.64	150.00	195.11	150.00
December		217.10	150.00	232.17	150.00	179.58	150.00	198.61	150.00
January		211.99	150.00	227.96	150.00	192.14	150.00	208.09	150.00
February		226.96	150.00	218.30	150.00	190.25	150.00	208.16	150.00
March		230.11	150.00	223.87	150.00	188.78	150.00	205.41	150.00



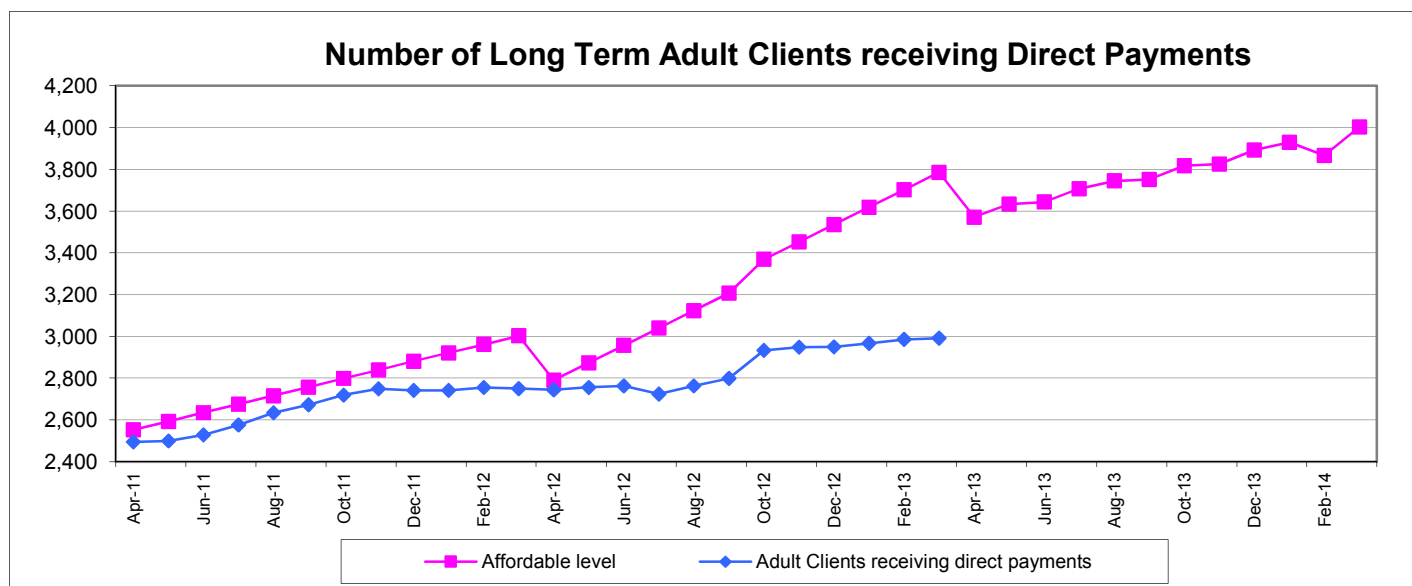
### Comments:

- The local authority has agreed that the funding levels for the Unaccompanied Asylum Seeking Children's Service 18+ 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 will now only fund the costs of an individual for up to three months after the All Rights of appeal Exhausted (ARE) process if the LA carries out a Human Rights Assessment before continuing support. The LA has continued to meet the cost of 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 continues to remain steady, but high. As a result our ability to achieve a balanced position on the Asylum Service becomes more difficult. Moving clients on to the pilot housing scheme was slower than originally anticipated, however all our young people, who it was appropriate to move to lower cost accommodation, were moved by the end of 2010-11. However there remain a number of issues:

- For various reasons, some young people have not yet moved to lower cost properties, mainly those placed out of county. These placements are largely due to either medical/mental health needs or educational needs.
  - 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.
  - The average weekly cost at the end of 2012-13 financial year was £205.41, £55.41 above the £150 claimable under the grant rules. This added £1,255k to the outturn position. We have invoiced the Home Office for the majority of the shortfall in grant income and negotiations are ongoing regarding payment.

2.6 Direct Payments – Number of Adult Social Services Clients receiving Direct Payments:

	2011-12			2012-13			2013-14
	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	Affordable Level for long term clients
April	2,553	2,495	137	2,791	2,744	169	3,571
May	2,593	2,499	89	2,874	2,756	147	3,634
June	2,635	2,529	90	2,957	2,763	133	3,644
July	2,675	2,576	125	3,040	2,724	156	3,707
August	2,716	2,634	141	3,123	2,763	167	3,745
September	2,757	2,672	126	3,207	2,799	147	3,752
October	2,799	2,719	134	3,370	2,933	185	3,818
November	2,839	2,749	122	3,453	2,949	119	3,825
December	2,881	2,741	111	3,536	2,950	109	3,893
January	2,921	2,741	130	3,619	2,967	117	3,929
February	2,962	2,755	137	3,702	2,986	127	3,867
March	3,003	2,750	117	3,785	2,992	105	4,003
			<b>1,459</b>			<b>1,681</b>	



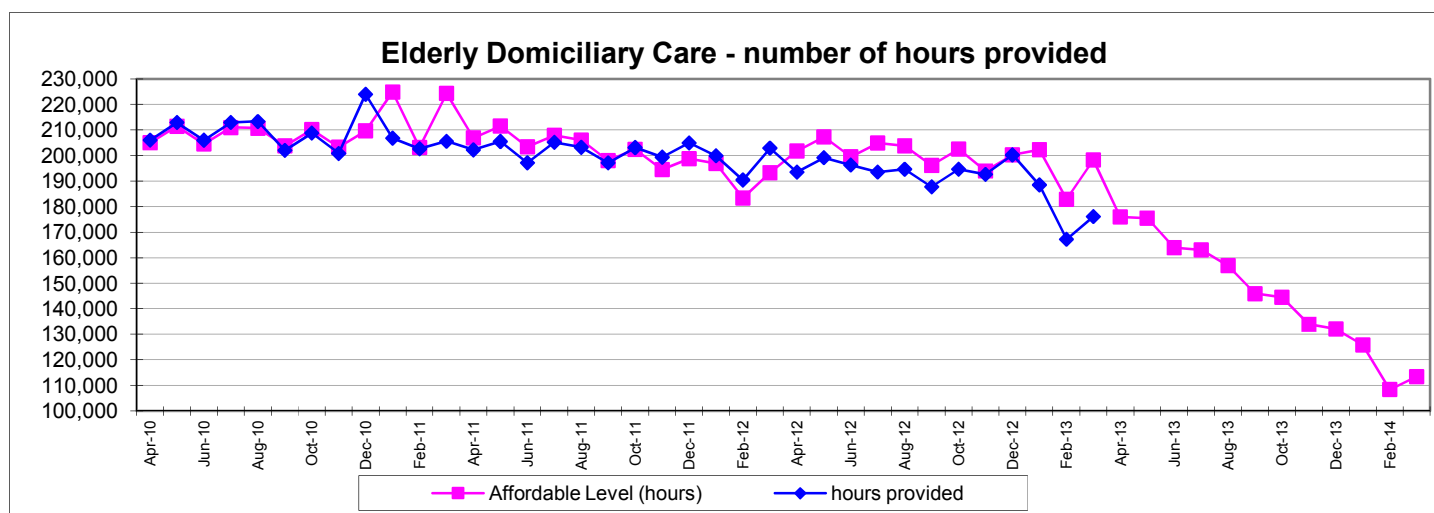
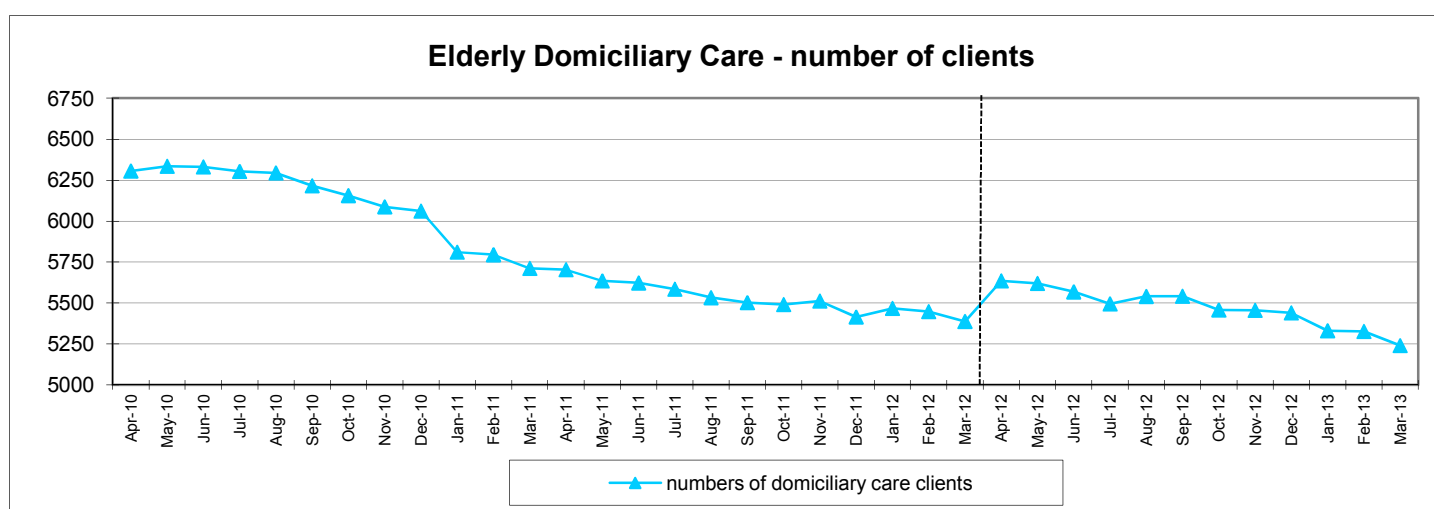
Comments:

- The presentation of activity being reported for direct payments changed in the 2012-13 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 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 gross under spend of -£0.837m for the year (excluding direct payments to carers). This service received a significant amount of monies in the 2012-13 Budget (£3.5m) for the predicted growth in this service.



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

	2010-11			2011-12			2012-13			2013-14
	Affordable level (hours)	hours provided	number of clients	Affordable level (hours)	hours provided	number of clients	Affordable level (hours)	hours provided	number of clients	Affordable level (hours)
April	204,948	205,989	6,305	206,859	202,177	5,703	201,708	193,451	5,635	175,917
May	211,437	212,877	6,335	211,484	205,436	5,634	207,244	199,149	5,619	175,479
June	204,452	205,937	6,331	203,326	197,085	5,622	199,445	196,263	5,567	163,910
July	210,924	212,866	6,303	207,832	205,077	5,584	204,905	193,446	5,494	163,071
August	210,668	213,294	6,294	206,007	203,173	5,532	203,736	194,628	5,540	156,868
Sept	203,708	201,951	6,216	198,025	197,127	5,501	196,050	187,749	5,541	145,898
Oct	210,155	208,735	6,156	202,356	203,055	5,490	202,490	194,640	5,456	144,460
Nov	203,212	200,789	6,087	194,492	199,297	5,511	193,910	192,555	5,455	133,891
Dec	209,643	223,961	6,061	198,704	204,915	5,413	200,249	200,178	5,439	132,052
Jan	224,841	206,772	5,810	196,879	199,897	5,466	202,258	188,501	5,329	125,848
Feb	203,103	202,568	5,794	183,330	190,394	5,447	182,820	167,163	5,326	108,351
March	224,285	205,535	5,711	193,222	202,889	5,386	198,277	176,091	5,239	113,442
<b>TOTAL</b>	<b>2,521,376</b>	<b>2,501,274</b>		<b>2,402,516</b>	<b>2,410,522</b>		<b>2,391,092</b>	<b>2,283,814</b>		<b>1,739,187</b>



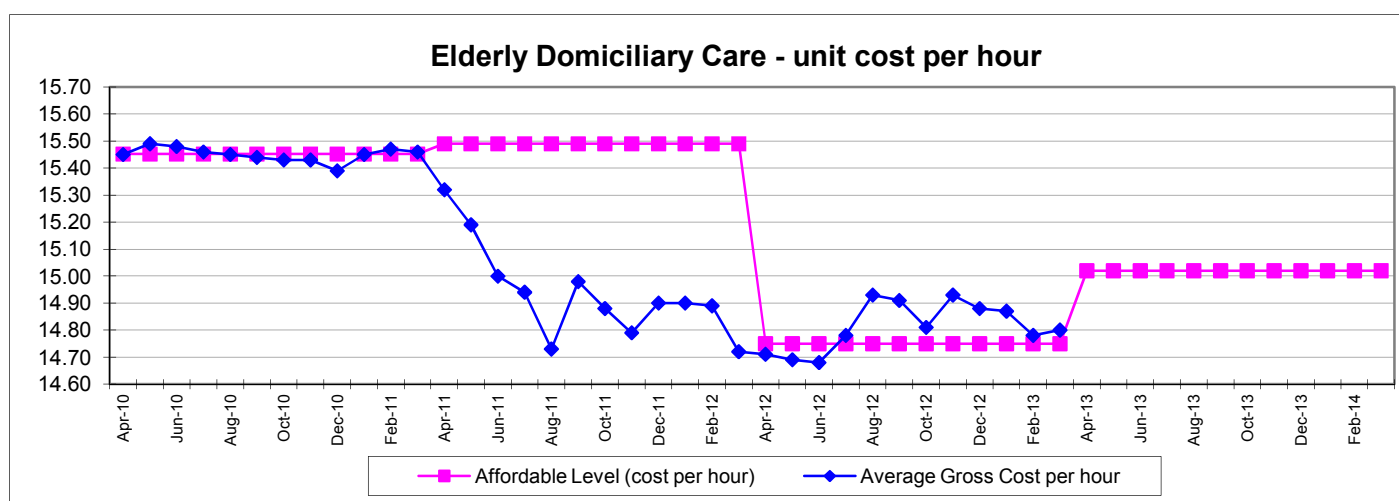
### Comments:

- Figures exclude services commissioned from the Kent Enablement At Home Service.
- Affordable levels were amended in the 2012-13 quarter 3 report to reflect the allocation of winter pressures monies for domiciliary care.
- At outturn, 2,283,814 hours of care have been delivered against a revised affordable level of 2,391,092, a difference of -107,278 hours. Using the actual unit cost of £14.80 this lower level of activity generated an underspend of -£1,588k.

