

To: CABINET – 13 July 2009

By: John Simmonds, Cabinet Member – Finance
Lynda McMullan, Director of Finance

- (1) REVENUE AND CAPITAL BUDGET OUTTURN 2008-09**
 - (2) REVENUE BUDGET ROLL FORWARD**
 - (3) 2008-09 FINAL MONITORING OF KEY ACTIVITY INDICATORS**
 - (4) 2008-09 FINAL MONITORING OF PRUDENTIAL INDICATORS**
 - (5) IMPACT OF 2008-09 REVENUE BUDGET OUTTURN ON RESERVES**
 - (6) CAPITAL BUDGET OUTCOMES & ACHIEVEMENTS IN 2008-09**
-

1. Summary

- 1.1 This report sets out the provisional revenue and capital budget outturn for 2008-09. It details:
 - where revenue projects have been rescheduled and/or are committed
 - where there is under or overspending.
- 1.2 Details of the proposals for the use of the revenue budget underspending are provided in Appendix 2. This identifies those projects where there is already a commitment to spend in 2009-10. It is recommended that the balance of the underspending is set aside in the earmarked Economic Downturn reserve, pending decisions during the budget process as to how this will be used.
- 1.3 Final monitoring of key activity indicators for 2008-09 is detailed in Appendix 3.
- 1.4 The report also provides the year-end prudential indicators in Appendix 4 and impact on reserves in section 3.6.
- 1.5 Capital Budget Outcomes and Achievements in recent years are detailed in Appendix 5.

2. Recommendations

Cabinet is asked to:

- 2.1 Note the provisional outturn position for 2008-09.
- 2.2 Agree the £2.698m requests for roll forward of the 2008-09 revenue underspending into 2009-10, as detailed in Appendix 2.
- 2.3 Agree that the £4.799m remainder of the 2008-09 revenue underspending is set aside in the Economic Downturn reserve.
- 2.4 Note the final monitoring of the key activity indicators for 2008-09 as detailed in Appendix 3.
- 2.5 Note the final monitoring of the prudential indicators for 2008-09 as detailed in Appendix 4.
- 2.6 Note the impact of the 2008-09 provisional revenue budget outturn on reserves as detailed in section 3.6.
- 2.7 Note the capital budget outcomes and achievements in 2008-09 as detailed in Appendix 5.
- 2.8 Note that the 2009-10 Capital Programme will be adjusted to reflect the re-phasing and other variances, of the 2008-09 Capital Programme.
- 2.9 Note that the schools' revenue and capital reserves have reduced by some £23.7m. Details are provided in this report.

3. BUDGET OUTTURN 2008-09

3.1 INTRODUCTION

- 3.1.1 This report sets out the provisional revenue and capital budget outturn for 2008-09. 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 9th 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 2008-09

- 3.2.1 The provisional outturn is a net underspend of £7.497m against portfolio budgets and a £16.176m reduction in school reserves, giving a total overspend of £8.679m.
- 3.2.2 This -£7.497m outturn compares with the gross variance of -£11.439m last reported to Cabinet at its meeting on 18 May, which represents a movement since the last report of +£3.942m. In addition, the 18 May report included a £5.950m pressure on Asylum which is now shown as breakeven pending the outcome of our Special Circumstances claim for 2008-09 and ongoing negotiations with central government. This reflects our expectation that we will be reimbursed by Government for our Asylum costs. This approach is consistent with previous years. 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
O,R&S (CFE)	-806,128	-803,847	+2,281	+2,760	-479
CF&EA	+129,339	+126,680	-2,659	-2,038	-621
KASS	+324,800	+324,128	-672	-595	-77
E,H&W	+144,360	+141,428	-2,932	-3,272	+340
Regen & SI	+9,647	+8,620	-1,027	-779	-248
Communities	+53,202	+53,413	+211	+51	+160
Public Health	+949	+824	-125	-142	+17
Corporate Support	+32,375	+31,600	-775	-682	-93
Policy & Performance	+1,674	+1,680	+6	-10	+16
Finance	+104,618	+102,813	-1,805	-6,732	+4,927
SUB TOTAL (excl Schools)	-5,164	-12,661	-7,497	-11,439	+3,942
Asylum ^{note 1}	0	0	0	+5,950	-5,950
TOTAL (excl Schools)	-5,164	-12,661	-7,497	-5,489	-2,008
Schools O,R&S (CFE)	+870,610	+886,786	+16,176	+8,000	+8,176
TOTAL	+865,446	+874,125	+8,679	+2,511	+6,168

Note 1: Although the Asylum Service is showing a nil variance, the final pressure on the service was £6.310m but we have assumed that we will be successful in receiving a £3.185m Special Circumstance payment and the balance of £3.125m has been met from the Asylum reserve. Further details are provided in paragraph 3.2.11.

- 3.2.3 The forecast has moved by +£3.942m (excluding Asylum & Schools) since the last monitoring report to Cabinet. This is mainly due to a movement of +£4.927m on the Finance portfolio which is principally due to a change in the accounting treatment of the discounts earned on debt restructuring. We had previously reported a saving of £4m in 2008-09 (i.e. the whole discount taken in one year), which is the cash saving earned but we have to account for this over the period of the loans outstanding, therefore we can only account for £0.4m of this saving in 2008-09, the rest will be accounted for from 2009-10 onwards. In addition, we have thoroughly reviewed the allocation of interest earned between the Pension Fund and the General Fund (prior to the recent publicity). This was important because of the relatively recent decision to

invest significant amounts of Pension Fund monies in cash, as the value of equities fell. Previously only small transient amounts of cash tended to be held. As previously reported, this decision has saved the Pension Fund a significant amount. In addition, the review of interest allocation identified a further £1.2m that was due to the Fund.

Detailed below are the main reasons for the movement in the portfolio forecasts since the last monitoring report to Cabinet on 18 May, as shown in Table 1:

3.2.4 **Children, Families & Education:**

3.2.4.1 **Operations, Resources & Skills Portfolio:**

The overall position for the portfolio has moved by -£0.479m since the last report to Cabinet. The main changes are:

- -£0.241m Mainstream Home to School Transport – this budget had been forecasting a net underspend of £0.817m due to a large reduction in the numbers travelling compared to budgeted levels. The final outturn resulted in a greater net underspend than previously forecast of £1.058m, a movement of £0.241m. This movement, which represents approximately 1% of the net budget, is due to a continuing reduction of the number of mainstream pupils receiving support with home to school transport. This is likely to be due to more pupils having a Freedom pass.
- -£0.277m Grant income and contingency – this budget includes the drawdown of the unspent 2007-08 Local Area Agreement grant held in reserves, which has been used to fund deferred LAA related expenditure within the Extended Services and the AEN&R services.
- The remaining movement of +£0.039m relates to a number of small variances on other budget lines within this portfolio.

3.2.4.2 **Children, Families & Educational Achievement Portfolio:**

The overall underspend for the portfolio has increased by £0.621m to £2.659m since the last report to Cabinet. The main movements are:

- -£0.390m Advisory Service Kent – Early Years. The net forecast underspend on this service has increased as a result of additional re-badging of eligible and appropriate Sure Start expenditure following further underspending caused by delays in opening Children's Centres. This is in addition to the previously reported £1.5m re-badging.
- -£0.120m Adoption Service – the gross forecast for the adoption service has reduced compared to the last reported position as a result of a number of adoptions which were expected to be completed in the final weeks of 2008-09, which have now slipped into 2009-10 and therefore associated interagency fees will be charged to the new financial year.
- The remaining movement of £0.111m relates to a number of small variances on other budget lines within this portfolio.

3.2.4.3 In accordance with the grant regulations, the unspent DSG at the end of the financial year has been transferred to the earmarked DSG reserve. The unspent balance of DSG within the CFE non-delegated budget at the end of 2008-09 was £2.407m. When added to the £3.428m already in the reserve, the balance of unspent DSG is now £5.835m. We currently have £2.2m of commitments identified and the balance will be utilised to support central DSG budget pressures in 2009-10, in agreement with the Schools Funding Forum.

3.2.5 **Kent Adult Social Services Portfolio:**

The overall position for the portfolio has only marginally moved since the last report to Cabinet, with a net £0.077m increase in the underspend. However, within this there have been some larger compensating movements between service lines.

3.2.6 **Environment, Highways & Waste Portfolio:**

The overall underspend for the portfolio has reduced by £0.340m, to £2.932m since the last report to Cabinet. This is a result of some additional one-off costs against the Resources budget, and an increase in the bad debt provision.

3.2.7 **Regeneration & Supporting Independence Portfolio:**

The overall underspend for the portfolio has increased by £0.248m to £1.027m since the last report to Cabinet due to further re-phasing on the Supporting Independence budget as a result of the economic downturn, as discussed in previous reports.

3.2.8 **Communities Portfolio:**

The overspend on this portfolio has increased by £0.160m to £0.211m since the last report. The main movements are:

- +£0.444m Key Training – this is due to a mid-year reduction in LSC contracts for both Entry to Employment and apprenticeships. Although we were aware of this potential reduction in funding, as highlighted in the April Cabinet report, we could not identify, nor quantify, the full impact until very late in the year and insufficient time was available to reduce cost levels in line with the revised grant income.

The intention is to roll the net deficit of £0.211m into 2009-10 on Key Training. We are anticipating income of £0.145m for Entry to Employment, that was earned in relation to the 2008-09 financial year and management action has been taken with regard to the structure of the unit to address the remaining £0.066m deficit and the 2009-10 base pressure as a result of LSC changes to the grant payments.

- -£0.180m Libraries – this is mainly as a result of the capitalised project management costs on the Envision project, previously being included in the revenue forecast.
- -£0.100m Strategic Management – this is mainly as a result of additional income from E&R directorate for Supporting Independence expenditure incurred within Communities on the Folkestone Forward project.

3.2.9 **Corporate Support & External Affairs Portfolio:**

The underspend for the portfolio has increased by £0.093m since the last report to Cabinet. This is mainly due to a further increase in income within Legal Services.

3.2.10 **Finance Portfolio:**

The underspend for the portfolio has reduced by £4.927m to £1.805m since the last report to Cabinet. This reflects an underspend of £0.195m on budgets managed within the Chief Executives directorate and an underspend of £1.610m on the Financing Items budgets.

3.2.10.1 There has been a small movement of -£0.081m on the budgets managed within Chief Executives Directorate since the last report to Cabinet which is made up of a number of small movements.

3.2.10.2 There has been a movement of +£5.008m on the Financing Items budgets since the last report to Cabinet. This is mainly due to:

- +£3.6m due to a change in the way we account for the discount savings earned on the debt restructuring to lower coupon loans which we reported last month. These savings must be amortised over the life of the loans, therefore only £0.4m of the £4.0m we reported last month is accounted for in 2008-09;
- +£1.2m due to apportioning interest earned to the Pension Fund, following a fundamental review on accounts closure.
- +£0.3m because the overspend on the Insurance Fund was larger than previously forecast. A full review of the funding of the Insurance Fund and pattern of claims is being undertaken, the results of which will be reflected in directorate charges for 2010-11;
- -£0.1m due to re-phasing of Local Scheme spending recommended by Local Boards, Member Community Grants and grants to Districts for Local Priorities. This is purely a timing issue and therefore is included in the roll forward requests in appendix 2.

3.2.10.3 This position includes the following transfers to reserves:

- £0.531m to the workforce reduction reserve which represents the unspent balance of the Workforce reduction fund in 2008-09. This is consistent with previous practice.
- £0.6m has been transferred to the Emergency Conditions reserve. There was no drawdown from this reserve in 08-09 as the EH&W portfolio were able to absorb the additional direct costs of the severe freezing conditions this winter because of the large underspend on Waste Management as a result of the Allington Waste to Energy plant not being operational for part of the year. It is unlikely that this will be possible in future and the previous balance in the Emergency Conditions reserve could easily be wiped out with one bad winter. The condition of our roads is also still suffering the effects of this winter's severe freezing conditions. It is therefore considered prudent to top up this reserve in order to be able to fund the ongoing effects of last winter and in readiness for future emergencies.
- £1.173m to a new earmarked reserve for the economic downturn. The Pension Fund and Kent & Medway Fire & Rescue Authority (KMFRA) have had to account in 2008-09 for their

share of the estimated loss from the investments in Icelandic Banks. Under the principles of Whole of Government Accounts, we need to recognise in our accounts their contributions to the estimated loss, but we will not be reflecting any loss in our accounts until 2010-11 at the earliest. We have therefore transferred their share of the estimated loss into a reserve.

3.2.11 Asylum:

The final pressure for the Asylum Service was £6.310m, which compares to £5.950m reported to Cabinet in May. The reason for this change of £0.360m is a backlog in invoices for Agency Staff and Interpreting (£0.180m), delays in receiving accommodation and fostering invoices (£0.130m) and higher than anticipated legal costs of £0.050m. The previously reported pressure of £5.950m on Asylum was made up of £2.645m, which under the Home Office grant rules for 2008-09 is estimated as being eligible for a special circumstances payment, leaving a residual £3.305m that will not be covered by grant. Although the final pressure has increased by £0.360m to £6.310m, it is now estimated that £3.185m is eligible for a Special Circumstances payment bringing the net under funding down to £3.125m. In order to get to a balanced position for the year, we have assumed that we will be successful in receiving the special circumstances payment, with the £3.125m residual balance being met from the Asylum reserve, however negotiations continue with central government and we are hopeful that we will be fully reimbursed for this also.

3.3 A reconciliation of the revenue gross and income cash limits to the last full monitoring report, as reported to Cabinet on 30 March, is provided in Appendix 1.

3.4 REVENUE BUDGET ROLL FORWARD PROPOSALS

3.4.1 Table 2 below provides a summary of the revenue outturn position and shows that of the £7.497m underspend, £2.909m relates to committed projects, +£0.211m relates to the rolling forward of overspends, leaving £4.799m of uncommitted underspending. It is recommended that this be set aside in the earmarked Economic Downturn reserve, pending decisions during the budget process as to how this will be used.

3.4.2 Appendix 2 provides details of the £2.698m roll forward proposals, which identify £2.909m of projects which have been re-scheduled and are committed – this is simply a matter of rolling budgets forward in line with expected delivery, together with £0.211m of rolled forward overspending on KEY training. Cabinet is asked to approve these proposals.

TABLE 2: SUMMARY OF REVENUE ROLL FORWARDS:

PORTFOLIO	Provisional Outturn Variance	Committed/ re-phasing	Overspends	transfers to/from	TOTAL to tfr to Economic Downturn reserve
	£k	£k	£k	£k	£k
O,R&S (CFE)	2,281			-2,281	0
CF&EA	-2,659			2,281	-378
KASS	-672	553			-119
E,H&W	-2,932	907			-2,025
R&SI	-1,027	792			-235
Communities	211		-211		0
Public Health	-125	110			-15
Corporate Support	-775	311		64	-400
Policy & Performance	6			-6	0
Finance	-1,805	236		-58	-1,627
	-7,497	2,909	-211	0	-4,799

3.5 DELEGATED SCHOOLS BUDGET

3.5.1 The previously forecast draw down from reserves of £8m was our estimate of the drawdown. Schools nine month monitoring returns indicated a much larger drawdown than this but, based on past experience that their estimates tend to be significantly overstated, the figure was scaled back. It is very difficult to predict this with any accuracy, especially this year when factoring in the recovery of £1.5m from 15 schools earlier in the financial year and the review and subsequent tightening of the 'balance control mechanism', a means of clawing back schools reserves over and above a specified level, which schools are being encouraged to work towards before they formally apply at the end of the 2009-10 financial year. This has proved to have the desired effect with schools making good progress by reducing their reserves by £16.176m in 2008-09. Initial analysis shows that this is being spent on additional staffing and therefore we believe this will have a positive impact on standards over the medium term. The CFE Directorate is now going through the balance control mechanism process to review all schools balances, as part of the 2008-09 closure of accounts.

3.5.2 The £16.176m reduction in schools reserves in 2008-09 is made up of £15.677m overspend against schools delegated budgets and a reduction in the unallocated schools budget of £0.499m. This has reduced total school revenue reserves to £63.2m. The schools returns show that of this balance, £21.9m is committed for specific revenue projects, Standards Fund phasing 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 31/3/09 £m	Balance at 31/3/08 £m
Earmarked Reserves	102.0	86.0
General Fund balance	25.8	25.8
Schools Reserves	63.2	79.4

3.6.1 The general reserves position at 31 March 2009 is estimated at £25.8m, which is unchanged from the position as at 31 March 2008, and amounts to 3.4% of the 2009-10 revenue budget (excluding schools). This is reviewed formally as part of the annual budget process.

3.6.2 The provisional movement of +£16.0m in earmarked reserves since 31 March 2008 is mainly due to:

- Reduction in Rolling Budget Reserve -£0.4m
- New reserve for projects previously classified as capital but now considered revenue +£5.6m Created from switching around existing funding within the capital programme
- Increase in the PFI Reserves +£4.6m (to equalise costs)
- Increase in the Asylum Reserve +£4.1m
- Increase in the reserve to support next year's budget +£2.7m
- Increase in Dedicated Schools Grant Reserve (Non Delegated budgets) +£2.4m
- Increase in the Performance Reward Grant Reserve +£2.1m (new grant allocation)
- Increase in Kent Regeneration Fund +£1.4m
- New reserve for Economic Downturn +£1.2m (Pension Fund and KMFRA contributions towards estimated loss on Icelandic Investments)
- Increase in Emergency Conditions Reserve +£0.6m
- Increase in Workforce Reduction Reserve +£0.5m
- Reduction in Insurance reserve -£1.0m Budgeted reduction

• Reduction in the Kingshill Smoothing Reserve	-£2.0m
• Reduction in the Prudential Equalisation Reserve	-£1.5m
• Reduction in the IT Asset Maintenance Reserve	-£1.3m
• Reduction in the Environmental Initiatives Reserve	-£1.3m
• Reduction in Landfill Allowance Taxation Scheme Reserve	-£0.8m
• Reduction in Commercial Services Earmarked Reserves	-£0.7m
	+£16.2m

3.7 CAPITAL BUDGET OUTTURN 2008-09

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

	£000s
1. As reported to Cabinet on 18 May 2009	316,609
2. External funding contributions towards the Tenterden Gateway (CS&EA portfolio)	55
3. Schools Devolved Capital – following the consolidation of the schools accounts it is apparent that the capital resources available to schools have increased:	
- further grant funding from the DCSF	3,457
- additional external funding contributions	3,921
- additional revenue contributions from the schools delegated budgets	8,959
	333,001
4. PFI	73,420
	406,421

In addition there has been a virement of £340k from KASS portfolio to Communities portfolio. The Newington Library site has been taken over by KASS. The capital receipt from Newington library was due to fund part of the cost of Ramsgate library. As this receipt will no longer be realised, KASS have transferred their property purchase budget to Communities to replace this 'lost' capital receipt funding.

3.7.2 The provisional outturn for the capital budget, excluding schools devolved capital and the Property Enterprise Fund is £257.115m, a variance of -£14.931m. This outturn compares with the variance of -£14.301m last reported to Cabinet at its meeting on 18 May. In addition, the Schools' have underspent their available capital resources by some £9.5m, having previously forecast a balanced position. The provisional outturn by portfolio and the movement since the last report are shown below in table 3.

TABLE 3: PROVISIONAL FINAL CAPITAL OUTTURN BY PORTFOLIO

Portfolio	Budget £k	Provisional Outturn £k	Variance £k	Variance per last report £k	Movement £k
O,R&S (CFE)	+151,959	+150,750	-1,209	-1,045	-164
CF&EA	+2,040	+1,609	-431	-442	+11
KASS	+6,128	+4,136	-1,992	-1,812	-180
E,H&W	+73,131	+69,939	-3,192	-3,264	+72
Regen & SI	+12,154	+10,516	-1,638	-1,648	+10
Communities	+11,791	+7,694	-4,097	-3,386	-711
Corporate Support	+9,663	+8,000	-1,663	-1,814	+151
Policy & Performance	+512	+427	-85	-83	-2
Finance	+4,668	+4,044	-624	-807	+183
TOTAL (excl Schools)	+272,046	+257,115	-14,931	-14,301	-630

Schools (O,R&S)	+60,955	+51,486	-9,469	0	-9,469
TOTAL	+333,001	+308,601	-24,400	-14,301	-10,099

Property Enterprise Fund 1		+593	+593	+592	+1
Property Enterprise Fund 2		+174	+174		+174
TOTAL incl PEF	+333,001	+309,368	-23,633	-13,709	-9,924

3.7.3 Table 4 shows how the capital spend of £309.368m, including Schools and Property Enterprise Fund has been funded.

TABLE 4: PROVISIONAL FUNDING OF CAPITAL OUTTURN

Funding Source	Capital Cash Limit			Capital Variance			
	KCC portfolios	Schools Devolved	TOTAL	KCC portfolios	Schools Devolved	Property Enterprise Fund (1&2)	TOTAL
	£m	£m	£m	£m	£m	£m	£m
Supported Borrowing	66,784		66,784	-864			-864
Prudential	33,406		33,406	-5,489			-5,489
Prudential/Revenue (directorates funded)	8,715		8,715	426			426
PEF2	39,773		39,773	-4,470			-4,470
Grant	83,524	42,356	125,880	4,221	-8,892		-4,671
External Funding - Other	6,683	6,640	13,323	-753	-577		-1,330
External Funding - Developer contributions	10,353		10,353	764			764
Revenue & Renewals	8,026	11,959	19,985	-3,719			-3,719
Capital Receipts	10,001		10,001	-2,167			-2,167
General Capital Receipts (generated by Property Enterprise Fund 1)	4,781		4,781	-3,706		593	-3,113
PEF2 Capital Receipts			0	826		174	1,000
TOTAL	272,046	60,955	333,001	-14,931	-9,469	767	-23,633

3.7.4 The main reasons for the movement in the forecast since the last monitoring report to Cabinet on 18 May, as shown in Table 3, are as follows:

3.7.5 Operations, Resources & Skills Portfolio:

The overall capital position for the portfolio (excluding capital devolved to schools) has moved by -£0.164m since the last report to Cabinet on 18 May. The main movements are:

- -£1.131m Park Farm Primary - £1.265m of funding was originally designated for investment in Park Farm School to replace its Key Stage 1 building. It is now proposed to be a contribution to the cost of providing primary phase provision within Folkestone Academy. Negotiations have been complex leading to uncertainties around the need and timing of the contribution. The balance of +£0.134m relates to a change in the accounting treatment of earlier aborted development fees.
- -£0.497m Maintenance Programme – this reduction mainly relates to:
 - -£0.263m Condition Programme which is due to a mixture of late re-phasing and the previous estimate of works being overstated,
 - -£0.182m Schools Access Initiative there have been project delays due to planning issues and because a lift supplier has gone into receivership resulting in the need for re-tendering. In addition -£0.070m is directly attributable to the write back to revenue of abortive development fees relating to Crockenhill Primary.
- -£0.338m Children's Centres – the main movements relate to:
 - -£0.110m St Paul's CEPS, Tunbridge Wells – the project has been delayed pending planning approval for the car park element of the project,
 - -£0.106m Lawn Primary due to delays whilst commercial issues with the contractor are resolved,
 - -£0.093m Cliftonville Primary – the project has been delayed whilst lease issues are resolved.
- -£0.157m Modernisation Programme 2003/04/05 – this mainly relates to the Harrietsham Playing Fields project which has been delayed pending receipt of sufficient tender returns which are within the resources available.

These have been largely offset by:

- +£0.568m New/Replacement ICT Equipment and Vehicle purchases – these had previously been incorrectly charged to revenue, but have now been capitalised and funded by revenue contributions.
- +£0.541m Modernisation Programme 2004/05/06 – this mainly relates to a change in the accounting treatment of earlier aborted project development fees and previously understated forecasts from external consultants.
- +£0.420m The Bridge, where the consultants forecasts have been over pessimistic resulting in a re-phasing of costs from 2009-10 into 2008-09.
- +£0.240m Dartford Campus, representing a reduction in the previous forecast level of re-phasing into future years, partly due to the all weather pitch proceeding faster than anticipated.
- +£0.115m Surestart, Early Years & Childcare – additional expenditure in 2008-09 resulting from late unforecast expenditure on ICT purchases for the Phase 2 Children's Centres.

3.7.6 Kent Adult Social Services Portfolio:

The overall capital position for the portfolio has moved by -£0.180m since the last report to Cabinet on 18 May, which is mainly due to further re-phasing of the Flexible and Mobile Engagement project and Modernisation of Day Services within the North West Kent Area.

