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To: Cabinet – 26 September 2016

Subject: **REVENUE & CAPITAL BUDGET MONITORING - JULY 2016-17**

Classification: Unrestricted

1. SUMMARY

- 1.1 This report provides the budget monitoring position up to 31 July 2016-17 for both revenue and capital budgets, including an update on key activity data for our highest risk budgets. This is the first budget monitoring report for 2016-17 in the new format.
- 1.2 The format of this report is:
- This covering summary report which provides a high level financial summary and highlights only the most significant issues, as determined by Corporate Directors.
 - Appendix 1 – a high level breakdown of the directorate monitoring positions;
 - Appendix 2 – activity information for our highest risk budgets;
 - Appendix 3 – details of the Asylum service forecast and key activity information including grant rates compared to actual forecast unit costs;
 - Appendix 4 – quarterly monitoring of prudential indicators;
 - Appendix 5 – details of realignment of revenue budgets **for approval**.
- 1.3 Cabinet is asked to note the forecast revenue and capital monitoring position. In the light of further government funding reductions in the short to medium term, it is essential that a balanced revenue position is achieved in 2016-17, as any residual pressures rolled forward into 2017-18 will only compound an already extremely challenging 2017-18 budget position. This forecast revenue pressure of £9.679m (after Corporate Director adjustments), increasing to £10.504m including roll forward requirements, is very clearly a concern, and needs to be managed down to at least a balanced position.
- 1.4 Whilst it is clear that each year, the position improves as the year progresses, and is in part due to the delivery of management action, history suggests that managers also have a tendency to be pessimistic with their forecasting, by declaring pressures early but holding back on declaring underspending until towards year end. Although we have urged budget managers to be less guarded with their forecasting from the outset so that decisions can be made on a more robust footing, the position has in fact worsened since the last report, predominately due to Specialist Children's Services. The Corporate Directors are considering what immediate steps, other than the usual day-to-day budget management, could and should be taken in response to the forecast pressure. A verbal update of these considerations will be reported at this meeting.

2. RECOMMENDATIONS

Cabinet is asked to:

- i) **Note** the forecast revenue budget monitoring position for 2016-17 and capital budget monitoring position for 2016-17 to 2018-19, and that the forecast pressure on the revenue budget needs to be eliminated as we progress through the year.
- ii) **Agree** the revenue budget realignment set out in Appendix 5.
- iii) **Agree** the changes to the capital programme as detailed in section 6.4.

3. SUMMARISED REVENUE MONITORING POSITION

3.1 Overall the net projected revenue variance for the Council as reported by budget managers is a pressure of £8.789m. Corporate Directors have adjusted this position by +£0.890m, leaving a residual pressure of £9.679m. After allowing for roll forward requirements, the position increases to a pressure of £10.504m. Details of the Corporate Director adjustments and roll forward requirements are provided below in sections 3.4 and 4. respectively. This forecast position, after roll forward requirements, represents a movement of +£2.582m from the position reported to Cabinet in July. The main reasons for this movement are provided in section 3.3 below. In total this position reflects that we are on track to deliver the majority of the £81m of savings included in the approved budget for this year, but further work is urgently required to identify options to eliminate the residual £10.5m forecast pressure. The position by directorate, together with the movement from the last report, is shown in table 1 below.

3.2 Table 1: Directorate **revenue** position

Directorate	Budget	Net Forecast Variance *	Corporate Director adjustment	Revised Net Variance	Last Reported position	Movement
	£m	£m	£m	£m	£m	£m
Education & Young People's Services	65.345	-0.553		-0.553	0.000	-0.553
Social Care, Health & Wellbeing - Specialist Children's Services	128.478	6.614		6.614	4.581	2.033
Social Care, Health & Wellbeing - Asylum	0.550	2.284		2.284	1.407	0.877
<i>Sub Total SCH&W - Specialist Children's Services</i>	<i>129.028</i>	<i>8.898</i>	<i>0.000</i>	<i>8.898</i>	<i>5.988</i>	<i>2.910</i>
Social Care, Health & Wellbeing - Adults	369.648	1.904		1.904	1.422	0.482
Social Care, Health & Wellbeing - Public Health	-0.016	0.000		0.000	0.000	0.000
Growth, Environment & Transport	166.532	1.178		1.178	1.368	-0.190
Strategic & Corporate Services	70.397	-1.242	0.890	-0.352	0.412	-0.764
Financing Items	118.622	-1.395		-1.395	-1.268	-0.127
TOTAL (excl Schools)	919.556	8.789	0.890	9.679	7.922	1.757
<i>Schools (E&YP Directorate)</i>	<i>0.000</i>	<i>6.702</i>		<i>6.702</i>	<i>0.000</i>	<i>6.702</i>
TOTAL	919.556	15.490	0.890	16.380	7.922	8.458
Variance from above (excl schools)				9.679	7.922	1.757
Roll forwards - committed				0.106	0.000	0.106
- re-phased				0.719	0.000	0.719
- bids				0.000	0.000	0.000
Total roll forward requirements				0.825	0.000	0.825
(-ve Uncommitted balance / (+ve) Deficit				10.504	7.922	2.582

* the variances reflected in appendix 1 & 2 will feature in this column

Table 1b: Directorate **revenue** position after roll forwards:

Directorate	Variance	Roll Forwards		Revised Variance	Corporate Director adjustment	Variance after roll fws & CD adj
		committed	un-committed			
		£m	£m			
Education & Young People's Services	-0.553		0.719	0.166		0.166
Social Care, Health & Wellbeing - Specialist Children's Services	6.614	0.106		6.720		6.720
Social Care, Health & Wellbeing - Asylum	2.284			2.284		2.284
<i>Sub Total SCH&W - Specialist Children's Services</i>	<i>8.898</i>	<i>0.106</i>	<i>0.000</i>	<i>9.003</i>	<i>0.000</i>	<i>9.003</i>
Social Care, Health & Wellbeing - Adults	1.904			1.904		1.904
Social Care, Health & Wellbeing - Public Health	0.000			0.000		0.000
Growth, Environment & Transport	1.178			1.178		1.178
Strategic & Corporate Services	-1.242			-1.242	0.890	-0.352
Financing Items	-1.395			-1.395		-1.395
TOTAL (excl Schools)	8.789	0.106	0.719	9.614	0.890	10.504

3.3 The main reasons for the movement of +£2.582m since the last report are:

3.3.1 Education & Young People's Services:

The movement in the forecast variance (excluding schools and before roll forward requirements) shows a reduction from the previous forecast breakeven position to an underspend of £0.553m. However this includes an underspend on Tackling Troubled Families of £0.719m which is required to roll forward to be spent in 2017-18, leaving an underlying pressure of £0.166m. This +£0.166m movement is mainly due to a reduction in SEN transport of -£0.270m due to the shift of pupils to more cost effective arrangements such as Personalised Budgets where they are appropriate, the impact of Independent Travel Training and the SEN Transport pilot at Goldwyn Special School. There is also a reduction in pension costs of -£0.205m, which we expect to be a saving in future years. These are offset by an increase of +£0.220m in the forecast for revenue maintenance costs (in excess of the available capital grant) and removal of the previously forecast management action of £0.412m. Options for management action to offset the residual pressure will be discussed with the DMT in September.

3.3.2 Social Care, Health & Wellbeing – Specialist Children's Services:

The current forecast variance represents an increase of +£2.0m since the May exception report. This movement is partly due to increased activity in Children in Care (Looked After) Services including secure accommodation, residential care and fostering between May and July – this accounts for £0.6m. The staffing forecast has increased by £0.6m, which is due to greater analysis of agency staff, future recruitment and vacancy management. The Family Support & Other Children Services forecast has increased by £0.5m which is in part due to increased placement costs for Care Leavers, but also due to more detailed forecasts now having been made; and increased numbers of special guardianships.

3.3.3 Social Care, Health & Wellbeing – Specialist Children's Services – Asylum:

The current forecast pressure of £2.3m represents a movement of +£0.9m since the first exception report for 2016-17. The main increase in this pressure has been for the 16-17 age group due to lower numbers of arrivals than anticipated following the commencement of the national dispersal scheme, leading to lower variable costs

(but no change to fixed assessment centre costs), compared against greater reductions in grant. We will discuss this funding arrangement with Home Office officials, in the first instance. Paragraph 3.4.3 of this report provides more detail.

3.3.4 Social Care, Health & Wellbeing – Adult Social Care:

The pressure on Adults Social Care has increased by +£0.5m, which is due to a number of compensating movements, the significant movements include: the overall increasing pressures on Learning Disability and Mental Health Services, along with an increased demand for equipment services. These are offset by reductions in the expected spend on preventative services (including carer support services) and the one-off use of monies to relieve the current pressures specifically within Mental Health & Older People services.

3.3.5 Social Care, Health & Wellbeing – Public Health:

There is an overall movement of +£0.021m since the last reported position in July but this will be met by a drawdown from the Public Health reserve, hence no movement is reflected in table 1. Several of the budgets are now showing forecast pressures namely: Children's Public Health Programmes: 0-5 year olds Health Visiting Service (+£0.382m), Other Children's Public Health Programmes (+£0.309m), and Obesity & Physical Activity (+£0.170m). Collectively these are almost fully matched by underspends on other budget lines primarily: Targeting Health Inequalities (-£0.403m), Tobacco Control and Stop Smoking Services (-£0.213m), and Sexual Health Services (-£0.200m).

3.3.6 Growth, Environment and Transport:

The current forecast outturn for the directorate is a +£1.178m pressure representing a reduction of some -£0.190m since the last report in July. Increases in Other Highways Maintenance and Management (+£0.371m), Coroners (+£0.150m) and Waste (+£0.101m) have been offset by reductions in Libraries, Registration and Archives (-£0.281m), Concessionary Fares (-£0.189m), Economic Development and Other Community Services (-£0.175m), Strategic Management (-£0.115m), and other budgets (-£0.052m).

3.3.7 Strategic and Corporate Services:

The Strategic & Corporate Services figures in Table 1 above contain both the forecast for the Directorate itself and the Corporate aspirational savings target of -£1.038m for the Asset Utilisation programme, held against the Corporate Landlord budgets. The movement in the forecast variance for the Directorate (excluding the Asset Utilisation target) is a positive move from a break-even position to an underspend of -£0.865m, net of the Corporate Director adjustment set out below in section 3.4.7.4. (The reasons for this variance/movement are provided in section 3.4.7 below). The Asset Utilisation programme was reporting a pressure of +£0.412m and this has moved by +£0.101m to +£0.513m. The movement is due to the rejection of a specific Asset Utilisation proposal. Overall therefore the movement reflected in table 1 is -£0.764m (-£0.865m + £0.101m).

3.3.8 Financing Items:

There is a £0.127m increase in the underspend due to lower than budgeted external audit fees together with a small improvement in the interest return on temporary advances.