- 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. However, as a result of this, clients who are receiving domiciliary care are likely to have greater needs and require more intensive packages of care than historically provided - the 2010-2011 average hours per client per week was 7.8, whereas the average figure for 2012-13 was 8.0.
- The sharp reduction in the affordable level for 2013-14 reflects the allocation of savings to this service in the 2013-14 budget build, but as per the statement at the beginning of section 2 of this appendix, budgets are being reviewed in light of the 2012-13 outturn and the latest service transformation plans and any changes will be requested in the first full monitoring report to Cabinet in September and consequently the affordable levels will be amended accordingly.

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

	2010-11		2011-12		2012-13		2013-14
	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	Affordable Level (Cost per Hour)
April	15.452	15.45	15.49	15.32	14.75	14.71	15.02
May	15.452	15.49	15.49	15.19	14.75	14.69	15.02
June	15.452	15.48	15.49	15.00	14.75	14.68	15.02
July	15.452	15.46	15.49	14.94	14.75	14.78	15.02
August	15.452	15.45	15.49	14.73	14.75	14.93	15.02
September	15.452	15.44	15.49	14.98	14.75	14.91	15.02
October	15.452	15.43	15.49	14.88	14.75	14.81	15.02
November	15.452	15.43	15.49	14.79	14.75	14.93	15.02
December	15.452	15.39	15.49	14.90	14.75	14.88	15.02
January	15.452	15.45	15.49	14.90	14.75	14.87	15.02
February	15.452	15.47	15.49	14.89	14.75	14.78	15.02
March	15.452	15.46	15.49	14.72	14.75	14.80	15.02

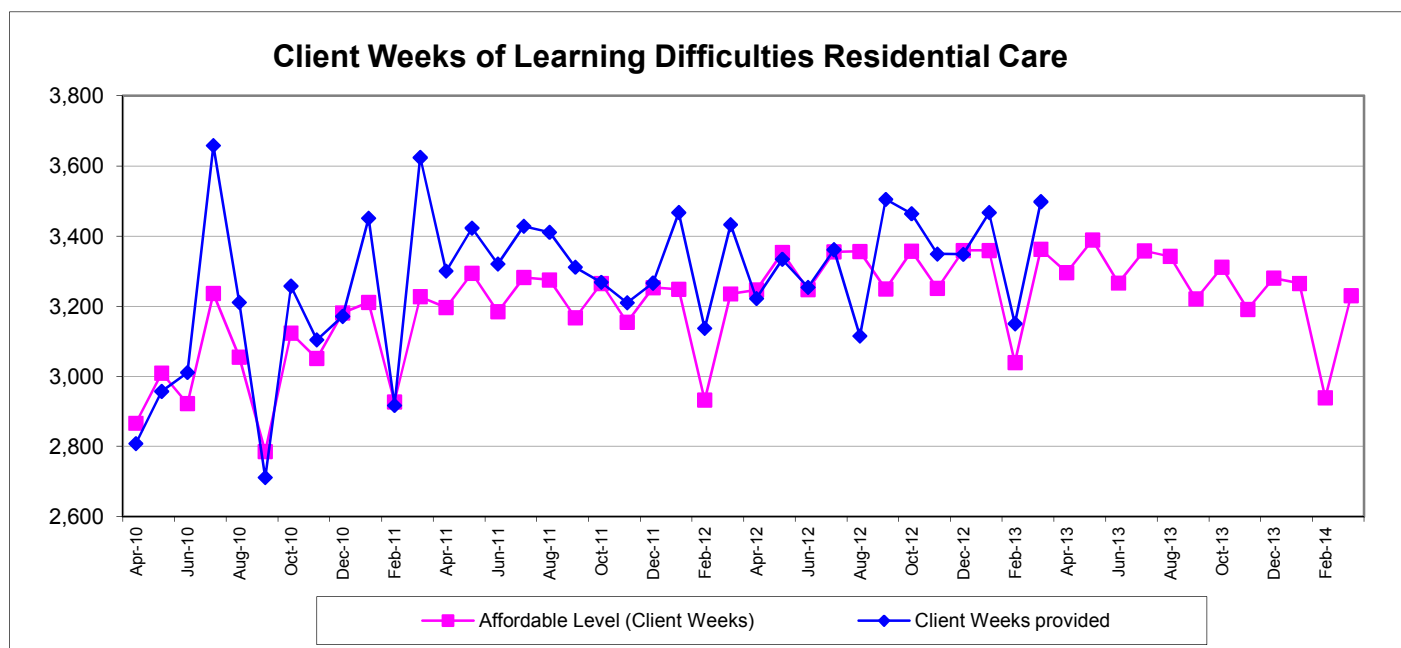


#### Comments:

- The actual unit cost of £14.80 is slightly higher than the affordable cost of £14.75 and this difference of +£0.05 generated a pressure of +£120k when multiplied by the affordable hours in 2.7.1 above.

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

	2010-11		2011-12		2012-13		2013-14
	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	Affordable Level (Client Weeks)
April	2,866	2,808	3,196	3,300	3,246	3,222	3,296
May	3,009	2,957	3,294	3,423	3,353	3,334	3,389
June	2,922	3,011	3,184	3,320	3,247	3,254	3,266
July	3,236	3,658	3,282	3,428	3,355	3,361	3,358
August	3,055	3,211	3,275	3,411	3,356	3,115	3,342
September	2,785	2,711	3,167	3,311	3,249	3,505	3,221
October	3,123	3,257	3,265	3,268	3,357	3,464	3,311
November	3,051	3,104	3,154	3,210	3,251	3,349	3,191
December	3,181	3,171	3,253	3,266	3,359	3,348	3,280
January	3,211	3,451	3,248	3,467	3,359	3,467	3,265
February	2,927	2,917	2,932	3,137	3,039	3,150	2,939
March	3,227	3,624	3,235	3,433	3,362	3,498	3,230
<b>TOTAL</b>	<b>36,593</b>	<b>37,880</b>	<b>38,485</b>	<b>39,974</b>	<b>39,533</b>	<b>40,067</b>	<b>39,088</b>

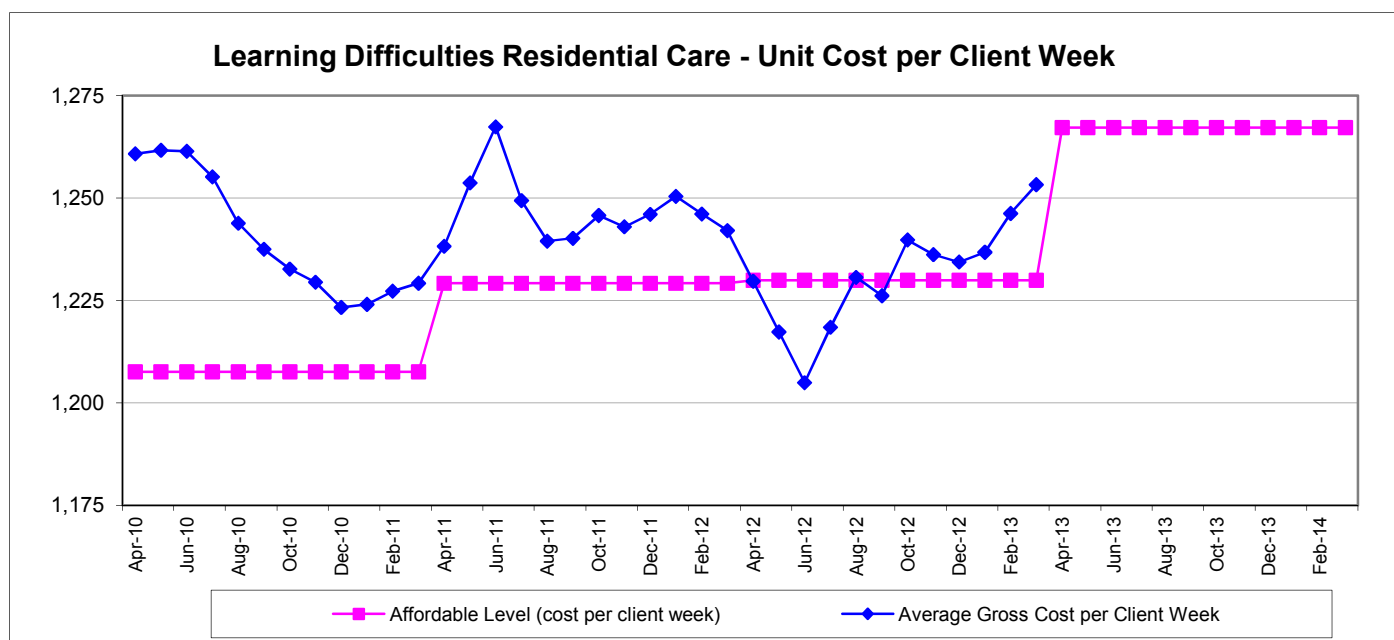


Comments:

- The above graph reflects the number of client weeks of service provided as this has a greater influence on cost than the actual number of clients. The actual number of clients in LD residential care at the end of 2010-11 was 713, at the end of 2011-12 it was 746 and at the end of December 2012 it was 751 including any ongoing transfers as part of the S256 agreement, transitions, provisions and Ordinary Residence. By the end of 2012-13 the number had increased to 764.
- The outturn is 40,067 weeks of care against an affordable level of 39,533, a difference of +534 weeks. Using the actual unit cost of £1,253.27 this additional activity added +£669k to the outturn position.

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

	2010-11		2011-12		2012-13		2013-14
	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	Affordable Level (Cost per Week)
April	1,207.58	1,260.82	1,229.19	1,238.24	1,229.93	1,229.69	1,267.19
May	1,207.58	1,261.67	1,229.19	1,253.68	1,229.93	1,217.30	1,267.19
June	1,207.58	1,261.46	1,229.19	1,267.40	1,229.93	1,204.91	1,267.19
July	1,207.58	1,255.21	1,229.19	1,249.41	1,229.93	1,218.46	1,267.19
August	1,207.58	1,243.87	1,229.19	1,239.50	1,229.93	1,230.65	1,267.19
September	1,207.58	1,237.49	1,229.19	1,240.17	1,229.93	1,226.14	1,267.19
October	1,207.58	1,232.68	1,229.19	1,245.76	1,229.93	1,239.77	1,267.19
November	1,207.58	1,229.44	1,229.19	1,242.97	1,229.93	1,236.19	1,267.19
December	1,207.58	1,223.31	1,229.19	1,246.05	1,229.93	1,234.39	1,267.19
January	1,207.58	1,224.03	1,229.19	1,250.44	1,229.93	1,236.77	1,267.19
February	1,207.58	1,227.26	1,229.19	1,246.11	1,229.93	1,246.23	1,267.19
March	1,207.58	1,229.19	1,229.19	1,242.08	1,229.93	1,253.27	1,267.19

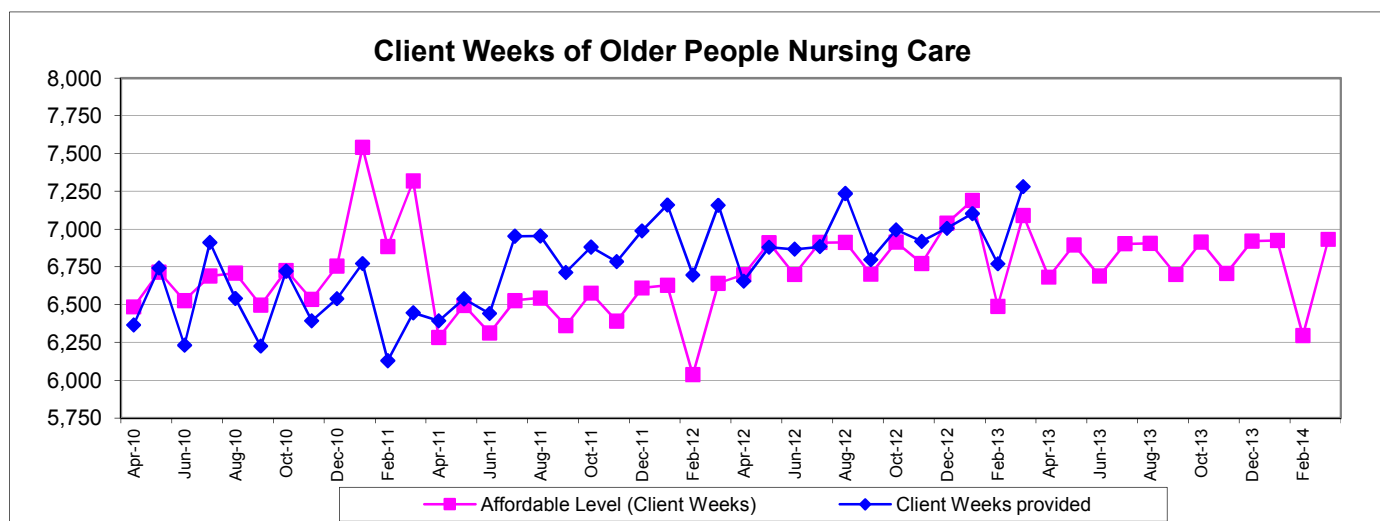


Comments:

- Clients being placed in residential care are those with very complex and individual needs which make it difficult for them to remain in the community, in supported accommodation/supporting living arrangements, or receiving a domiciliary care package. These are therefore placements which attract a very high cost, with the average now being over £1,200 per week. It is expected that clients with less complex needs, and therefore less cost, can transfer from residential into supported living arrangements. This would mean that the average cost per week would increase over time as the remaining clients in residential care would be those with very high cost – some of whom can cost up to £2,000 per week. In addition, no two placements are alike – the needs of people with learning disabilities are unique and consequently, it is common for average unit costs to increase or decrease significantly on the basis of one or two cases.
- The unit cost of £1,253.27 is higher than the affordable cost of £1,229.93 and this difference of +£23.34 added +£923k to the outturn position when multiplied by the affordable weeks in 2.8.1 above.