3.7.7 Communities Portfolio:

The overall capital position for the portfolio has moved by -£0.711m since the last report to Cabinet on 18 May. The main movements are:

- -£0.337m Ramsgate Library – the overspend on this budget has reduced following the virement from KASS portfolio as detailed in paragraph 3.7.1 above.
- -£0.229m Modernisation of Assets due to various project delays, the main one being due to problems with the retaining wall at the Turner Rendezvous site (-£0.149m).
- -£0.107m Turner Contemporary – problems with the retaining wall at the Rendezvous site mentioned above, have resulted in a 7 week delay to the programme at present.

3.7.8 **Corporate Support Portfolio:**

The capital outturn for the portfolio has moved by +£0.151m since the previous reported position. This movement is mainly on the Gateways programme (£0.100m) where we have made better progress than we previously anticipated, therefore the re-phasing into 2009-10 has reduced from previous forecasts.

3.7.9 **Finance Portfolio:**

The overall capital position for the portfolio has moved by +£0.183m since the last report to Cabinet on 18 May. The main changes are:

- +£0.261m Commercial Services purchases of vehicles, plant and equipment funded from their renewals fund and reserves.
- -£0.104m further re-phasing on SHQ maintenance due to lift work not being completed until May 2009 and a change in the programme work flow on the window replacement.

3.7.11 The 2009-10 Capital Programme will now be revised to reflect the re-phasing and other variations of the 2008-09 Capital Programme that resulted in the £14.931m variance in 2008-09. The details of the changes will be included in the first quarter's monitoring report of the 2009-10 budget to be reported to Cabinet on 14 September 2009.

3.7.12 Capital Receipts realised in 2008-09 were £11.347m from the sale of property and £0.062m from the repayment of loans. All of these receipts are required to fund existing capital programme commitments. This position excludes the receipts generated through the Property Enterprise Fund which are referred to in section 3.9 below.

3.8 **SCHOOLS DEVOLVED CAPITAL**

3.8.1 Capital expenditure incurred directly by schools in 2008-09 was £51.5m. Schools have in hand some £9.5m of capital funding which will be carried forward as part of the overall schools reserves position. This represents a reduction in schools capital reserves of £7.5m.

3.9 **PROPERTY ENTERPRISE FUND (PEF)**

3.9.1 **PEF1**

3.9.1.1 In November 2006, the County Council agreed the establishment of the original Property Enterprise Fund, now known as PEF1, with a maximum permitted deficit of £10m to be funded by temporary borrowing, but to be self-funding over a period of 10 years. At the end of 2007-08 the fund was in deficit by £0.828m, and this was covered by temporary borrowing.

3.9.1.2 In 2008-09, the costs of disposal activity undertaken within PEF1 amounted to £0.593m, as shown in table 3 above. In addition, PEF1 was earmarked to fund £4.781m of capital spend in 2008-09 on the completion of the Eurokent Access Road (£4.194m) and the Gateway programme (£0.587m), together with £0.7m of budgeted funding support to the MTP. Therefore, total costs to be met from PEF1 were £6.074m. Due to the slowdown in the property market, capital receipts realised through PEF1 from the sale of non-operational property were £1.668m, leaving a further £4.406m to be funded from the £10m temporary borrowing facility. When taken together with the deficit brought forward from 2007-08, the deficit on PEF1 at the end of 2008-09 was £5.234m.

3.9.1.3 Further details of the Property Enterprise Fund are provided in section 5.2 of Appendix 3.

3.9.2 **PEF2**

3.9.2.1 In September 2008, the County Council agreed to a second Property Enterprise Fund (PEF2) with a maximum overdraft of £85m to be funded by prudential borrowing. This was required to support the capital programme where falling land and property values were impacting on our ability to raise the £180m of capital receipt funding assumed in the 2008-11 programme. This fund differs from PEF1 as only earmarked receipts are accounted for through PEF2 with the sole purpose of supporting the capital programme. Property Group negotiates a value for an earmarked property with the holding directorate and provides them with guaranteed funding from prudential borrowing to support their programme. The earmarked property is then held

corporately until the time is right to realise the capital receipt. This enables the Authority to take a longer term view on getting the best value from our assets. The financial objective of PEF2 is to broadly break even over a rolling five-year cycle.

- 3.9.2.2 Costs associated with PEF2 in 2008-09 were £0.174m, as shown in table 3 above, and PEF2 funding support to the capital programme was £36.129m. This was offset by £1m of capital receipts realised through the Fund, therefore at the end of 2008-09, the overall deficit on PEF2 against the £85m overdraft limit, was £35.303m.

4. 2008-09 FINAL MONITORING OF KEY ACTIVITY INDICATORS

- 4.1 Details of the final monitoring of key activity indicators for 2008-09 are detailed in Appendix 3.

5. PRUDENTIAL INDICATORS

- 5.1 The final monitoring of the 2008-09 prudential indicators is detailed in Appendix 4.

6. CAPITAL BUDGET OUTCOMES & ACHIEVEMENTS

- 6.1 A report highlighting the main achievements delivered by the capital programme in 2008-09 is attached at Appendix 5.

Reconciliation of Gross and Income Cash Limits to the 30 March 2009 Cabinet Report

Portfolio	CASH LIMIT			VARIANCE		
	Gross	Income	Net	Gross	Income	Net
	£k	£k	£k	£k	£k	£k
O,R&S (CFE)	+158,573	-964,701	-806,128	+4,237	-1,956	+2,281
CF&EA	+221,950	-92,611	+129,339	+2,473	-5,132	-2,659
Kent Adult Social Services	+452,467	-127,667	+324,800	-544	-128	-672
E,H&W	+158,508	-14,148	+144,360	-1,096	-1,836	-2,932
Regen & SI	+12,719	-3,072	+9,647	-475	-552	-1,027
Communities	+104,226	-51,024	+53,202	+1,618	-1,407	+211
Public Health	+949	0	+949	-55	-70	-125
Corporate Support	+55,413	-23,038	+32,375	+10,123	-10,898	-775
Policy & Performance	+2,920	-1,246	+1,674	+147	-141	+6
Finance	+168,903	-64,285	+104,618	-16,167	+14,362	-1,805
SUB TOTAL (excl Schools)	+1,336,628	-1,341,792	-5,164	+261	-7,758	-7,497
Asylum	+14,129	-14,129	0	+4,051	-4,051	0
TOTAL (excl Schools)	+1,350,757	-1,355,921	-5,164	+4,312	-11,809	-7,497
Schools	+951,127	-80,517	+870,610	+23,520	-7,344	+16,176
TOTAL	+2,301,884	-1,436,438	+865,446	+27,832	-19,153	+8,679
	Gross	Income	Net			
	£k	£k	£k			
Reconciliation:						
Cash Limits Per Mar report	+2,287,665	-1,422,223	+865,442			
Subsequent changes:						
OR&S	+16	+0	+16			additional ABG for Child Trust Funds
						Changes to grant/income allocations:
OR&S	+237	-237	0			Federation of Music Services Grant
OR&S	-2,190	+2,190	0			Rebadge/Repayment of 2007-08 Standards Fund
OR&S	+112	-112	0			Additional National Challenge allocation
OR&S	-50	+50	0			Reduction in Standards Fund Primary Targeted
OR&S	+68	-68	0			Additional School Development Grant
OR&S	+93	-93	0			Recharge of health funded staff to PCTs
OR&S	+326	-326	0			Milk subsidy income
OR&S	+15,262	-15,262	0			PFI development/running costs & contributions
OR&S	+800	-800	0			Thanet Skills Studio income target
OR&S	-524	+524	0			Reduction in LSC funding for academies transfer
OR&S	-459	+459	0			Rollforward of unspent Diploma Grant to 2009-10
OR&S	-6,233	+6,233	0			Rollforward of unspent Standards Fund to 2009-10
OR&S	-199	+253	54			Rebadge/Repayment of 08-09 Sure Start allocation
CF&EA	+58	-112	-54			Rebadge/Repayment of 08-09 Sure Start allocation
CF&EA	+52	-52	0			Life Education Centre income correction
CF&EA	-23	+23	0			Rebadge/Repayment of 2007-08 Standards Fund
CF&EA	+1,017	-1,017	0			Training and Development Agency Grants
CF&EA	-305	+305	0			Rollforward of unspent Standards Fund to 2009-10

	Gross	Income	Net	
	£k	£k	£k	
EH&W	-556	+556	0	Correction to budget - Three Interreg III projects finished in 2007-08, but budgets were not removed for 2008-09
R&SI	+760	-760	0	Income not in original budget for marketing (-£45k), Ashford's Future (-£55k), Old Rectory (-£250k), Chilmington Green (-£39k), Rural access (-£83k), Produced In Kent (-£133k), URBAN (-£37k), empty properties (-£39k), Ashford Public Art Strategy (-£25k), Margate public realm (-£24k), LEADER plus (-£10k), Action for Communities in Rural Kent (-£10k), Rural business advice (-£10k)
				Technical Adjustments:
OR&S	+1,274	-1,274	0	Recoupment surplus
CF&EA	+272	-272	0	Internal recharging within ASK
KASS	+2,039	-2,039	0	Resources - realignment of gross and income to reflect accounting treatment of PFI credit relating to Better Homes Active Lives
KASS	+1,401	-1,401	0	Older People Residential - realignment to reflect the updated split of costs between KASS and E&CK PCT relating to Westbrook and Westview House Integrated Care Centres
KASS	+322	-322	0	All Adults Assessment & Related - realignment of gross and income to reflect treatment of internal recharges
KASS	+56	-56	0	PPQA - realignment of gross and income to reflect treatment of internal recharges
KASS	+1,261	-1,261	0	Resources - realignment of gross and income to reflect treatment of internal recharges
CMY	-107	+107	0	Remove KDAAT HO grant - now paid through ABG and already included in gross budget
CMY	+65	-65	0	Youth bank Accounts additional Income not previously anticipated
CMY	-378	+378	0	Reversal of Dover Discovery Adjustment made in Qtr 1
CMY	-35	+35	0	Trading Standards £20k reduction in income from DEFRA, £15k reduction for Buy With Confidence Scheme original estimates were too high and unachievable.
CMY	-38	+38	0	Correction to qtr 3 adj to Centrally Managed Budgets
CS	+25	-25	0	Adj to CFE contribution to courses
FIN	+0	-12	-12	PEF - previously reported as memorandum only
FIN \ KASS	-200	+200	0	Better Workplaces previously expected as income (via PRG) rather than cash limit adj
Revised Budget	+2,301,884	-1,436,438	+865,446	

2008-09 REVENUE BUDGET ROLL FORWARDS**1. OPERATIONS, RESOURCES & SKILLS (CFE) PORTFOLIO**

		£k
Provisional outturn variance:	OR&S portfolio	2,281
	transfer from CF&EA portfolio	-2,281
		0
Committed roll forwards:		
▪ None		0
UNCOMMITTED		0

2. CHILDREN, FAMILIES & EDUCATIONAL ACHIEVEMENT PORTFOLIO

		£k
Provisional outturn variance:	CF&EA portfolio	-2,659
	transfer to O,R&S portfolio	2,281
		-378
Committed roll forwards:		
▪ None		0
UNCOMMITTED		-378

3. KENT ADULT SOCIAL SERVICES PORTFOLIO

	£k
Provisional outturn variance:	KASS portfolio
	-672
	-672
 Committed roll forwards:	
<ul style="list-style-type: none"> ▪ Partnerships for Older People Projects (POPPs) <p style="margin-left: 20px;">This is a Department of Health funded initiative. In order not to lose the balance of the funding available from DoH, we had to pay for 09-10 POPPs services in advance, but these costs cannot be accounted for until the new financial year when the services are provided and therefore we need to roll forward the underspending in order to offset the accounting for these payments in 2009-10.</p> ▪ Department of Health Funding for Joint Investment Partnership (JIP) <p style="margin-left: 20px;">To relaunch the JIP in the South East region. The JIP is a partnership of organisations involved in improving services within social care and is charged with:</p> <ul style="list-style-type: none"> - Accelerating the pace of improvement and targeting it where capacity to improve is lacking - Promoting and coordinating the range of high quality support available to organisations - mainly at no cost to the recipient - from existing agencies - Promoting the culture that seeking support to deliver better services for users is a sign of strength not weakness <p style="margin-left: 20px;">The funding from the Department of Health relates to all partners within the JIP.</p> ▪ Mental Health Swift Developments <p style="margin-left: 20px;">Development work to enable Swift, the client activity system to be integrated with the EPEX system used by Kent and Medway Partnership NHS Trust, which will allow Mental Health social workers to input to only one system. This developmental work was to be funded from the increase in the Mental Health Area Based Grant in 2008-09, however due to other priorities in Swift, mainly Client Billing, this area of development has re-phased to 2009-10.</p> ▪ New reports for TDM <p style="margin-left: 20px;">Development and commissioning of new TDM reports with Royal Bank of Scotland as recommended by external audit. The reports were not fully developed by 31 March 09 and there are also further development costs with Northgate, the company who provide Swift.</p> ▪ Debt management reports for Client Billing <p style="margin-left: 20px;">Due to the delay in implementing Client Billing, the directorate was unable to fully develop or enhance some of the reports required for debt management</p> 	<p>211</p> <p>150</p> <p>82</p> <p>60</p> <p>50</p>
	553
UNCOMMITTED	-119

4. ENVIRONMENT, HIGHWAYS & WASTE PORTFOLIO

		£k
Provisional outturn variance:	EH&W portfolio	-2,932
		-2,932
Committed roll forwards:		
▪ Replacement of MIDAS Financial & Management Information System		437
Re-phasing of the replacement project		
▪ Kent Waste Partnership		470
Funding committed for the Partnership		
		907
UNCOMMITTED		-2,025

5. REGENERATION & SUPPORTING INDEPENDENCE PORTFOLIO

		£k
Provisional outturn variance:	R&SI portfolio	-1,027
		-1,027
Committed roll forwards:		
▪ Land restoration works at Shaw Grange		240
Re-phasing due to planning decision impact. Legal obligation.		
▪ Supporting Independence - Apprenticeships		56
Re-alignment of the apprenticeships scheme with the National Campaign		
▪ Supporting Independence - Welfare Reform		82
Revision of activity and approach in conjunction with Job Centre plus		
▪ Supporting Independence - Community Programme		90
A delay in the delivery of laptops to support vulnerable learners and the community programme		
▪ A2 Linear Park project		190
Change in timing of use of KCC contribution to this project in order to maintain maximum funding flexibility		
▪ Local Development Framework for Minerals and Waste		59
Completion of work		
▪ Bio-fuels Project		75
Continuation of feasibility studies		
		792
UNCOMMITTED		-235

6. COMMUNITIES PORTFOLIO

		£k
Provisional outturn variance:	Communities portfolio	211
		211
Committed roll forwards:		
<ul style="list-style-type: none"> ▪ Key Training <ul style="list-style-type: none"> Costs incurred in 2008-09 that were not matched by LSC grant funding in the financial year: <ul style="list-style-type: none"> - The deficit on this service in 08-09 was £454k, £145k of which was purely due to a timing issue of when we receive the LSC funding for Entry to Employment which will now be received by July 09; the balance of £309k (net of £131k reserves utilised) was created by LSC funding for Apprenticeships/Train to Gain being reduced mid-year with KEY unable to reduce expenditure levels accordingly in the short term. As this is a base pressure, it would not be possible for KEY to manage this base pressure in 09-10 plus the rolled forward deficit from 08-09, therefore £243k of 08-09 underspendings elsewhere within the portfolio have been netted off so that the residual pressure for KEY to manage in year is reduced to £66k (plus the base pressure of £440k (£309k + £131k met from reserves in 08-09)). A management action plan has been drafted to address the rolled forward deficit and the base pressure. 		-211
		-211
UNCOMMITTED		0

7. PUBLIC HEALTH PORTFOLIO

		£k
Provisional outturn variance:	Public Health portfolio	-125
		-125
Committed roll forwards:		
<ul style="list-style-type: none"> ▪ Kent Health Watch <ul style="list-style-type: none"> A delayed start to this three year programme has resulted in some re-phasing into 2009-10 ▪ T2010 Target 50 <ul style="list-style-type: none"> A delayed start to the public health poster campaign targeted at young people. This project is designed to run for three years. This funding is needed to support essential elements of the project as they come on-stream. 		58
		52
		110
UNCOMMITTED		-15

8. CORPORATE SUPPORT PORTFOLIO

		£k
Provisional outturn variance:	CS portfolio	-775
	Transfer to Policy & Performance portfolio	6
	Transfer to Finance portfolio	58
		-711
Committed roll forwards:		
▪ Home Computing Initiative		-28
<p>This is a technical adjustment requiring the roll forward of an overspend resulting from the net cost of the revenue contribution to meet the capital costs of equipment purchased for employees under the Home Computing Initiative. The costs are being met by employee contributions (salary sacrifice payments) but these are being made over a 3 years period ending in 2009-10, hence the need to roll forward the balance as an overspend to be met from future years' contributions.</p>		
▪ Well Being Health checks		64
<p>The Work & Wellbeing Health Check initiative is a 3 year rolling programme which enables employees to attend a health screen conducted by a qualified nurse. Delivery is by an organisation called Company Health and follows on from the success of a previous programme available between 2003 and 2006. As part of the rollout individuals were contacted personally and a screening session arranged, however in order to control administration costs of the current contract this was changed in favour of a general communication to employees, inviting them to contact Company Health themselves and arrange an appointment. This approach, combined with an initial delay at an operational level in establishing the programme, meant that the take up was lower than anticipated in the first year (2007-08). Measures were put in place to revise the communication plan and target employees to further raise awareness and hence increase levels of take up. Roll forward of the budget will allow employees to access the health screening benefit within the 3 year life of this contract.</p>		
▪ Strategic Development Unit - Gateways		50
<p>This roll forward is required to fund an extension to the lease for Ashford Gateway due to delays with the new property. This extension had to be agreed at the end of March 2009.</p>		
▪ Strategic Development Unit - Route Development Fund		4
<p>Re-phasing of the project over two financial years</p>		
▪ Strategic Development Unit - Kent TV		152
<p>The roll-forward will be delivering the core Kent TV project. The contractual commitment for this projects runs to August 09. The purpose of the funding is to deliver the two year pilot for Kent TV as per the Towards 2010 target number 24. The pilot started mid-year, therefore the original budget allocated over two financial years has been adjusted to fall into three financial years rather than two.</p>		
▪ Corporate Communications		69
<p>Promotion of the Health Watch programme on behalf of Public Health. This work was contracted late in 2008-09 but delivery of the work will take place early in 2009-10.</p>		
		311
UNCOMMITTED		-400

9. POLICY & PERFORMANCE PORTFOLIO

		£k
Provisional outturn variance:	P&P portfolio	6
	transfer from Corporate Support portfolio	-6
		0
Committed roll forwards:		
▪ None		
		0
UNCOMMITTED		0

10. FINANCE PORTFOLIO

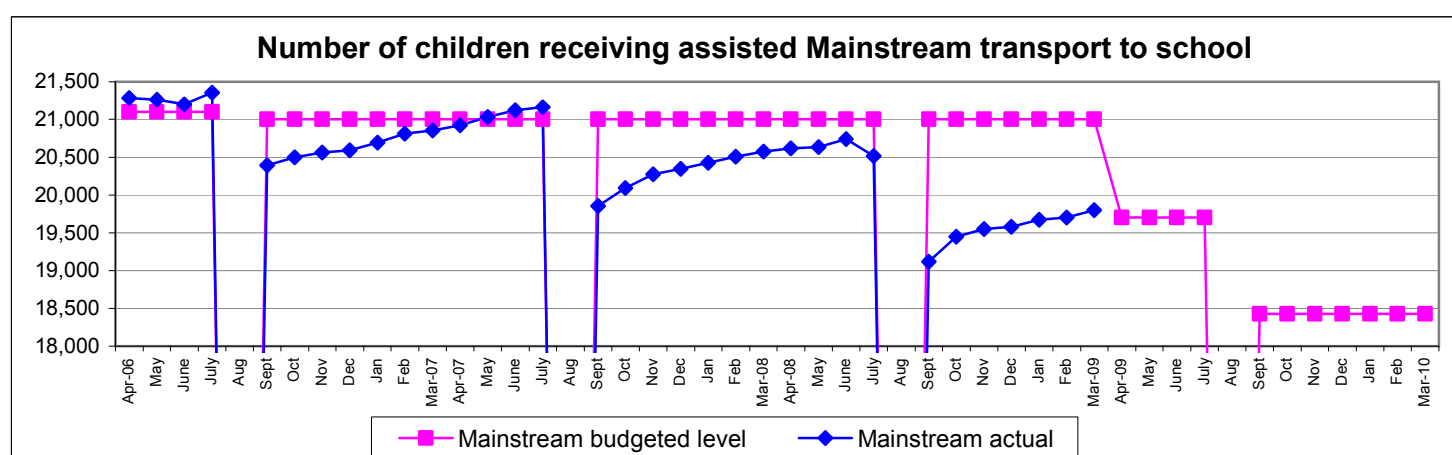
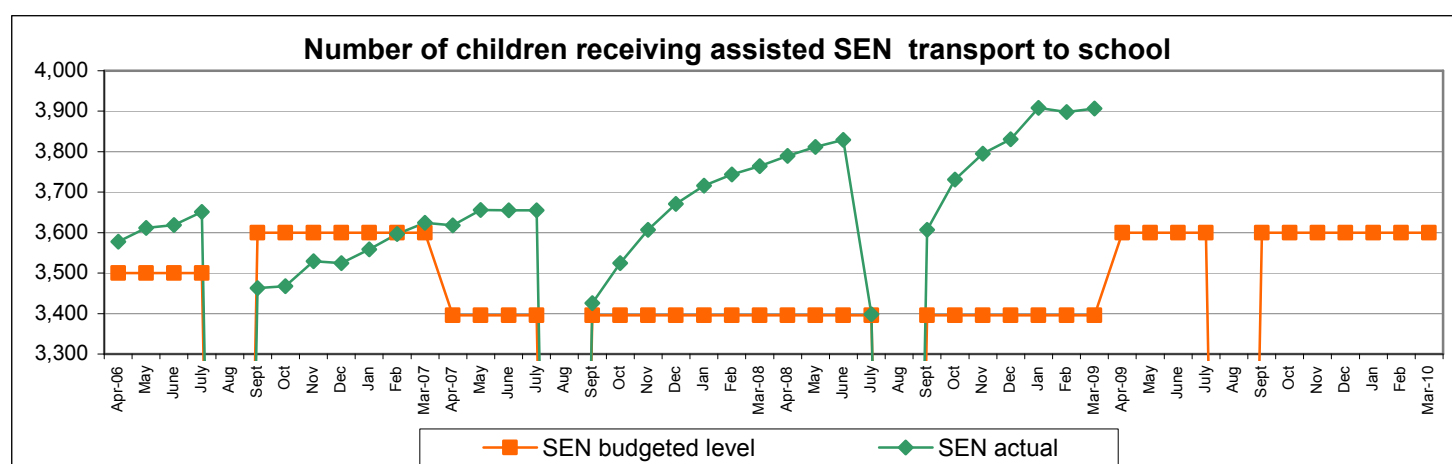
		£k
Provisional outturn variance:	Finance portfolio	-1,805
	transfer from Corporate Support portfolio	-58
		-1,863
Committed roll forwards:		
▪ Member Community Grants		12
Grants which have been committed in 08-09 for projects internal to KCC, but the work was not completed by 31 March		
▪ Local Priorities		55
Grants to District Councils for Local Priorities from 2008-09 second homes money, which have been requested to roll forward to 2009-10		
▪ Local Scheme spending recommended by Local Boards		27
Grants which have been committed in 2008-09 for projects internal to KCC, but the work was not completed by 31 March.		
▪ Property Group - Better Workplaces		142
This programme of office transformation has been delayed due to the discovery of asbestos at the Thisley Hill site.		
		236
UNCOMMITTED		-1,627

2008-09 FINAL MONITORING OF KEY ACTIVITY INDICATORS

1. CHILDREN, FAMILIES & EDUCATION DIRECTORATE

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

	2006-07				2007-08				2008-09				2009-10	
	SEN		Mainstream		SEN		Mainstream		SEN		Mainstream		SEN	Mainstream
	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget Level	Budget Level
April	3,500	3,578	21,100	21,285	3,396	3,618	21,000	20,923	3,396	3,790	21,000	20,618	3,660	19,700
May	3,500	3,612	21,100	21,264	3,396	3,656	21,000	21,032	3,396	3,812	21,000	20,635	3,660	19,700
June	3,500	3,619	21,100	21,202	3,396	3,655	21,000	21,121	3,396	3,829	21,000	20,741	3,660	19,700
July	3,500	3,651	21,100	21,358	3,396	3,655	21,000	21,164	3,396	3,398	21,000	20,516	3,660	19,700
Aug	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sept	3,600	3,463	21,000	20,392	3,396	3,426	21,000	19,855	3,396	3,607	21,000	19,118	3,660	18,425
Oct	3,600	3,468	21,000	20,501	3,396	3,525	21,000	20,093	3,396	3,731	21,000	19,450	3,660	18,425
Nov	3,600	3,529	21,000	20,561	3,396	3,607	21,000	20,276	3,396	3,795	21,000	19,548	3,660	18,425
Dec	3,600	3,525	21,000	20,591	3,396	3,671	21,000	20,349	3,396	3,831	21,000	19,579	3,660	18,425
Jan	3,600	3,559	21,000	20,694	3,396	3,716	21,000	20,426	3,396	3,908	21,000	19,670	3,660	18,425
Feb	3,600	3,597	21,000	20,810	3,396	3,744	21,000	20,509	3,396	3,898	21,000	19,701	3,660	18,425
Mar	3,600	3,624	21,000	20,852	3,396	3,764	21,000	20,575	3,396	3,907	21,000	19,797	3,660	18,425



Comments:

- SEN HTST** – In 2007-08 there was a significant gap between the actual and budgeted level of assisted SEN transport to schools which related to the savings targets which significantly reduced the budgeted level and the fact that the service was unable to achieve these. In every month during 2008-09, the actual numbers travelling exceeded budgeted levels and this service ended the year with a net overspend of £1.9m. The on-going pressure on this budget has been addressed through additional funding via the 2009-12 MTP.