3.4 Revenue budget monitoring headlines (please refer to Appendix 1)

3.4.1 Education & Young People's Services

- 3.4.1.1 The forecast variance of -£0.6m is made up of a small number of large variances on a number of service lines as follows:
- 3.4.1.2 The major part of the £0.8m underspend on Early Help & Prevention for Children & Families relates to Tackling Troubled Families (-£0.7m) for which a roll forward request will be submitted in order to continue the scheme.
- 3.4.1.3 There is a current forecast pressure of +£0.2m on 3 in-house nurseries under the Early Years Education & Childcare service line which have been restructured (resulting in one-off costs) and will be relaunched in September, aiming to reduce costs, increase income and move towards a balanced budget.
- 3.4.1.4 There continues to be a forecast pressure on the Other Schools' Related Costs service line due to payments for employee tribunal cases for former schools staff of +£0.2m. In addition there is a pressure of +£0.2m on revenue maintenance costs in excess of the capital grant available.
- 3.4.1.5 There is a forecast underspend (-£0.2m) on the EYP Management & Support Services line for Education Pensions as capitalisation costs are lower than expected.
- 3.4.1.6 Corporate Director's Adjustment – the re-tendering of SEN transport contracts may reduce the forecast pressure shown above. The directorate is confident that it can achieve a balanced budget position by the end of the financial year and would initially look to cover any residual pressure by reviewing all items of discretionary non staffing spend.

3.4.2 Social Care, Health & Wellbeing – Specialist Children's Services

- 3.4.2.1 The overall forecast position for Specialist Children's Services (excluding Asylum) is a pressure of £6.7m (including roll forward requirements) - this however is broken down into 2 areas: Specialist Children's Services +£6.3m and Children with a Disability +£0.4m.
- 3.4.2.2 The main areas of pressure are in relation to residential care +£2.8m; independent fostering +£1.1m; special guardianship +£1.5m; assessment staffing +£1.8m offset by small underspends against other budgets.
- 3.4.2.3 Detailed work is being undertaken to report to Budget Programme and Delivery Board later in September to ascertain some of the reasons behind the pressures to identify the values attributable to increased demand and those attributable to unachievable budgeted savings.
- 3.4.2.4 In summary, however, the pressures on residential and independent fostering are due to full year effect of increases in numbers during the latter part of 2015-16 which have continued into 2016-17; costs rising due to increasing complexity and needs, and in part due to transformation and other savings not being delivered.
- 3.4.2.5 Similarly the pressure on Special Guardianships is due to increased numbers of orders being granted at court, which are greater than the affordable level budgeted for.
- 3.4.2.6 The pressure on staffing is primarily in relation to the need to retain agency staff at a higher cost, because of the continuing difficulties in recruiting permanent social workers.

3.4.3 Social Care, Health & Wellbeing – Specialist Children’s Services - Asylum

3.4.3.1 The current forecast pressure for Asylum is £2.3m. In spite of the commencement of the National Transfer Scheme (NTS) it seems inevitable that this figure will rise. At the time of writing the NTS is not keeping pace with the current rate of arrivals which remains much reduced from the figures of 2015. Whilst there is some reasonable expectation that it will increase its capacity in order to deal with the new entrants it is looking far less likely that it will achieve the transfer of any of the legacy cases. There is a diminishing opportunity for this as the more settled young people become the more the Council would be open to challenge from individuals about being moved against their best interests. This situation is exacerbated by the age profile of the Unaccompanied Asylum Seeking Children (UASC) in Kent. They are turning 18 at the rate of approximately 30 per month and we know that over 100 will have their eighteenth birthday in January 2017. Under the current financial arrangements it remains the case that the Government does not fund local authorities for the full cost of the over 18, care leaver cohort. In order to avoid a significant escalation in the costs of Asylum to the Council directly the Government needs to change its funding regime. The Council is actively lobbying the new ministerial team at the Home Office on both this issue and the need to make the NTS mandatory for local authorities to participate.

3.4.4 Social Care, Health & Wellbeing – Adult Social Care

3.4.4.1 The forecast variance of +£1.9m reflects total pressures of +£5.4m resulting from the direct provision of services to clients across adult social care, which is partially offset by anticipated underspends on assessment staffing mainly within Learning Disability and Mental Health (-£1.1m), preventative services (-£0.7m) and other support budgets (-£0.3m), along with the one-off benefit due to the delay in agreeing the longer term strategy for sustainability of the market (-£1.5m) to offset the rising costs of social care.

3.4.4.2 Significant pressures on Mental Health residential care and supported living services in 2015-16 are expected to continue at a similar level in 2016-17 (+£1.8m & +£0.9m respectively) and are only partially offset by minor underspends on other community based services (-£0.2m). The service has seen significant increases in the cost of residential care due to both the increased complexities of clients going into care along with financial pressures in the market, leading to higher costs.

3.4.4.3 Learning Disability direct services are forecasting a total pressure of +£2.0m. Significant pressures on supported living (+£3.7m, see appendix 2) and day care services (+£0.9m) are partially offset by underspends across other services, the most significant including residential care (-£1.0m see appendix 2), direct payments (-£0.4m see appendix 2), shared lives services (-£0.7m), and non-residential charging income (-£0.4m). The overall pressure on this service is partially due to the delay in the delivery of transformation, day care and transport savings (+£0.8m). The forecast does however assume that further savings of -£1.8m will be delivered before the end of the financial year.

3.4.4.4 Pressures across both residential and community services for Older People have resulted in a net pressure of £1.2m, mainly due to the increased needs of both existing clients and those receiving a service for the first time (see appendix 2). The pressure on domiciliary care services outlined in appendix 2 (+£3.8m) is partially offset by higher levels of client income resulting from the current activity (-£1.4m), along with underspends on other community based services including direct payments (-£2.0m). This forecast also assumes that funding is set aside for winter

pressures. If there is no increased spend as a result of winter then this funding will be available to offset other pressures. In addition, the forecast for Older People and Physical Disability services assumes £1.6m of the MTFP savings will be achieved before the end of the financial year.

3.4.4.5 There is a significant pressure on the equipment budget of +£0.7m resulting from higher than anticipated demand, which is partially offset by lower expenditure on other preventative services including lower demand for carer's residential respite services (-£1.5m).

3.4.5 Social Care, Health & Wellbeing – Public Health

3.4.5.1 The overall variance prior to any transfer to/from the Public Health reserve is a small pressure of +£0.021m.

3.4.5.2 Budgets were set based on assumptions around the level of savings which could be delivered within the Health Visiting and School Nursing contracts. However, contract negotiations are ongoing so the current forecast pressure of +£0.691m is expected to reduce. There is a further pressure of +£0.170m within Obesity and Physical Activity due to the costs of additional Tier 3 Weight Management and Dietetics activity. These pressures have been largely offset by an underspend of -£0.403m within the Targeting Health Inequalities budget, which includes underspending resulting from the number of health checks being below the budgeted level. In addition, there are underspends against Tobacco Control & Stop Smoking Services (-£0.213m) and Sexual Health Services (-£0.200m) which primarily relate to unrealised creditors set up in 2015-16.

3.4.6 Growth, Environment and Transport

3.4.6.1 The overall variance for the Directorate is a pressure of +£1.2m. The three main pressures reported to Cabinet in July remain, with small improvements in each area, and the latest forecasts are YPTP +£0.5m, Waste +£0.5m and Economic Development and Other Community Services +£0.3m respectively.

3.4.6.2 The +£0.5m pressure forecast against Young Persons Travel Pass relates to the saving of £0.540m built into the budget to reflect the reduced take-up and fewer journey numbers seen in 2015-16 at the time the budget was being set. Unfortunately increased journey numbers and cost in the third and fourth quarters of 2015-16 has put this saving at risk. The Directorate is in regular communication with bus operators and has had some success in reducing costs and mitigating the pressure. This includes reducing certain additional capacity payments to operators with routes going back into the reimbursement model. We are also awaiting the quarter 1 activity indicators before any management action can be implemented.

3.4.6.3 Waste is forecasting an overall budget pressure of +£0.5m. The Treatment and Disposal of Residual Waste budget is forecasting to break even (as can be seen in Appendix 2.14), with a +£0.2m pressure resulting from an additional 1,870 tonnes being offset by -£0.2m of additional income, as most of the extra tonnage is trade waste for which the costs are recovered. A number of minor pressures are also being offset by favourable price variances.

The +£0.5m pressure within Waste Processing results from the increased costs of the dry recyclables contract (+£0.3m) resulting from the recent procurement exercise, and increased tipping away payments due to on-going issues at Church Marshes Waste Transfer Station in Swale (+£0.2m). Although activity is only forecast to be 210 tonnes over budget this has resulted in a +£0.1m pressure (as can be seen from Appendix 2.15); this primarily relates to an increase in composting.

However reduced tonnage in other areas have not impacted on the financial position because costs are contained within external contracts and do not flex with changes in activity.

3.4.6.4 Economic Development and Other Community Services is forecasting a pressure of +£0.3m as the £0.5m commercial business rate pool saving is currently forecast to not be deliverable. To offset this vacancies have been held and recruitment to the new structure phased throughout the year, meaning significant staff underspends. In addition, the agreed management charge against the Regional Growth Fund capital scheme has also part-mitigated the pressure as the staff supporting this project are not base funded. The division will continue to hold vacancies and look at income generation options.

3.4.6.5 The Other Highways Maintenance and Management budget is showing a +£0.4m pressure on drainage, with management action to be identified to mitigate the pressure.

3.4.6.6 Within Public Protection and Enforcement, Coroners is forecasting a pressure of +£0.1m due to a continuing trend of increased caseloads/activity, as well as unbudgeted costs for a deputy coroner.

3.4.6.7 The pressures above are in part offset through underspends namely:

- Libraries, Registration and Archives -£0.3m through over-delivery of registration income, as well as staffing underspends/over-delivery of savings;
- Concessionary Travel (ENCTS) -£0.2m due to reduced activity and payments to operators in Quarter 1 (see Appendix 2.12);
- Strategic Management -£0.1m through holding vacancies, as well as savings in all non-core expenditure.

3.4.6.8 No Corporate Director adjustments are to be reflected currently, but may well be added in subsequent months as management action is identified to mitigate the pressures faced by the directorate.

3.4.7 Strategic and Corporate Services

3.4.7.1 The overall variance reflected in appendix 1 for the directorate is -£1.2m, but a Corporate Director adjustment of +£0.9m changes this to -£0.3m, which is made up of -£0.8m for the directorate and +£0.5m relating to Asset Utilisation.

3.4.7.2 Directorate variance of -£0.8m: Finance & Procurement are reporting an underspend of -£0.3m most of which is coming from unbudgeted income opportunities which have arisen in Procurement from work with the West Kent CCG and Revenue Finance for hosting the Better Care Fund. Engagement, Organisation Design & Development are reporting an underspend of -£0.3m primarily due to staffing vacancies. Within Infrastructure there are some minor underspendings totalling -£0.2m which are currently offsetting the Asset Utilisation pressure detailed below.

3.4.7.3 Asset Utilisation variance of +£0.5m: Property Group manages the Corporate Landlord estate which is occupied by front line services and has a savings target attached to it relating to the exiting of some buildings through the Asset Utilisation programme. It is not within Property's control to exit these operational buildings as these depend on operational service requirements and Member decisions, reflecting the complex and challenging nature of this target. However, Property Group is working closely with service directorates and Members to identify potential buildings which could deliver the savings requirement. At present there is circa £0.5m of savings to be delivered from the closure of buildings, which are yet to be agreed.