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

	2010-11		2011-12		2012-13		2013-14
	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	Affordable Level (Client Weeks)
April	6,485	6,365	6,283	6,393	6,698	6,656	6,682
May	6,715	6,743	6,495	6,538	6,909	6,880	6,895
June	6,527	6,231	6,313	6,442	6,699	6,867	6,689
July	6,689	6,911	6,527	6,953	6,911	6,884	6,903
August	6,708	6,541	6,544	6,954	6,912	7,235	6,906
September	6,497	6,225	6,361	6,713	6,701	6,797	6,699
October	6,726	6,722	6,576	6,881	6,913	6,995	6,914
November	6,535	6,393	6,391	6,784	6,772	6,918	6,707
December	6,755	6,539	6,610	6,988	7,039	7,005	6,921
January	7,541	6,772	6,628	7,159	7,189	7,103	6,925
February	6,885	6,129	6,036	6,696	6,489	6,770	6,295
March	7,319	6,445	6,641	7,158	7,090	7,281	6,932
<b>TOTAL</b>	<b>81,382</b>	<b>78,016</b>	<b>77,405</b>	<b>81,659</b>	<b>82,322</b>	<b>83,391</b>	<b>81,468</b>

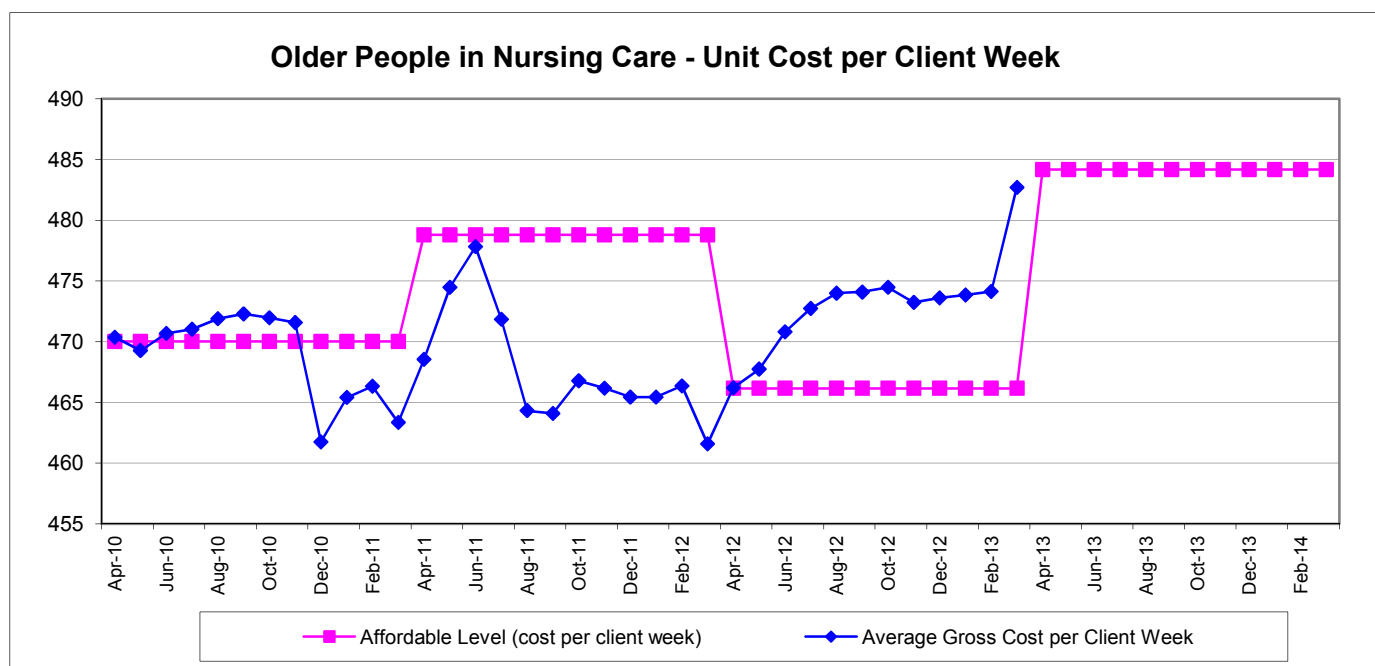


### Comment:

- The above graph reflects the number of client weeks of service provided as this has a greater influence on cost than the actual number of clients. The actual number of clients in older people nursing care at the end of 2010-11 was 1,379, at the end of 2011-12 it was 1,479 and at the end of December 2012 it was 1,497 but by the end of 2012-13 it was 1,469.
- The outturn position is 83,391 weeks of care against an affordable level of 82,322, a difference of +1,069 weeks. Using the actual unit cost of £482.71, this increased level of activity produced an overspend of +£516k.
- The affordable level of client weeks was updated in the 2012-13 Q3 report to reflect the allocation of winter pressures monies for nursing care.
- There are always pressures in permanent nursing care, which may occur for many reasons. Increasingly, older people are entering nursing care only when other ways of support have been explored. This means that the most dependent are those that enter nursing care and consequently are more likely to have dementia. There is not the same distinction between clients with dementia in nursing care as with residential care as the difference in intensity of care for nursing care and nursing care with dementia is not as significant as it is for residential care. In addition, there will always be pressures which the directorate face, for example the knock on effect of minimising delayed transfers of care. Demographic changes – increasing numbers of older people with long term illnesses – also means that there is an underlying trend of growing numbers of people needing nursing care.

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

	2010-11		2011-12		2012-13		2013-14
	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	Affordable Level (Cost per Week)
April	470.01	470.36	478.80	468.54	466.16	466.20	484.17
May	470.01	469.27	478.80	474.48	466.16	467.74	484.17
June	470.01	470.67	478.80	477.82	466.16	470.82	484.17
July	470.01	471.03	478.80	471.84	466.16	472.74	484.17
August	470.01	471.90	478.80	464.32	466.16	473.99	484.17
September	470.01	472.28	478.80	464.09	466.16	474.09	484.17
October	470.01	471.97	478.80	466.78	466.16	474.47	484.17
November	470.01	471.58	478.80	466.17	466.16	473.23	484.17
December	470.01	461.75	478.80	465.44	466.16	473.61	484.17
January	470.01	465.40	478.80	465.44	466.16	473.84	484.17
February	470.01	466.32	478.80	466.36	466.16	474.13	484.17
March	470.01	463.34	478.80	461.58	466.16	482.71	484.17

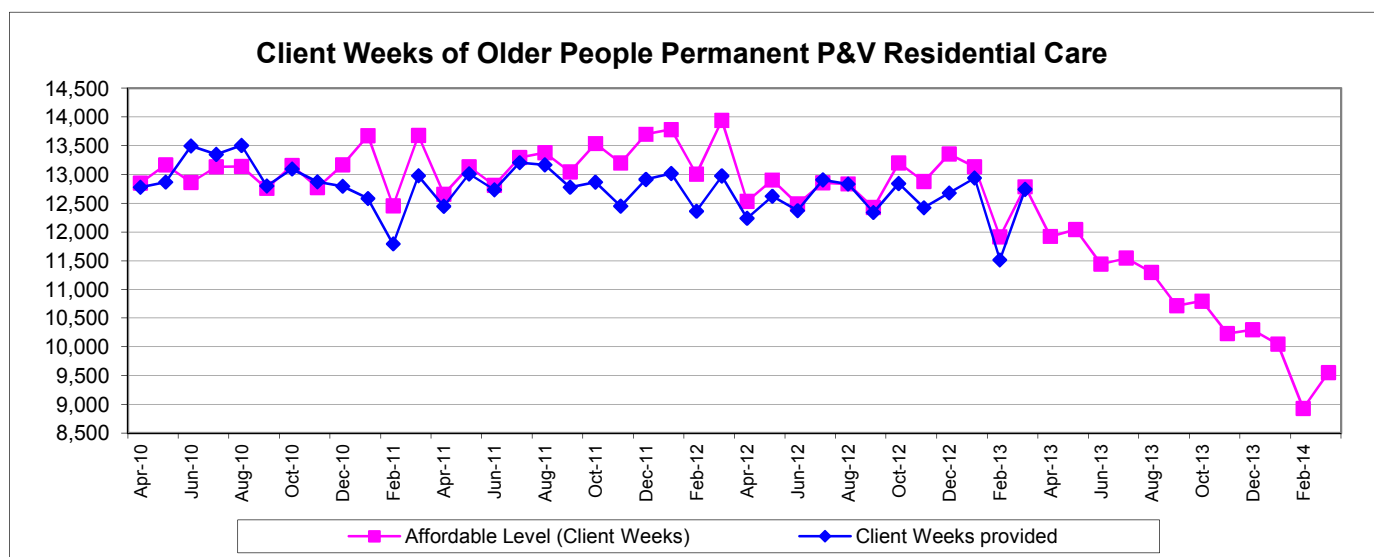


### Comments:

- 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 unit cost of £482.71 is above the affordable cost of £466.16 and this difference of +£16.55 added +£1,362k to the outturn position when multiplied by the affordable weeks in 2.9.1 above.
- The increase in the unit cost in March 2013 reflects both the general changes in the average cost of a nursing bed along with an adjustment to the average weekly cost of short term block beds to reflect the actual usage of these beds during the year. In previous months full usage of block contracts had been assumed however there was a backlog in recording of actual placements on the activity database. This backlog was cleared for yearend which has had the impact of artificially increasing the unit cost for the month of March when in reality this increase should have been spread over the whole year. In addition, this has also identified an under utilisation of certain block beds. The commissioning of block beds is currently under review and in some instances these beds have been decommissioned for 2013-14.

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

	2010-11		2011-12		2012-13		2013-14
	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	Affordable Level (Client Weeks)
April	12,848	12,778	12,655	12,446	12,532	12,237	11,922
May	13,168	12,867	13,136	13,009	12,903	12,621	12,043
June	12,860	13,497	12,811	12,731	12,489	12,369	11,439
July	13,135	13,349	13,297	13,208	12,858	12,908	11,544
August	13,141	13,505	13,377	13,167	12,836	12,832	11,295
September	12,758	12,799	13,044	12,779	12,424	12,339	10,714
October	13,154	13,094	13,538	12,868	13,203	12,842	10,796
November	12,771	12,873	13,200	12,448	12,880	12,422	10,232
December	13,167	12,796	13,700	12,914	13,358	12,679	10,297
January	13,677	12,581	13,782	13,019	13,135	12,941	10,047
February	12,455	11,790	13,007	12,361	11,916	11,512	8,926
March	13,678	12,980	13,940	12,975	12,786	12,741	9,552
<b>TOTAL</b>	<b>156,812</b>	<b>154,909</b>	<b>159,487</b>	<b>153,925</b>	<b>153,320</b>	<b>150,443</b>	<b>128,807</b>



Comments:

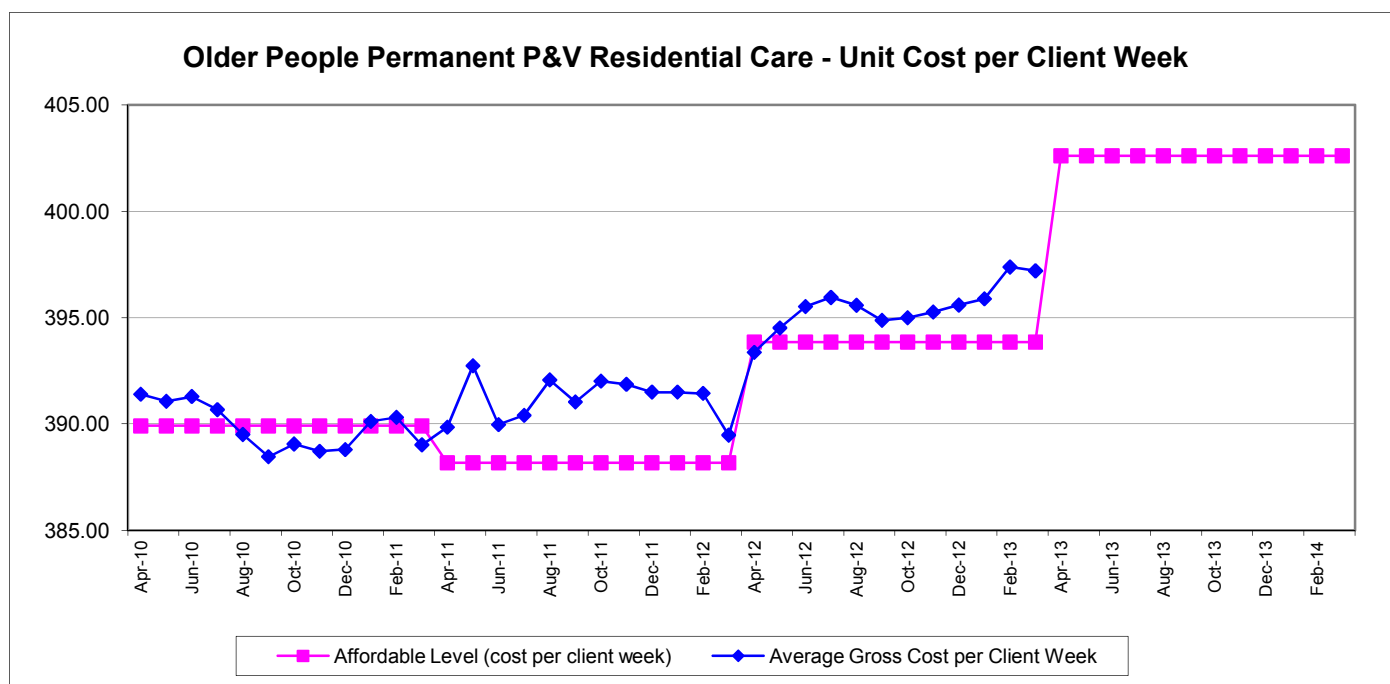
- The above graph reflects the number of client weeks of service provided as this has a greater influence on cost than the actual number of clients. The actual number of clients in older people permanent P&V residential care at the end of 2010-11 it was 2,787, at the end of 2011-12 it was 2,736 and by the end of December 2012 it was 2,707, and at the end of 2012-13 it was 2,653. It is evident that there are ongoing pressures relating to clients with dementia who require a greater intensity of care. Of the 2,736 clients in older people nursing care at the end of March 2012, 1,235 had Dementia (i.e. 45.1%), and this position has remained fairly static with the percentage as at 31 March 2013 having decreased only marginally to 44.5% (i.e. 1,181 of the 2,653 total clients).
- 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 2012-13 affordable level of client weeks was updated in the 2012-13 Q3 report to reflect the allocation of winter pressures monies for residential care.
- The outturn position is 150,443 weeks of care against an affordable level of 153,320, a difference of -2,877 weeks. Using the actual unit cost of £397.20, this lower level of activity generated an underspend of -£1,143k.