The actual number of SEN pupils travelling appears low in July as the 'day of count' was after some special schools had closed for the summer. (The count is only taken on one day in the month). The data in September gives a better view of the levels of pupils receiving assisted transport.

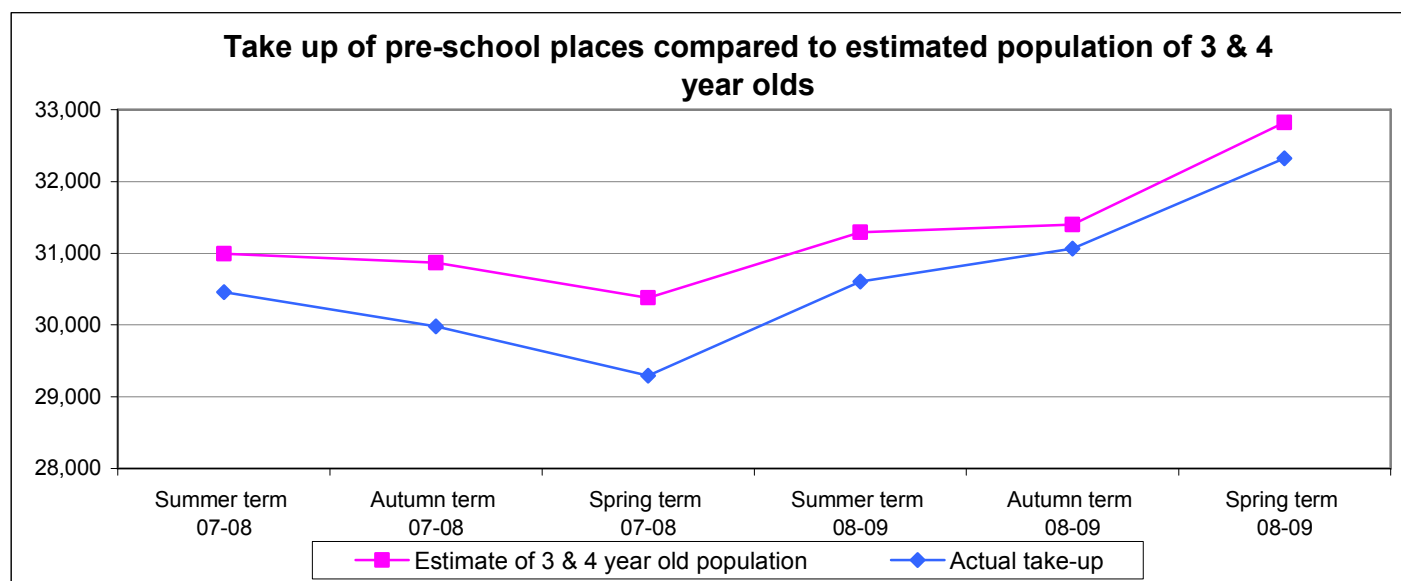
Despite the additional £1.5m allocated to this service in the MTP, the affordable levels for 2009-10 remain lower than current activity. This budget will be under close scrutiny during 2009-10 to identify any potential overspend at an early stage.

- **Mainstream HTST** - The budgeted level has been calculated by dividing the 2008/09 budget by the current average cost per child. Actual numbers travelling were less than budgeted levels throughout 2008-09 and an underspend of just over £1m has been achieved in the financial year.

The budgeted levels have reduced significantly in 2009-10 due to the anticipated reduction in numbers travelling as a consequence of the freedom pass being rolled out to the whole of Kent from September 2009.

1.2.1 Take up of pre-school places against the number of places available, split between Private Voluntary and Independent Sector (PVI) places and School places:

	2007-08					2008-09				
	<i>PVI places taken up</i>	<i>School places taken up</i>	Total places taken up	Estimate of 3 & 4 year old population	% take up	<i>PVI places taken up</i>	<i>School places taken up</i>	Total places taken up	Estimate of 3 & 4 year old population	% take up
Summer term	20,675	9,485	30,460	30,992	98%	20,766	9,842	30,608	31,294	98%
Autumn term	14,691	15,290	29,981	30,867	97%	14,461	16,604	31,065	31,399	99%
Spring term	17,274	12,020	29,294	30,378	97%	19,164	13,161	32,325	32,820	98%

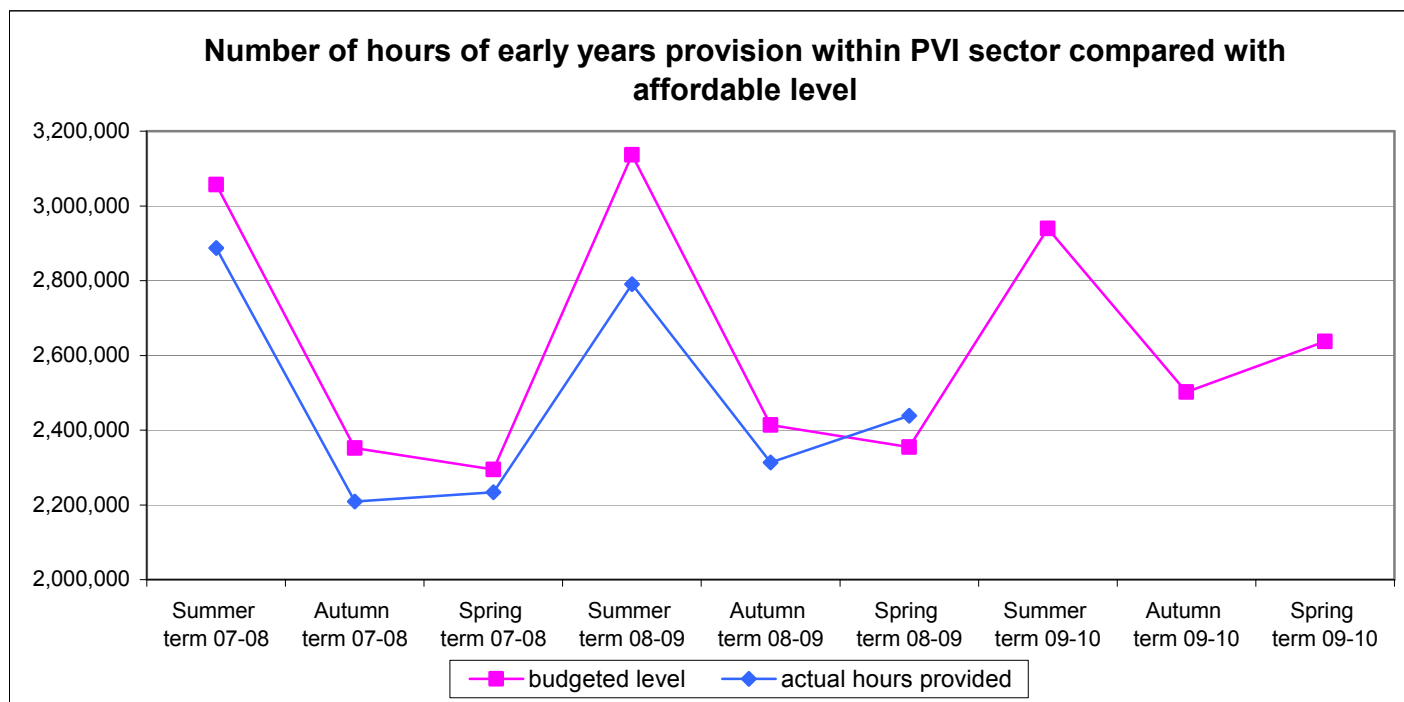


Comments:

- This graph shows that currently 98% of the estimated population of 3 and 4 year olds are receiving some level of early years provision, whether this be one session per week for 33 weeks or the maximum of five sessions per week for the full 38 weeks. This activity indicator is based on headcount and provides a snapshot position at a point in time, whereas the activity data in 1.2.2 below provides details of the number of hours provided in the Private, Voluntary & Independent sector, and will correlate with the variance on the Early Years budget within the Management Information Unit. However as this budget is funded entirely from DSG, any surplus or deficit at the end of the year must be carried forward to the next financial year in accordance with the regulations, and cannot be used to offset over or underspending elsewhere in the directorate budget. Therefore, as any unspent Early Years funding has to be returned to schools, in 2008-09 an underspend of £1.387m has been transferred to the schools unallocated reserve for DSG and hence is not included in the overall directorate revenue outturn position.

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

	2007-08		2008-09		2009-10
	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided	Budgeted number of hours
Summer term	3,056,554	2,887,134	3,136,344	2,790,446	2,939,695
Autumn term	2,352,089	2,209,303	2,413,489	2,313,819	2,502,314
Spring term	2,294,845	2,233,934	2,354,750	2,438,957	2,637,646
	7,703,488	7,330,371	7,904,583	7,543,222	8,079,655



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 total activity for 2008-09 shows a lower number of early years hours provided compared to budgeted levels. As mentioned in 1.2.1 above, the financial effect of this is an underspend of £1.387m which has been carried forward within the schools unallocated reserve.
- It should be noted that not all parents currently take up their full entitlement and this can change during the year.

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

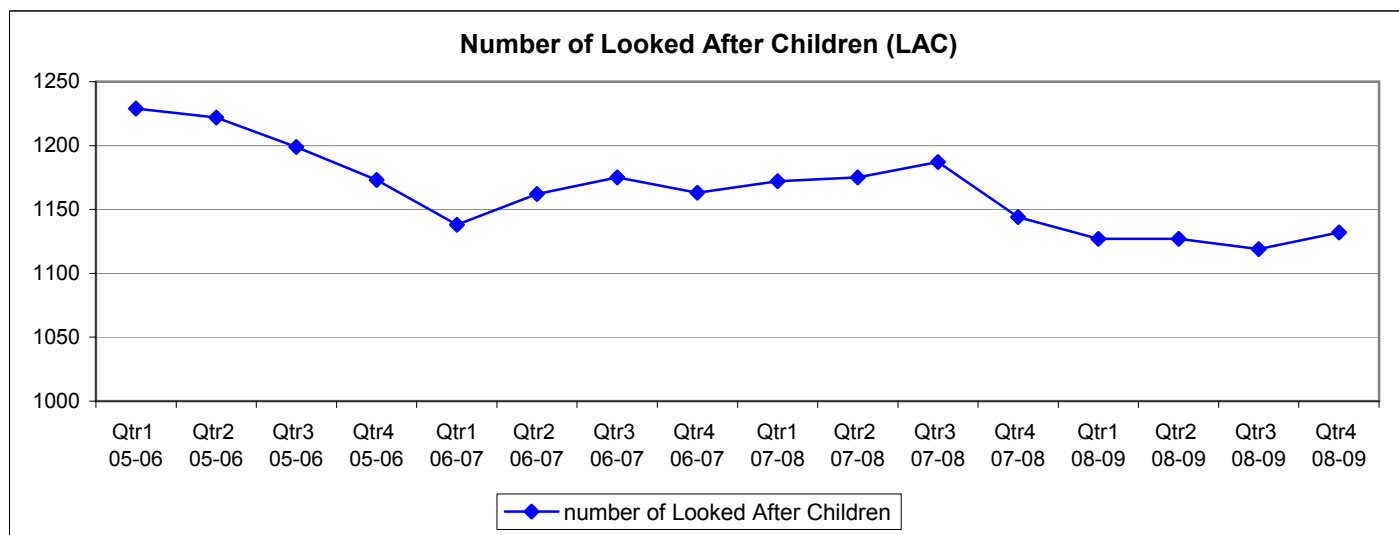
	2005-06	2006-07	2007-08	2008-09
	as at 31-3-06	as at 31-3-07	as at 31-3-08	as at 31-3-09
Total number of schools	600	596	575	570
Total value of school reserves	£70,657k	£74,376k	£79,360k	£63,184k
Number of deficit schools	9	15	15	13
Total value of deficits	£947k	£1,426k	£1,068k	£1,775k

Comments:

- The final information on deficit schools for 2008/09 has been obtained from the schools year end returns which have now been consolidated into KCC's accounts. The LA receives updates from schools through budget monitoring returns from all schools after 6 months, and 9 months as well as the year end outturn report. The actual draw down of reserves for 2008-09 was £16.176m and this reduction is largely due to the increased focus on schools with excessive reserves and the subsequent recovery of £1.5m from 15 schools and the tightening of the balance control mechanism which has encouraged schools to utilise their reserves. Initial analysis shows that this is being spent on additional staffing and therefore we believe this will have a positive impact on standards over the medium term.
- KCC has a "no deficit" policy for schools, which means that schools cannot plan for a deficit budget at the start of the year. Unplanned deficits will need to be addressed in the following year's budget plan, and schools that incur unplanned deficits in successive years will be subject to intervention by the LA.
- The CFE Statutory team are working with all schools currently reporting a deficit with the aim of returning the schools to a balanced budget position as soon as possible. This involves agreeing a management action plan with each school.

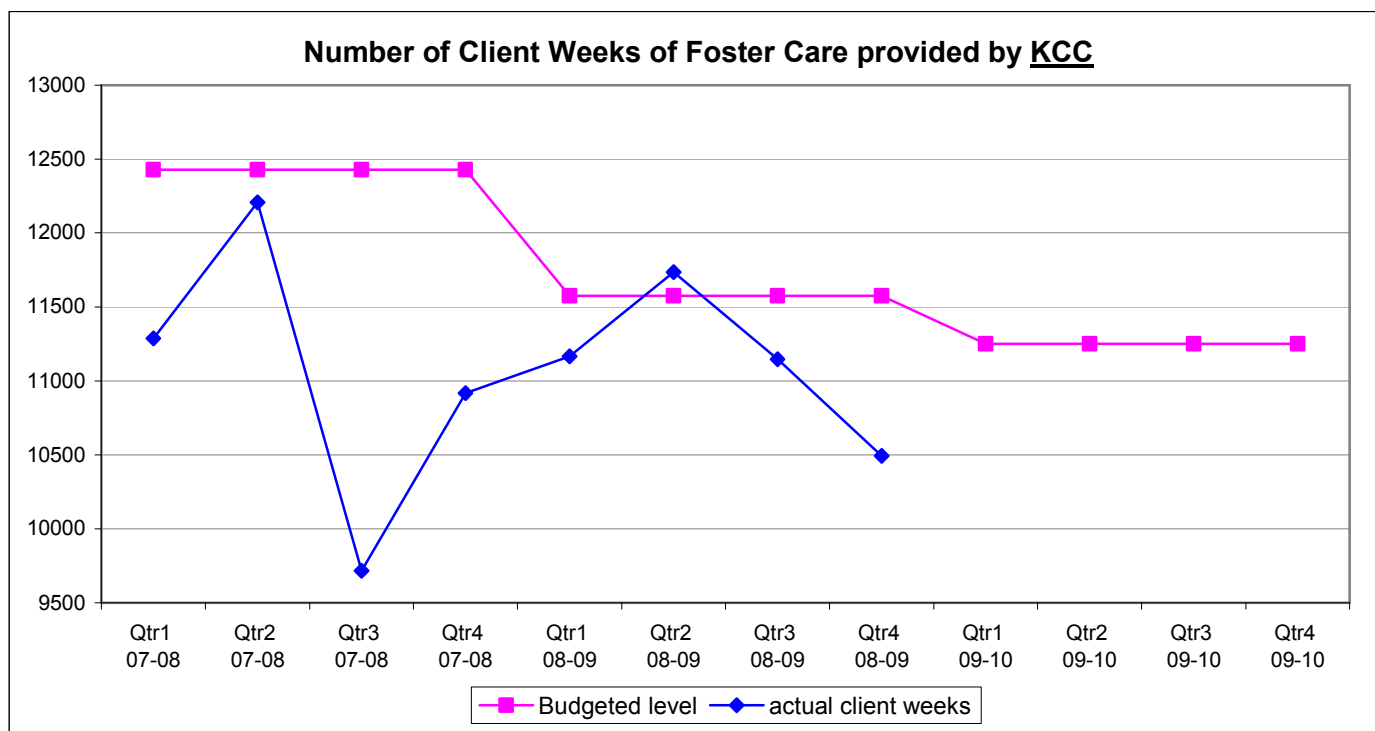
1.4 Numbers of Looked After Children (LAC):

	2005-06	2006-07	2007-08	2008-09
Apr – Jun	1,229	1,138	1,172	1,127
Jul – Sep	1,222	1,162	1,175	1,127
Oct – Dec	1,199	1,175	1,187	1,119
Jan – Mar	1,173	1,163	1,144	1,132



1.5.1 Number of Client Weeks of Foster Care provided by KCC:

	2007-08		2008-09		2009-10
	Budgeted level	Actual Client Weeks	Budgeted level	Actual Client Weeks	Budgeted level
Apr - Jun	12,427.25	12,711.26	11,575.80	11,165.70	11,249.33
Jul - Sep	12,427.25	10,781.00	11,575.80	11,735.39	11,249.33
Oct - Dec	12,427.25	9,716.04	11,575.80	11,147.16	11,249.33
Jan - Mar	12,427.25	10,917.96	11,575.80	10,493.14	11,249.33
	49,709.00	44,128.74	46,303.20	44,541.39	44,997.32

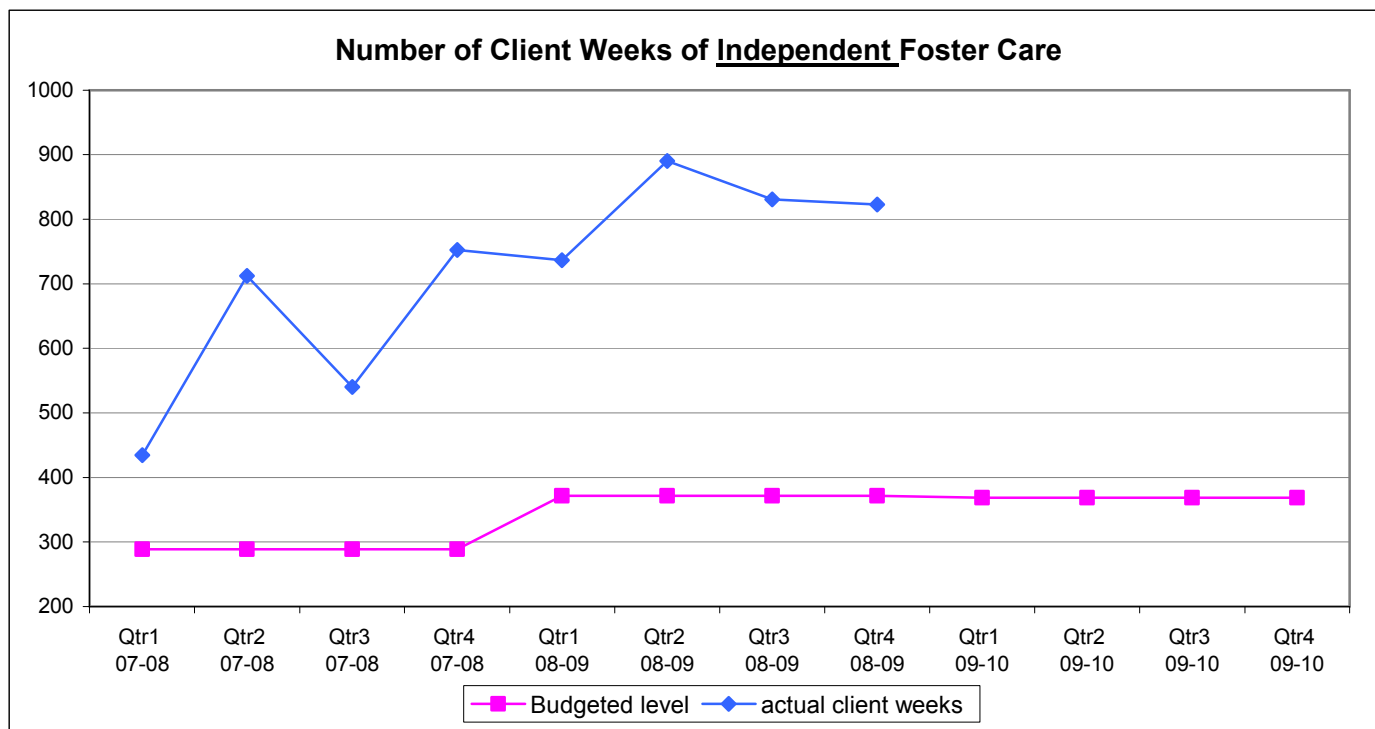


Comments:

- The actual number of client weeks is based on the numbers of known clients at a particular point in time. This may be subject to change due to the late receipt of paperwork.
- The budgeted level has been calculated by dividing the budget by the average weekly cost. The average weekly cost is also an estimate based on financial information and estimates of the number of client weeks and may be subject to change.
- KCC In-House Fostering ended up with a small overspend of £55k at the end of 2008-09. This budget overspent despite the activity being below the budgeted level. The reason for this is the costs of transportation and legal fees are not included within the average weekly cost, and therefore the budgeted levels stated above were not affordable when these costs are taken into account. The 2009-10 budgeted levels have been adjusted accordingly.
- It should be noted that the data relating to 2007-08 was manually produced due to problems with the IT system and should be treated with some caution. The figures have been re-visited and as a result some client weeks have been moved between quarter 2 and quarter 1. This has not affected the overall total of weeks for 2007-08.