3.4.7.4 Corporate Director Adjustment +£0.89m: This adjustment to the Collaborative Planning forecast relates to Member Grants. As at August 2016, the spend to date and contractually committed spend for the Combined Member Grant scheme is £2.1m. This leaves £0.89m which is at present uncommitted. The CD adjustment has been made to this forecast following discussions with both Highways & Community Liaison Officers who have reported that conversations with Members indicate that Members, at this stage, fully intend to commit the entire budget by the end of this financial year. Given that there is a Council decision that there would be no roll forward of this grant in to an election year, there will need to be an early cut-off date, probably January 2017, for remaining commitments to be made.

3.4.8 Financing Items

The financing items budgets are currently forecast to underspend by £1.4m, which is due to:

- 3.4.8.1 Additional Government funding compared to our assumptions at the time of setting the budget, together with additional retained business rates relating to 2015-16, result in a forecast underspend of £0.9m.
- 3.4.8.2 A forecast underspend of £0.4m on the net debt charges budget, mainly due to lower than budgeted interest costs, including a reduction in bank charges following the recent retendering for banking services and savings on brokerage fees, as we are not looking to take out any new borrowing this financial year.
- 3.4.8.3 A £0.1m underspend is forecast as a result of lower than budgeted external audit fees.

3.5 **Schools delegated budgets:**

The schools delegated budget is currently forecast to overspend by £6.702m which is due to:

- +£2.171m as a result of an estimated 20 schools converting to academy status and taking their accumulated reserves with them;
- +£2.297m use of schools unallocated reserves to offset pressures on High Needs and Early Years education;
- +£2.234m use of schools unallocated reserves to fund in year schools related pressures.

As a result, schools reserves are forecast to reduce from £46.361m to £39.659m.

3.6 Table 2: **Performance of our wholly owned companies**

Dividends/Contributions (£m)	Budget	Forecast	From trading surplus	from reserves
Commercial Services	8.700	8.700	6.927	1.773
GEN2	0.542	0.542	0.542	0.000

4. **DETAILS OF REVENUE ROLL FORWARDS/RE-PHASINGS**

Table 3: **Breakdown of the roll forward figures shown in tables 1a and 1b.**

	Committed £m	Uncommitted £m
Tackling Troubled Families (EYP directorate)		0.719
Re-phasing of Kent Children's Safeguarding Board in to 2017-18. This represents KCC's share of the underspend of the KCSB, which under the terms of the multi-agency agreement, KCC has an obligation to fund (SCHW SCS)	0.106	

5. REVENUE BUDGET VIREMENTS/CHANGES TO BUDGETS

- 5.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered “technical adjustments” i.e. where there is no change in policy, including the allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- 5.2 In addition, in line with usual practice at this stage of the year, revenue budgets have been realigned to reflect a reallocation of savings and pressures between A-Z service lines in light of the 2015-16 final spend and activity levels and the latest service transformation plans, whereas the budget was set based on forecasts from several months earlier. Further details are provided in appendix 5. **Cabinet is asked to agree these changes to the cash limits as set out in Appendix 5.** The variances reflected in this report assume that these cash limit changes are approved.

6. SUMMARISED CAPITAL MONITORING POSITION

- 6.1 There is a reported variance of -£10.662m on the 2016-17 capital budget (excluding schools and PFI). This is a movement of -£10.662m from the previously reported position and is made up of -£4.102m real underspend and -£6.560m rephasing.
- 6.2 Table 4: Directorate **capital** position

Directorate	2016-17 Working budget	2016-17 Variance	Real variance	Re-phasing variance	Last reported position		Movement	
					Real	Rephasing	Real	Rephasing
	£m	£m	£m	£m	£m	£m	£m	£m
Education & Young People's Services	145.094	7.767	0.628	7.139	0.000	0.000	0.628	7.139
Social Care, Health & Wellbeing - Specialist Children's Services	0.109	0.040	0.040	0.000	0.000	0.000	0.040	0.000
Social Care, Health & Wellbeing - Adults	8.888	-2.042	-2.042	0.000	0.000	0.000	-2.042	0.000
Social Care, Health & Wellbeing - Public Health	0.360	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Growth, Environment & Transport	131.055	-16.430	-2.731	-13.699	0.000	0.000	-2.731	-13.699
Strategic & Corporate Services	20.497	0.003	0.003	0.000	0.000	0.000	0.003	0.000
Financing Items	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL	306.003	-10.662	-4.102	-6.560	0.000	0.000	-4.102	-6.560

6.3 Capital budget monitoring headlines

The movements over £0.100m since previously reported are as follows:

Education & Young People's Services

- Basic Need Programme: +£8.429m rephasing. Following a review of the latest Commissioning Plan there have been additional requirements for Primary,

Secondary and Special School places. This has resulted in money needing to be brought forward to fund these.

- Special School Review Phase 2: +£1.390m real variance in 16-17. Portal House is forecasting additional design and survey costs, increased scheme costs resulting from a partial refurbishment and new build proposal and increased costs associated with phasing requirements. There is also a pressure of £1.000m on Ridge View but this is not forecast until 2017-18. It is proposed that these overspends be funded from the Basic Need contingency. (See “Proposed Cash Limit Changes” at 6.4).
- Priority School Build Programme: -£1.000m rephasing due to the scheme at Chantry Community Academy awaiting approval by the EFA.
- Special Schools Review Phase 1: -£0.703m real underspend. This is to be added to the basic need contingency, to help cover the pressures identified on Special School Review Phase 2.
- Annual Planned Enhancement Programme: -£0.290m rephasing. Due to the reactive element of this budget it is anticipated that this will rephase.
- Repton Park Primary School, Ashford: -£0.123m real underspend to be held for future pressures on the basic need programme.

Social Care, Health & Wellbeing – Specialist Children’s Services

There are no movements reported over £0.100m.

Social Care, Health & Wellbeing – Adults

- Home Support Fund & Equipment: -£2.146m underspend. The procurement method for this project has changed, which has resulted in only a small element of legitimate capital expenditure. (See “Proposed Cash Limit Changes” at 6.4).
- Developer Funded Community Schemes: +£0.144m real variance. Additional projects to be funded from additional developer contributions. (See “Proposed Cash Limit Changes” at 6.4).

Social Care, Health & Wellbeing – Public Health

There are no movements reported over £0.100m.

Growth, Environment & Transport

Highways, Transportation & Waste

- Rathmore Road Link: -£2.745m rephasing. Works costs have been reprofiled using the contractor’s spend profile. There is no anticipated impact on the completion date at this stage. There is no change to LGF profile spend in 2016-17.
- Sittingbourne Northern Relief Road: -£2.054m variance. -£1.434m real variance is a result of increased knowledge of remaining LCA part 1 liabilities. -£0.620m rephasing to cover land compensation payments in future years.
- East Kent Access Phase 2: -£1.594m variance. -£0.854m real variance is a result of increased knowledge of remaining LCA part 1 liabilities. -£0.740m rephasing to cover land compensation payments in future years.

- Maidstone Integrated Transport: -£1.152m rephasing. There are ongoing discussions as to what can be implemented in 2016-17 under Phase 1 of this LGF scheme and whether some schemes will be better implemented directly by the developer, therefore the profile of the scheme is being reviewed resulting in some rephasing to 2017-18.
- Swale Transfer Station: -£0.866m real expected underspend to be used to offset the anticipated pressure on Richborough Landfill Site (see below).
- Richborough Closed Landfill Site: +£0.866m real variance. Further leachate works are required to conform to Environment Agency requirements. The pressure on this scheme is expected to be covered by the predicted underspend on Swale Transfer Station (see above).
- Thanet Parkway: -£0.850m rephasing due to necessary value engineering and additional surveys required to support the planning application and completion of GRIP Stage 3 design report, which have led to a delay in the programme.
- Major Schemes Preliminary Design Fees: -£0.680m rephasing of the budget to cover future preliminary design of projects coming forward for the next round of Local Growth Funding.
- Kent Thameside Strategic Transport Programme: -£0.383m rephasing. Detailed design and procurement is being undertaken for London Road/St Clements. Dartford BC are currently aiming to undertake detailed design & procurement for the town center scheme and costs are as yet unknown.
- Rushenden Link Road: -£0.626m variance. -£0.531m real underspend is a result of increased knowledge of remaining LCA part 1 liabilities. However in 2018-19 this scheme is due to repay previous borrowing, so the underspend will be offset against that and cannot be used for other purposes. -£0.095m rephasing to cover future years land compensation payments.
- Sturry Link Road, Canterbury: -£0.540m rephasing. LGF have recently approved this scheme therefore focus will be on design and survey activity in 2016-17.
- Westwood Relief Strategy – Poorhole Lane: -£0.350m rephasing to cover final landscaping works and future land compensation payments.
- A28 Chart Road, Ashford: -£0.338m rephasing reflects the current stage of design works and procurement of contractor on an Early Contractor Involvement contract and land purchase, some of which will happen in the next financial year. No change to LGF profile spend (£1.115m) for 2016-17.
- Victoria Way: -£0.330m variance. -£0.250m real variance. Underspend is a result of increased knowledge of remaining LCA part 1 liabilities. -£0.080m rephasing to cover land compensation payments in future years.
- M20 Junction 4 Eastern Overbridge: +£0.296m real variance. Overspend is due to site issues and increase in the scope of the project, to be funded by additional developer contributions.
- Tunbridge Wells Junction Improvements Package (formerly A26 London Rd/Staplehurst Rd/Yew Tree Junction): -£0.247m rephasing. Currently investigating new junction improvements so that a revised SELEP business case and spend profile can be submitted for phase 2 works. No change to LGF profile spend, (£0.197m) for 2016-17.

- North Farm, Longfield Rd, Tunbridge Wells: +£0.202m real variance expected. Awaiting financial completion once consultants, compensation events and utilities costs are finalised. Overspend to be covered by indexation on developer contributions.
- Integrated Transport Schemes: -£0.152m variance. -£0.141m real variance made up of +£0.485m additional schemes funded by developer contributions and external funding, and -£0.626m grant underspend held to cover potential pressures elsewhere in the GET programme.
-£0.011m rephasing.
- Highway Major Enhancement: +£0.102m real overspend over a number of schemes, to be funded by external funding and grant.

Environment, Planning and Enforcement and Libraries, Registration and Archives

- Sustainable Access to Maidstone Employment Areas: -£0.390m real variance. £0.390m external funding will not be received as other schemes have been prioritised in the area, therefore this scheme has been scaled back.
- Tunbridge Wells Cultural Hub: -£0.245m rephasing. Architect will not be appointed until Oct 2016 which is later than anticipated.

Economic Development

- Discovery Park Enterprise Zone: -£4.600m rephasing. The project is behind schedule due to the discovery of protected animals on the site and for these to be relocated. Final planning permission is also yet to be received from Dover Council. The funding to be drawn down by Discovery Park in 2016-17 is £3.4m. In addition to the remaining £1.2m of initial allocation of funds a further funding has been allocated of £0.7m, all of which will be drawn down in 2017-18.
- Kent Empty Property Initiative – No Use Empty: +£0.331m real, +£0.304m rephasing. Increased loan demand has led to the real overspend forecast for the year. This will be funded from a £0.285m banked contribution from Shepway District Council, a proposed £0.050m virement from Cyclopark (see “Proposed Cash Limit Changes” at 6.4), and -£0.004m revenue contribution aligned to expected interest. The rephasing is due to spend having been realigned to match expected loan repayments.
- Marsh Million: -£0.260m rephasing. Due to partners revising criteria for the programme, funds will not now be released until Oct 2016, and it is envisaged that some funds will not be defrayed until quarter 1 of 2017-18.
- Regional Growth Fund – Expansion East Kent: +£0.179m rephasing due to amendments to loan repayments due to contract variations.
- TIGER: -£0.091m due to potential bad debts. -£0.053m rephasing due to reprofiling of debt repayments through contract variations.