- The sharp reduction in the affordable level for 2013-14 reflects the allocation of savings to this service in the 2013-14 budget build, but as per the statement at the beginning of section 2 of this appendix, budgets are being reviewed in light of the 2012-13 outturn and the latest service transformation plans and any changes will be requested in the first full monitoring report to Cabinet in September and consequently the affordable levels will be amended accordingly.



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

	2010-11		2011-12		2012-13		2013-14
	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	Affordable Level (Cost per Week)
April	389.91	391.40	388.18	389.85	393.85	393.37	402.61
May	389.91	391.07	388.18	392.74	393.85	394.52	402.61
June	389.91	391.29	388.18	389.97	393.85	395.52	402.61
July	389.91	390.68	388.18	390.41	393.85	395.95	402.61
August	389.91	389.51	388.18	392.07	393.85	395.58	402.61
September	389.91	388.46	388.18	391.04	393.85	394.88	402.61
October	389.91	389.06	388.18	392.02	393.85	394.99	402.61
November	389.91	388.72	388.18	391.87	393.85	395.26	402.61
December	389.91	388.80	388.18	391.50	393.85	395.59	402.61
January	389.91	390.12	388.18	391.50	393.85	395.88	402.61
February	389.91	390.31	388.18	391.44	393.85	397.38	402.61
March	389.91	389.02	388.18	389.48	393.85	397.20	402.61

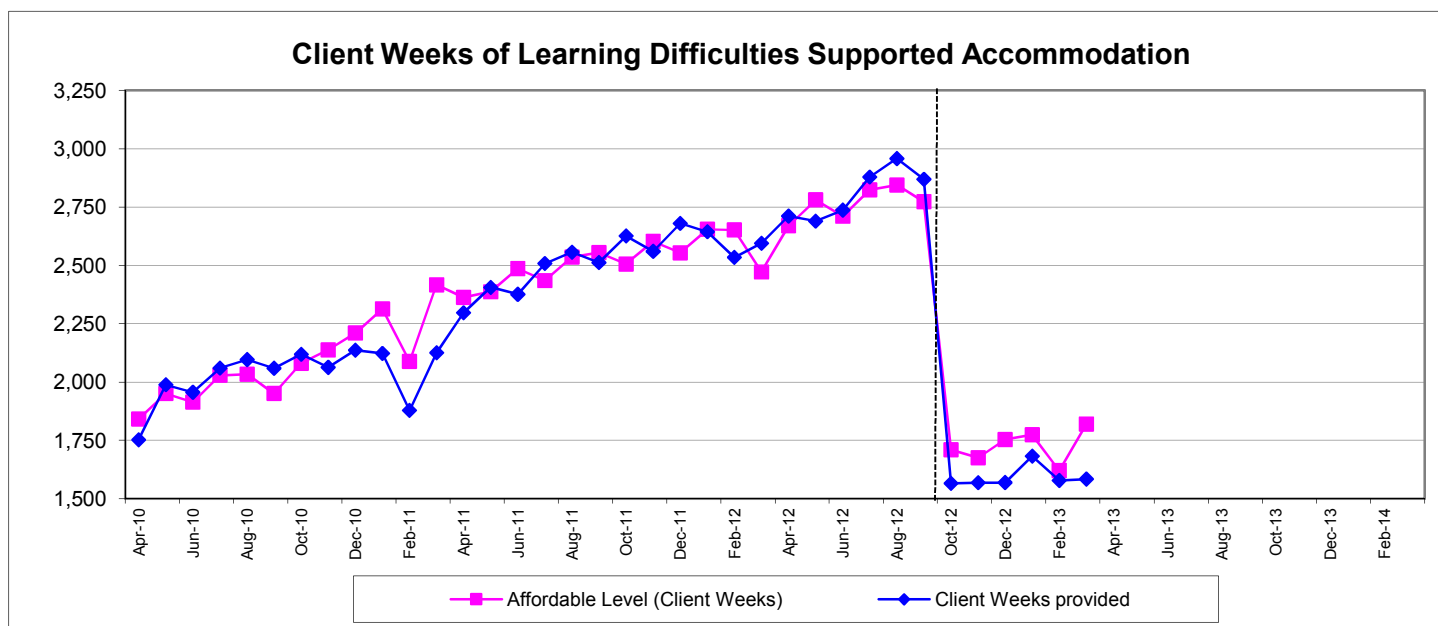


Comments:

- The unit cost of £397.20 is higher than the affordable cost of £393.85 and this difference of +£3.35 caused a pressure of +£514k when multiplied by the affordable weeks in section 2.10.1 above.
- The unit cost remains above the affordable level and this is likely to be a reflection of the continuing high proportion of clients with dementia, who are more costly due to the increased intensity of care required.
- The increase in the average weekly cost of a residential care placement in February and March reflects updating of the activity database for a backlog in the recording of short term beds.

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

	2010-11		2011-12		2012-13		2013-14
	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	Affordable Level (Client Weeks)
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	This
June	1,914	1,956	2,486	2,376	2,711	2,737	indicator
July	2,029	2,060	2,435	2,508	2,824	2,879	is
August	2,034	2,096	2,536	2,557	2,845	2,958	changing
September	1,951	2,059	2,555	2,512	2,773	2,869	for
October	2,080	2,119	2,506	2,626	1,710	1,566	2013-14
November	2,138	2,063	2,603	2,560	1,675	1,568	hence
December	2,210	2,137	2,554	2,680	1,753	1,569	no
January	2,314	2,123	2,655	2,644	1,774	1,682	affordable
February	2,088	1,878	2,652	2,534	1,621	1,578	level
March	2,417	2,125	2,472	2,595	1,820	1,584	supplied
<b>TOTAL</b>	<b>24,967</b>	<b>24,356</b>	<b>30,204</b>	<b>30,295</b>	<b>26,957</b>	<b>26,392</b>	



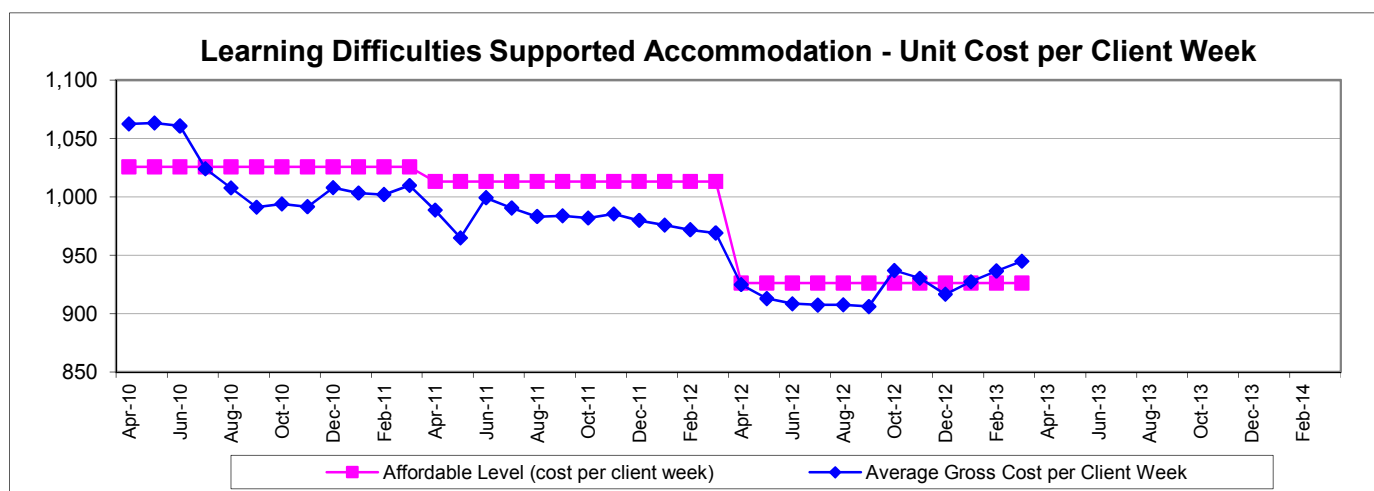
Comments:

- The affordable level for 2012-13 was amended in quarter 2 because from 1<sup>st</sup> 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 2013-14 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 were S256). By the end of 2012-13 the number had decreased to 192, of which 106 were S256 clients. This drop in clients during 2012-13 reflects the transfer to the new SIS service explained above.
- The outturn position is 26,392 weeks of care against an affordable level of 26,957, a difference of -565 weeks. Using the final unit cost of £944.87 this lower level of activity produced an underspend of -£534k.
- 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.
- This indicator is changing for 2013-14 to reflect the new Supporting Independence Service and therefore no affordable level has been provided. Details of the new indicator will be provided in the quarter 1 report to Cabinet in September.

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

	2010-11		2011-12		2012-13		2013-14
	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	Affordable Level (Cost per Week)
April	1,025.67	1,062.38	1,013.18	988.73	926.16	924.87	This
May	1,025.67	1,063.22	1,013.18	964.95	926.16	912.93	indicator
June	1,025.67	1,060.59	1,013.18	999.24	926.16	908.53	is
July	1,025.67	1,023.90	1,013.18	990.45	926.16	907.44	changing
August	1,025.67	1,007.58	1,013.18	983.09	926.16	907.63	for
September	1,025.67	991.20	1,013.18	983.85	926.16	906.09	2013-14
October	1,025.67	993.92	1,013.18	981.78	926.16	936.95	hence
November	1,025.67	991.56	1,013.18	985.45	926.16	930.40	no
December	1,025.67	1,007.95	1,013.18	979.83	926.16	916.62	affordable
January	1,025.67	1,003.21	1,013.18	975.90	926.16	927.38	unit cost
February	1,025.67	1,001.98	1,013.18	971.85	926.16	936.52	supplied
March	1,025.67	1,009.82	1,013.18	969.09	926.16	944.87	



**Comments:**

- The actual unit cost of £944.87 is higher than the affordable cost of £926.16 and this difference of +£18.71 generated a pressure of +£504k when multiplied by the affordable weeks in section 2.11.1 above.
- There are three distinct groups of clients: Section 256 clients, Ordinary Residence clients and other clients. Each group has a very different average unit cost, which are combined to provide an overall average unit cost for the purposes of this report.
- The costs associated with these placements will vary depending on the complexity of each case and the type of support required in each placement. This varies enormously between a domiciliary type support to life skills and daily living support.
- 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 2.11.1 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 MTFP.
- This indicator is changing for 2013-14 to reflect the new Supporting Independence Service and therefore no affordable level has been provided. Details of the new indicator will be provided in the quarter 1 report to Cabinet in September.
- The average weekly unit cost of a supported accommodation placement has increased in the last quarter as the full impact of the transfer of clients to the supporting independence service is concluded. Clients which transferred to the new contract generally had a lower unit cost therefore the average unit cost of those remaining within the supported accommodation budget line has increased.