1.5.2 Number of Client Weeks of Independent Foster Care:

	2007-08		2008-09		2009-10
	Budgeted level	Actual Client Weeks	Budgeted level	Actual Client Weeks	Budgeted level
Apr - Jun	288.50	434.57	371.78	736.59	368.77
Jul - Sep	288.50	712.00	371.78	890.10	368.77
Oct - Dec	288.50	540.42	371.78	831.04	368.77
Jan - Mar	288.50	752.15	371.78	823.07	368.77
	1,154.00	2,439.14	1,487.12	3,280.80	1,475.08



Comments:

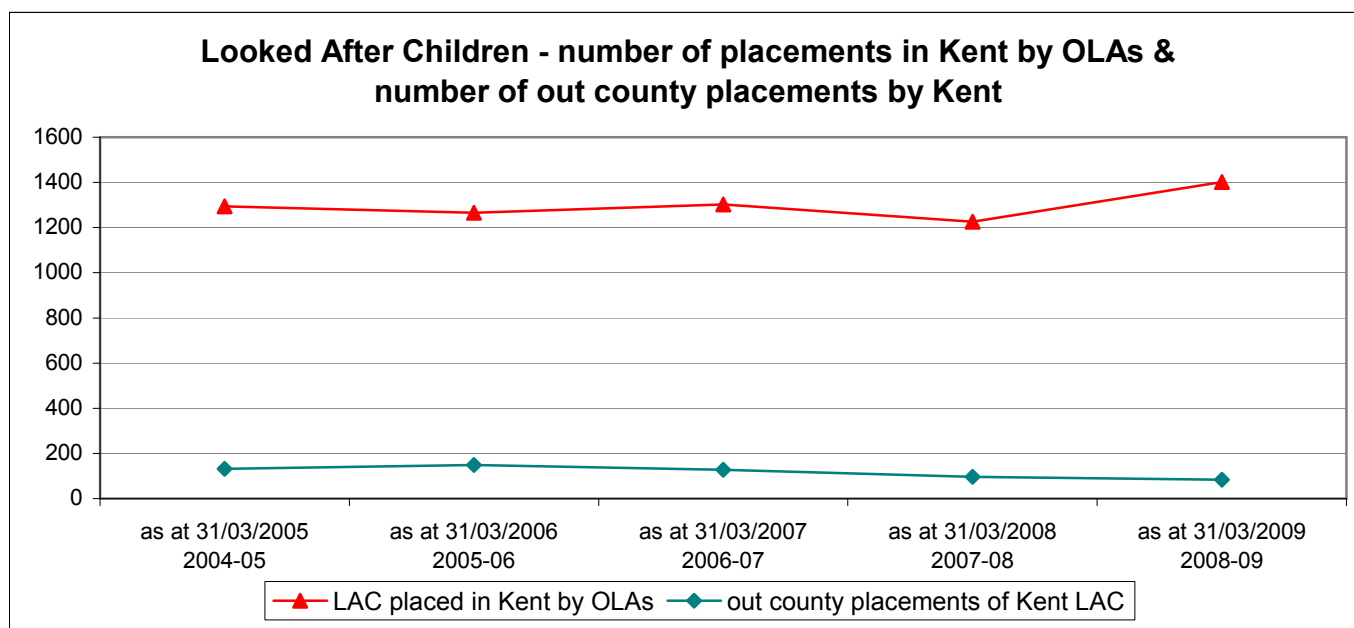
- The actual number of client weeks is based on the numbers of known clients at a particular point in time. This may be subject to change due to the late receipt of paperwork.
- The budgeted level has been calculated by dividing the budget by the average weekly cost. The average weekly cost is also an estimate based on financial information and estimates of the number of client weeks and may be subject to change.
- The outturn for Independent Fostering for 2008-09 was an overspend of £1.839m.
- The budgeted levels for 2009-10 are considerably lower than the current activity. The scale of the pressure on this budget was not clear at the time of setting the 2009-12 Medium Term Plan and the directorate will be seeking approval to vire funds from the 2009-10 Residential Care budget as a partial solution to this problem. The Residential Care service is now securing a significant amount of income from external agencies and it now looks like the additional £1.4m included in the MTP may be as much as £0.8m too high. Subject to approval of this virement, the budgeted levels will be amended accordingly. If current levels of activity continue throughout 2009-10, there will remain a pressure on the Independent Fostering budget of around £0.5m even after the proposed virement. This service will require careful monitoring to identify potential overspends at an early stage in 2009-10.

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

2004-05 as at 31/03/2005	2005-06 as at 31/03/2006	2006-07 as at 31/03/2007	2007-08 as at 31/03/2008	2008-09 as at 31/03/2009
1,294	1,266	1,303	1,226	1,402

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

2004-05 as at 31/03/2005	2005-06 as at 31/03/2006	2006-07 as at 31/03/2007	2007-08 as at 31/03/2008	2008-09 as at 31/03/2009
132	149	127	97	84

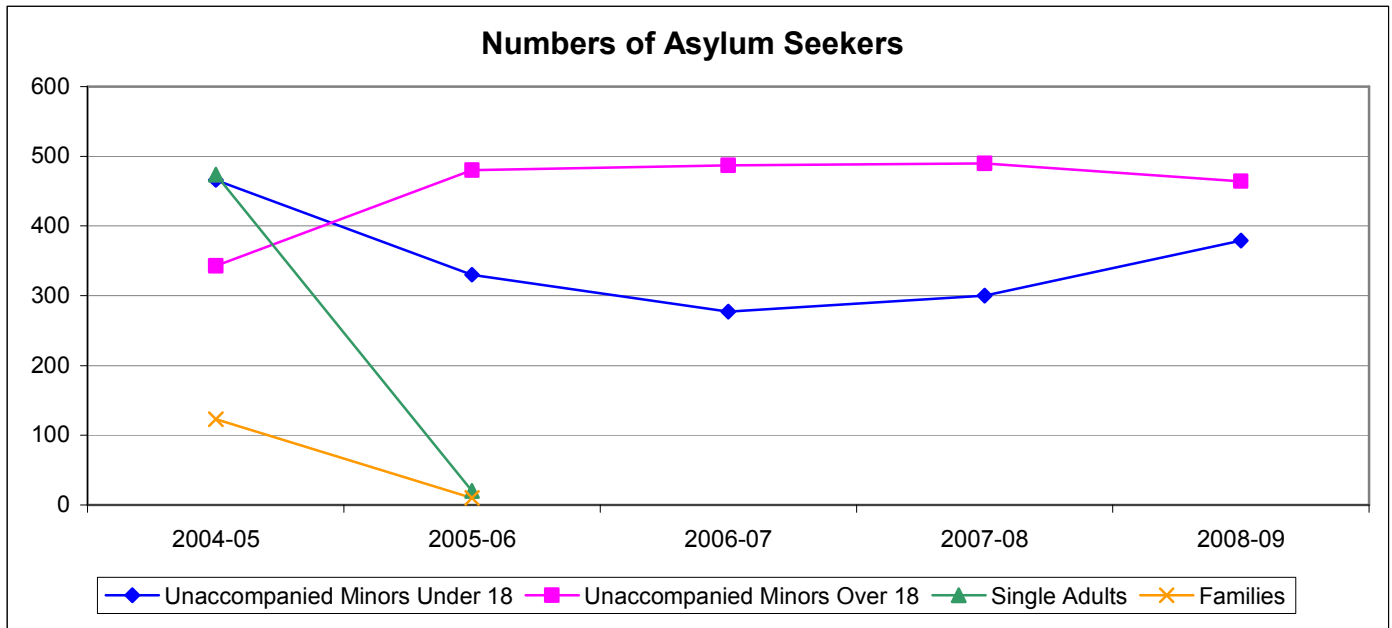


Comment:

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

1.8 Numbers of Asylum Seekers (by category):

	2004-05	2005-06	2006-07	2007-08	2008-09
	31-03-05	31-03-06	31-03-07	31-03-08	31-03-09
	Number	Number	Number	Number	Number
Unaccompanied Minors Under 18	466	330	277	300	379
Unaccompanied Minors Over 18	343	480	487	490	464
Single Adults	474	20	0	0	0
Families	123	10	0	0	0

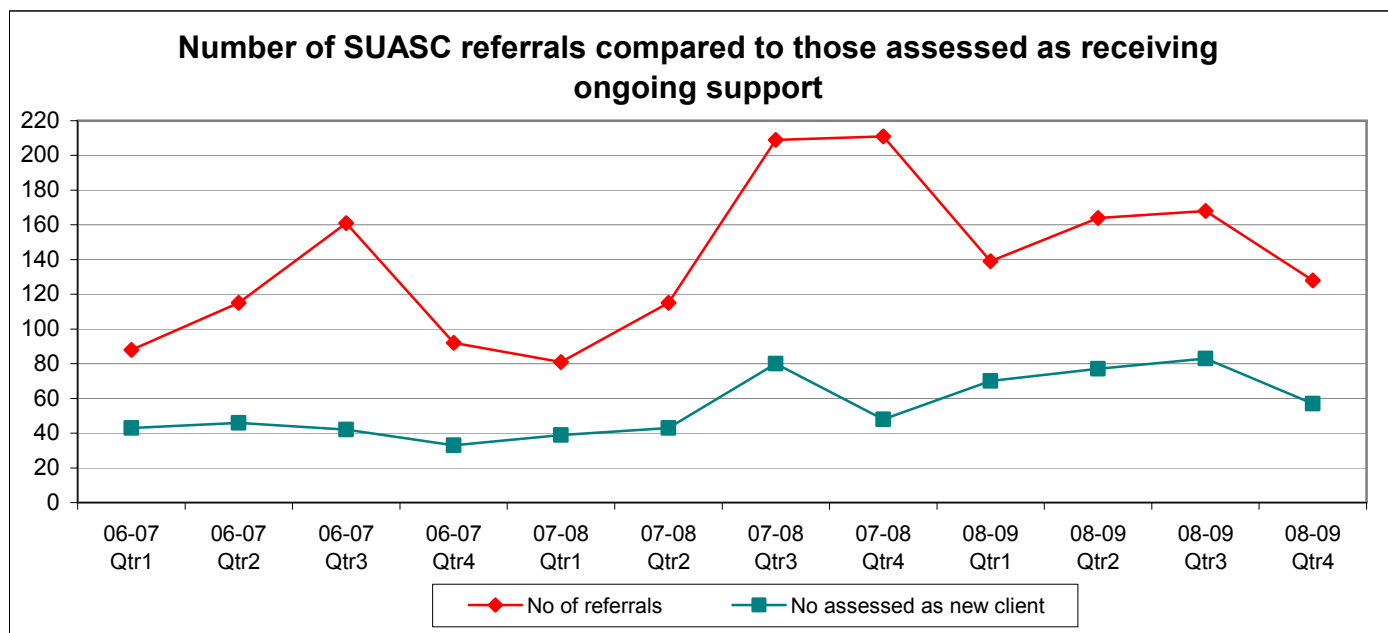


Comment:

- Total client numbers have risen as a result of higher referrals and are higher than projected numbers.

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

	2006-07			2007-08			2008-09		
	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 - June	88	43	49%	81	39	48%	139	70	50%
July - Sept	115	46	40%	115	43	37%	164	77	46%
Oct - Dec	161	42	26%	209	80	38%	168	83	49%
Jan - March	92	33	36%	211	48	23%	128	57	45%
	456	164	36%	616	210	34%	599	287	48%



Comments:

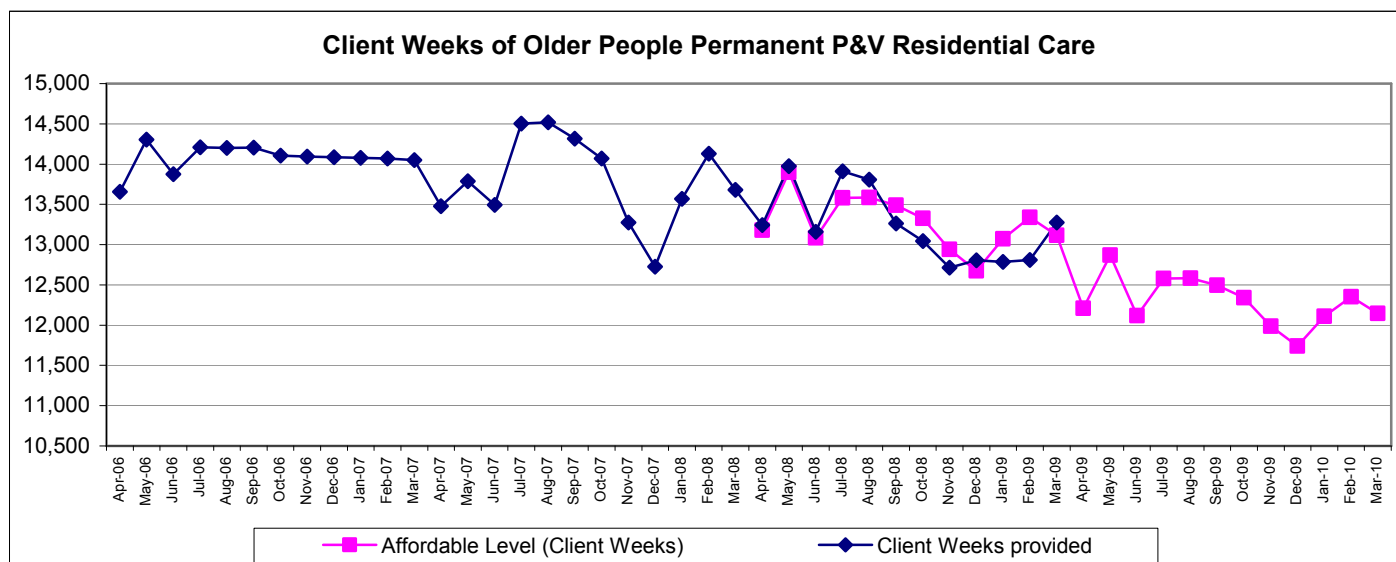
- Although the number of referrals for 2008-09 was lower than 2007-08, the number assessed as new clients and therefore qualifying for on-going support is higher than the previous year.

2. KENT ADULT SOCIAL SERVICES DIRECTORATE

The affordable levels included for 2009-10 are based on the approved budget, however KASS will be reviewing the split of their budget across service groups in light of the outturn and any changes will be requested in the first full monitoring report for 2009-10, to be reported to Cabinet in September. The affordable levels of activity will therefore change as a result of this exercise.

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

	2006-07		2007-08		2008-09		2009-10
	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		13,656		13,476	13,181	13,244	12,208
May		14,303		13,789	13,897	13,974	12,871
June		13,875		13,495	13,084	13,160	12,118
July		14,207		14,502	13,581	13,909	12,578
August		14,199		14,520	13,585	13,809	12,582
September		14,206		14,316	13,491	13,264	12,495
October		14,105		14,069	13,326	13,043	12,342
November		14,095		13,273	12,941	12,716	11,986
December		14,086		12,728	12,676	12,805	11,740
January		14,077		13,568	13,073	12,784	12,108
February		14,069		14,131	13,338	12,810	12,353
March		14,049		13,680	13,114	13,275	12,147
TOTAL	167,393	168,928	169,925	165,546	159,287	158,793	147,528

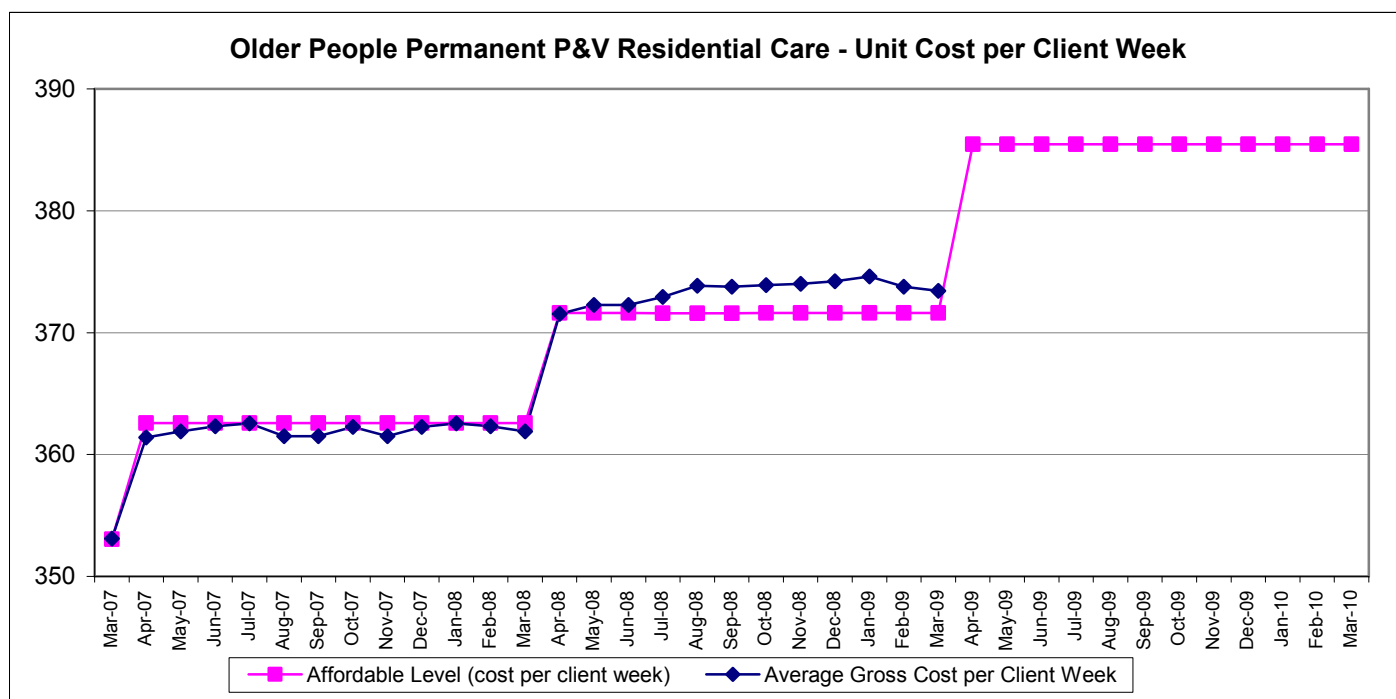


Comments:

- 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 2006-07 was 3,045, at the end of 2007-08 it was 2,917 and at the end of March 2009 it was 2,832. It is evident that there are ongoing pressures relating to clients with dementia. During this year, the number of clients with dementia has increased from 1,113 in April to 1,178 in March, whilst the other residential clients have decreased.
- The outturn position is 158,793 weeks of care against an affordable level of 159,287, a difference of 494 weeks. Using the actual unit cost of £373.42, this reduced level of activity generated an underspend of £184k.

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

	2006-07		2007-08		2008-09		2009-10
	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			362.60	361.41	371.60	371.54	385.45
May			362.60	361.90	371.60	372.28	385.45
June			362.60	362.31	371.60	372.27	385.45
July			362.60	362.56	371.60	372.94	385.45
August			362.60	361.50	371.60	373.84	385.45
September			362.60	361.50	371.60	373.78	385.45
October			362.60	362.27	371.60	373.91	385.45
November			362.60	361.50	371.60	374.01	385.45
December			362.60	362.27	371.60	374.22	385.45
January			362.60	362.56	371.60	374.61	385.45
February			362.60	362.31	371.60	373.78	385.45
March	353.04	353.10	362.60	361.90	371.60	373.42	385.45

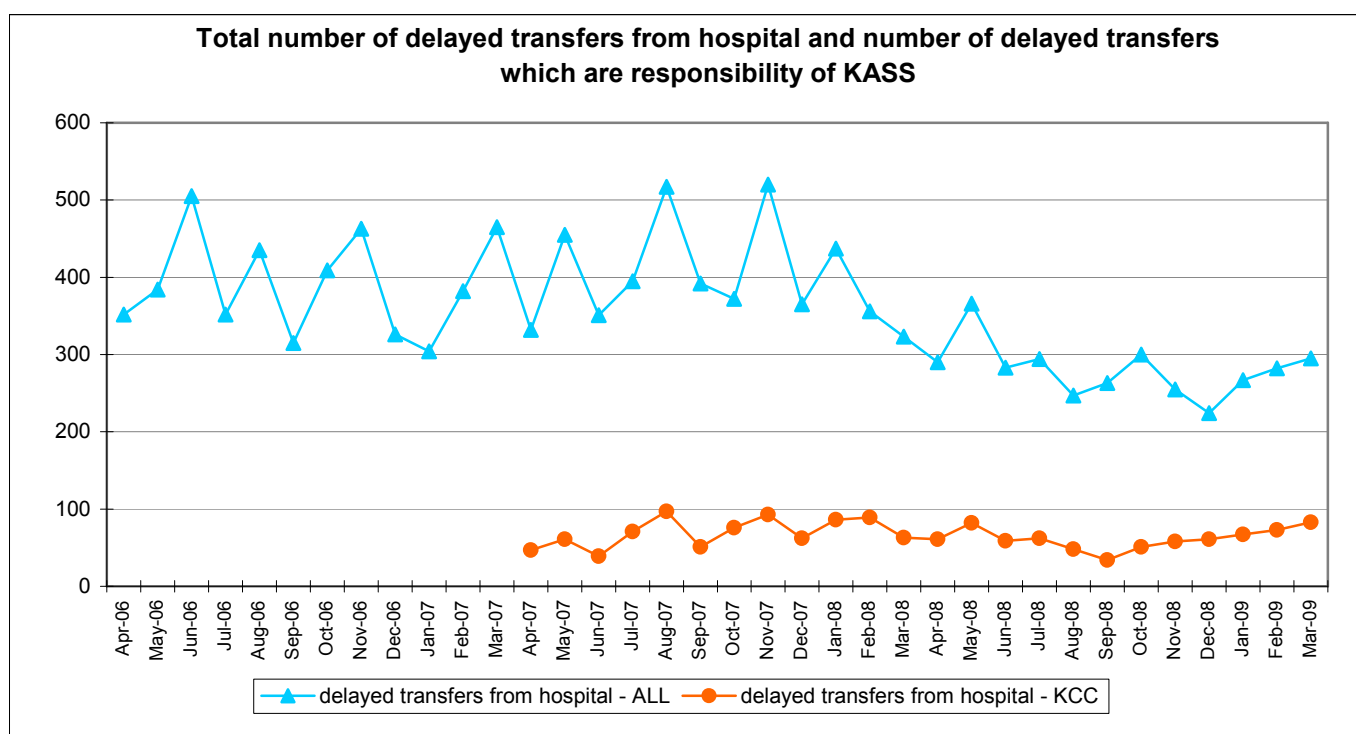


Comments:

- Average unit cost per week has increased more than inflation and is likely to reflect the increasing numbers of clients with dementia.
- The unit cost of £373.42 is higher than the affordable cost of £371.60 and this difference of £1.82 added £290k to the outturn position when multiplied by the affordable weeks.

2.1.3 **Total of All Delayed Transfers from hospital compared with those which are KASS responsibility:**

	2006-07		2007-08		2008-09	
	ALL	KASS responsibility	ALL	KASS responsibility	ALL	KASS responsibility
April	352		332	47	290	61
May	384		455	61	366	82
June	505		351	39	283	59
July	352		395	71	294	62
August	435		517	97	247	48
September	315		392	51	263	34
October	409		372	76	300	51
November	463		520	93	255	58
December	326		365	62	224	61
January	304		437	86	267	67
February	382		356	89	282	73
March	465		323	63	295	83

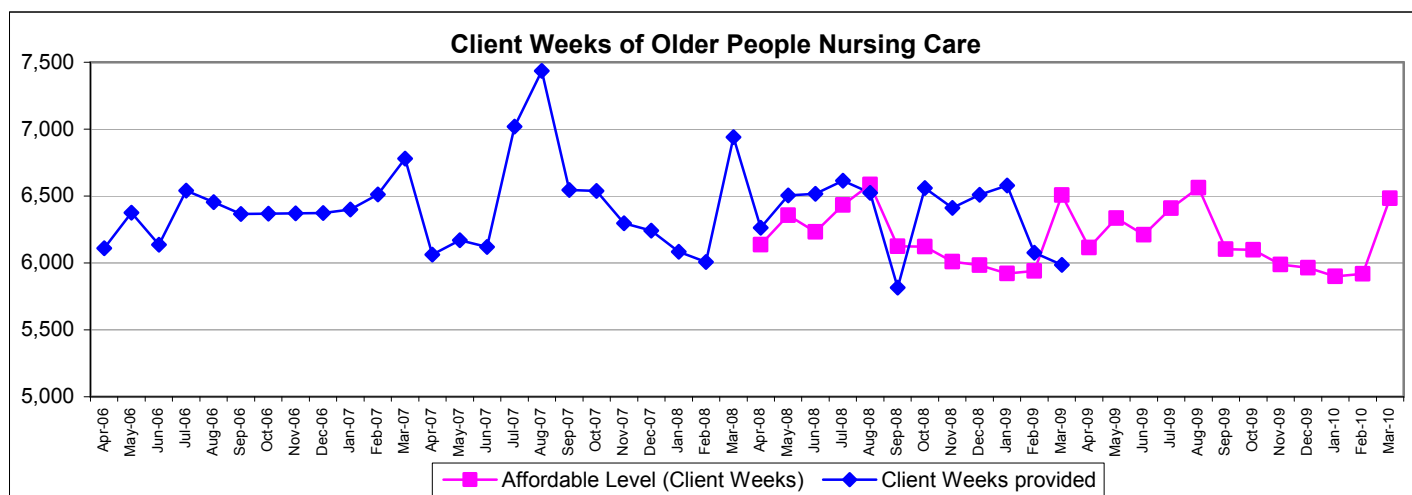


Comments:

- The Delayed Transfers of Care (DTCs) show the numbers of people whose movement from an acute hospital has been delayed. Typically this may be because they are waiting for an assessment to be completed, they are choosing a residential or nursing home placement, or waiting for a vacancy to become available. This figure shows all delays, but those attributable to Adult Social Services, and therefore subject to the reimbursement regime, are a minority. There are many reasons for fluctuations in the number of DTCs which result from the interaction of various different factors within a highly complex system across both Health and Social Care. The average number of delayed transfers per week is on a steadily reducing trend from a peak in the second quarter of 2007/08. Approximately 13%-28% of these will be the responsibility of Social Services and trends over the last three months show an increasing trend. The number of DTCs at Medway Hospital dropped during the summer months because of seasonal trends and staffing issues. This then contributed to the rise in numbers after September.