Strategic & Corporate Services

There have been no movements greater than £0.100m.

6.4 CAPITAL BUDGET VIREMENTS/CHANGES TO BUDGETS

Growth, Environment & Transport

- There is a £0.050m underspend on the Cyclopark project, which is requested to be moved to Kent Empty Property Initiative in 2016-17. This is funded from prudential borrowing.

Education & Young People's Services

- To increase the cash limit for Special Schools Review Phase 2 by £1.390m in 16-17 and by a further £1.000m in 17-18, to be funded by grant from the Basic Need Contingency pot.
- To increase the cash limit for Sevenoaks Grammar in 2017-18 by £2.9m, from the Basic Need contingency.

Social Care, Health & Wellbeing - Adults

- Home Support Fund & Equipment – decrease the cash limit in 2016-17 by £2.520m grant and £0.110m developer contributions, in 2017-18 by £2.120m grant and in 2018-19 by £2.120m grant.
- Developer Funded Schemes – increase cash limit in 2016-17 by £0.144m developer contributions.

7. CONCLUSIONS

- 7.1 It is concerning that the revenue position has deteriorated since the last report, which predominately relates to adverse movements on Children's social care. However, the forecasts show the majority of the £81m savings are on track to be delivered and the intention remains that where delivery proves to be unlikely, equivalent savings elsewhere within the relevant Directorate will be made as appropriate. It is clear that alternative saving plans have not yet been sufficiently developed, but it is our expectation that once these alternative plans are finalised and agreed then the forecast pressure will reduce. However, considering the magnitude of the forecast pressure, especially within social care, Corporate Directors are considering a range of potential mitigations in order to reduce and then eliminate this forecast pressure. Progress on that work will be reported verbally at the meeting. We cannot, under any circumstances, afford to enter 2017-18 with an underlying problem.

8. RECOMMENDATIONS

Cabinet is asked to:

- 8.1 **Note** the forecast revenue budget monitoring position for 2016-17 and capital budget monitoring position for 2016-17 to 2018-19, and that the forecast pressure on the revenue budget needs to be eliminated as we progress through the year.
- 8.2 **Agree** the revenue budget realignment set out in Appendix 5.
- 8.3 **Agree** the changes to the capital programme as detailed in section 6.4.

Breakdown of Directorate Monitoring Position

	Cash Limit			Variance	Movement
	Gross	Income	Net	Net	Net
	£m	£m	£m	£m	£m
Education & Young People					
Early Help & Prevention for Children and Families	28.2	-9.1	19.1	-0.8	-0.8
Early Years Education & Childcare	63.7	-62.4	1.3	0.2	0.1
Attendance, Behaviour and Exclusion Services	5.1	-4.9	0.1	0.0	0.0
High Needs Education Budgets (excl. Schools & Pupil Referral Units)	31.2	-31.2	0.0	0.0	0.0
SEN & Psychology Services	18.0	-14.7	3.4	-0.1	0.1
Other Services for Young People & School Related Services	17.5	-13.2	4.4	-0.1	-0.1
Pupil & Student Transport Services**	34.2	-3.7	30.5	-0.1	-0.3
Other Schools' Related Costs	36.8	-37.3	-0.5	0.5	0.3
Youth and Offending Services	5.2	-3.5	1.7	0.0	0.0
Adult Education and Employments Services for Vulnerable Adults	13.5	-14.4	-0.9	0.0	0.0
EYP Management & Support Services	20.1	-14.0	6.1	-0.2	-0.2
Sub Total E&YP directorate	273.8	-208.4	65.3	-0.6	-1.0
Social Care, Health & Wellbeing					
Learning Disability Adult Services**	156.9	-12.4	144.5	2.0	0.9
Physical Disability Adult Services	36.2	-4.2	32.0	-0.2	0.1
Mental Health Adult Services	13.8	-1.7	12.2	2.5	0.4
Older People Adult Services**	169.5	-81.9	87.6	1.2	-0.2
Adult & Older People Preventative & Other Services	66.0	-20.9	45.1	-2.1	-1.0
Adult's Assessment & Safeguarding Staffing	43.6	-6.2	37.4	-1.1	0.1
Children in Care (Looked After) Services**	59.5	-7.2	52.3	4.1	0.6
Adoption & Other Permanent Children's Arrangements	11.6	-0.1	11.5	1.1	0.1
Family Support & Other Children Services	25.1	-6.8	18.2	-0.3	0.5
Asylum Seekers**	46.5	-46.0	0.6	2.3	0.9
Children's Assessment Staffing**	51.6	-9.8	41.9	1.8	0.6
Public Health	77.6	-76.3	1.2	0.0	0.0
<i>Transfer to/from Public Health Reserve</i>	-1.2	0.0	-1.2	0.0	0.0
SCH&W Management & Support Services	17.7	-2.1	15.6	-0.5	0.4
Sub Total SCH&W directorate	774.3	-275.7	498.7	10.8	3.4

	Cash Limit			Variance	Movement
	Gross	Income	Net	Net	Net
	£m	£m	£m	£m	£m
Growth, Environment & Transport					
Libraries Registrations & Archives	16.9	-6.0	11.0	-0.3	-0.3
Environment	9.3	-5.4	3.9	-0.1	-0.1
Economic Development and Other Community Services	9.1	-3.8	5.3	0.3	-0.2
General Highways Maintenance & Emergency Response	8.9	-0.5	8.4	0.1	0.1
Other Highways Maintenance & Management	31.4	-8.1	23.2	0.4	0.4
Public Protection & Enforcement	11.1	-2.1	8.9	0.2	0.2
Planning & Transport Strategy and Other Related Services (inc School Crossing Patrols)	4.6	-0.7	3.9	0.0	0.0
Concessionary Fares	17.1	0.0	17.1	-0.2	-0.2
Subsidised Bus Services	8.3	-2.2	6.0	0.0	0.0
Young Person's Travel Pass	14.4	-6.1	8.3	0.5	-0.1
Waste Management	2.1	0.0	2.0	0.0	0.0
Waste Processing**	29.8	-1.4	28.4	0.5	0.1
Treatment and Disposal of Residual Waste**	36.2	0.0	36.2	0.0	0.0
GE&T Management & Support Services	4.0	-0.1	3.9	-0.1	-0.1
Sub Total GE&T directorate	203.1	-36.5	166.5	1.2	-0.2
Strategic & Corporate Services					
Contact Centre, Digital Web Services & Gateways	5.6	-0.4	5.2	0.0	0.0
Local Democracy	5.3	0.0	5.3	-0.9	-0.9
Infrastructure (ICT & Property Services)	47.8	-11.0	36.8	0.3	-0.2
Finance & Procurement	17.1	-6.2	10.8	-0.3	-0.3
Engagement, Organisation Design & Development (HR, Comms & Engagement)	11.4	-1.8	9.6	-0.3	-0.3
Other Support to Front Line Services (incl. Business Services Centre)	44.7	-39.6	5.0	0.0	0.0
S&CS Management & Support Services	2.8	-5.2	-2.4	0.0	0.0
Sub Total S&CS directorate	134.6	-64.2	70.4	-1.2	-1.7
Financing Items	135.8	-17.2	118.6	-1.4	-0.1
TOTAL KCC (Excluding Schools)	1,521.6	-602.0	919.6	8.8	0.5

**See Appendix 2 & 3 within the monitoring report for further details of key cost drivers of specific service lines

Please note that budgets are held in the financial system to the nearest £100 and hence the figures in the table above may not add through exactly due to issues caused by rounding the figures for this report.

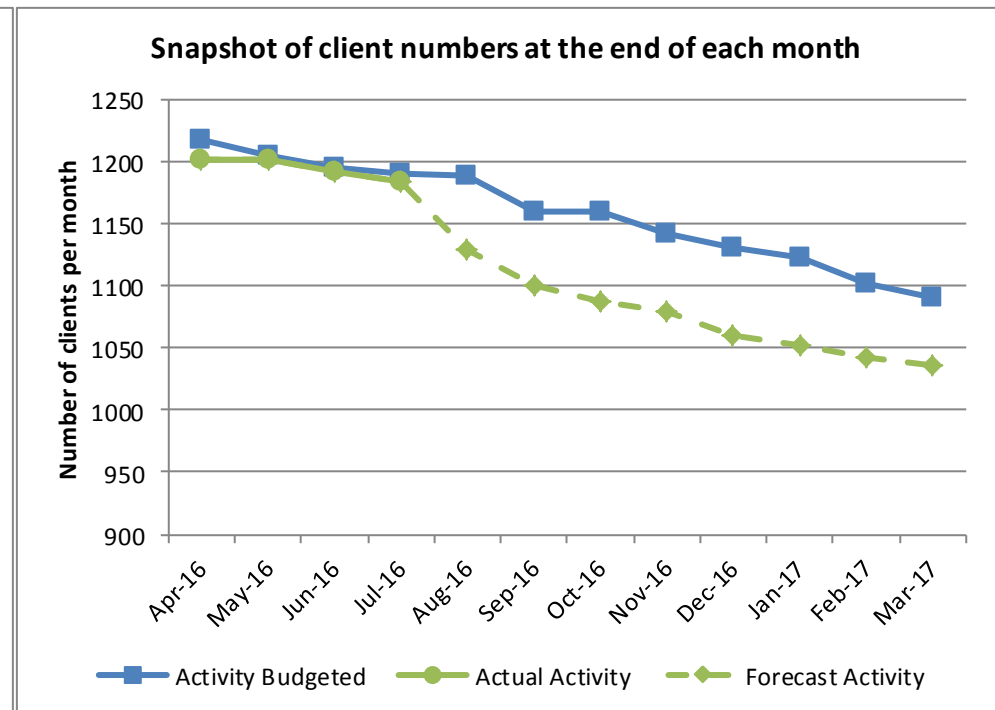
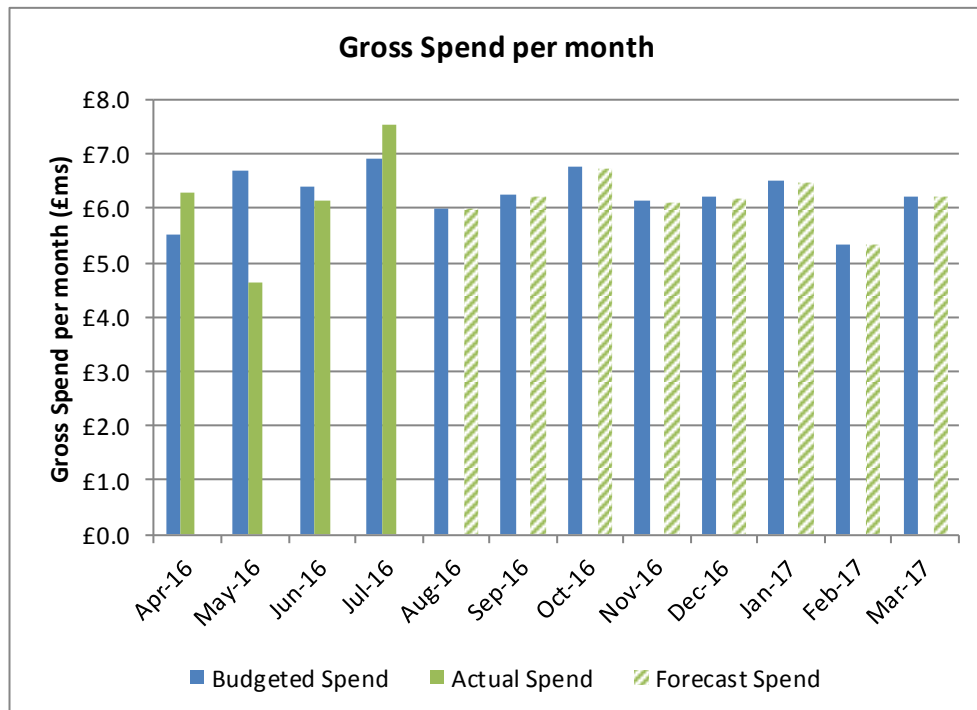
Appendix 2.1: Nursing & Residential Care - Learning Disability (aged 18+)