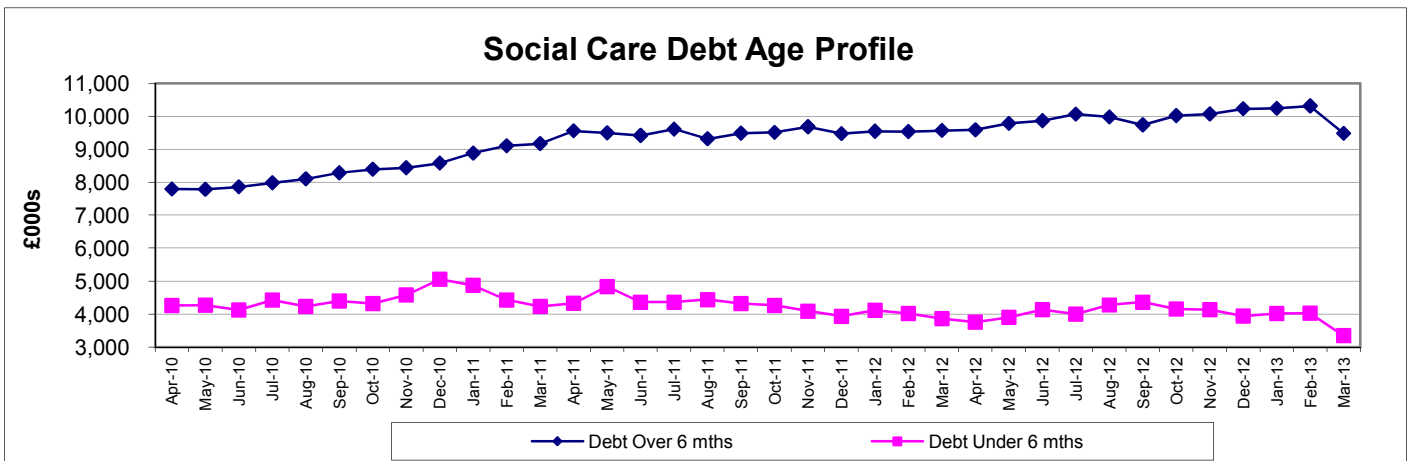
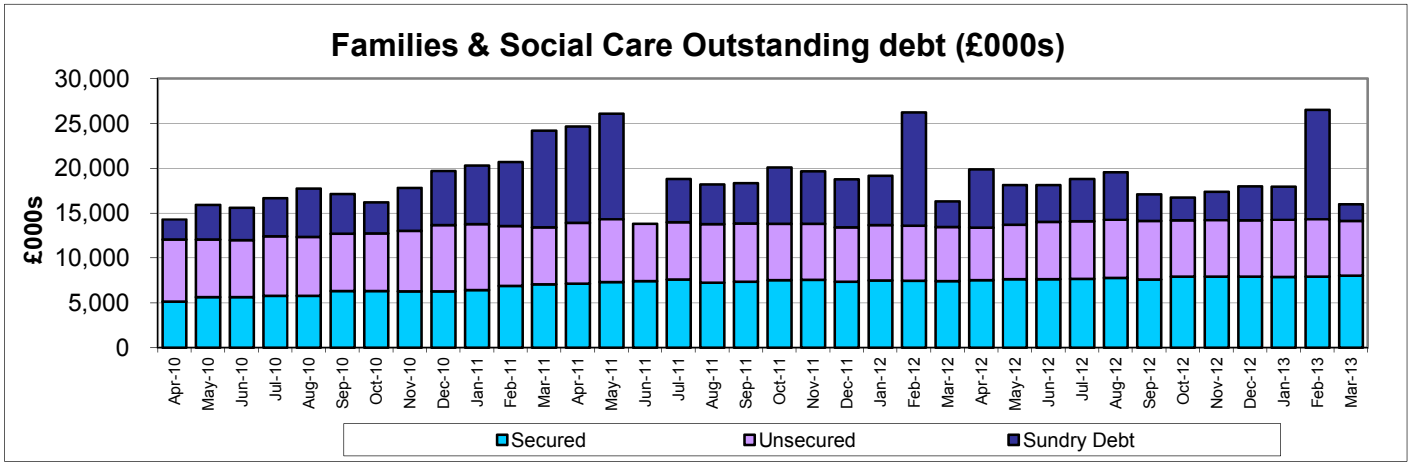
## 2.12 SOCIAL CARE OUTSTANDING DEBT

The outstanding due debt as at the end of March 2013 was £15.986m compared with January's figure of £17.965m (reported to Cabinet in March) excluding any amounts not yet due for payment (as they are still within the 28 day payment term allowed). Within this figure is £1.895m of sundry debt compared to £3.711m at the end of January. The amount of sundry debt can fluctuate for large invoices to health. Also within the outstanding debt is £14.091m relating to Social Care (client) debt which is a small reduction of £0.163m from the last reported position to Cabinet in March (January position). The following table shows how this breaks down in terms of age and also whether it is secured (i.e. by a legal charge on the client's property) or unsecured, together with how this month compares with previous months. For most months the debt figures refer to when the four weekly invoice billing run interfaces with Oracle (the accounting system) rather than the calendar month, as this provides a more meaningful position for Social Care Client Debt. This therefore means that there are 13 billing invoice runs during the year. The sundry debt figures are based on calendar months.

Debt Month	Total Due Debt (Social Care & Sundry Debt) £000s	Sundry Debt £000s	Social Care Debt				
			Total Social Care Due Debt £000s	Debt Over 6 mths £000s	Debt Under 6 mths £000s	Secured £000s	Unsecured £000s
Apr-10	14,294	2,243	12,051	7,794	4,257	5,132	6,919
May-10	15,930	3,873	12,057	7,784	4,273	5,619	6,438
Jun-10	15,600	3,621	11,979	7,858	4,121	5,611	6,368
Jul-10	16,689	4,285	12,404	7,982	4,422	5,752	6,652
Aug-10	17,734	5,400	12,334	8,101	4,233	5,785	6,549
Sep-10	17,128	4,450	12,678	8,284	4,394	6,289	6,389
Oct-10	16,200	3,489	12,711	8,392	4,319	6,290	6,421
Nov-10	17,828	4,813	13,015	8,438	4,577	6,273	6,742
Dec-10	19,694	6,063	13,631	8,577	5,054	6,285	7,346
Jan-11	20,313	6,560	13,753	8,883	4,870	6,410	7,343
Feb-11	20,716	7,179	13,537	9,107	4,430	6,879	6,658
Mar-11	24,413	11,011	13,402	9,168	4,234	7,045	6,357
Apr-11	24,659	10,776	13,883	9,556	4,327	7,124	6,759
May-11	26,069	11,737	14,332	9,496	4,836	7,309	7,023
Jun-11	13,780	*	13,780	9,418	4,362	7,399	6,381
Jul-11	18,829	4,860	13,969	9,608	4,361	7,584	6,385
Aug-11	18,201	4,448	13,753	9,315	4,438	7,222	6,531
Sep-11	18,332	4,527	13,805	9,486	4,319	7,338	6,467
Oct-11	20,078	6,304	13,774	9,510	4,264	7,533	6,241
Nov-11	19,656	5,886	13,770	9,681	4,089	7,555	6,215
Dec-11	18,788	5,380	13,408	9,473	3,935	7,345	6,063
Jan-12	19,180	5,518	13,662	9,545	4,117	7,477	6,185
Feb-12	26,218	12,661	13,557	9,536	4,021	7,455	6,102
Mar-12	16,310	2,881	13,429	9,567	3,862	7,411	6,018
Apr-12	19,875	6,530	13,345	9,588	3,757	7,509	5,836
May-12	18,128	4,445	13,683	9,782	3,901	7,615	6,068
Jun-12	18,132	4,133	13,999	9,865	4,134	7,615	6,384
Jul-12	18,816	4,750	14,066	10,066	4,000	7,674	6,392
Aug-12	19,574	5,321	14,253	9,977	4,276	7,762	6,491
Sep-12	17,101	3,002	14,099	9,738	4,361	7,593	6,506
Oct-12	16,747	2,574	14,173	10,020	4,153	7,893	6,280
Nov-12	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	26,492	12,153	14,339	10,312	4,027	7,903	6,436
Mar-13	15,986	1,895	14,091	10,165	3,926	8,025	6,066

\* 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.

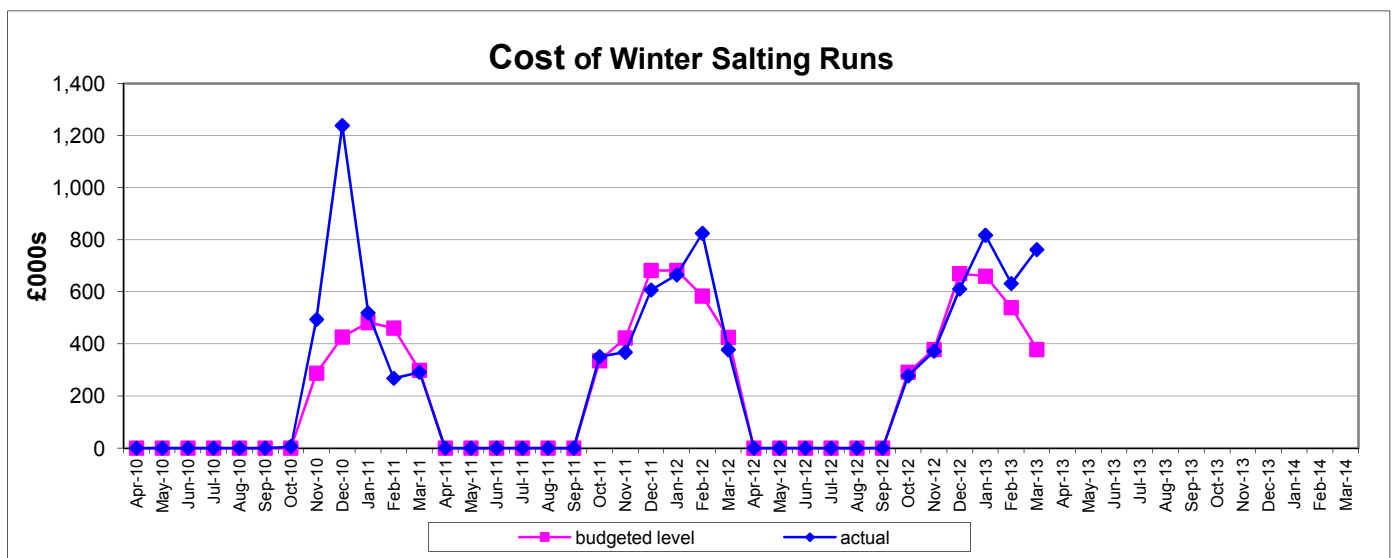
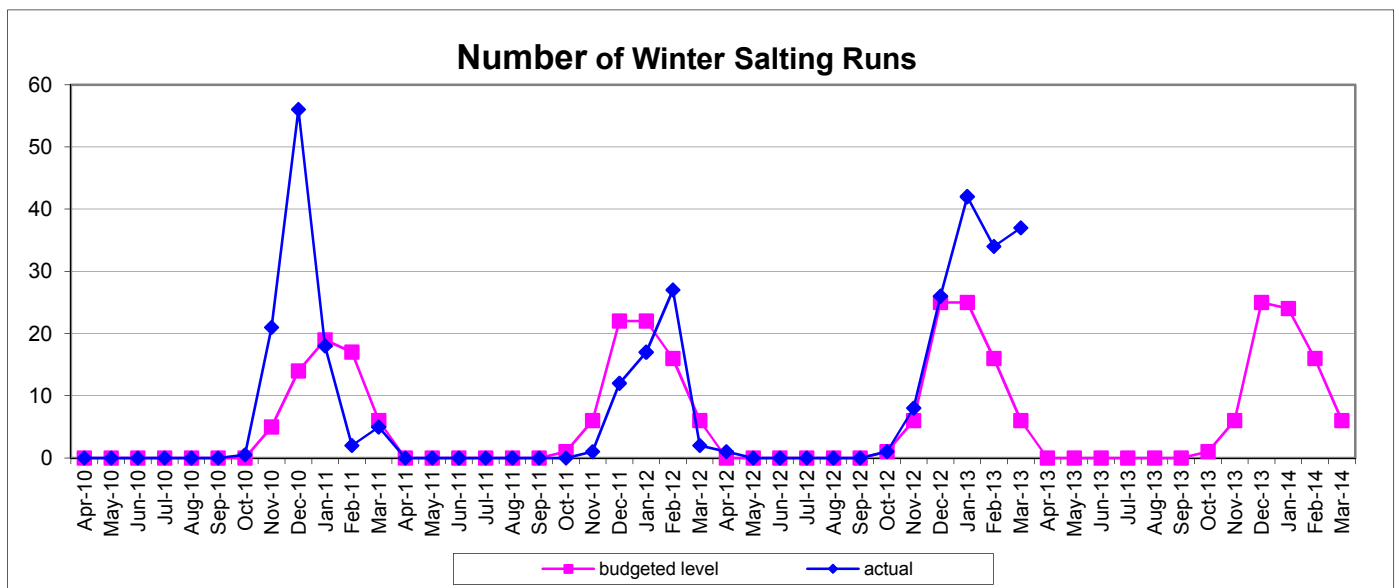
In addition the previously reported secured and unsecured debt figures for April 2012 to July 2012 were amended slightly between the Quarter 1 and Quarter 2 reports following a reassessment of some old debts between secured and unsecured.



### 3. ENVIRONMENT & REGENERATION DIRECTORATE

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

	2010-11				2011-12				2012-13				2013-14	
	Number of salting runs		Cost of salting runs		Number of salting runs		Cost of salting runs		Number of salting runs		Cost of salting runs		No of salting runs	Cost of salting runs
	Actual	Budget Level	Actual £000s	Budget Level £000s	Actual	Budget Level	Actual £000s	Budget Level £000s	Actual	Budget level	Actual £000s	Budget Level £000s	Budget Level	Budget Level £000s
April	-	-	-	-	-	-	-	-	1	-	12	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aug	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sept	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oct	0.5	-	6	-	0	1	351	335	1	1	263	291	1	291
Nov	21	5	494	288	1	6	368	423	8	6	372	379	6	379
Dec	56	14	1,238	427	12	22	607	682	26	25	596	670	25	670
Jan	18	19	519	482	17	22	665	682	42	25	817	660	24	660
Feb	2	17	268	461	27	16	825	584	34	16	632	540	16	540
Mar	5	6	291	299	2	6	378	425	37	6	762	379	6	379
<b>TOTAL</b>	<b>102.5</b>	<b>61</b>	<b>2,816</b>	<b>1,957</b>	<b>59</b>	<b>73</b>	<b>3,194</b>	<b>3,131</b>	<b>149</b>	<b>79</b>	<b>3,454</b>	<b>2,919</b>	<b>78</b>	<b>2,919</b>