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

	2006-07		2007-08		2008-09		2009-10
	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		6,109		6,062	6,137	6,263	6,115
May		6,375		6,170	6,357	6,505	6,335
June		6,136		6,120	6,233	6,518	6,211
July		6,542		7,020	6,432	6,616	6,409
August		6,454		7,436	6,586	6,525	6,563
September		6,366		6,546	6,124	5,816	6,102
October		6,368		6,538	6,121	6,561	6,099
November		6,371		6,298	6,009	6,412	5,988
December		6,374		6,243	5,984	6,509	5,963
January		6,399		6,083	5,921	6,580	5,900
February		6,513		6,008	5,940	6,077	5,919
March		6,780		6,941	6,507	5,985	6,484
TOTAL	74,256	76,786	74,707	77,463	74,351	76,367	74,088

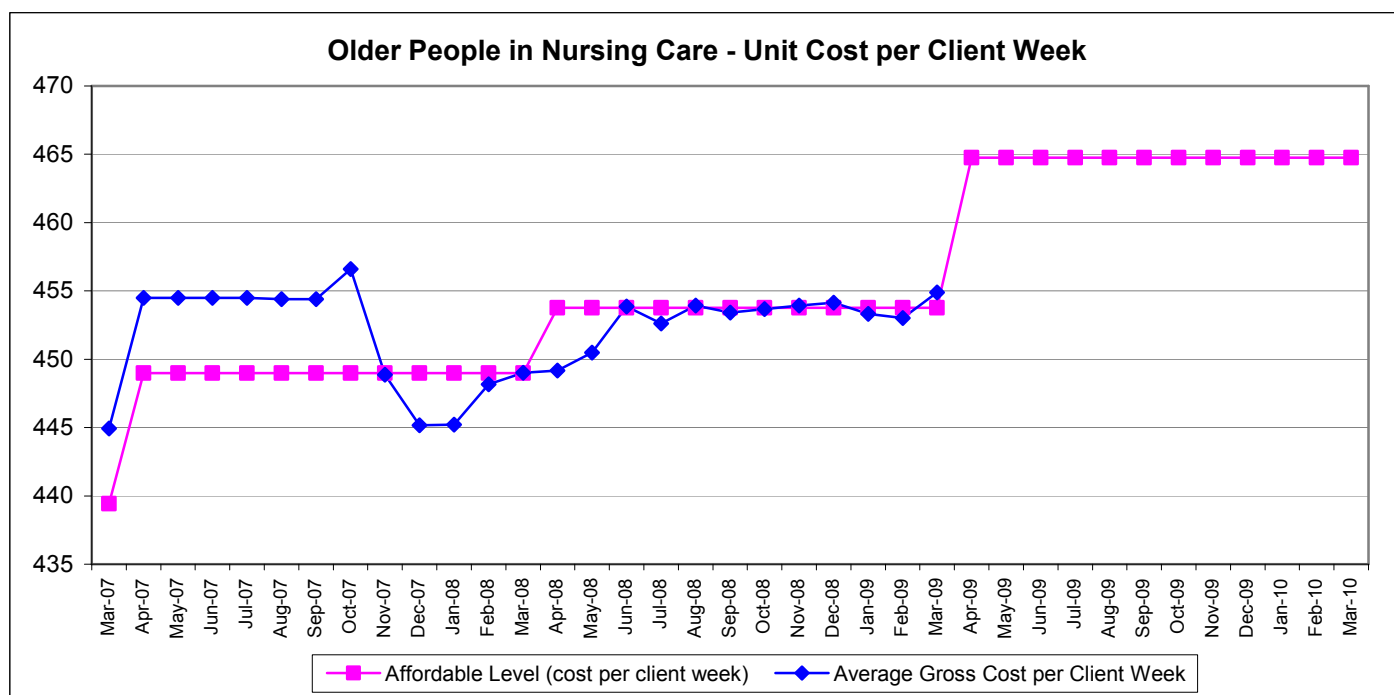


Comment:

- 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 2006-07 was 1,387, at the end of 2007-08 it was 1,386, at the end of June it was 1,420, at the end of September it was 1,391. The levels had decreased to 1,364 by the end of December and to 1,332 by the end of March because of higher levels of attrition. In nursing care, there is not the same distinction between clients with dementia, as with residential care. The difference in intensity of care for nursing care and nursing care with dementia is not as significant as it is for residential care.
- The outturn position is 76,367 weeks of care against an affordable level of 74,351, a difference of 2,016 weeks. Using the actual unit cost of £454.90, this additional activity added £917k to the outturn position.
- There are always pressures in permanent nursing care which may occur for many reasons. Although numbers are decreasing at the present, significant issues still remain. 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 more intense nursing care. This is further supported by the increasing age of older people entering residential and nursing care. In 2000, 4.5% of placements were made for people aged 94+. This year, this is 7.5% and is likely to mean that these people will require more intense support. If they are not placed in nursing care, then an alternative needs to be found.

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

	2006-07		2007-08		2008-09		2009-10
	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			448.98	454.50	453.77	449.18	464.76
May			448.98	454.50	453.77	450.49	464.76
June			448.98	454.50	453.77	453.86	464.76
July			448.98	454.50	453.77	452.61	464.76
August			448.98	454.40	453.77	453.93	464.76
September			448.98	454.40	453.77	453.42	464.76
October			448.98	456.60	453.77	453.68	464.76
November			448.98	448.88	453.77	453.92	464.76
December			448.98	445.16	453.77	454.13	464.76
January			448.98	445.22	453.77	453.33	464.76
February			448.98	448.17	453.77	453.02	464.76
March	439.42	444.94	448.98	449.00	453.77	454.90	464.76

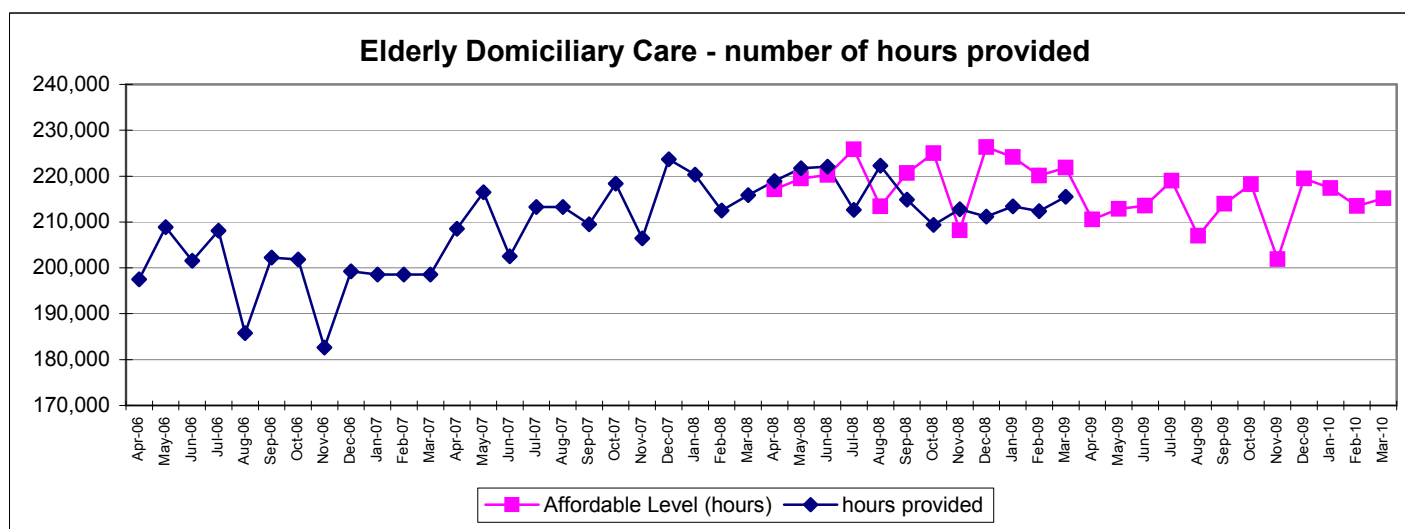
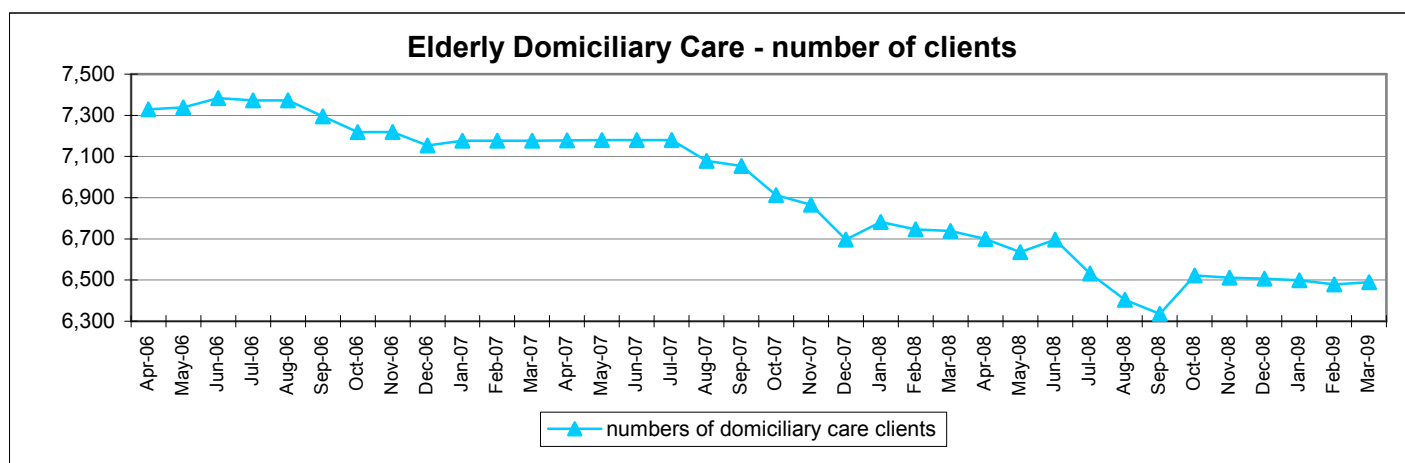


Comments:

- The forecast unit cost of £454.90 is slightly above the affordable cost of £453.77 but does fluctuate with the differing placements within it (non OPMH, OPMH and non permanent). The difference in unit cost of £1.13 caused an overspend of £84k when multiplied by the affordable weeks.

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

	2006-07			2007-08			2008-09			2009-10
	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		197,531	7,329		208,524	7,179	217,090	218,929	6,700	210,527
May		208,870	7,339		216,477	7,180	219,480	221,725	6,635	212,845
June		201,559	7,383		202,542	7,180	220,237	222,088	6,696	213,579
July		208,101	7,373		213,246	7,180	225,841	212,610	6,531	219,014
August		185,768	7,373		213,246	7,079	213,436	222,273	6,404	206,984
Sept		202,227	7,295		209,504	7,054	220,644	214,904	6,335	213,974
Oct		201,815	7,218		218,397	6,912	225,012	209,336	6,522	218,210
Nov		182,608	7,218		206,465	6,866	208,175	212,778	6,512	201,882
Dec		199,235	7,153		223,696	6,696	226,319	211,189	6,506	219,477
Jan		198,524	7,177		220,313	6,782	224,175	213,424	6,499	217,398
Feb		198,524	7,177		212,499	6,746	220,135	212,395	6,478	213,480
March		198,524	7,177		215,865	6,739	221,875	215,488	6,490	215,165
TOTAL	2,462,712	2,383,286		2,610,972	2,560,774		2,642,419	2,587,139		2,562,535



Comments:

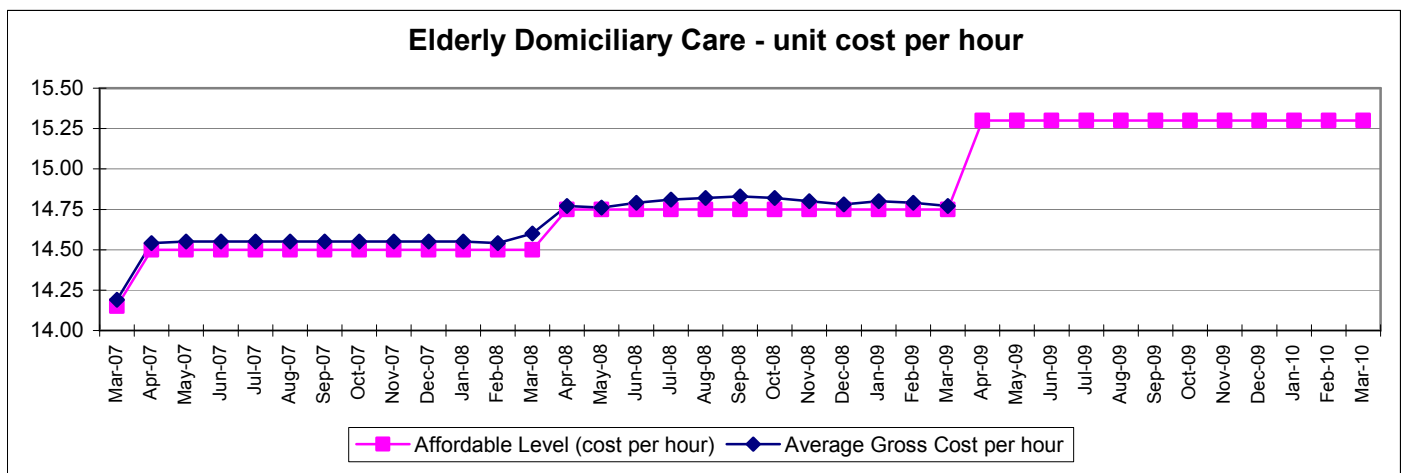
- Figures exclude services commissioned from the Kent HomeCare Service.
- At outturn, 2,587,139 hours of care had been delivered against an affordable level of 2,642,419, a difference of 55,280 hours. Using the actual unit cost of £14.77 this reduction in activity generated an underspend of £816k.
- Figures for hours provided between April and December 2008 have been amended to reflect the review of payments to suppliers through Transaction Data Matching (TDM) system compared to the number of hours ordered through Swift. This has suggested that the previous forecast was too low

and so additional allowance has been made in the accounts to cover this potential shortfall. This has added approximately 31,000 hours of care for the period April to December. The December hours have also been revised in light of more up to date information from Swift.

- The decrease in numbers of people receiving domiciliary care is partly as a result of the increase in direct payments. This is not linked to nursing care placements, as the two cohorts of service users are completely different. There are a number of other factors reducing the need for formal domiciliary care. Ongoing service developments with the voluntary sector and other organisations mean that we continue to prevent people from needing 'mainstream' domiciliary care, and they can access services, very often involving social inclusion (e.g. luncheon clubs and other social activities), without having to undergo a full care management assessment. Public health campaigns and social marketing aimed at improving people's health is already starting to result in healthier older people. Increase in the use of Telecare and Telehealth similarly reduces the need for domiciliary care, and it is possible that this trend will continue despite the growth in numbers of older people. In addition, intermediate and recuperative care provides intensive support to increasing numbers of people, which allows them to return home with little or no support at all, or prevents them from entering hospital, or needing intense services. Our LAA/Kent Agreement target on intermediate care focuses on this very issue.

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

	2006-07		2007-08		2008-09		2009-10
	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			14.50	14.54	14.75	14.77	15.30
May			14.50	14.55	14.75	14.76	15.30
June			14.50	14.55	14.75	14.79	15.30
July			14.50	14.55	14.75	14.81	15.30
August			14.50	14.55	14.75	14.82	15.30
September			14.50	14.55	14.75	14.83	15.30
October			14.50	14.55	14.75	14.82	15.30
November			14.50	14.55	14.75	14.80	15.30
December			14.50	14.55	14.75	14.78	15.30
January			14.50	14.55	14.75	14.80	15.30
February			14.50	14.54	14.75	14.79	15.30
March	14.15	14.19	14.50	14.60	14.75	14.77	15.30

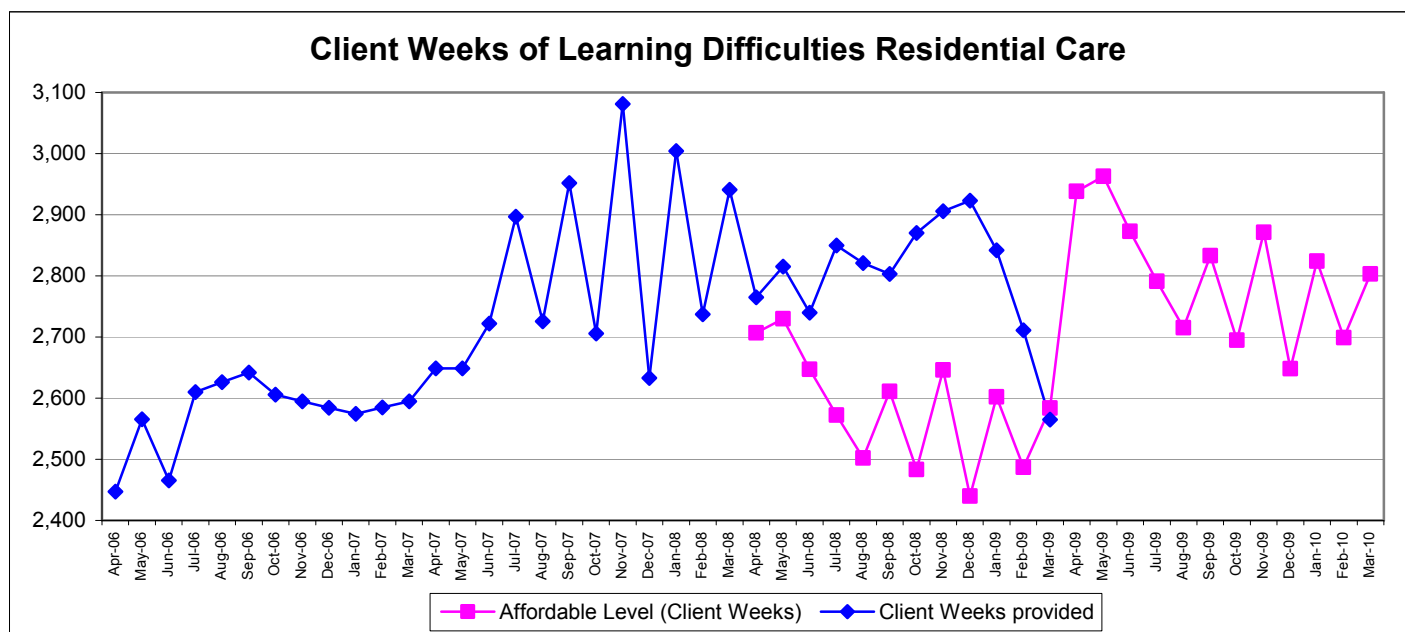


Comments:

- Average unit cost per week has increased more than inflation and is likely to reflect the same issues outlined above concerning more intense packages and higher levels of need.
- The actual unit cost of £14.765 is slightly higher than the affordable cost of £14.75 and this difference of 1.5p gave an overspend of £40k when multiplied by the affordable hours.

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

	2006-07		2007-08		2008-09		2009-10
	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		2,447		2,648	2,707	2,765	2,938
May		2,565		2,648	2,730	2,815	2,963
June		2,465		2,722	2,647	2,740	2,873
July		2,610		2,897	2,572	2,850	2,791
August		2,626		2,725	2,502	2,821	2,715
September		2,642		2,952	2,611	2,803	2,833
October		2,606		2,706	2,483	2,870	2,695
November		2,595		3,081	2,646	2,906	2,871
December		2,584		2,633	2,440	2,923	2,648
January		2,575		3,004	2,602	2,842	2,824
February		2,585		2,737	2,487	2,711	2,699
March		2,595		2,941	2,584	2,565	2,803
TOTAL	30,984	30,895	30,984	33,695	31,011	33,611	33,653

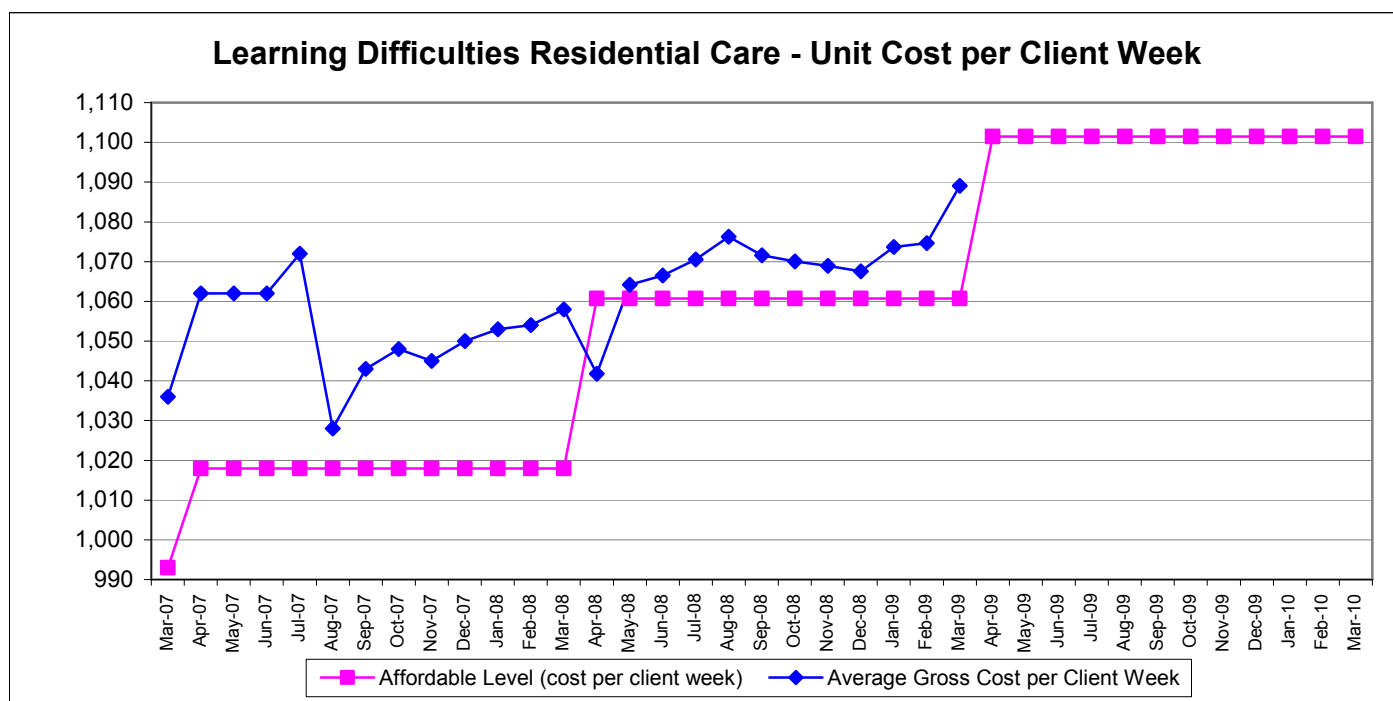


Comments:

- 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 2006-07 was 615, at the end of 2007-08 it was 633. At the end of June 2008 it was 623 and at the end of September it was 635. In December, this was 646 and in March this had reduced to 640.
- The outturn is 33,611 weeks of care against an affordable level of 31,011, a difference of 2,600 weeks. Using the actual unit cost of £1,089.10 this additional activity added £2,832k to the outturn position.