2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£74.9	-£6.1	£68.8	1,090
Forecast	£73.8	-£5.9	£67.8	1,036
Variance	-£1.2	£0.2	-£1.0	-54

Position as at 31st Jul 2016	Gross £m	Client Number as at 31/07/2016
Budget: Spend/Activity Year to Date	£25.5	1,191
Actual: Spend/Activity Year to Date	£24.6	1,184
Variance as at 31st Jul 2016	-£0.9	-7

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast underspend of -£1.2m is due to lower than anticipated demand (-£1.0m) and higher unit cost (+£0.3m), along with an allowance for unrealised creditors based on previous years experience (-£0.5m). This is partially offset by lower than expected service user contributions (+£0.2m) linked to the lower demand and a higher average contribution per service user leading to a net forecast underspend of -£1.0m.



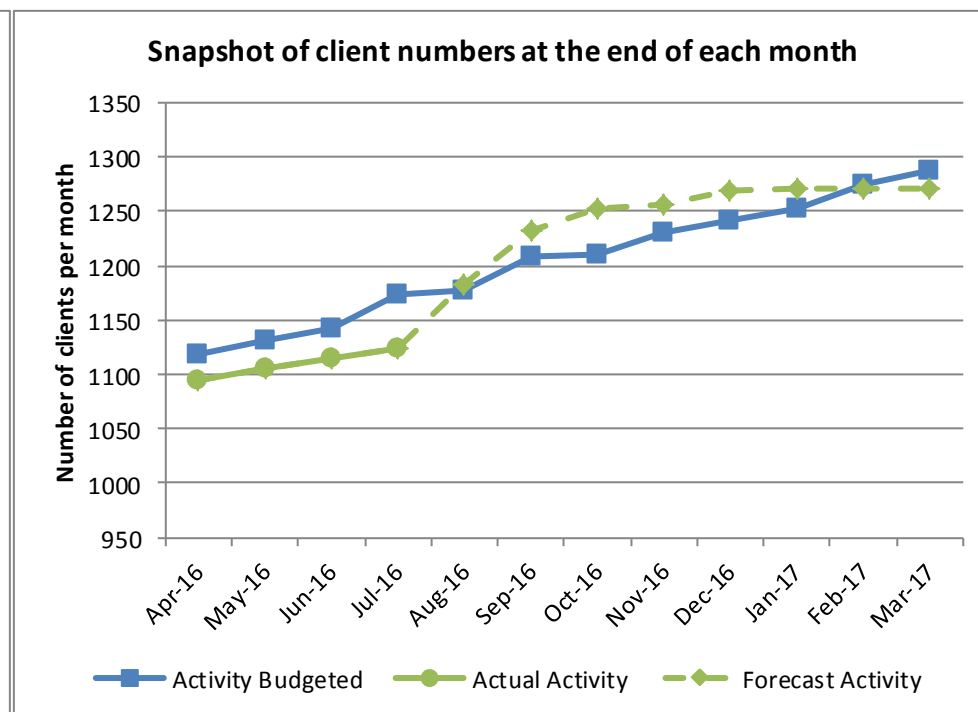
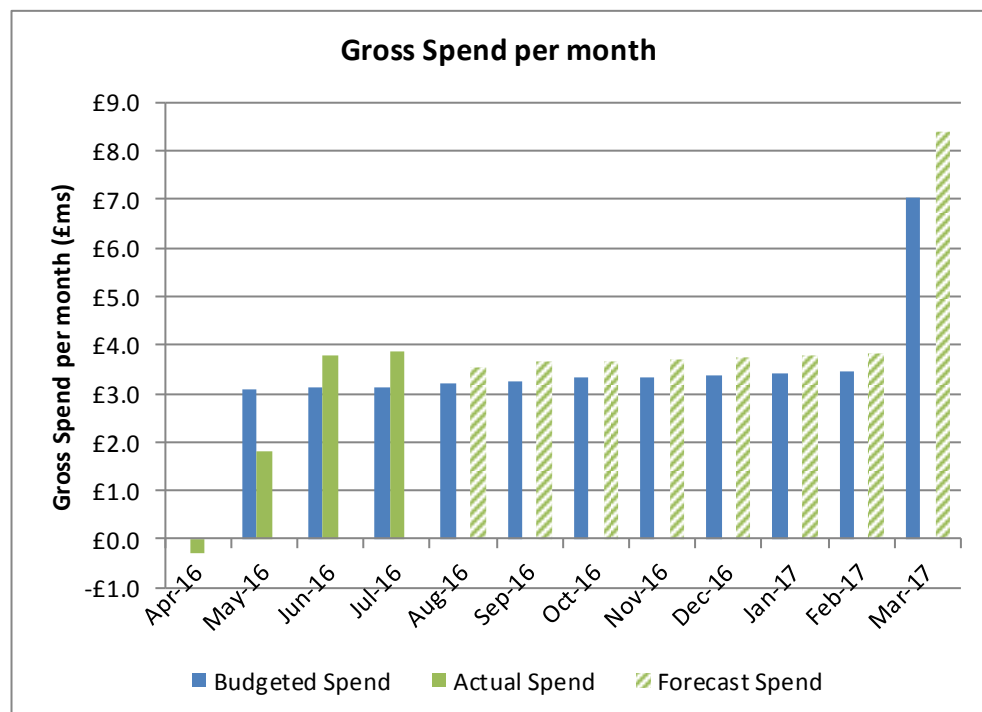
Appendix 2.2: Supported Living - Learning Disability (aged 18+) - Other Commissioned Supported Living arrangements

2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£39.7	-£0.2	£39.5	1,288
Forecast	£43.4	-£0.2	£43.2	1,271
Variance	£3.7	£0.0	£3.7	-17

Position as at 31st Jul 2016	Gross £m	Client Number as at 31/07/2016
Budget: Spend/Activity Year to Date	£9.3	1,173
Actual: Spend/Activity Year to Date	£9.2	1,123
Variance as at 31st Jul 2016	-£0.1	-50

MAIN REASONS FOR FORECAST VARIANCE:

The forecast pressure of +£3.7m is due to higher than anticipated demand (+£4.9m) resulting in clients having more hours than originally budgeted. This is partially offset by a lower unit cost (-£0.6m) due to higher than anticipated contract savings in the first year. In addition an allowance for unrealised creditors based on previous years experience (-£0.8m) along with other minor variances totalling +£0.2m.



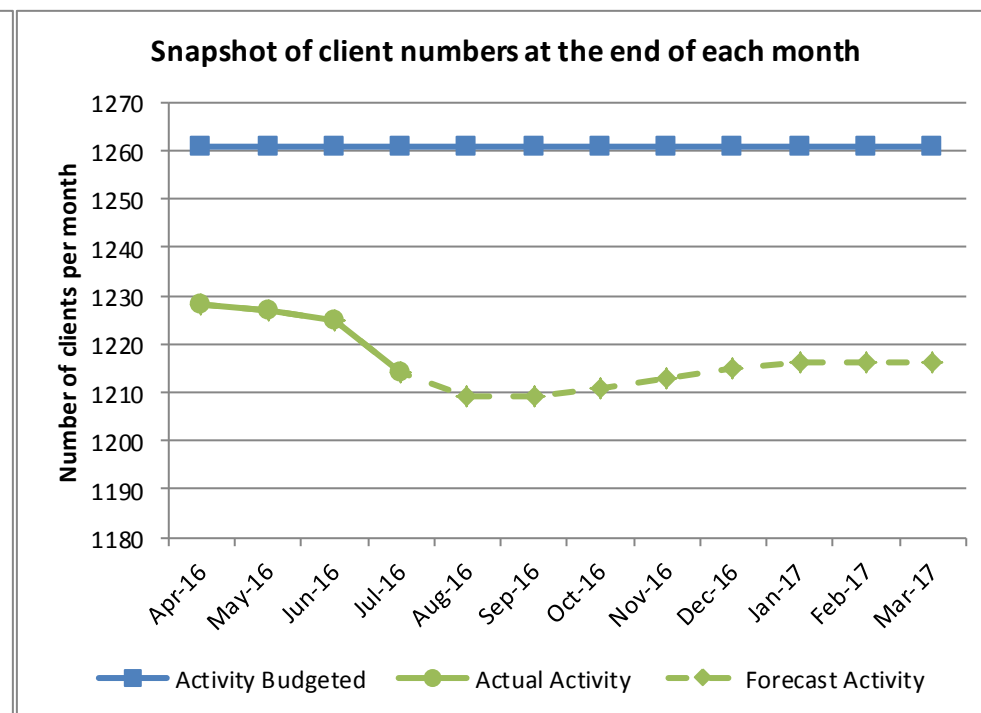
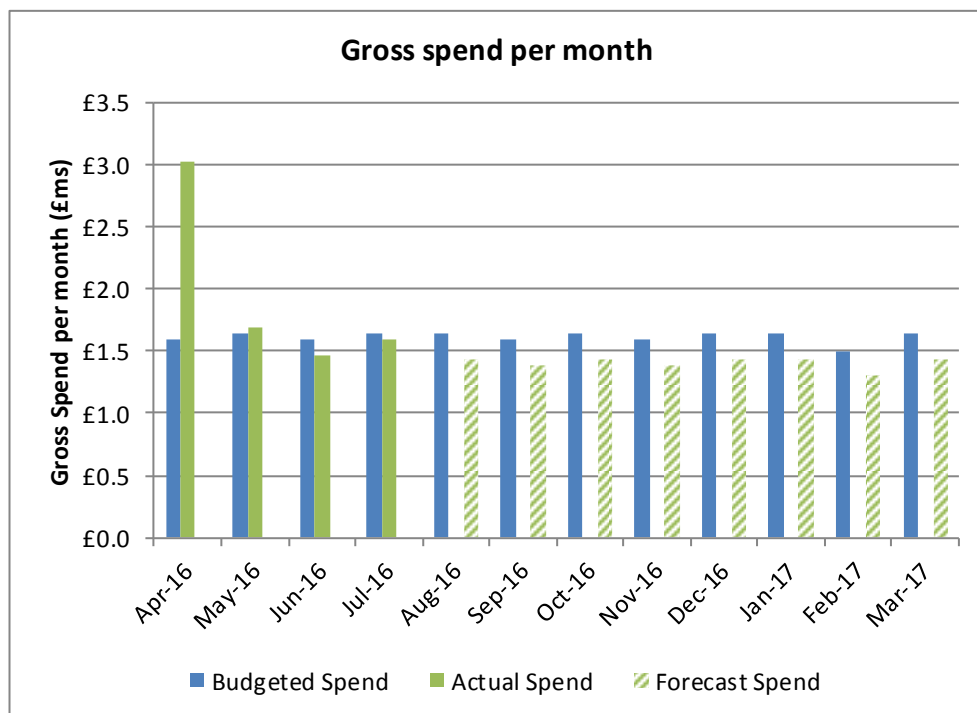
Appendix 2.3: Direct Payments - Learning Disability (aged 18+)

2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£19.4	-£0.9	£18.5	1,261
Forecast	£19.0	-£0.9	£18.1	1,216
Variance	-£0.4	£0.0	-£0.4	-45

Position as at 31st Jul 2016	Gross £m	Client Number as at 31/07/2016
Budget: Spend/Activity Year to Date	£6.5	1,261
Actual: Spend/Activity Year to Date	£7.8	1,214
Variance as at 31st Jul 2016	£1.3	-47

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast underspend of -£0.4m is due to lower than anticipated demand (-£0.5m) and higher unit cost (+£0.1m).