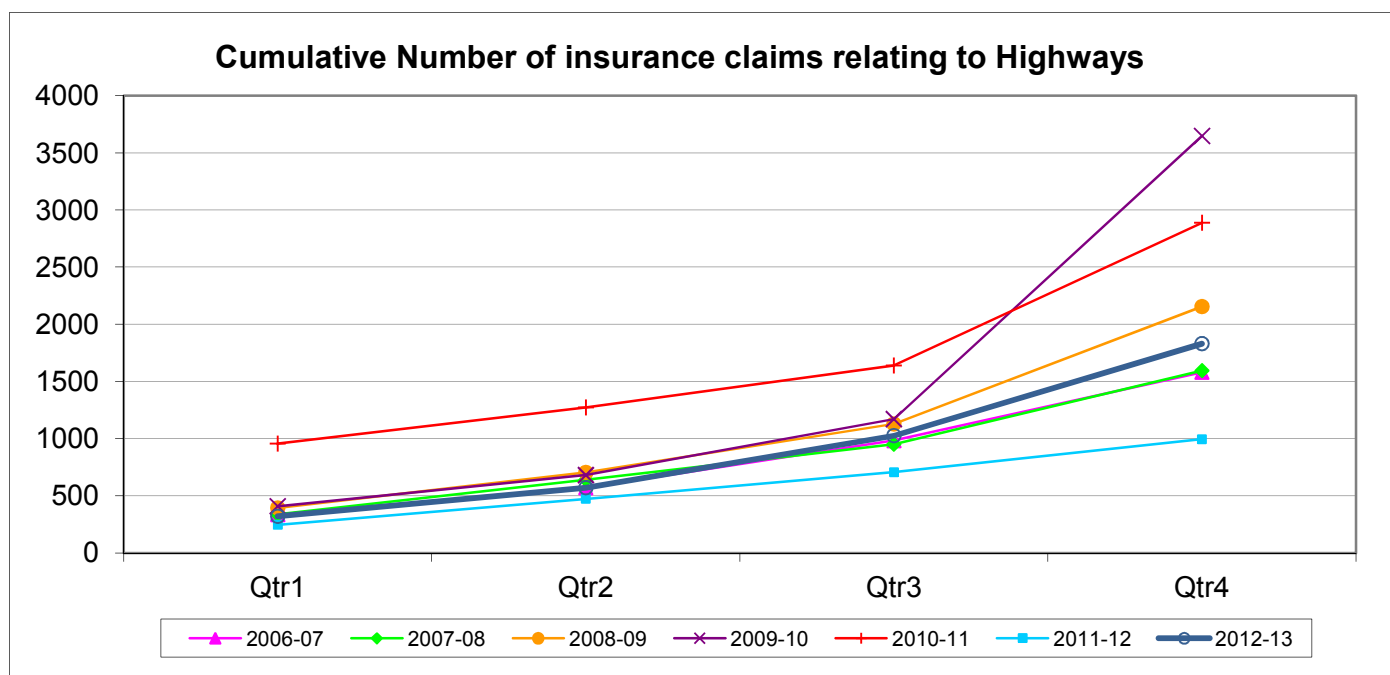
#### Comments:

- Under the old Ringway contract, local and specific overheads and depot charges were budgeted for and dealt with separately and these costs were therefore not included in the winter service expenditure figures, whereas the new Enterprise contract is for 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.
- The actual number of salting runs in 2012-13 was above the budgeted levels, however, 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 was at a lower rate than assumed, this has resulted in the costs of salting runs not being as high as the number of salting runs may suggest. Overall there was a net overspend of +£1,669k on the adverse weather budget in 2012-13, which is due to an overspend of +£535k on winter salting runs (as shown in the table above) and an overspend of +£1,134k of other costs associated with adverse weather, not directly attributed to salting runs, such as £1,327k of costs related to snow clearance and an underspend of -£193k for the maintenance costs of farmers' ploughs, salt bins and weather stations.



3.2 **Number of insurance claims arising related to Highways with accident dates during these periods:**

	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	408	956	245	320
July-Sept	570	640	704	680	1,273	472	570
Oct-Dec	982	950	1,128	1,170	1,640	705	1,026
Jan- Mar	1,581	1,595	2,155	3,647	2,888	993	1,831



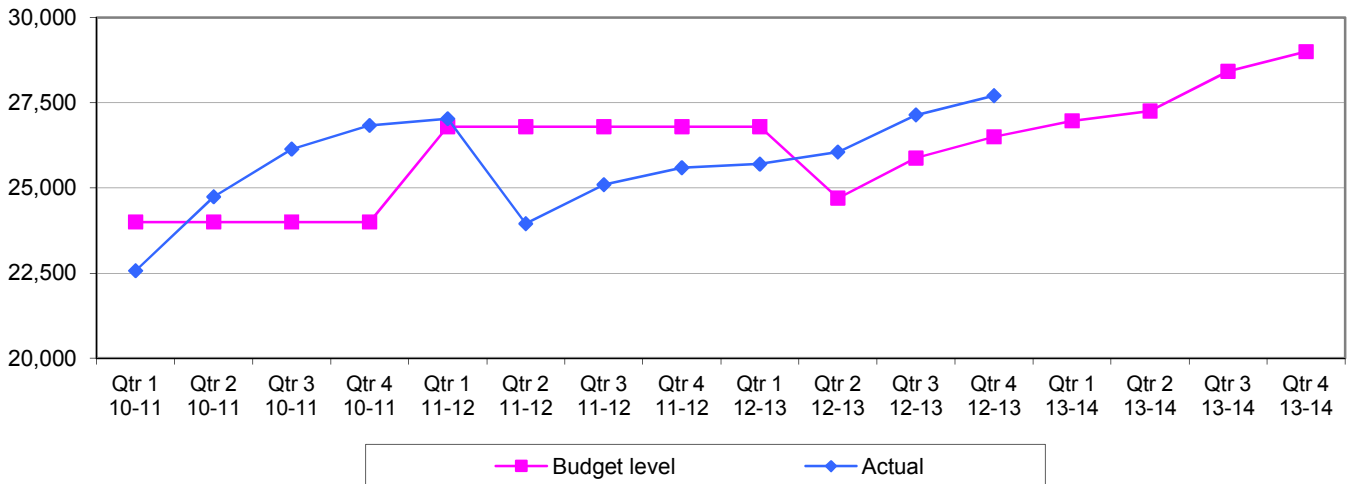
**Comments:**

- Numbers of claims will continually change as new claims are received relating to accidents occurring in previous quarters. Claimants have 3 years to pursue an injury claim and 6 years for damage claims. The data previously reported has been updated to reflect claims logged with Insurance as at 24 May 2013.
- Claims were high in each of the years 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 which could have been 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. However, claim numbers have increased again in 2012-13, which is likely to be due to the prolonged harsh winter and the consequent damage to the highway, but claim numbers have not increased to the levels experienced during 2008-09 to 2010-11, probably due to the continuation of the find and fix programmes of repair. It is likely that claim numbers for both 2011-12 and 2012-13 will increase as new claims are received relating to incidents occurring during these two 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%.

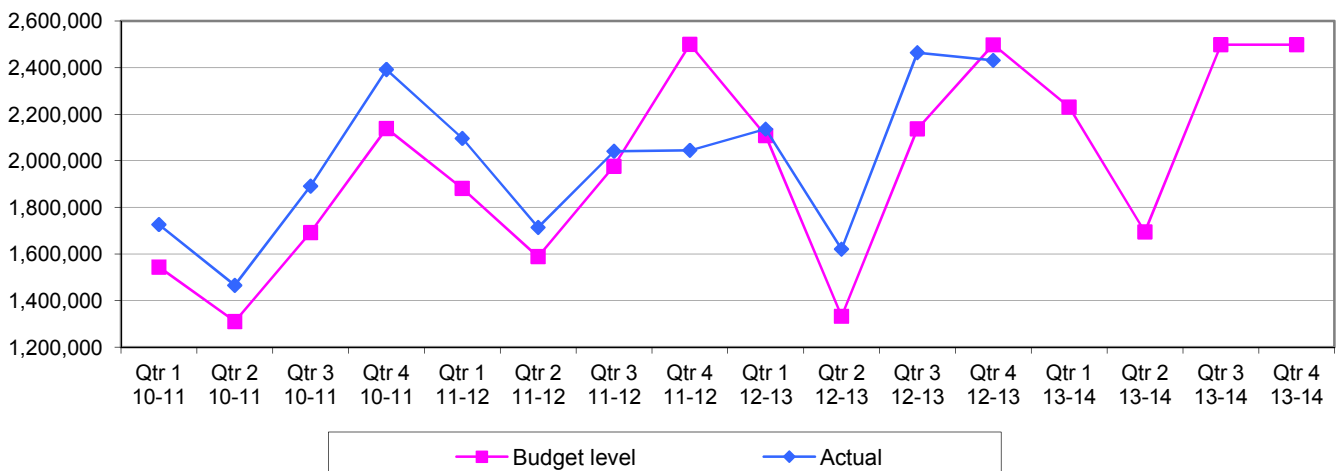
### 3.3 Freedom Pass - Number of Passes in circulation and Journeys travelled:

	2010-11				2011-12				2012-13				2013-14	
	Passes		Journeys travelled		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	Budget Level	Budget Level
<b>Qtr 1</b> April - June	24,000	22,565	1,544,389	1,726,884	26,800	27,031	1,882,098	2,095,980	26,800	25,699	2,108,385	2,135,800	26,970	2,230,575
<b>Qtr 2</b> July - Sept	24,000	24,736	1,310,776	1,465,666	26,800	23,952	1,588,616	1,714,315	24,703	26,051	1,332,935	1,621,250	27,260	1,695,237
<b>Qtr 3</b> Oct - Dec	24,000	26,136	1,691,828	1,891,746	26,800	25,092	1,976,884	2,040,713	25,877	27,141	2,136,769	2,463,811	28,420	2,498,244
<b>Qtr 4</b> Jan - Mar	24,000	26,836	2,139,053	2,391,818	26,800	25,593	2,499,462	2,045,000	26,500	27,711	2,497,561	2,430,634	29,000	2,498,244
			6,686,046	7,476,114			7,947,060	7,896,008			8,075,650	8,651,495		8,922,300

**Number of Freedom Passes in issue**



**Number of Journeys travelled**



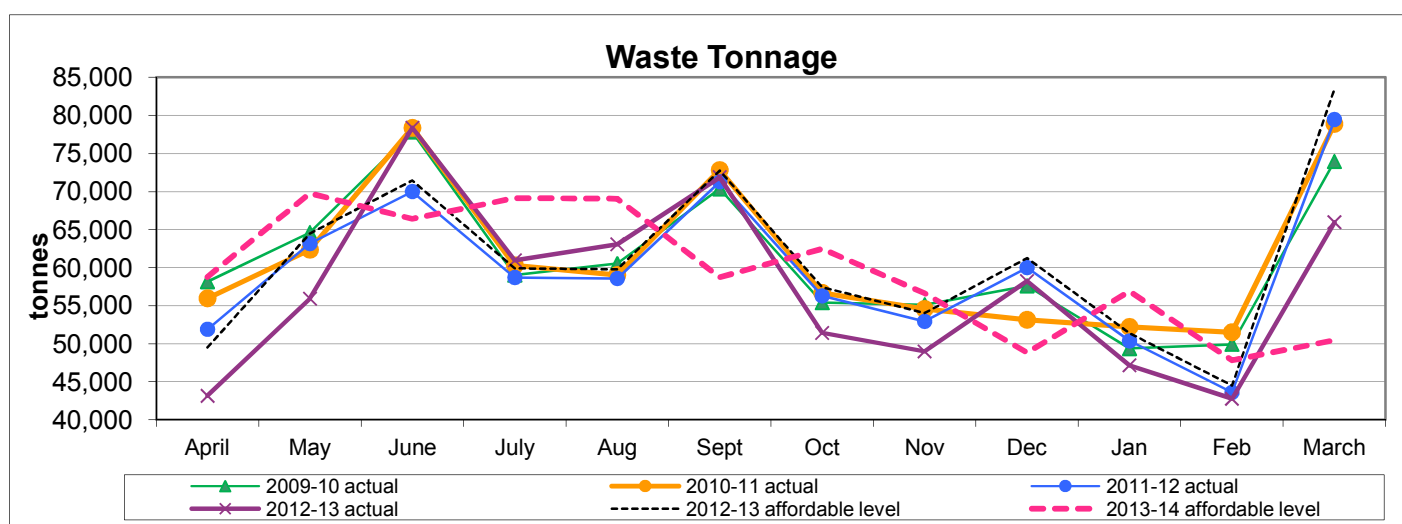
Comments:

- 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 due to the continued increased popularity of the scheme, leading to a gross overspend on this budget of £889k.
- The figures for actual journeys travelled are regularly reviewed and updated as further information is received from the bus companies, so previously reported figures for 2012-13 have been updated to reflect the latest information provided.
- 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.

### 3.4 Waste Tonnage:

	2009-10	2010-11	2011-12	2012-13		2013-14
	Waste Tonnage	Waste Tonnage	Waste Tonnage	Waste Tonnage *	Affordable Level	Affordable Level
April	58,164	55,975	51,901	43,150	49,499	58,775
May	64,618	62,354	63,168	55,931	64,467	69,765
June	77,842	78,375	70,006	78,391	71,446	66,407
July	59,012	60,310	58,711	60,977	59,919	69,141
August	60,522	59,042	58,581	63,070	59,787	69,067
September	70,367	72,831	71,296	71,894	72,763	58,745
October	55,401	56,690	56,296	51,423	57,454	62,465
November	55,138	54,576	52,942	48,992	54,031	56,638
December	57,615	53,151	60,009	58,221	61,244	48,812
January	49,368	52,211	50,366	47,153	51,403	56,898
February	49,930	51,517	43,607	42,767	44,504	47,816
March	73,959	78,902	79,468	65,976	83,483	50,471
<b>TOTAL</b>	<b>731,936</b>	<b>735,934</b>	<b>716,351</b>	<b>687,945</b>	<b>730,000</b>	<b>715,000</b>

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



#### Comments:

- The March 2012 actual figure 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. From April 2013 all service providers have transferred on to a calendar month basis and this is reflected in the monthly affordable levels for 2013-14, hence why the line on the graph representing the affordable level for 2013-14 reflects a very different profile to the actuals/affordable level for previous years.
- These waste tonnage figures include residual waste processed either through Allington Waste to Energy plant or landfill, recycled waste and composting.
- The cumulative total amount of waste managed for 2012-13 was 42,055 tonnes less than the affordable level and a 3.97% reduction on tonnage levels for 2011-12, which has contributed to an underspend of -£4.012m on the Waste budgets. The majority of this reduction compared to the affordable level (37,587 of the 42,055 tonnes), has occurred since the introduction, in October, of changes to operating policies at Household Waste Recycling Centres to stop accepting commercial waste at sites.
- A reduction of 15,000 tonnes has been reflected in the 2013-14 budget, therefore if waste tonnage continues at the same levels as 2012-13, there will be an underspend as a result of lower than budgeted levels of waste tonnage in 2013-14.