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

	2006-07		2007-08		2008-09		2009-10
	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			1,018.00	1,062.00	1,060.70	1,041.82	1,101.48
May			1,018.00	1,062.00	1,060.70	1,064.19	1,101.48
June			1,018.00	1,062.00	1,060.70	1,066.49	1,101.48
July			1,018.00	1,072.00	1,060.70	1,070.50	1,101.48
August			1,018.00	1,028.00	1,060.70	1,076.27	1,101.48
September			1,018.00	1,043.00	1,060.70	1,071.59	1,101.48
October			1,018.00	1,048.00	1,060.70	1,070.02	1,101.48
November			1,018.00	1,045.00	1,060.70	1,068.95	1,101.48
December			1,018.00	1,050.00	1,060.70	1,067.59	1,101.48
January			1,018.00	1,053.00	1,060.70	1,073.71	1,101.48
February			1,018.00	1,054.00	1,060.70	1,074.67	1,101.48
March	993.00	1,036.00	1,018.00	1,058.00	1,060.70	1,089.10	1,101.48

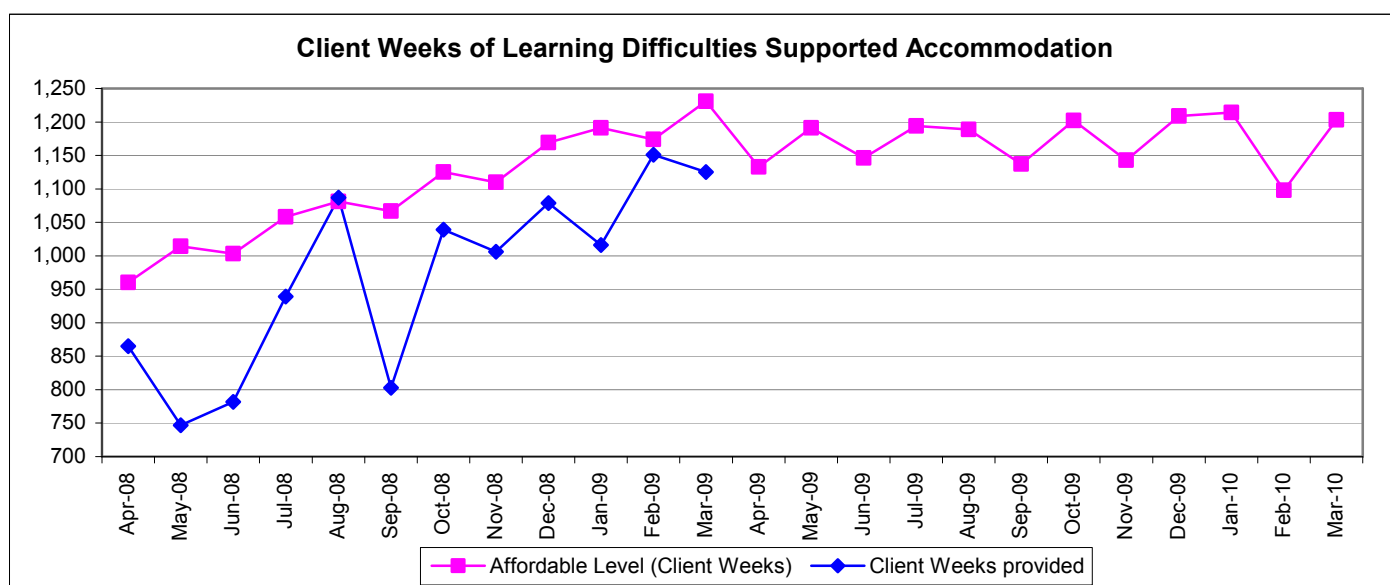


Comments:

- Clients being placed in residential care are those with very complex needs which makes it difficult for them to remain in the community, in supported accommodation/supporting living arrangements, or receiving a domiciliary care package. These are therefore placements which attract a very high cost, with the average now being over £1,000 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 the very high cost ones – some of whom can cost up to £2,000 per week.
- The unit cost of £1,089.10 is higher than the affordable cost of £1,060.70 and this difference of £28.40 added £881k to the outturn position when multiplied by the affordable weeks.

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

	2007-08		2008-09		2009-10
	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			960	865	1,133
May			1,014	747	1,191
June			1,003	782	1,146
July			1,058	939	1,194
August			1,081	1,087	1,189
September			1,067	803	1,137
October			1,125	1,039	1,202
November			1,110	1,006	1,143
December			1,169	1,079	1,209
January			1,191	1,016	1,214
February			1,174	1,151	1,098
March			1,231	1,125	1,203
TOTAL	7,618	11,156	13,183	11,639	14,059

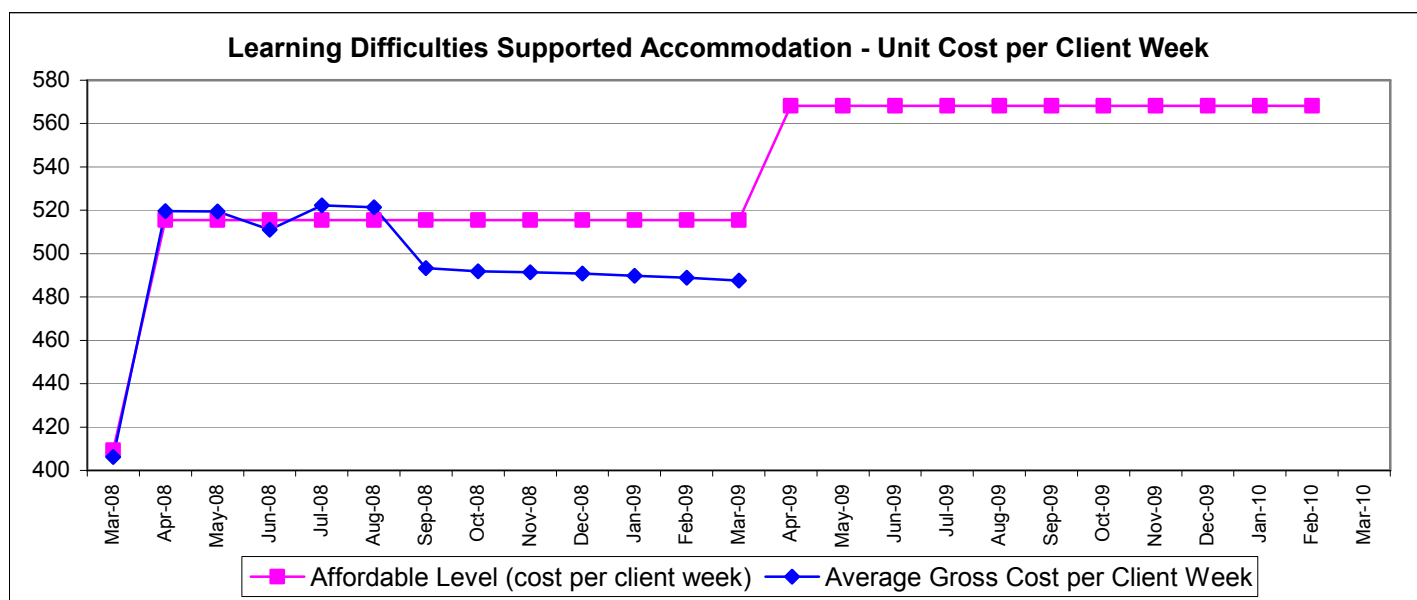


Comments:

- Supported Accommodation is a growing area of expenditure and as such there is little activity/unit cost data available from prior years. In addition, supported accommodation is regarded as a community service and is often provided as an hourly service. Following recent national consultation, we are still awaiting confirmation on how supported accommodation should be recorded. Some adjustments to the activity have been made since the first full monitoring report to reflect our developing understanding of this service, and more may be required in the future once an agreed definition nationally has been reached.
- 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 supported accommodation at the end of 2007-08 was 193 and at the end of June 2008 it was 193. The September position was 205, in December it was 214 and at the end of March 2009 it was 233.
- The outturn position is 11,639 weeks of care against an affordable level of 13,183, a difference of 1,544 weeks. Using the final unit cost of £487.60 this reduction in activity provided a saving of £752k.
- It is hoped that this number will increase in line with the expectation of transferring clients with less complex needs from residential care and using this service as an alternative to a residential placement for new clients. As such there has previously been a corresponding increase in the cash limit to support these additional clients, which is also reflected in the 2009-10 budget.

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

	2007-08		2008-09		2009-10
	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			515.41	519.60	568.21
May			515.41	519.40	568.21
June			515.41	511.10	568.21
July			515.41	522.30	568.21
August			515.41	521.40	568.21
September			515.41	493.33	568.21
October			515.41	491.85	568.21
November			515.41	491.47	568.21
December			515.41	490.83	568.21
January			515.41	489.75	568.21
February			515.41	488.90	568.21
March	409.31	406.18	515.41	487.60	568.21

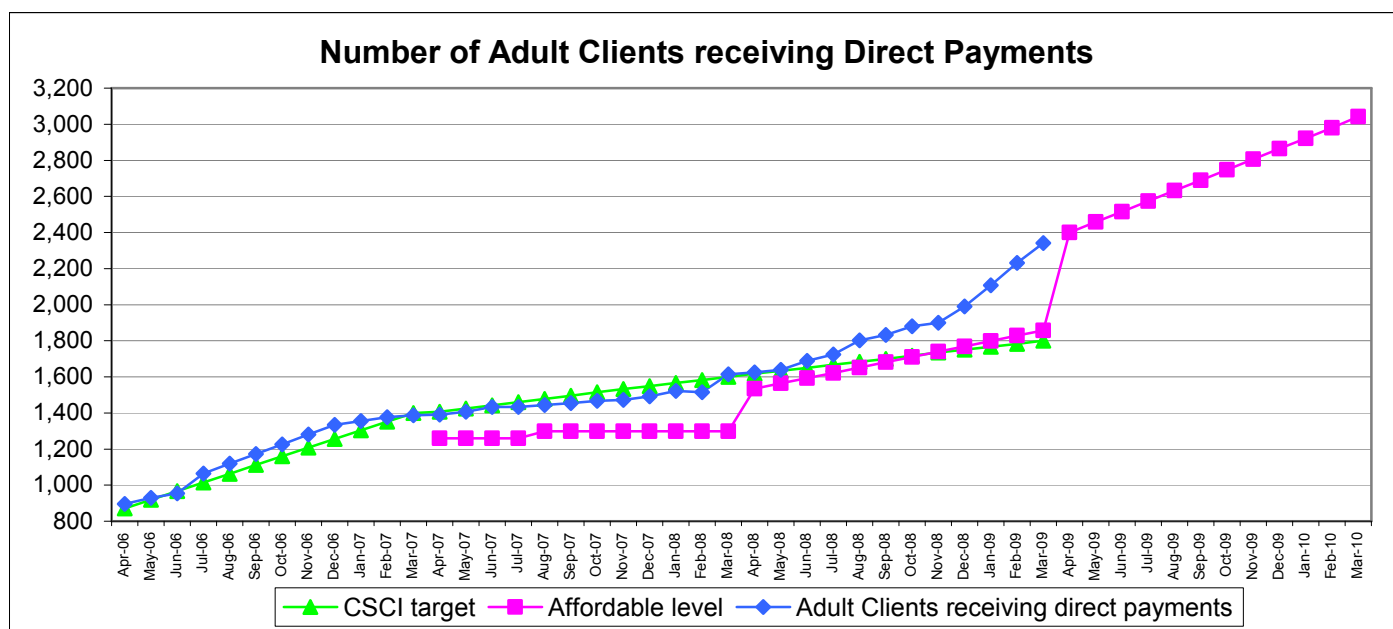


Comments:

- Supported Accommodation is a rapidly growing area of expenditure and as such there is little activity/unit cost data available from prior years. The service is difficult to measure in weeks as it is regarded as a community service. The weekly unit cost for the service will fluctuate as the service assists people with a learning disability with a wide range of needs, and even a few hours or more intensive support will change the weekly cost. As already mentioned above there have been changes to the figures since the first full monitoring report to reflect our developing understanding of the service. A Department of Health consultation was recently completed and we have now received confirmation of the definition for Supported Accommodation and the Directorate will work to this definition in the new financial year.
- The actual unit cost of £487.60 is lower than the affordable cost of £515.41 and this difference of £27.81 generated a saving of £367k when multiplied by the affordable weeks.

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

	2006-07			2007-08			2008-09			2009-10
	CSCI Target	Affordable Level	Adult Clients receiving Direct Payments	CSCI Target	Affordable Level	Adult Clients receiving Direct Payments	CSCI Target	Affordable Level	Adult Clients receiving Direct Payments	Affordable Level
April	871		896	1,406	1,259	1,390	1,617	1,535	1,625	2,400
May	919		930	1,424	1,259	1,407	1,634	1,564	1,639	2,458
June	967		954	1,442	1,259	1,434	1,650	1,593	1,689	2,516
July	1,015		1,065	1,460	1,259	1,434	1,667	1,622	1,725	2,574
Aug	1,063		1,119	1,478	1,299	1,444	1,683	1,651	1,802	2,632
Sept	1,112		1,173	1,496	1,299	1,454	1,700	1,681	1,832	2,690
Oct	1,160		1,226	1,514	1,299	1,467	1,717	1,710	1,880	2,748
Nov	1,208		1,280	1,532	1,299	1,472	1,734	1,740	1,899	2,806
Dec	1,256		1,334	1,549	1,299	1,491	1,750	1,769	1,991	2,864
Jan	1,304		1,355	1,566	1,299	1,522	1,767	1,799	2,108	2,922
Feb	1,352		1,376	1,583	1,299	1,515	1,783	1,828	2,231	2,980
March	1,400		1,388	1,600	1,299	1,615	1,800	1,857	2,342	3,042



Comments:

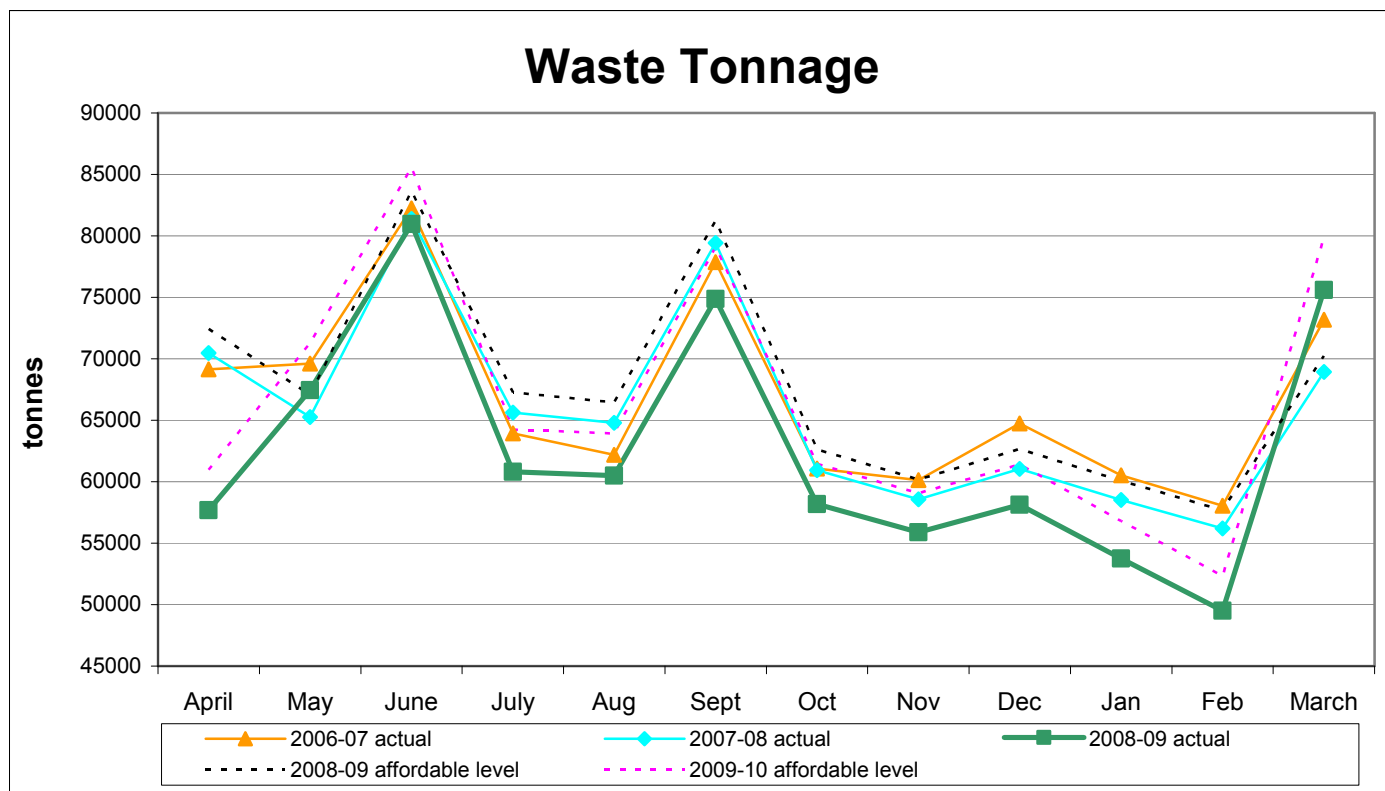
- Figures provided for last year represented the number of people who had a direct payment to provide permanent support. As of March 2008 and onwards, the monitoring of these figures has changed slightly, in line with guidance from the Department of Health. We are now monitoring all people who have had a direct payment, irrespective of whether permanent ongoing support is being purchased, or whether the direct payment is being used to purchase respite care.
- The introduction of direct payments is identifying some previously unmet demand/need. Work is ongoing to track all new direct payment clients to prove /disprove this belief.
- From 2009-10, we no longer have a CSCI target for direct payments.

3. ENVIRONMENT & REGENERATION DIRECTORATE

3.1 Waste Tonnage:

	2006-07	2007-08	2008-09		2009-10
	Waste Tonnage	Waste Tonnage	Waste Tonnage*	Affordable Level	Affordable Level
April	69,137	70,458	57,688	72,411	60,957
May	69,606	65,256	67,452	67,056	71,274
June	82,244	81,377	80,970	83,622	85,558
July	63,942	65,618	60,802	67,275	64,248
August	62,181	64,779	60,493	66,459	63,921
September	77,871	79,418	74,858	81,212	79,100
October	61,066	60,949	58,169	62,630	61,465
November	60,124	58,574	55,897	60,180	59,065
December	64,734	61,041	58,121	62,669	61,414
January	60,519	58,515	53,752	60,073	56,798
February	58,036	56,194	49,508	57,679	52,313
March	73,171	68,936	75,603	70,234	79,887
TOTAL	802,631	791,115	753,313	811,500	796,000

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



Comments:

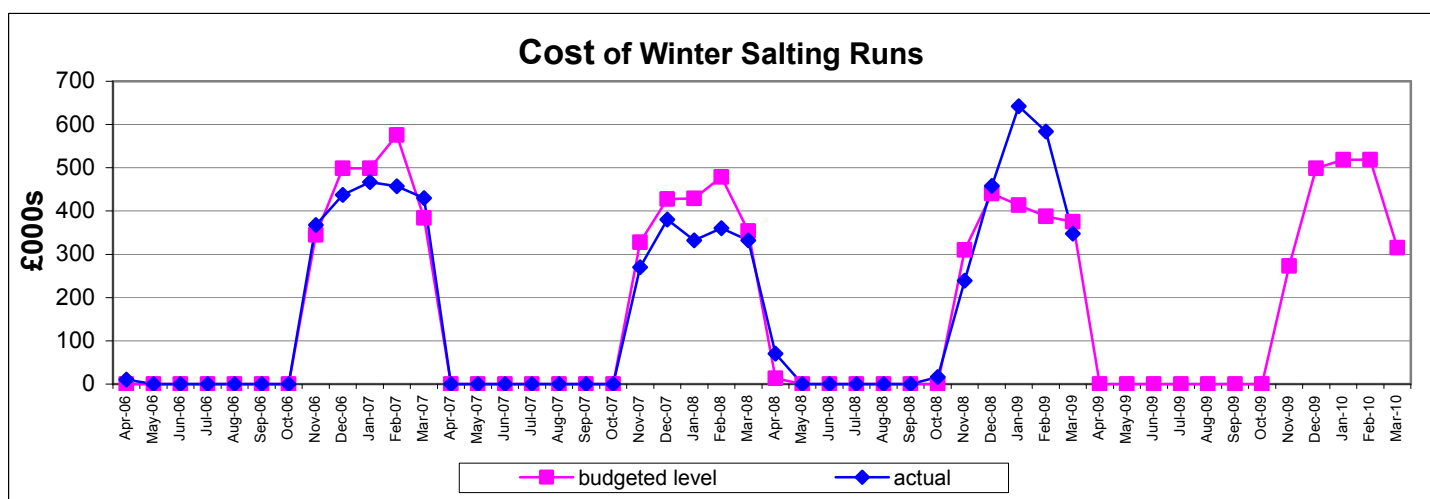
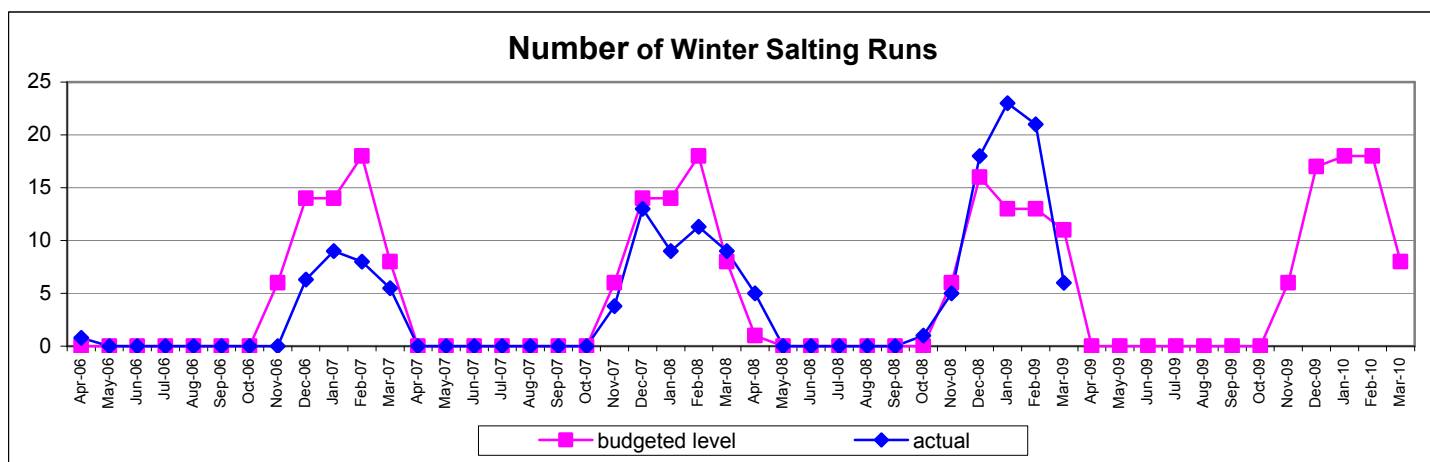
- Tonnage is significantly down on previous years. This may be reflective of the slowing economy but the same pattern did not occur in the recession in the early 90's, so this cause and effect cannot be guaranteed. The "reducing waste" campaigns may be contributing to this reduction, along with the reduction in packaging that some manufacturers have started to pursue. Waste tonnage continues to be very difficult to predict accurately but we have built into our MTP proposals an assumption of a 2% reduction year on year, which seems a reasonable risk at this stage. However, the above table shows a spike in March 2009, which if this were to continue, expectations of continued reduction in waste arising will be unsound.

3.2 Number and Cost of winter salting runs:

	2006-07				2007-08				2008-09				2009-10		
	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 ²	Budget Level	Actual £000s	Budget Level £000s	Actual	Budget Level	Actual £000s	Budget Level ² £000s	Actual	Budget level	Actual £000s	Budget Level ² £000s	Budget Level	Budget Level £000s	
April	0.8 ¹	-	10	-	-	-	-	-	-	5	1	70	13	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aug	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sept	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oct	-	-	-	-	-	-	-	-	-	1	-	16	-	-	-
Nov	-	6	368	345	3.8	6	270	328	5	6	239	310	6	273	
Dec	6.3	14	437	499	13.0	14	380	428	18	16	458	440	17	499	
Jan	9.0	14	467	499	9.0	14	332	429	23	13	642	414	18	519	
Feb	8.0	18	457	576	11.3	18	360	479	21	13	584	388	18	519	
Mar	5.5	8	430	384	9.0	8	332	354	6	11	348	375	8	315	
TOTAL	29.6	60	2,169	2,303	46.1	60	1,674	2,018	79	60	2,357	1,940	67	2,125	

Note ¹: only part of the Kent Highways Network required salting

Note ²: the 2007-08 & 2008-09 budgets exclude overheads, as these are now charged centrally.