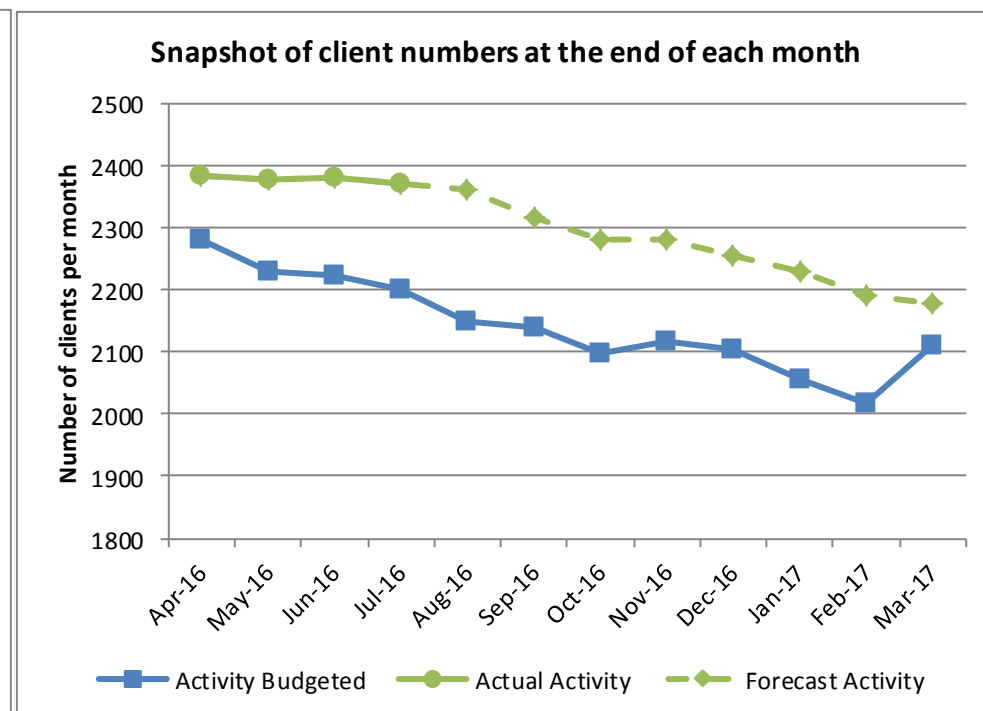
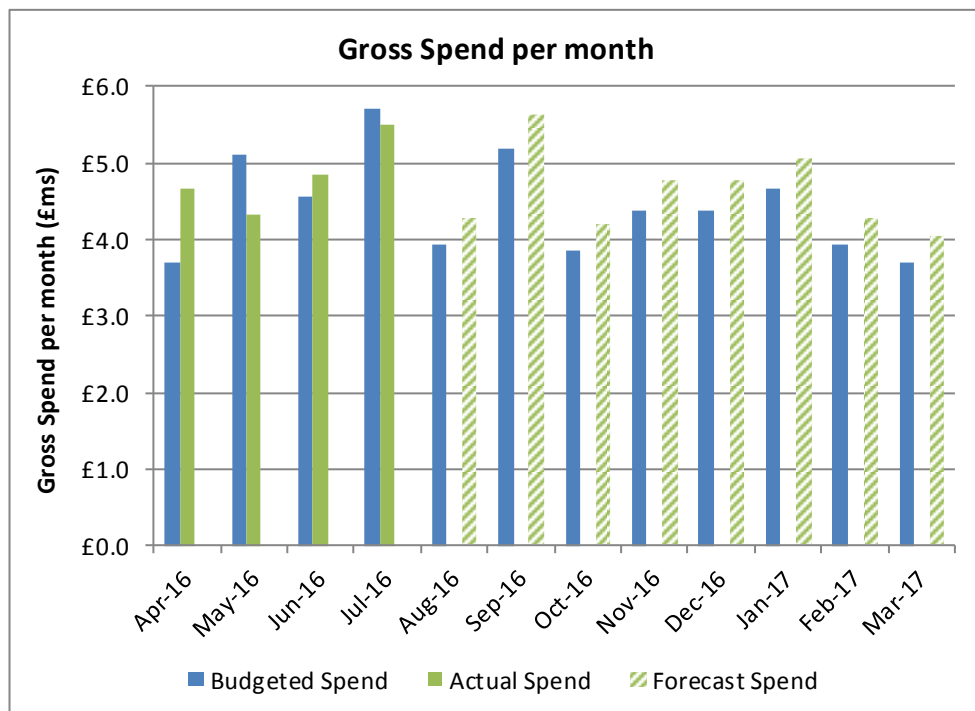
Appendix 2.4: Nursing & Residential Care - Older People (aged 65+) - Residential - Commissioned service

2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£53.1	£-27.8	£25.4	2,112
Forecast	£56.3	£-28.4	£27.9	2,178
Variance	£3.2	£-0.6	£2.6	66

Position as at 31st Jul 2016	Gross £m	Client Number as at 31/07/2016
Budget: Spend/Activity Year to Date	£19.1	2,202
Actual: Spend/Activity Year to Date	£19.3	2,372
Variance as at 31st Jul 2016	£0.2	170

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£3.2m is due to higher than anticipated demand (+£3.7m) and lower unit cost (-£0.5m). This is partially offset by higher than expected service user contributions (-£0.6m) linked to the higher demand (-£1.7m) and a lower average contribution per service user (+£1.1m) leading to a net forecast pressure of +£2.6m.



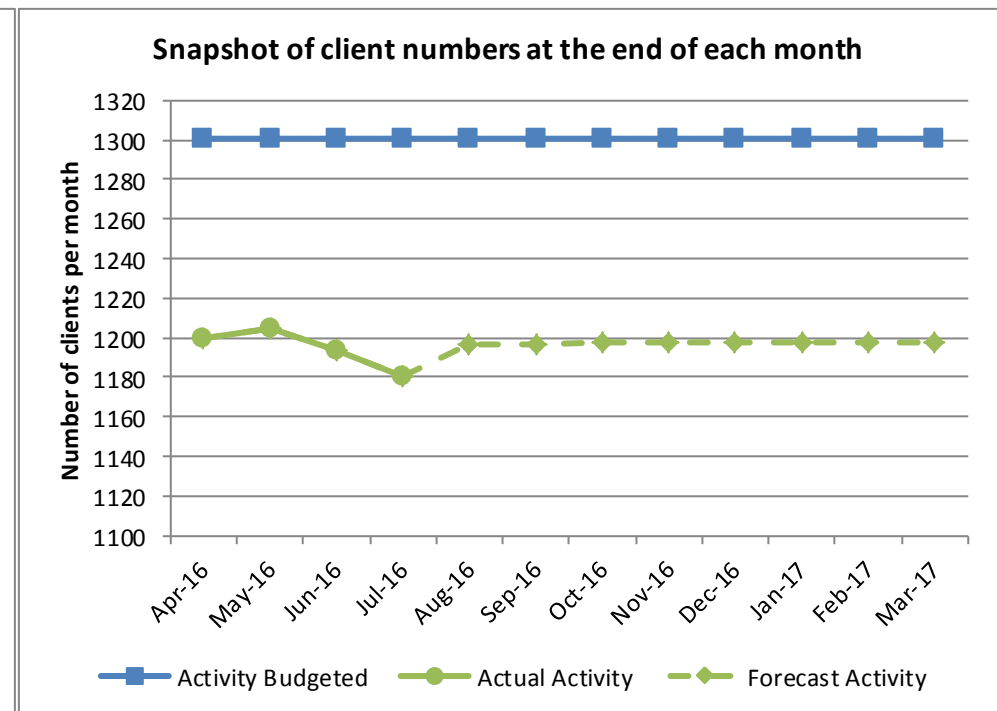
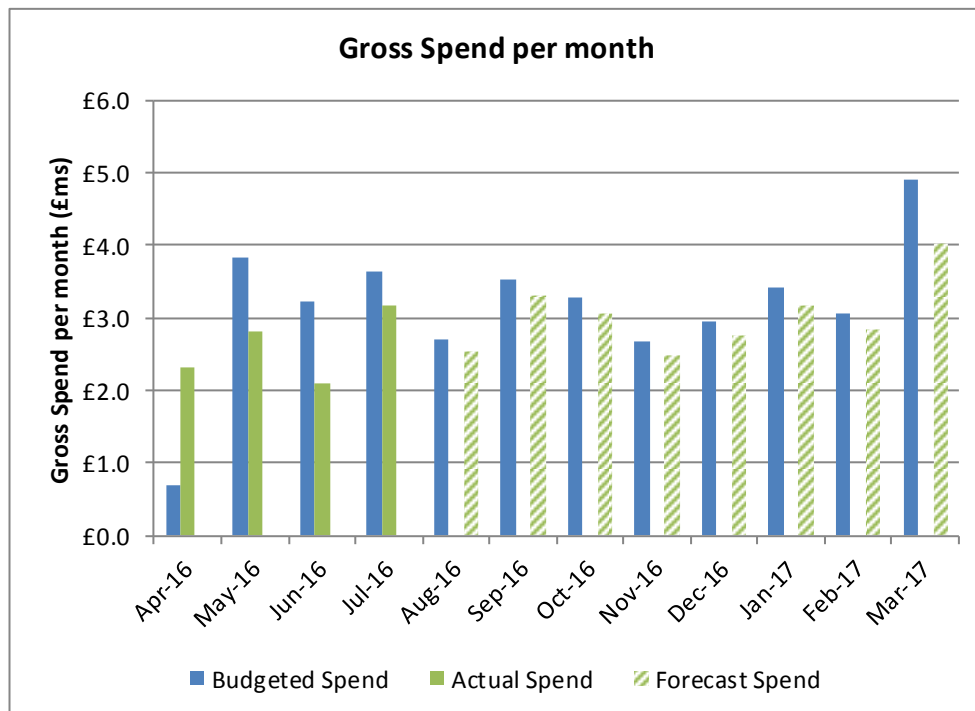
Appendix 2.5: Nursing & Residential Care - Older People (aged 65+) - Nursing

2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£37.9	-£14.6	£23.3	1,301
Forecast	£34.5	-£13.2	£21.3	1,198
Variance	-£3.4	£1.5	-£2.0	-103

Position as at 31st Jul 2016	Gross £m	Client Number as at 31/07/2016
Budget: Spend/Activity Year to Date	£11.4	1,301
Actual: Spend/Activity Year to Date	£10.4	1,180
Variance as at 31st Jul 2016	-£1.0	-121

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast underspend of -£3.4m is due to lower than anticipated demand (-£2.6m) and lower unit cost (-£0.6m), along with non-activity variance against health commissioned beds (-£0.2m). This is partially offset by lower than expected service user contributions (+£1.5m) linked to the lower demand (+£1.0m) and a lower average contribution per service user (+£0.5m) leading to a net forecast underspend of -£2.0m.