#### 4. BUSINESS STRATEGY & SUPPORT DIRECTORATE

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

The total actual receipts that were achieved during 2012-13 was £18.110m. This is broken down between the various “pots” as detailed in the tables below.

##### Capital Receipts Funding Capital Programme

	2012-13
	£m
Capital receipt funding required for capital programme	7.290
Banked in previous years and available for use	3.202
Receipts from other sources	1.010
Requiring to be sold this year	3.078
Actual receipts for 2012-13	7.776
Potential Surplus / (Deficit)	4.698

The total capital receipt funding required to fund projects in the capital programme for 2012-13 totals £7.290m. 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 was £3.078m.

The actual receipts for funding the capital programme achieved in 2012-13 total £7.776m, which leaves a potential surplus on capital receipt funding in the capital programme of £4.698m. This “surplus” is needed to fund projects in the future years capital programme.

## 4.2 Capital Receipts – Kent Property Enterprise Fund 1:

County Council approved the establishment of the Property Enterprise Fund 1 (PEF1), with a maximum permitted deficit of £10m, but self-financing over a period of 10 years. The cost of any temporary borrowing will be charged to the Fund to reflect the opportunity cost of the investment. The aim of this Fund is to maximise the value of the Council's land and property portfolio through:

- the investment of capital receipts from the disposal of non operational property into assets with higher growth potential, and
- the strategic acquisition of land and property to add value to the Council's portfolio, aid the achievement of economic and regeneration objectives and the generation of income to supplement the Council's resources.

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

Provisional 2012-13 outturn position

	<b>2012-13</b>
	£m
Opening balance 1st April 2012	-5.568
Receipts	0.015
Costs	-0.007
Planned acquisitions	0.000
Closing balance	-5.560

The above table shows the opening balance on the fund as being -£5.568m. With forecast PEF1 receipts of £0.015m and associated costs of £0.007m, this results in a provisional closing balance of -£5.560m, which is within the permitted £10m overdraft limit.

### Revenue position

The balance brought forward at the 1<sup>st</sup> April 2012 was -£2.328m. The net expenditure from managing the properties within PEF1 totalled £0.456m, and the cost of borrowing against the overdraft facility were £0.506m. Revenue receipts of £0.005m were achieved, resulting in a £3.285m deficit on revenue, which will be rolled to be met from future income streams.

#### 4.3 Capital Receipts – Kent Property Enterprise Fund 2 (PEF2):

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

Provisional Outturn Position on the Fund:

	<b>2012-13</b>
	£m
<b>Capital</b>	
Opening balance	-14.196
Properties to be agreed into PEF2	0.000
Purchase of properties	-1.104
Sale of PEF2 properties	**9.153
Disposal costs	-0.012
Closing Balance	-6.159
<b>Revenue</b>	
Opening balance	-4.237
Net interest on borrowing	-0.480
Holding costs	-0.069
Closing balance	-4.786
Overall closing balance	-10.945

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

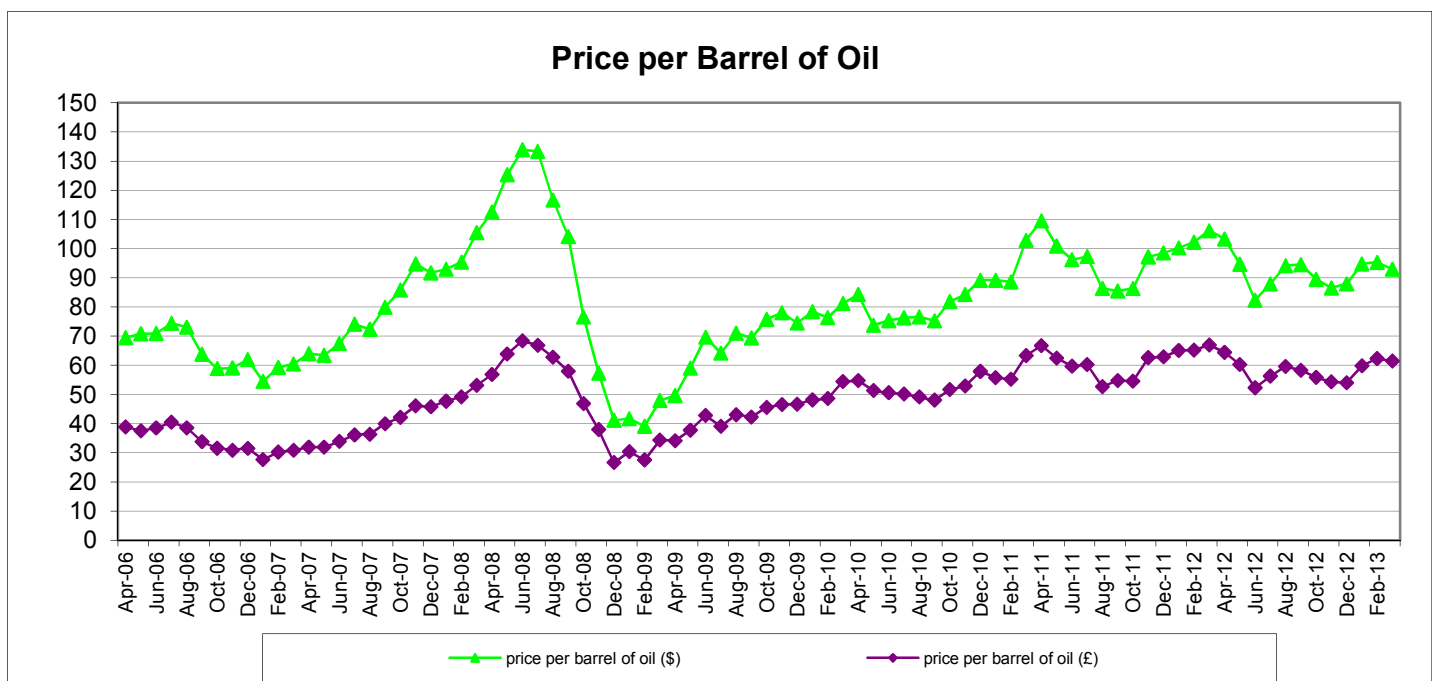
The provisional closing balance on the fund is -£10.945m, within the overdraft limit of £85m.

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

## 5. FINANCING ITEMS

### 5.1 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	95.31
March	60.44	105.45	47.94	81.20	102.86	106.16	92.94



#### 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.



## FINANCIAL HEALTH INDICATORS

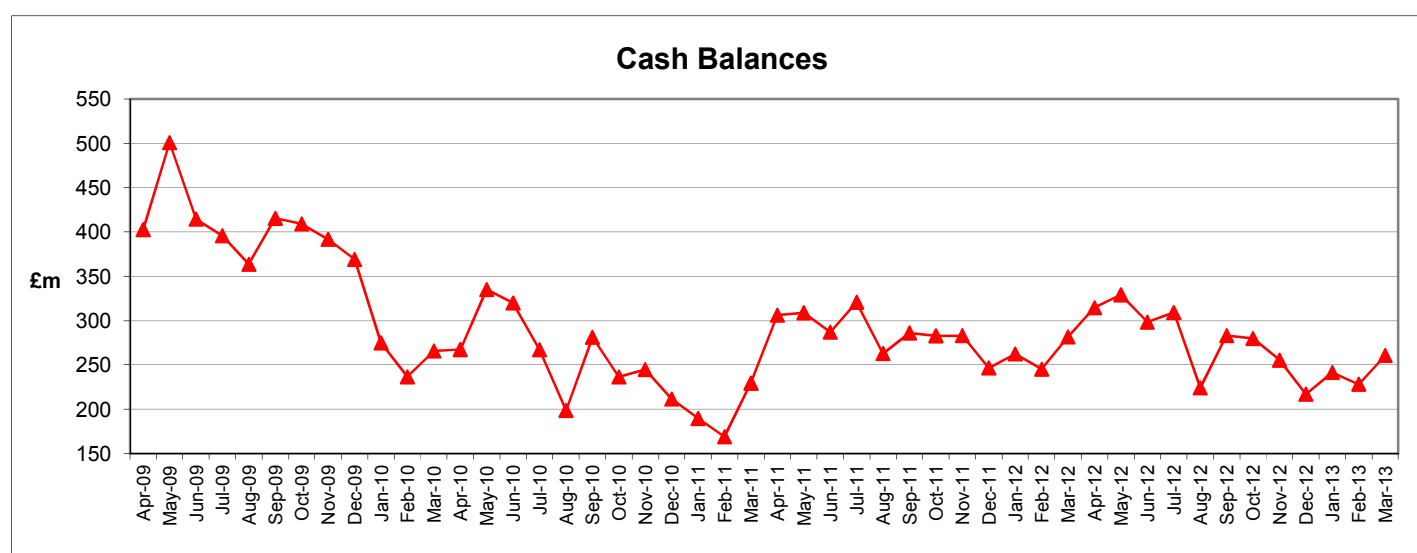
### 1. CASH BALANCES

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 (£46.27m), 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
<b>2009-10</b>	402.7	500.9	414.6	395.7	363.6	415.4	409.1	391.7	369.1	275.0	236.7	265.8
<b>2010-11</b>	267.4	335.2	319.8	267.2	198.7	281.3	236.4	244.9	211.5	189.5	169.1	229.5
<b>2011-12</b>	306.3	308.9	287.0	320.9	262.9	286.2	282.9	283.1	246.7	262.4	245.3	281.7
<b>2012-13</b>	314.6	329.2	298.4	309.1	224.2	283.1	280.0	255.5	216.9	241.5	228.3	260.7



### 2. LONG TERM DEBT MATURITY

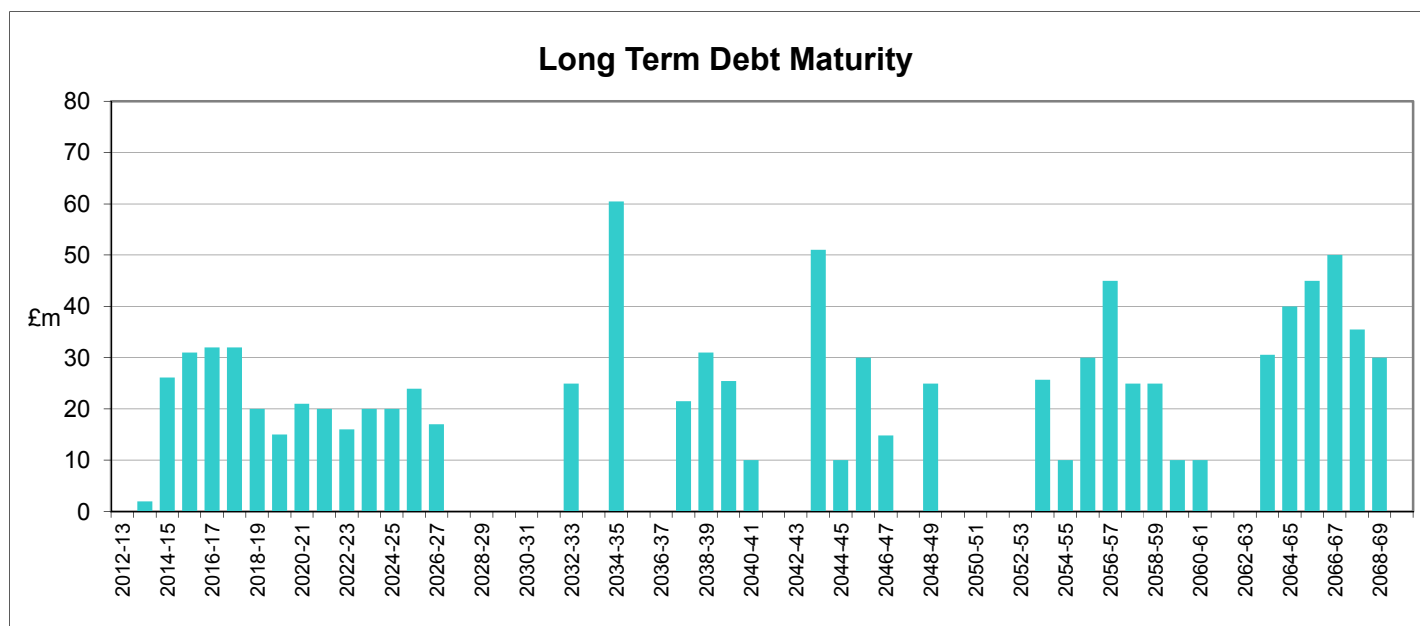
The following graph represents the total external debt managed by KCC, and the year in which this is due to mature. This includes £43.9m pre-Local Government Review debt managed on behalf of Medway Council. Also included is pre-1990 debt managed on behalf of the Further Education Funding council (£1.76m) 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 repaid in 2012-13 was £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. In addition, £1.021m relating to equal instalment of principal loan was repaid from cash balances in September, as was a further £1m of equal instalment loan in March.