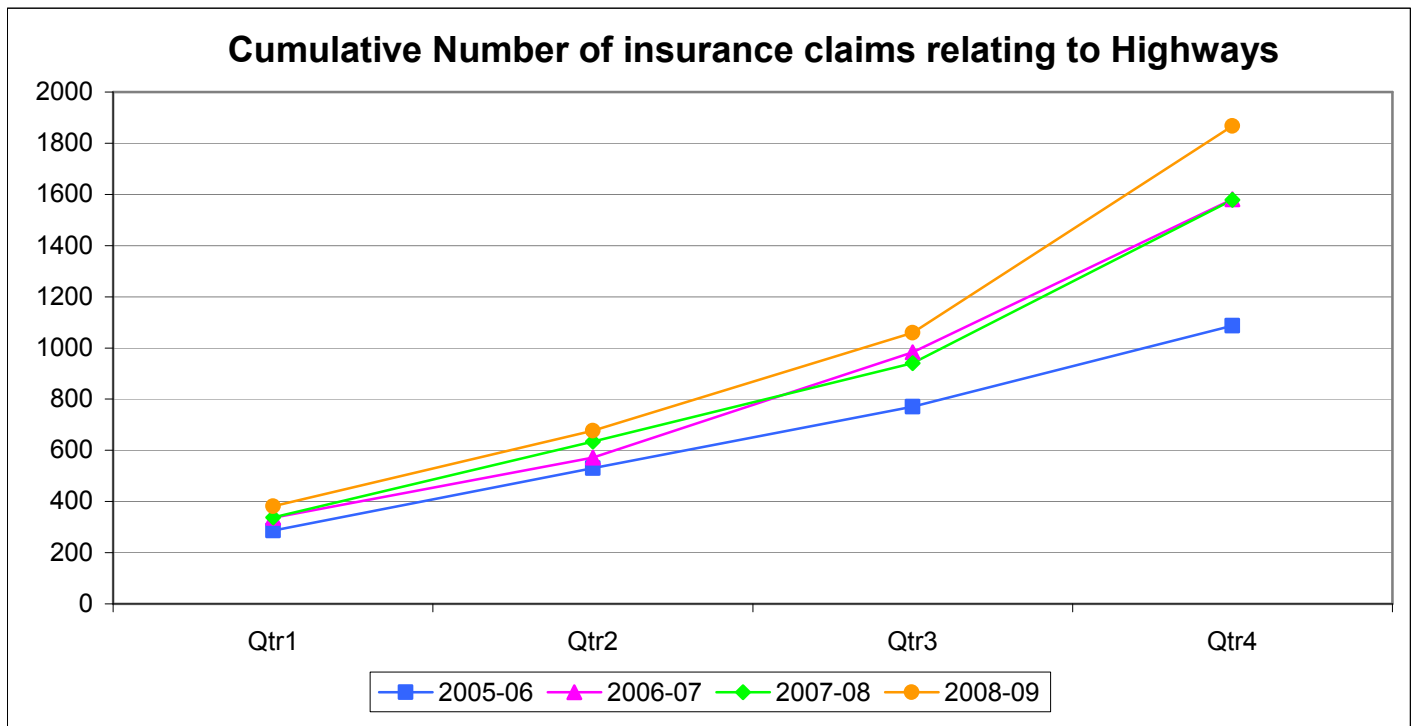
Comments:

- The charges for the Winter Maintenance Service reflect two elements of cost: the smaller element being the variable cost of the salting runs undertaken; the major element of costs, relating to overheads and mobilisation within the contract, have been apportioned equally over the 5 months of the salting period.

- In setting the 2008-09 budget, a reassessment of the overheads and mobilisation element of the costs of the service enabled a slightly lower budget to be set.
- The bad weather during January and February caused the number and cost of salting runs to go over budget, as previously reported. The table above shows outturn costs of £2,357k compared to a budgeted position of £1,940k i.e. an overspend of £417k.

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

	2005-06	2006-07	2007-08	2008-09
Accident Date	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims
April – June	286	337	338	381
July – September	530	572	634	677
October – December	771	983	990	1,059
January - March	1,087	1,581	1,578	1,868



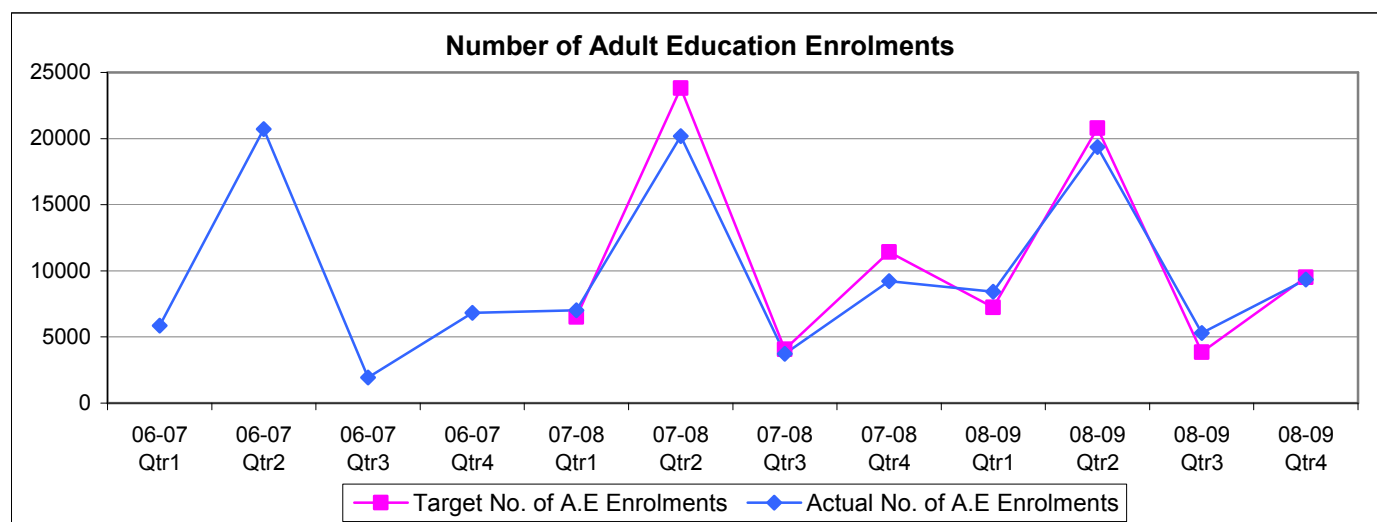
Comments:

- 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 31 March 2009.
- Claims have generally risen across all quarters in 2008-09, with the most significant increase being in the fourth quarter. This is likely to have arisen from the effects of the adverse weather conditions experienced through this period, but will be closely monitored to see whether this increase is sustained, rather than a seasonal variation.
- The Insurance section continues to work closely with Highways to try to reduce the number of successful claims and currently the Authority manages to achieve a rejection rate of claims where it is considered that we do not have any liability, of about 80%.

4. COMMUNITIES DIRECTORATE

4.1 Number of Adult Education Enrolments:

	Financial Year				
	2006-07	2007-08		2008-09	
	A.E Enrolments	Target	A.E Enrolments	Target	A.E Enrolments
Q1 07-08	5,849	6,501	7,030	7,241	8,416
Q2 07-08	20,713	23,803	20,183	20,788	19,370
Q3 07-08	1,925	4,071	3,727	3,839	5,289
Q4 07-08	6,829	11,416	9,230	9,507	9,347
TOTAL	35,316	45,791	40,173	41,375	42,422



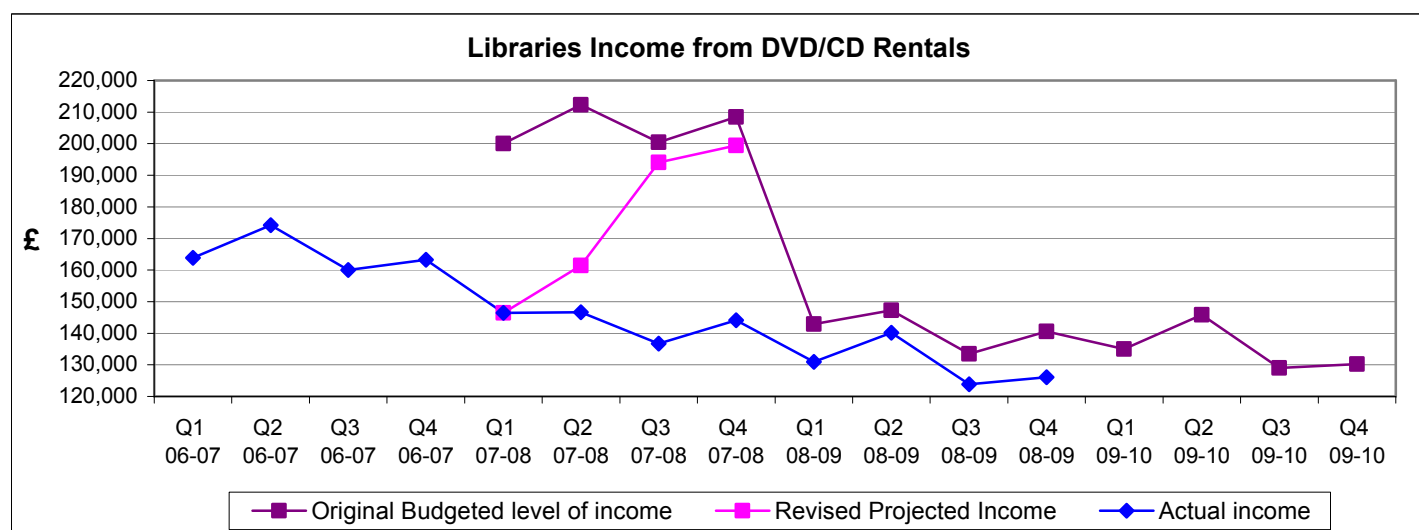
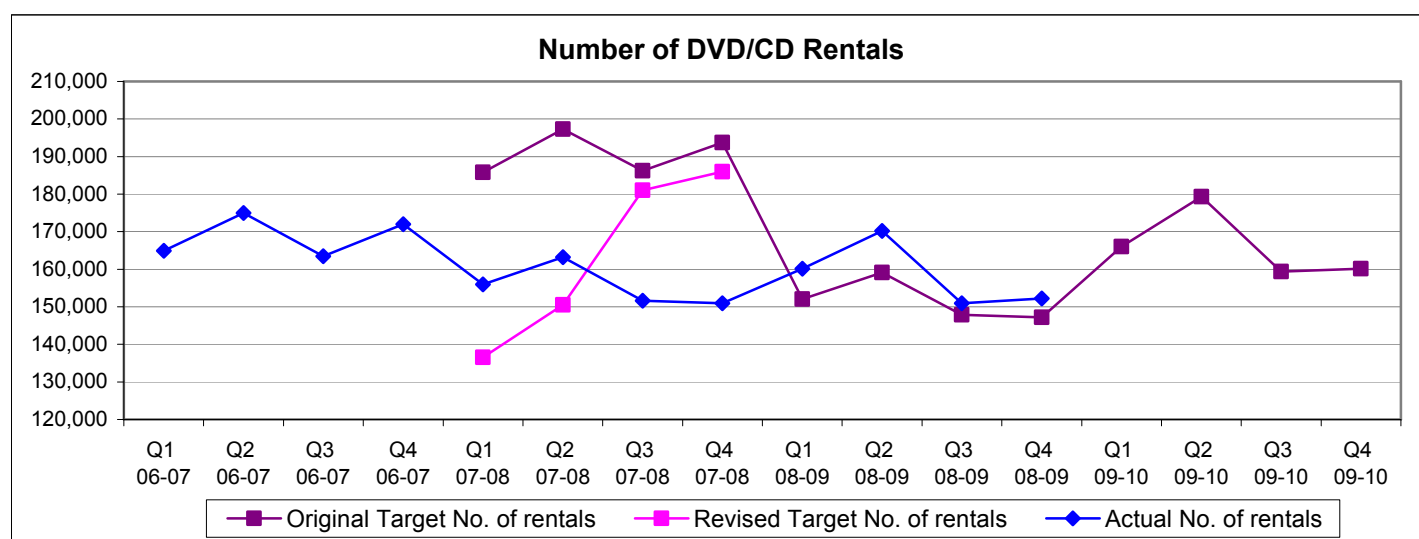
Comments:

- The LSC grants depend partly on enrolments to courses and are subject to a contract agreement with LSC. Students taking courses leading to a qualification are funded via Further Education (FE) grant based upon the course type and qualification. However, students taking non-vocational courses not leading to a formal qualification are funded via a block allocation not related to enrolments, referred to as Adult and Community Learning Grant (ACL) grant.
- Students pay a fee to contribute towards costs of tuition and examinations. There is a concession on ACL tuition fees for those aged under 19, those in receipt of benefits and those over 60. FE courses are free for those aged under 19 or in receipt of benefits undertaking Basic Skills or Skills for Life Courses.
- The AE service reduced expenditure on course provision in 2007-08 as a result of lower than anticipated enrolments, however a residual pressure remained on the AE budget which was largely as a result of a reduction in tuition fee income due to the reduced enrolments, hence a rolled forward overspend of £0.373m into 2008-09.
- The target numbers of enrolments for 2008-09 reported in the outturn report to Cabinet on 16 June 2008 were indicative as they still needed to be negotiated and agreed with the LSC. The indicative figures were based on estimates used for curriculum plans to set the 2008-09 budget. The target numbers now reflect the figures agreed with the LSC, the overall total remains the same as previously reported but the profile across the four quarters has changed.
- The target enrolments relate to courses starting in the stated periods i.e. April to June, July to September, October to December, and January to March. The actual enrolments similarly relate to courses starting in those periods. In some instances students enrol for courses after the course has started. This means that the actual enrolments may be different from those previously reported. This is especially the case in the autumn when significant numbers may enrol in October or November for courses that started in September.
- There is no target profile for 2009-10 provided as it is intended to change the format of this activity indicator for 2009-10 to split enrolments between fee earning and non fee earning and to represent actual enrolments in the quarter rather than enrolments for courses started during the quarter, which should resolve the issue of previous quarter's figures constantly changing. This will also include KEY training enrolments as well as Adult Education for 2009-10.

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

	2006-07		2007-08						2008-09			
	No of rentals	Income (£)	No of rentals			Income (£)			No of rentals		Income (£)	
	actual	actual	Budgeted target	revised target	actual	budget	revised projected income	actual	Budgeted target	actual	Budget	actual
Apr-Jun	164,943	163,872	185,800	136,556	155,958	200,000	146,437	146,437	152,059	160,162	142,865	130,920
Jul-Sep	174,975	174,247	197,300	150,500	163,230	212,300	161,390	146,690	159,149	170,180	147,232	140,163
Oct-Dec	163,470	160,027	186,200	181,000	151,650	200,400	194,096	136,698	147,859	150,968	133,505	123,812
Jan-Mar	171,979	163,269	193,700	186,000	150,929	208,500	199,458	144,136	147,156	152,249	140,533	126,058
TOTAL	675,367	661,415	763,000	654,056	621,767	821,200	701,381	573,961	606,223	633,559	564,135	520,953

	2009-10	
	No of rentals	Income (£)
	Budgeted target	Budget
Apr-Jun	166,000	135,000
Jul-Sep	179,300	145,800
Oct-Dec	159,400	129,000
Jan-Mar	160,100	130,200
TOTAL	664,800	540,000



Comments:

- Target figures for 2006/07 have not been shown as this data was not presented in previous monitoring reports
- Rentals of audio visual materials (especially videos and CDs) continue to decline as videos become more obsolete and alternative sources for music become more widely available. Demand for DVDs has remained reasonably stable. Demand for spoken word materials has increased but these do not attract a loan charge as they replace the core service (the printed word) for people with a visual impairment, hence why rentals are above target but income is below.
- Targets and income budgets set for 2008-09 are based on a continued decline. The service has increased income from other merchandising to offset the loss of income from AV issues which is not included in these figures.
- The actual number of rentals includes those from visits to lending libraries, postal loans and reference materials.
- The actual income figures for previous quarters in 2008-09 have been revised to include amounts banked late. These show in the financial system in the period which they were actually banked but the figures have been realigned in the table above so as to match up with the timing of the actual rental, so that as far as possible we are providing a direct comparison of rentals and income.

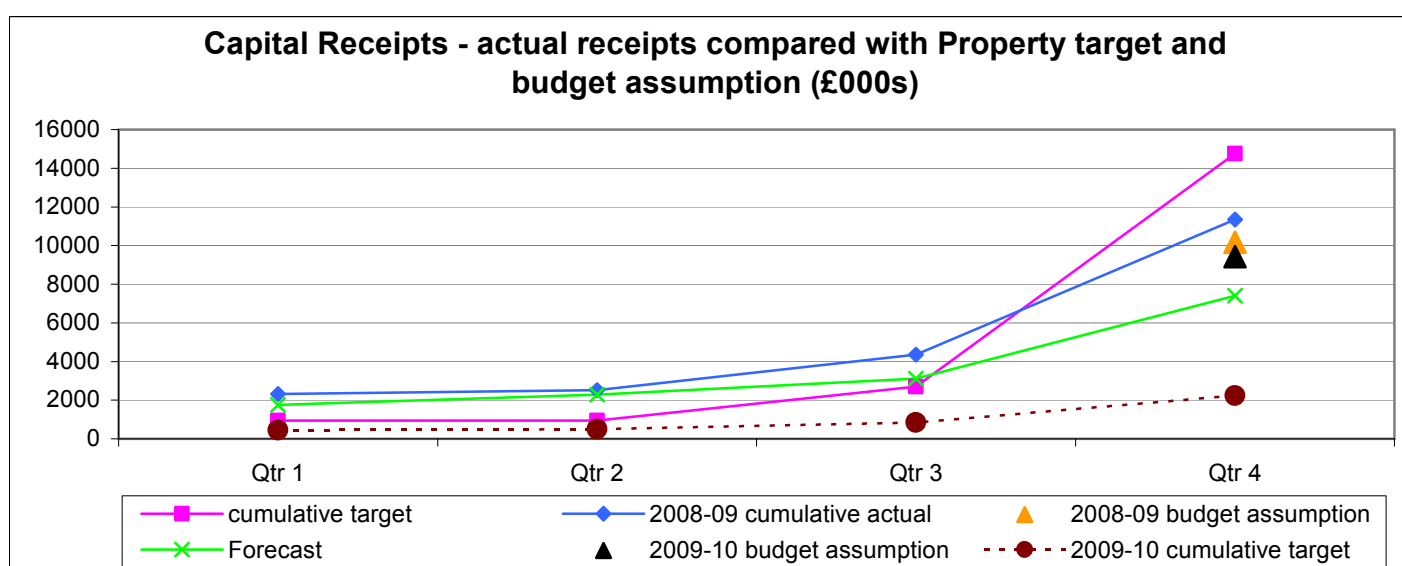
5. CHIEF EXECUTIVE DIRECTORATE

5.1 Capital Receipts – actual receipts compared to budget profile:

	2008-09			2009-10		
	Budget funding assumption £000s	Cumulative Target profile £000s	Cumulative Actual receipts £000s	Forecast receipts £000s	Budget funding assumption £000s	Cumulative Target profile £000s
April - June		945	2,314	1,762		447
July - Sept		945	2,521	2,284		492
Oct - Dec		2,702	4,355	3,111		850
Jan - March		14,761	11,344	7,411		2,235
TOTAL	*10,176	**14,761	11,344	7,411	9,421	2,235

* figure updated to reflect proposed 09-12 capital budget

** The cumulative target profile shows the anticipated receipts for 2008-09 totalled £14,761k. The variance between this and the budget funding assumption is due to timing differences between when the receipts are anticipated to come in and when the spend in the capital programme to be funded by these receipts is due to occur.



Comments:

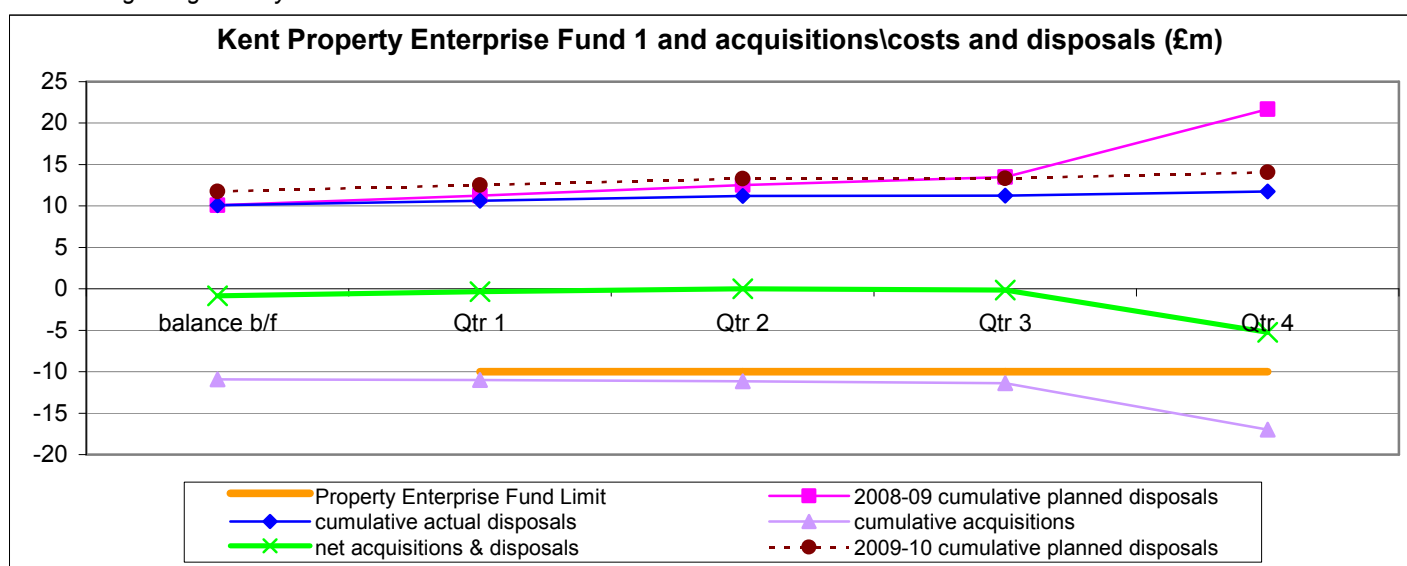
- The following table shows there is surplus of £4.3m in 08-09. This is due to one receipt coming in during 08-09 which had been forecast for 09-10. This is therefore only a timing issue and not a real overall surplus.
- In fact the forecast position looking towards 09-10 is showing a potential deficit. At the time of setting the budget the forecast receipts for the remainder of 08-09 and 09-10 were sufficient to cover the earmarked capital receipts funding assumption. Since then, some receipts have move from being earmarked to go into PEF2, hence leaving a projected shortfall on the earmarked funding.
- The actual position is notoriously difficult to forecast in terms of both timing and quantum of receipts and is dependant on future movements in the property market.

	2008-09 £'000	2009-10 Budget Assumption £'000	2009-10 Current Forecast £'000
Capital receipt funding per revised 2009-12 MTP	10,176	9,421	9,421
Property Group's actual (forecast for 09-10) receipts	11,344	2,235	1,674
Receipts banked in previous years for use	2,163	694	694
Capital receipts from other sources	1,000	1,000	1,000
(Potential for 09-10) surplus/(deficit) receipts	4,331	(5,392)	(6,053)

5.2 Capital Receipts – Kent Property Enterprise Fund 1:

	2008-09					2009-10
	Kent Property Enterprise Fund Limit £m	Cumulative Planned Disposals (+) £m	Cumulative Actual Disposals (+) £m	Cumulative Actual Acquisitions (-) £m	Cumulative Net Acquisitions (-) & Disposals (+) £m	Cumulative Planned Disposals (+) £m
Balance b/f		10.096	10.096	-10.924	-0.828	11.764
April - June	-10	11.259	10.642	-10.995	-0.353	12.529
July – Sept	-10	12.526	11.199	-11.173	0.026	13.295
Oct – Dec	-10	13.507	11.234	-11.377	-0.143	13.341
Jan – Mar	-10	21.695*	11.764	-11.517	0.247	14.084
Other Commitments against Property Enterprise Fund 1					-5.481	
Revised Property Enterprise Fund balance after funding commitments					-5.234	

* as a result of the economic situation, forecast disposals were £11.598m compared to the £21.695m planned disposals at the beginning of the year.