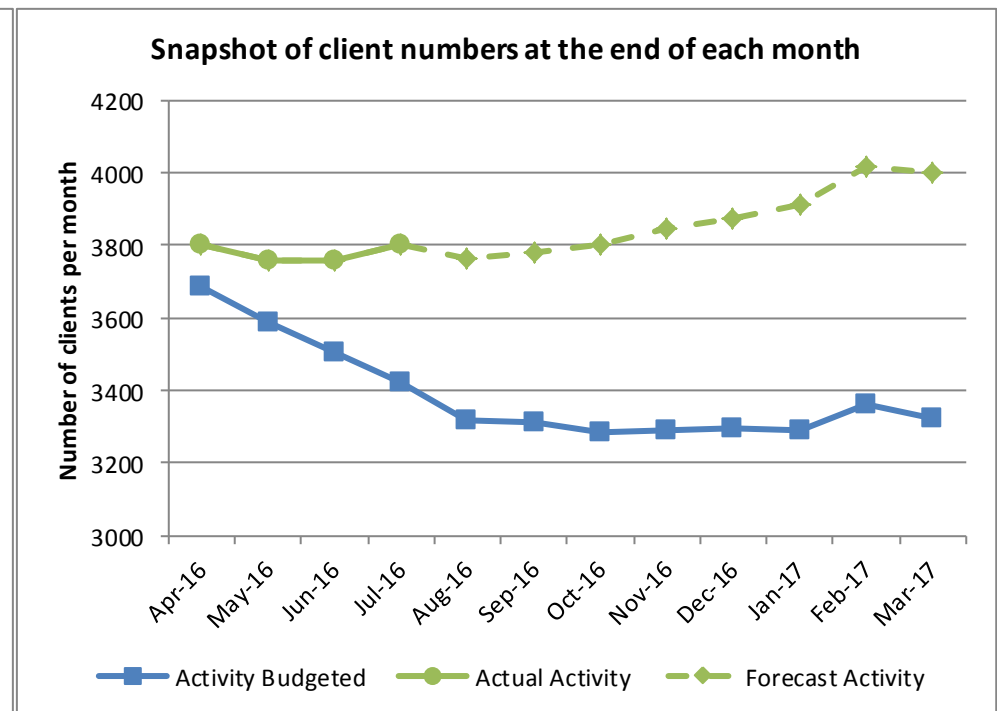
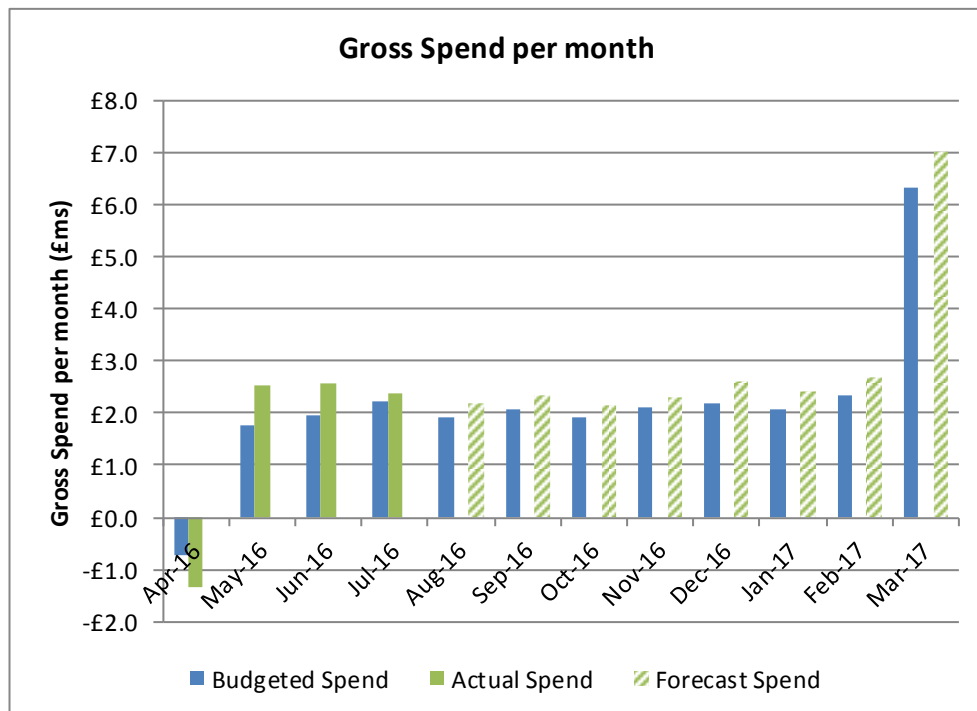
Appendix 2.6: Domiciliary Care - Older People (aged 65+) - Commissioned service

2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£26.2	£-10.2	£16.0	3,321
Forecast	£29.8	£-10.2	£19.6	4,002
Variance	£3.6	£0.0	£3.6	681

Position as at 31st Jul 2016	Gross £m	Client Number as at 31/07/2016
Budget: Spend/Activity Year to Date	£5.2	3,421
Actual: Spend/Activity Year to Date	£6.1	3,805
Variance as at 31st Jul 2016	£0.9	384

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£3.6m is due to higher than anticipated demand (+£3.0m) linked to both increased care packages and higher than budgeted client numbers along with a higher unit cost (+£0.2m). Additional extra care support has led to a pressure of +£0.4m, leading to a net forecast pressure of +£3.6m.



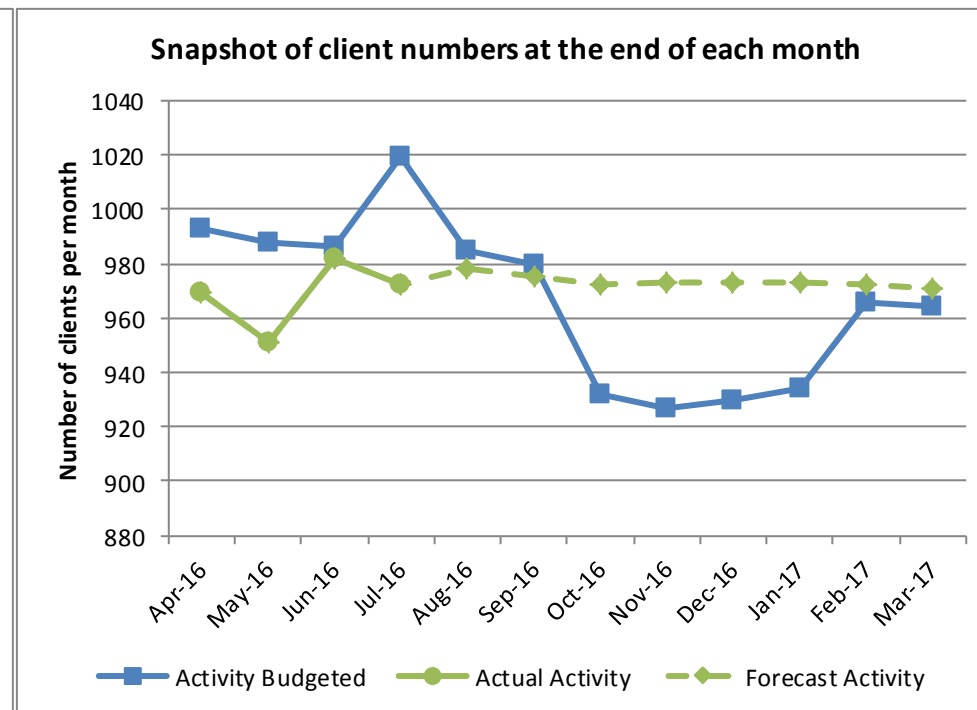
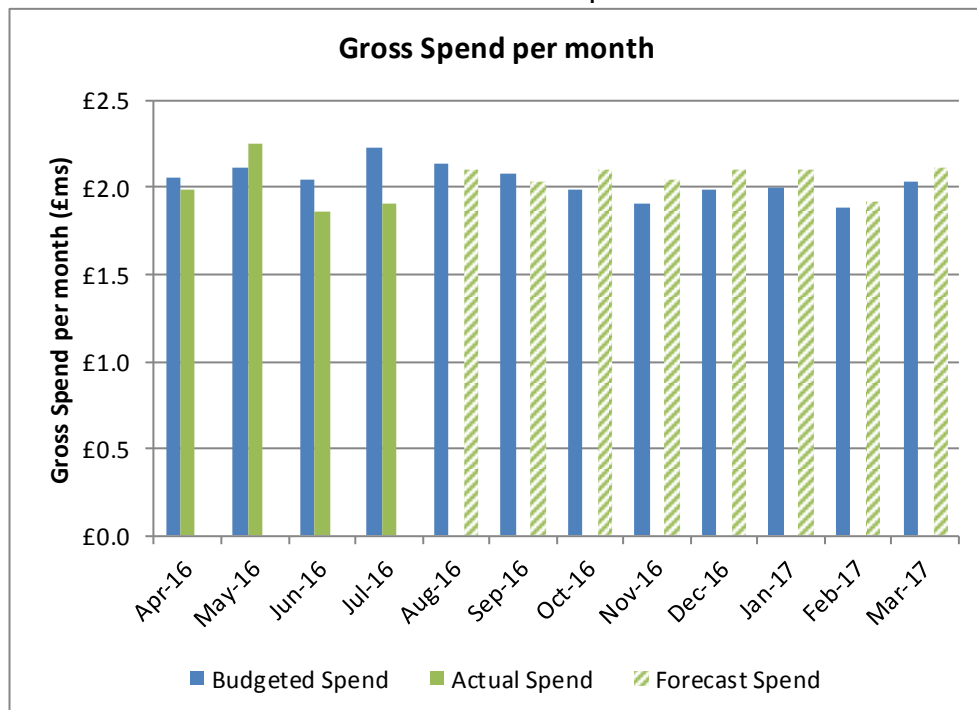
Appendix 2.7: Children in Care (Looked After) - Fostering - In house service

2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£24.4	-£0.5	£24.0	964
Forecast	£24.5	-£0.2	£24.2	971
Variance	£0.0	£0.2	£0.3	7

Position as at 31st Jul 2016	Gross £m	Client Number as at 31/07/2016
Budget: Spend/Activity Year to Date	£8.4	1,019
Actual: Spend/Activity Year to Date	£8.0	972
Variance as at 31st Jul 2016	-£0.4	-47

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast shows a balanced position, but within this there is higher than anticipated demand (+£0.5m) and higher unit cost (+£0.4m), along with non-activity variance explanations of -£0.9m due to -£0.3m funding allocated for prices not committed and -£0.6m due to underspend on staffing in County Fostering due to current vacancy levels. Combined with the lower than expected income of +£0.2m due to fewer than anticipated fostering placements made for Unaccompanied Asylum Seeking Children (UASC), resulting in lower contributions from the UASC Service leads to a net forecast pressure of +£0.3m.