Year	£m	Year	£m	Year	£m	Year	£m	Year	£m
2012-13	0.000	2024-25	20.001	2036-37	0.000	2048-49	25.000	2060-61	10.000
2013-14	2.015	2025-26	24.001	2037-38	21.500	2049-50	0.000	2061-62	0.000
2014-15	26.193	2026-27	17.001	2038-39	31.000	2050-51	0.000	2062-63	0.000
2015-16	31.001	2027-28	0.001	2039-40	25.500	2051-52	0.000	2063-64	30.600
2016-17	32.001	2028-29	0.001	2040-41	10.000	2052-53	0.000	2064-65	40.000
2017-18	32.001	2029-30	0.001	2041-42	0.000	2053-54	25.700	2065-66	45.000
2018-19	20.001	2030-31	0.001	2042-43	0.000	2054-55	10.000	2066-67	50.000
2019-20	15.001	2031-32	0.000	2043-44	51.000	2055-56	30.000	2067-68	35.500
2020-21	21.001	2032-33	25.000	2044-45	10.000	2056-57	45.000	2068-69	30.000
2021-22	20.001	2033-34	0.000	2045-46	30.000	2057-58	25.000	2069-70	0.000
2022-23	16.001	2034-35	60.470	2046-47	14.800	2058-59	25.000		
2023-24	20.001	2035-36	0.000	2047-48	0.000	2059-60	10.000	<b>TOTAL</b>	<b>1,012.288</b>



### 3. OUTSTANDING DEBT OWED TO KCC

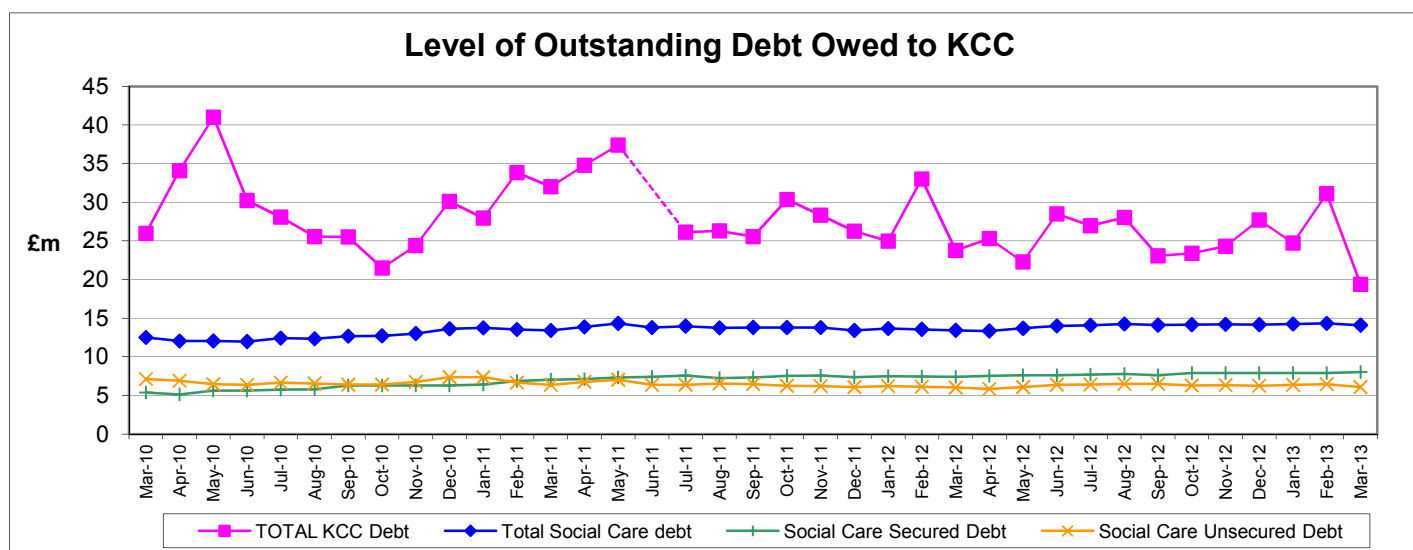
The following graph represents the level of outstanding debt due to the authority, which has exceeded its payment term of 30 days. The main element of this relates to Adult Social Services and this is also identified separately, together with a split of how much of the Social Care debt is secured (i.e.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

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

	Social Care Secured Debt	Social Care Unsecured Debt	Total Social Care debt	FSC Sundry debt	TOTAL FSC debt	All Other Directorates Debt	TOTAL KCC Debt
	£m	£m	£m	£m	£m	£m	£m
April 11	7.124	6.759	13.883	10.776	<b>24.659</b>	10.131	<b>34.790</b>
May 11	7.309	7.023	14.332	11.737	<b>26.069</b>	11.338	<b>37.407</b>
June 11	7.399	6.381	13.780	*	<b>13.780</b>	*	<b>13.780</b>
July 11	7.584	6.385	13.969	4.860	<b>18.829</b>	7.315	<b>26.144</b>
Aug 11	7.222	6.531	13.753	4.448	<b>18.201</b>	8.097	<b>26.298</b>
Sept 11	7.338	6.467	13.805	4.527	<b>18.332</b>	7.225	<b>25.557</b>
Oct 11	7.533	6.241	13.774	6.304	<b>20.078</b>	10.276	<b>30.354</b>
Nov 11	7.555	6.215	13.770	5.886	<b>19.656</b>	8.671	<b>28.327</b>
Dec 11	7.345	6.063	13.408	5.380	<b>18.788</b>	7.469	<b>26.257</b>
Jan 12	7.477	6.185	13.662	5.518	<b>19.180</b>	5.792	<b>24.972</b>
Feb 12	7.455	6.102	13.557	12.661	<b>26.218</b>	6.800	<b>33.018</b>
March 12	7.411	6.018	13.429	2.881	<b>16.310</b>	7.476	<b>23.786</b>
April 12 #	7.509	5.836	13.345	6.530	<b>19.875</b>	5.445	<b>25.320</b>
May 12 #	7.615	6.068	13.683	4.445	<b>18.128</b>	4.146	<b>22.274</b>
June 12 #	7.615	6.384	13.999	4.133	<b>18.132</b>	10.353	<b>28.485</b>
July 12 #	7.674	6.392	14.066	4.750	<b>18.816</b>	8.145	<b>26.961</b>
Aug 12	7.762	6.491	14.253	5.321	<b>19.574</b>	8.452	<b>28.026</b>
Sept 12	7.593	6.506	14.099	3.002	<b>17.101</b>	5.974	<b>23.075</b>
Oct 12	7.893	6.280	14.173	2.574	<b>16.747</b>	6.653	<b>23.400</b>
Nov 12	7.896	6.310	14.206	3.193	<b>17.399</b>	6.894	<b>24.293</b>
Dec 12	7.914	6.253	14.167	3.829	<b>17.996</b>	9.713	<b>27.709</b>
Jan 13	7.885	6.369	14.254	3.711	<b>17.965</b>	6.762	<b>24.727</b>
Feb 13	7.903	6.436	14.339	12.153	<b>26.492</b>	4.632	<b>31.124</b>
March 13	8.025	6.066	14.091	1.895	<b>15.986</b>	3.392	<b>19.378</b>

\* 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.

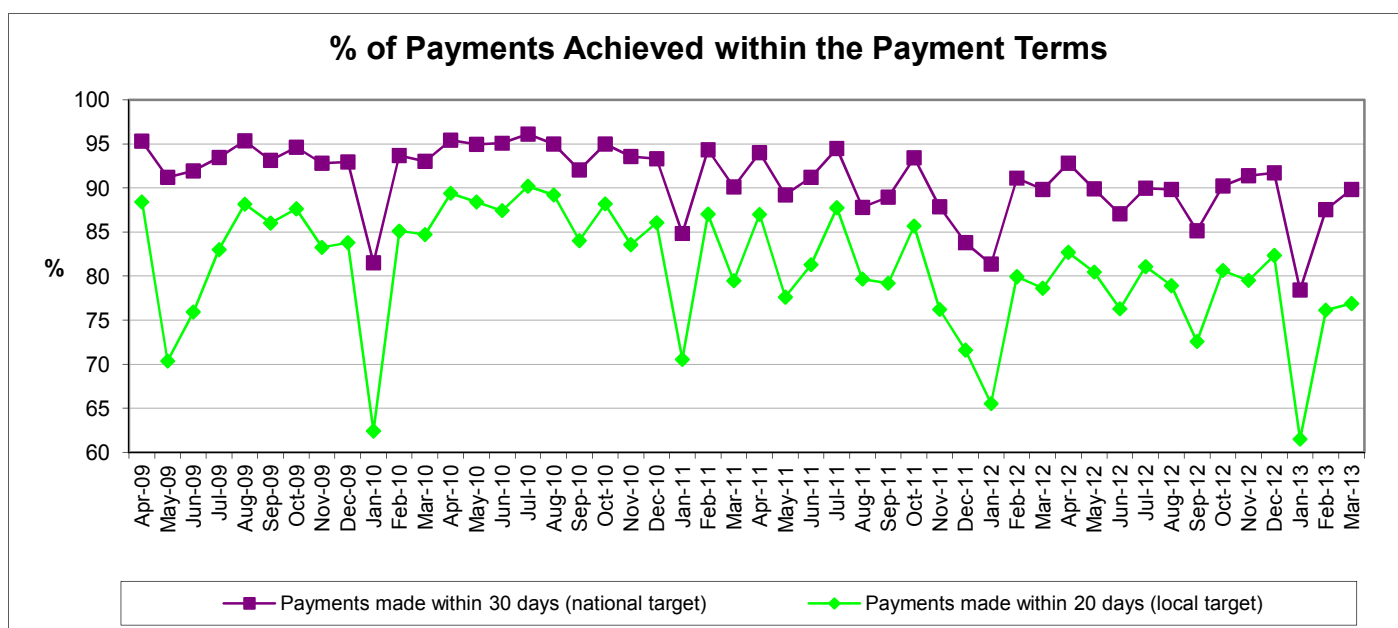
# The previously reported secured and unsecured social care debt figures for April to July 2012 have been amended slightly following a reassessment of some old debts between secured and unsecured.



#### 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	80.5
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	87.5	76.1
March	93.0	84.7	90.1	79.5	89.8	78.6	89.8	76.9



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 figure for invoices paid within 20 days is 77.3%, 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	77.3%	88.6%

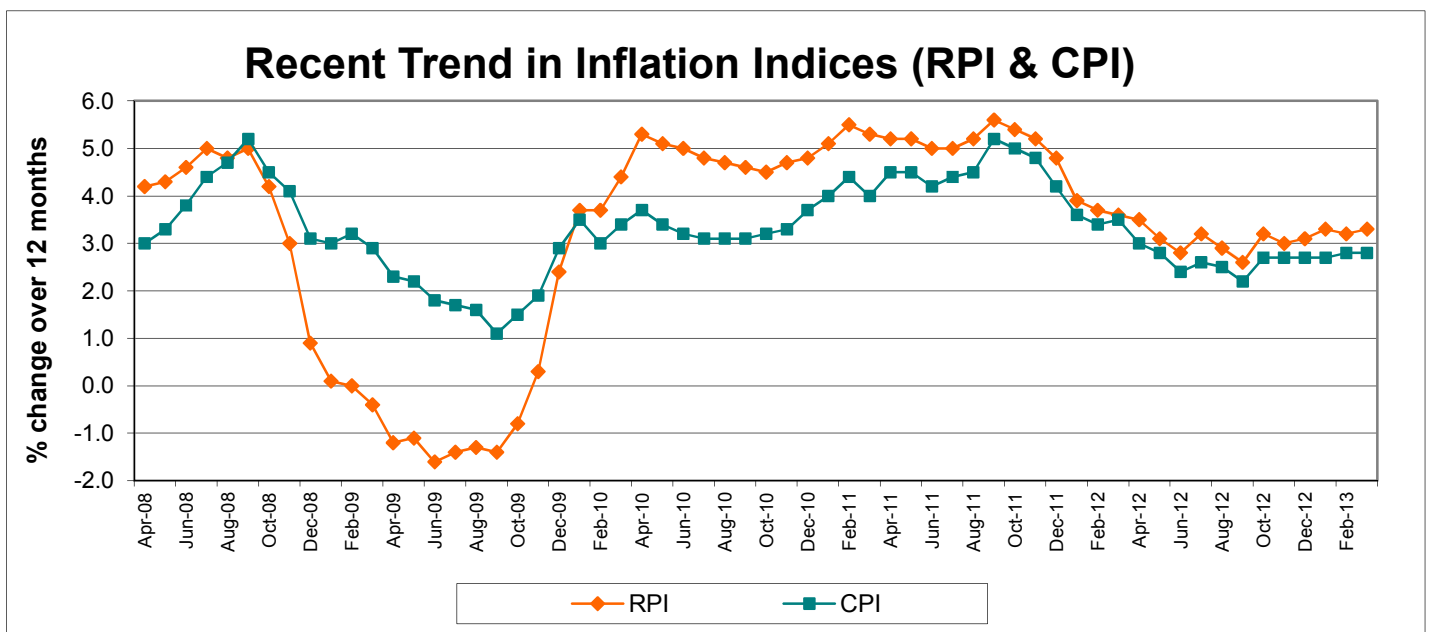
Percentages are reducing because the amount of invoices that arrive in Accounts Payable (AP) late, i.e. already outside of our payment terms of 20 days, is increasingly high.

We can only encourage our colleagues in directorates to prioritise invoices and we endeavour to pay the late invoices quickly when they do get to Accounts Payable (AP). A Kmail was sent out at the end of February reminding colleagues of the correct address for AP (a huge amount of post still goes to the old address that has to be diverted by the Post Room) and temporary workers were appointed to deal with the influx of invoices in the lead up to the financial year end.

## 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	3.2	2.8
March	-0.4	2.9	4.4	3.4	5.3	4.0	3.6	3.5	3.3	2.8



## 2012-13 Final 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)
Actual 2012-13	£161.099m	

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

	2011-12 Actual	2012-13 Original Estimate	2012-13 Outturn as at 31-03-13
	£m	£m	£m
Capital Financing Requirement	1,495.873	1,538.083	1,464.961
Annual increase/reduction in underlying need to borrow	-22.273	21.939	-30.912

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%
Actual 2012-13	14.55%

The 2011-12 and 2012-13 Actual percentages include PFI Finance Lease costs but these were not included in the 2012-13 original estimate calculation.

### 4. Operational Boundary for External Debt

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

The operational boundary for debt will not be exceeded in 2012-13

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

	Prudential Indicator 2012-13	Position as at 31.03.13
	£m	£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)

	<b>Prudential Indicator</b>	<b>Position as at</b>
	<b>2012-13</b>	<b>31.03.13</b>
	<b>£m</b>	<b>£m</b>
Borrowing	1,198	1,012
Other Long Term Liabilities	0	0
	1,198	1,012

## 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
	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
	1,238

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

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

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

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

The Council has determined the following upper limits for 2012-13

Fixed interest rate exposure	100%
Variable rate exposure	50%

These limits have been complied with in 2012-13.

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

	<b>Upper limit</b>	<b>Lower limit</b>	<b>As at 31.03.13</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Under 12 months	10	0	0
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	22.9

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

<b>Indicator £50m</b>	<b>Actual £10m</b>
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