Comments:

- County Council approved the establishment of the Property Group Enterprise Fund No.1, with a maximum permitted deficit of £10m, but self-financing over a period of 10 years. The cost of any temporary borrowing will be charged to the Fund to reflect the opportunity cost of the investment. The aim of this Fund is to maximise the value of the Council's land and property portfolio through:
 - the investment of capital receipts from the disposal of non operational property into assets with higher growth potential, and
 - the strategic acquisition of land and property to add value to the Council's portfolio, aid the achievement of economic and regeneration objectives and the generation of income to supplement the Council's resources.

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

Balance brought forward

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

In 2006-07, £3.065m of capital receipts were realised from the disposal of non-operation property giving a balance of £3.606m for investment. The Fund was used to acquire land at Manston Business Park. Together with the costs of acquisition and disposal, costs in the year totalled £5.864m, leaving a deficit of £2.312m to be temporarily funded from the £10m borrowing facility.

In 2007-08, £6.490m of receipts were realised of which £3.3m was used for revenue budget support, £1.110m was used to fund expenditure on the Eurokent Access Road and there was £0.596m of acquisition and disposal costs, leaving a balance of £1.484m to offset against the £2.312m deficit brought forward. Therefore the deficit carried forward to 2008-09 was £0.828m.

Actual Disposals

At the start of 2008-09 Property Group identified **£11.599m** worth of potential non-earmarked receipts to be realised this financial year.

Actual disposals for 2008-09 totalled **£1.668m** from the disposal of 16 non-operational properties.

Acquisitions\Costs

There are no acquisitions to report, however costs of disposals (staff and fees) for 2008-09 totalled **£0.593m**.

Other Fund Commitments

The 2008-09 revenue budget includes £0.7m of receipts to be generated by the Fund in the current year.

The Fund has also been earmarked to provide a further £4.194m of funding for the Eurokent Access Road, £1m for Ashford Library (currently forecast for 2009-10), £2m for Gateways over the MTP (currently forecast at £0.587m in 2008-09, £1.380m in 2009-10, £0.013m in 2010-11 and £0.020m 2011-12) and £0.3m for Upper Stone Street Lay-by, within the Integrated Transport Programme (currently forecast for 2009-10).

Forecast Outturn

Taking all the above into consideration, the deficit position on the Fund at the end of 2008-08 is £5.234m.

Opening Balance – 01-04-08	-£0.828m
Planned Receipts (Risk adjusted)	£1.668m
Costs	-£0.593m
Acquisitions	-
Other Funding:	
- revenue budget support	-£0.700m
- Eurokent Access Road	-£4.194m
- Gateways	-£0.587m
Closing Balance – 31-03-09	-£5.234m

Revenue Implications

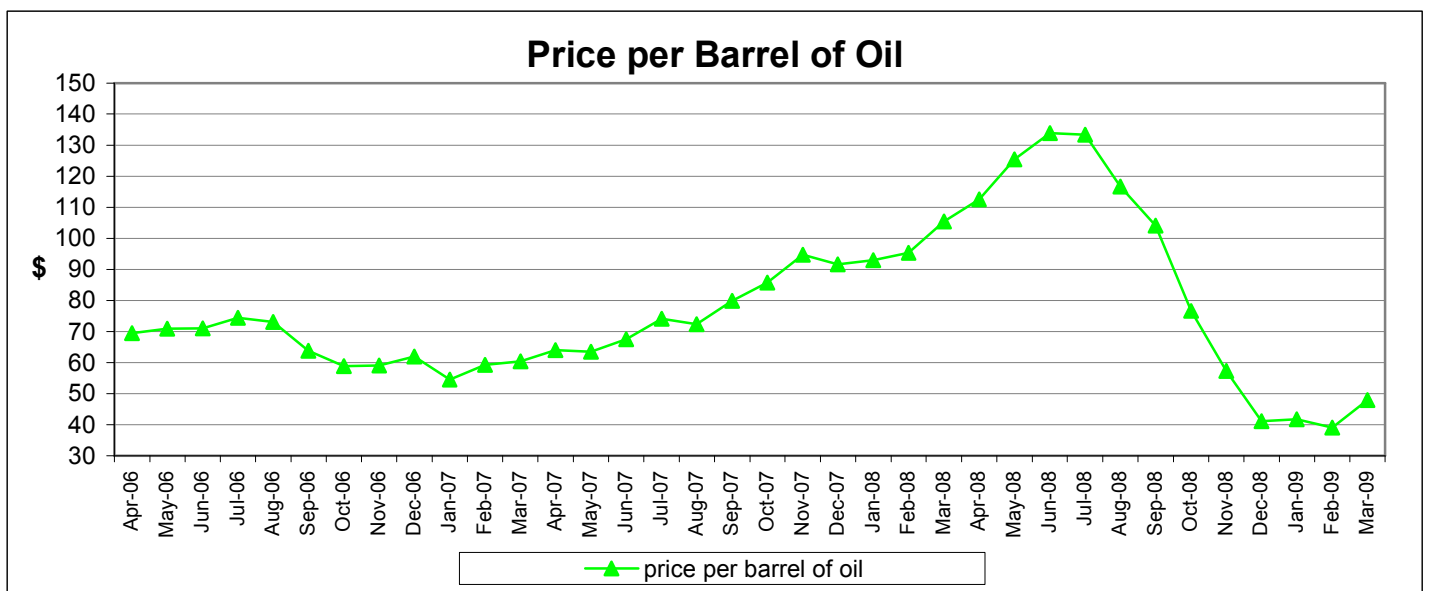
The Fund also generated £0.096m of low value revenue receipts during 2007-08 but, with the need to fund both costs of borrowing (£0.107m) against the overdraft facility and a small deficit on the cost of managing non-earmarked properties held for disposal (£0.001m), the PEF carried forward a £0.012m deficit on revenue which was rolled forward to be met from future income streams.

In 2008-09 the fund is currently forecasting £0.018m of low value revenue receipts but, with the need to fund both costs of borrowing (£0.199m) against the overdraft facility and the cost of managing properties held for disposal (net £0.249m), the PEF1 is forecasting a £0.442m deficit on revenue at the end of 2008-09, which will be rolled forward to be met from future income streams.

6. FINANCING ITEMS

6.1 Price per Barrel of Oil - average monthly price in dollars since April 2006:

	Price per Barrel of Oil		
	2006-07	2007-08	2008-09
	\$	\$	\$
April	69.44	63.98	112.58
May	70.84	63.45	125.40
June	70.95	67.49	133.88
July	74.41	74.12	133.37
August	73.04	72.36	116.67
September	63.80	79.91	104.11
October	58.89	85.80	76.61
November	59.08	94.77	57.31
December	61.96	91.69	41.12
January	54.51	92.97	41.71
February	59.28	95.39	39.09
March	60.44	105.45	47.94



Comments:

- The figures quoted are the monthly average of the West Texas Intermediate Spot Price in dollars per barrel.

2008-09 Final Monitoring of Prudential Indicators

1. Estimate of capital expenditure (excluding PFI)

Actual 2007-08	£247.999m
Original estimate 2008-09	£349.665m
Actual 2008-09	£309.368m

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

	2007-08 Actual	2008-09 Original Estimate	2008-09 Revised Estimate in 2009-12 MTP	2008-09 Actual
	£m	£m	£m	£m
Capital Financing Requirement	1,071.090	1,144.895	1,179.196	1,167.532
Annual increase in underlying need to borrow	60.963	49.195	108.106	96.442

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

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

Actual 2007-08	11.13%
Original estimate 2008-09	10.27%
Actual 2008-09	9.67%

4. Operational Boundary for External Debt

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

The operational boundary for debt was not exceeded in 2008-09.

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

	Prudential Indicator 2008-09 £m	Actual 2008-09 £m
Borrowing	1,060.0	991.4
Other Long Term Liabilities	0.0	0
	1,060.0	991.4

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

	Prudential Indicator 2008-09 £m	Actual 2008-09 £m
Borrowing	1,113.0	1,042.6
Other Long Term Liabilities	0.0	0
	1,113.0	1,042.6

5. Authorised Limit for external debt

The authorised limit includes additional allowance, over and above the operational boundary to provide for unusual cash movements. It is a statutory limit set and revised by the County Council. The limits for 2008-09 were:

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

	£m
Borrowing	1,098
Other long term liabilities	0
	<hr/>
	1,098
	<hr/>

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

	£m
Borrowing	1,153
Other long term liabilities	0
	<hr/>
	1,153
	<hr/>

The additional allowance over and above the operational boundary was not utilised in 2008-09 and external debt, was maintained well within the authorised limit.

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

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

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

The Council determined the following upper limits for 2008-09

(a) Borrowing

Fixed interest rate exposure	100%
Variable rate exposure	30%

(b) Investments

Fixed interest rate exposure	100%
Variable rate exposure	20%

These limits have been complied with in 2008-09. Total external debt is currently held at fixed interest rates.

8. Upper limits for maturity structure of borrowings

	Upper limit	Lower limit	Actual
	%	%	%
Under 12 months	25	0	5.8
12 months and within 24 months	40	0	4.3
24 months and within 5 years	60	0	14.8
5 years and within 10 years	80	0	13.4
10 years and above	100	40	61.7

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

	Indicator	Actual
1 year to 2 years	£45m	£20m
2 years to 3 years	£45m	£20m
3 years to 4 years	£40m	£21m
4 years to 5 years	£40m	£35m
5 years to 6 years	<u>£20m</u>	<u>£0m</u>
	£190m	£96m

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

Capital Budget Outcomes and Achievements in 2008-09

During 2008-09, Kent County Council, with a range of partners, invested over £300 million to fund projects across the county which will improve life for thousands of Kent residents. Ever wondered where that money goes? Here are just a few of the projects taking place and making Kent an even better place to live, work and visit.

Children and Families services

Building Schools for the Future (BSF) - Work has now commenced on the delivery of Kent's first BSF wave which at £200m will see the rebuild and refurbishment of secondary schools in Gravesham and Thanet, namely Northfleet Technology College, Northfleet School for Girls, St John's Catholic Comprehensive School, Thamesview School, The Charles Dickens School, The Community College Whitstable, Herne Bay High School, Dane Court Grammar School, King Ethelbert School and St Georges CE Foundation School Broadstairs.

Vocational Education - We are developing the provision of vocational centres attached to clusters of schools. To-date there are 22 Centres, a mixture of school and off site provision. Most notably the Marlowe Innovation Centre was formally opened last autumn, a £1.9m partnership project between Kent County Council, the Roger De Haan Charitable Trust, the European Regional Development Fund, Thanet District Council and East Kent Partnership. The centre aims to facilitate the growth and development of small or start-up businesses offering office units, light industrial workshops and a large open plan office. Pupils are provided with the opportunity to gain "real world" experience of developing new businesses.

Special Schools Review (SSR) - Projects completed in 2008-09 include the following special schools; Ifield (£6.2m) Bower Grove (£5.2m), Orchard (£4m) and the vocational centre at Goldwyn (£0.25m). Building work is in progress on five other sites and Meadowfield and Milestones are due to be completed before the end May 2009. This just leaves six special schools with outstanding capital schemes from the SSR, and £3m is to be spent on enabling works to help them meet their immediate needs. Kent's support of the SSR Capital programme has underpinned the re-designation of its special schools and demonstrated the commitment the LA has to its most vulnerable groups of children. The new provision has enabled schools to directly respond to the needs of pupils, especially those with need types that are typically increasing such as autism spectrum disorder and complex learning needs.

Modernisation Programme - The modernisation programme was targeted specifically at the removal of poor condition unfit for purpose temporary classrooms. Examples of schemes completed include Boughton-under-Blean and Dunkirk Primary School at a total cost of £1.3m; the project has enabled the removal of 5 temporary classrooms replaced with fit for purpose accommodation.

Primary Strategy/Primary Capital Programme (PCP) - Primary Capital Programme money coming on stream from 2009-10 will support the delivery of projects arising from the Kent Primary Strategy 2006. Prior to this we have completed the new school buildings for Phoenix Community Primary in Ashford. The all through primary school at Phoenix replaces the former Bybrook Junior and Infant Schools. The new buildings include community facilities and a Round 2 Children's Centre and together offer an integrated approach to service delivery and functional space for use by both school and the community. Using primary capital programme pathfinder funding, work has started on a significant £6.4m new build project to support the amalgamation of the former Oakfield Infants and Junior school in Dartford.

Development opportunities - we continue to develop and deliver development opportunity projects, schemes that are either entirely funded or significantly funded through capital receipts. Work has been completed on a £2.3m project at Astor of Hever Community School, Maidstone, providing an assembly hall, new reception area and new teaching block and has enabled the removal of temporary classrooms from site. In Dartford, work is drawing to a close on the Dartford Campus project. This £25.7m scheme has already seen the provision of new school buildings for Westgate Primary School. In 2008-09 Adult Education has moved into the newly refurbished former primary school buildings, Dartford Technology College has moved into new and refurbished buildings and a new building was provided for the Rainbow Nursery. The project, when complete, will provide an integrated learning campus for Dartford in new and refurbished buildings that will operate during the day and evening throughout the year.

Children's Centres - Round 2 of the children's centre programme is now well underway. 20 Round 1 centres were developed in areas of greatest need. The 52 Round 2 centres are being developed in less disadvantaged areas, building on and enhancing existing good practice and services, extending the benefits to more families, bringing an integrated approach to service delivery to areas where it is needed most. Building work for 35 centres was completed within the financial year.

Maintenance - The maintenance funding stream supports both planned and reactive maintenance at schools and is targeted at projects to keep schools safe warm and dry. Whilst the funding stream enables us to manage the backlog of maintenance, significant reductions are only made through the delivery of major modernisation and replacement projects. In recent years these have contributed to major reductions in the backlog of worse condition work. In addition to money retained centrally, schools have access to both revenue and capital funding for building maintenance and improvement work (see below for further details).

Spending by Schools – Significant funding is made available directly to schools for capital investment in building improvements, maintenance and ICT. Advice and guidance on spending priorities is provided by both Government and the County Council, but the responsibility for specific funding decisions rests with individual schools. In 2008-09 schools spent £51.5m on capital investment, of which £40.4m was for new building work and maintenance, £9.3m for investment in ICT and £1.8m on vehicles, plant, equipment and machinery.

Children's Social Services- During 2008-09 the rationalisation of the Children's Social Services property portfolio continued, to support the service realignment and setting up of the Local Children Services Partnership Boards. Having already released Lodge House in Gravesend and 4 Essex Road in Dartford for disposal, Denton Family Centre was substantially refurbished to allow family support services to be based on two sites in Gravesend and thus free Northcourt Family Centre for disposal.

Adult Social Care Services

Home Support Fund - Greater independence is usually achieved by the provision of equipment and adaptations, within existing accommodation and local communities. The Home Support Fund can provide both minor adaptations/equipment including fitting grab rails/stair rails/adapting steps, through to major adaptations like changing room layout/use of rooms and extending a property. Major work is carried out in conjunction with the district councils, through the Disabled Facilities Grant or local housing associations. At a cost of up to £1m annually, the work carried out through the Home Support Fund, enables between 80-100 people, to continue to live in their own homes with increased confidence, and an improved sense of wellbeing.

Guru Nanak - The Guru Nanak resource centre provides an in house day service for older people in Gravesham. The current leased building was to be sold and therefore a new home for the resource centre was required. The Gurdwara Committee offered KASS an alternative building but this was not easily accessible for people with disabilities. The property is in an ideal location, close to the town centre, next to other community facilities such as the local sports centre, school and temple. We have therefore spent £0.329m on refurbishing this building to make it fit for purpose. The Guru Nanak Resource centre provides a valuable resource for older people and their families, particularly those from the local Punjabi community who may have trouble accessing other services due to cultural barriers. 150 older people currently make use of the services available from the centre. The new centre also allows managed access to other communities for specific use.

Broadmeadow - The previous building was badly in need of upgrade and improvement and the design was not suited to modern care provision. The vision created a purpose built modern 40 bed centre for adults, opened during 2008-09 at a cost of £7.3m that provides:

- Valuable respite - a short break for service users and their carers;
- Intermediate Care - Short term care for people who have had a fall or have been in hospital;
- Therapeutic rehabilitation services - a programme of therapy designed to restore independence and reduce disability;
- Flats to help people with physical disabilities gain skills to live independently.

Modernisation of Day Services for Physically Disabled People in North West Kent - KASS is engaged in looking at new ways to meet people's needs and providing a range of personalised services based upon choice and social inclusion.

Through the improvement of access to community buildings, such as Swanley Youth and Community Centre, the Riverside Centre in Gravesend and Cascades Leisure centre it enables disabled people to use the buildings more freely. These services will support in excess of 160 day service placements and a further 105 clients making use of the Active Lives Network at a cost of £0.242m. The projects objectives are to:

- Provide more personalised services for people with physical disabilities;
- Improve outcomes for people through promoting independence;
- Provide services that promote employment and education opportunities;
- Integrate community based services;
- Improve physical access to services for the wider physically disabled community;
- Generate opportunities to prevent social isolation for a group of people who do not meet the KASS eligibility criteria.

Roads and Transport

Maintenance (including the Towards 2010 target of improving the way we repair roads and pavements) - the Service delivered an additional £3.5m of surfacing work over and above the original budget provision. This enhanced investment was completed alongside a £0.5m programme to address some of the frost damage from the severe weather in February 2009. There was also additional investment into street lighting to produce energy savings for future years.

Everards link phase 2 - this provides a dedicated bus way between the interchange at Greenhithe Station and The Avenue, Greenhithe, to connect with a further bus way to be constructed by Crest Nicholson as part of the Ingress Park development. Planning permission was granted in January 2007. Contract award was June 2007 and completion was July 2008. This new link forms part of the overall Fastrack network, and is one of the three publicly funded elements. Although complete, the link has not yet opened to buses as Crest Nicholson has not constructed the link into Ingress Park. The nature of the funding for the scheme meant that a start had to be made to confirm the funding, on the understanding that Crest Nicholson had a programme for construction, which during the KCC works was continually deferred. Crest Nicholson may, and it is not confirmed, start construction of the completion of the Fastrack link in June 2009. That might see operation of Fastrack buses on the link between Greenhithe Station and Ingress Park in mid/late 2010.

Ashford

- **Ring Road** – 2008-09 saw the final transformation of the ring road including public realm and shared space improvements. This scheme now facilitates the expansion of the town centre from the collar of the existing ring road and was completed in November 2008. The total scheme cost was £15m.
- **Newtown Way** – this scheme increased the headroom of Newtown Road bridge to facilitate future Smartlink buses and was virtually completed in January 2009 at a cost of £4.5m

Sittingbourne Northern Relief Road (SNRR) - The purpose of the scheme is to support existing and future commercial and housing development and to assist the regeneration of Sittingbourne. Revised planning consent for SNRR was achieved in January 2008. New Statutory Orders were published in January 2008 and a public inquiry was held in the summer of 2008. The scheme estimate is £43m and has a works commencement target of September 2009 and target completion of September 2011. The scheme is 1.4kms of single carriageway road linking Swale Way at Ridham Avenue, Kemsley, and Swale Way at Castle Road, Sittingbourne, to provide a new exit from the Eurolink business estate and the East Hall Farm residential development and to relieve Sittingbourne town centre and create capacity for regeneration. The scheme is currently out to tender, with returns due in early June 2009. Advance works on site include site clearance and trapping/relocation of newts and reptiles.

Rushenden Relief Road, on the Isle of Sheppey, provides a new direct link between A249 at Neats Court and Rushenden Road, bypassing the existing unsuitable road through Queensborough. SEEDA is the lead body, but asked KCC to develop and implement the scheme. Planning consent was achieved in October 2007. Detailed design and contract documentation has been completed and tenders were received in January 2009. The overall estimate of the scheme is £13.5m. We are now awaiting confirmation of funding from SEEDA before full works are commenced.

East Kent access phase 2 - Programme Entry status was achieved from Central Government, for Phase 2, in July 2006. Planning consent was achieved in September 2006. A Public Inquiry was ordered by the Secretary of State and held in April 2007. Advanced pond construction and environmental mitigation work was started in February 2009. Detailed design and contract documentation has been completed and tenders have been received in March 2009. There has been substantial progress on conditional and full approval for major schemes submitted to DfT. However the tender price exceeds the original estimate and we are currently looking at ways to deal with this increase.

Re-shaping accommodation - The new Ashford co-location depot was completed in late spring of 2008 and services are now fully operational from this base. The co-location depot for the west of the County has been delayed due to finding a suitable site with the appropriate transport connections.

Eurokent spine road was completed in November 2008 and provides essential infrastructure to unlock the benefits of the Manston/Eurokent Joint Venture. The total scheme cost was £6.6m.

Fort Hill and associated side street public realm improvements - The scheme opened to the public in October 2008 and delivers the de-dualling of Fort Hill in order to give better access from the Old Town to the new developments on the eastern sea front and a more "connected" feel to the area.

Community Services

We have made considerable progress on the **Turner Contemporary gallery** during the year. The technical design by David Chipperfield Architects (DCA) had been completed by the start of the year and during the first half of the year we completed a tender process to select a contractor to build the gallery. The outcome of this process was to award a contract to a local firm for £13.36m. This amount can be accommodated within the overall £17.4m available for the design, construction and fitting out of the gallery building. A 'ground breaking' event took place on 25th November 2008 to commemorate the commencement of works and since then the contractor has made progress on the ground works. We have also secured funding from Arts Council England (£4.1m) and South East England Development Agency (£4m) towards the capital construction cost.

Ramsgate Library, which was almost completely destroyed after a fire in 2004, was re-opened on 2nd February 2009. The building, which is Grade II listed, has seen the foyer and façade fully restored, a new stained glass window designed by local children installed and the rest of the building fully rebuilt on the original footprint. The floor space is now increased by around 30% and with the installation of a lift, there is access to all areas, public toilets and baby changing facilities. Rooms are also available to hire for meetings and events. At the same time a modern energy saving ground source heat pump has been installed. The project has cost approximately £4.9m, with over £4m paid from the insurance settlement.

Parklife at Herne Bay is a joint venture between the Youth Service and Children's Centres and is the first purpose designed building to be shared between these 2 services. The project was started in April 2008 and completed in December 2008, opening in January 2009 at a cost of £0.826m. Funding has come from a variety of sources including a Youth Capital Grant of £0.250m and £0.200m from the Children's Centre budget. It features high levels of insulation, zoned under floor heating and energy saving glass.

East Peckham Library has been completely refurbished at a cost of £0.053m from the Library Modernisation Programme. A new layout has made better use of the space available and the purchase of external furniture allows customers to sit / browse outside on days when the weather is fine. Before the project went ahead consultation took place with the local community, which has raised the profile of the library and the services it provides.

Phase 1 of the **Gateway Programme** – the Customer focused, cross agency outlets in partnership with District Councils. In total 2008-09 has seen a £1.723m investment which has delivered the successful opening of Gateways in Maidstone, Tunbridge Wells and Tenterden. Maidstone has been consistently busy since opening to the public in January 09, 3886 customers were served in February alone. Tenterden, also a January 09 opening, is the first Gateway to include a commercial partner – Post Office. Customer feedback has been very supportive. Tunbridge Wells contains the first 'Changing Place' facility, very different to a standard disabled toilet, with an accessible toilet and shower facility for holders of a Radar key, meeting the needs of people with more complex disabilities and those of their carers. Dover is the last of Phase 1 Gateways and is on target to be completed in June 09.

Improvements to Waste recycling facilities:

- The **Swanley** Household Waste site has been extended and re designed to provide better recycling facilities to overcome health and safety issues and to ease site congestion to traffic flows.
- The **Hawkinge** Household Waste site was refurbished and the access road maintenance was carried out to improve the site access.

Both of these projects were virtually complete by the end of the financial year although there will some residual spend in 2009-10.

Kent Public Services Network (KPSN) is a communications infrastructure that spans the whole county of Kent, connecting the majority of KCC's sites into central services. It connects these KCC administrative sites, including Libraries, to services such as e-mail, internet access and central business applications. The network is also being used by Kent's local and independently managed Schools, all Kent Connects Partner's including Police and Fire & Rescue for internet access and GCSx services as well as providing network connectivity for a number of local authority administrative sites. KPSN's aim was to replace the old KCC network and provide a minimum of 5 times more bandwidth into KCC's sites for the same money and to offer services to the wider public sector in the county. Both of these aims have been achieved and KPSN is now seen across the county, not only by KCC, but all local authorities including Medway Unitary, as the communications infrastructure of choice.

Conclusion

Kent has a huge responsibility to spend its budget wisely. These projects are just a few examples of the many projects that have improved services and lives for the people of Kent, and helped to make Kent an even better county in which to live, work and visit.