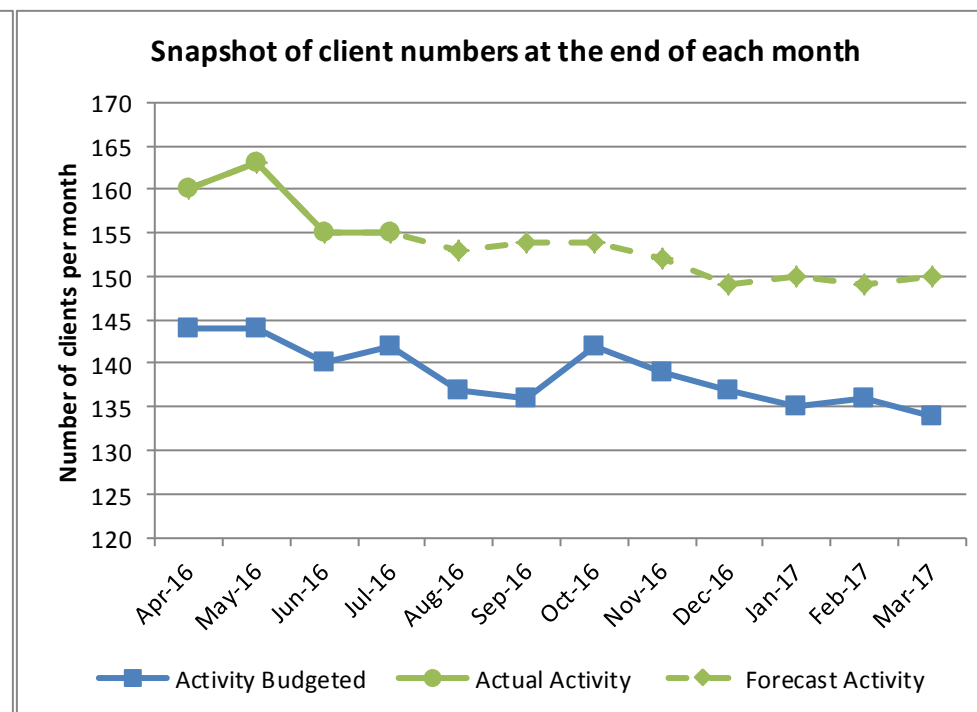
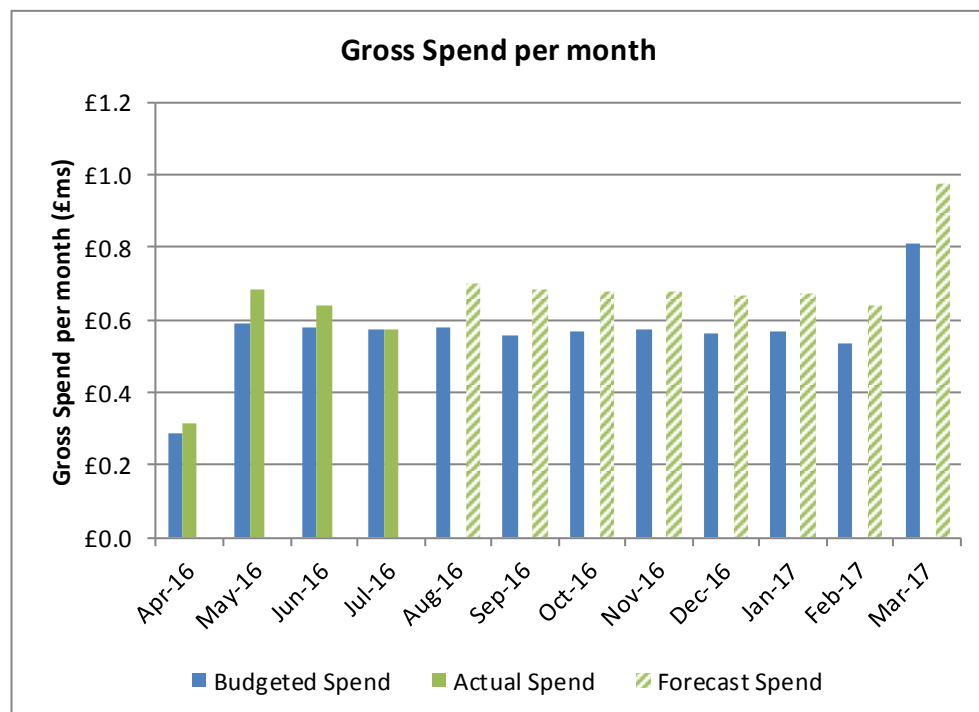
Appendix 2.8: Children in Care (Looked After) - Fostering - Commissioned from Independent Fostering Agencies

2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£6.8	£0.0	£6.8	134
Forecast	£7.9	£0.0	£7.9	150
Variance	£1.1	£0.0	£1.1	16

Position as at 31st Jul 2016	Gross £m	Client Number as at 31/07/2016
Budget: Spend/Activity Year to Date	£2.0	142
Actual: Spend/Activity Year to Date	£2.2	155
Variance as at 31st Jul 2016	£0.2	13

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£1.1m is due to higher than anticipated demand (+£0.7m) and higher unit cost (+£0.4m).



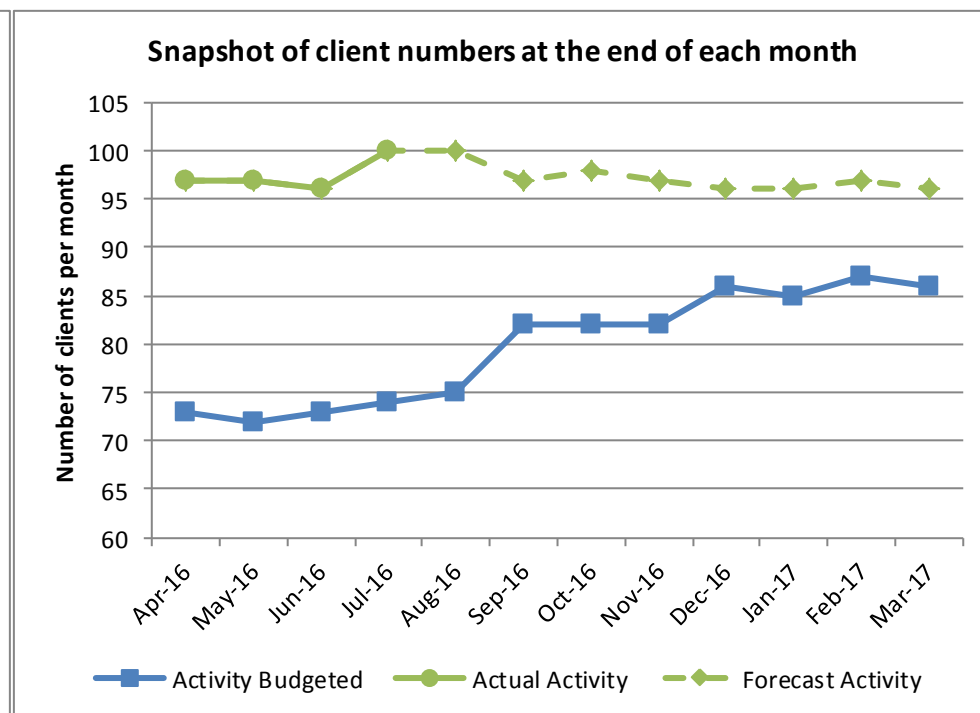
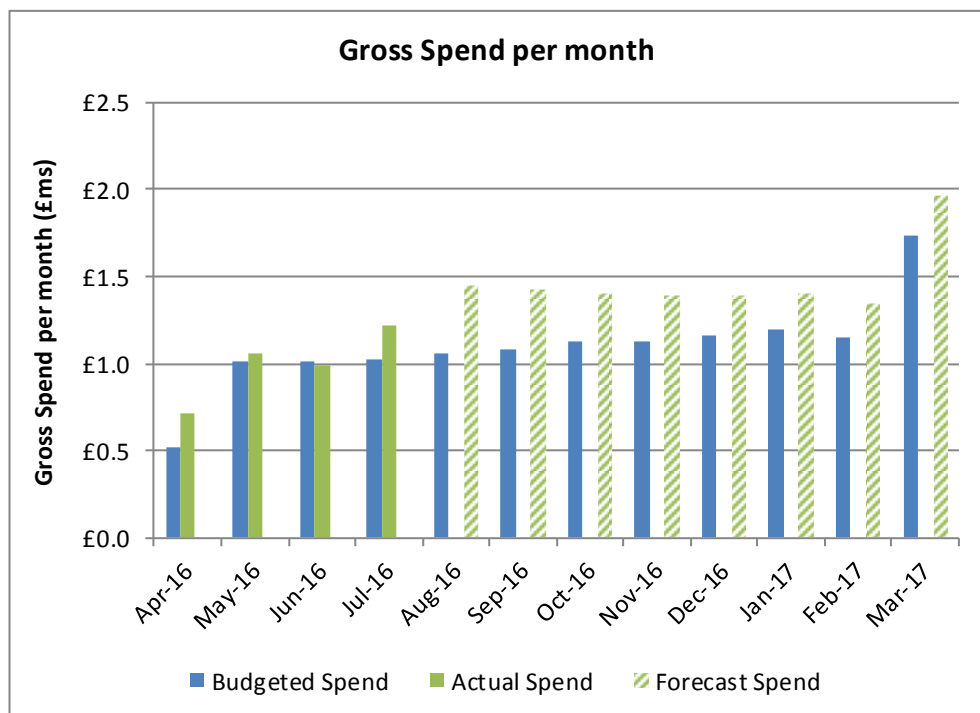
Appendix 2.9: Children in Care (Looked After) - Residential Children's Services - Commissioned from Independent Sector

2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£13.2	-£2.3	£10.9	86
Forecast	£15.7	-£2.0	£13.7	96
Variance	£2.5	£0.3	£2.8	10

Position as at 31st Jul 2016	Gross £m	Client Number as at 31/07/2016
Budget: Spend/Activity Year to Date	£3.6	74
Actual: Spend/Activity Year to Date	£4.0	100
Variance as at 31st Jul 2016	£0.4	26

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£2.5m is due to higher than anticipated demand (+£2.3m) and higher unit cost (+£0.3m). This overspend is further increased by lower than expected income of +£0.3m primarily due to lower than anticipated service income for Children with a Disability, mainly relating to fewer contributions for care costs from Health & Education as a result of an increase in split payments of care at source, resulting in lower costs and recharge income leading, to a net forecast pressure of +£2.8m.



Appendix 2.10: Assessment Services - Children's Social Care (CSC) staffing

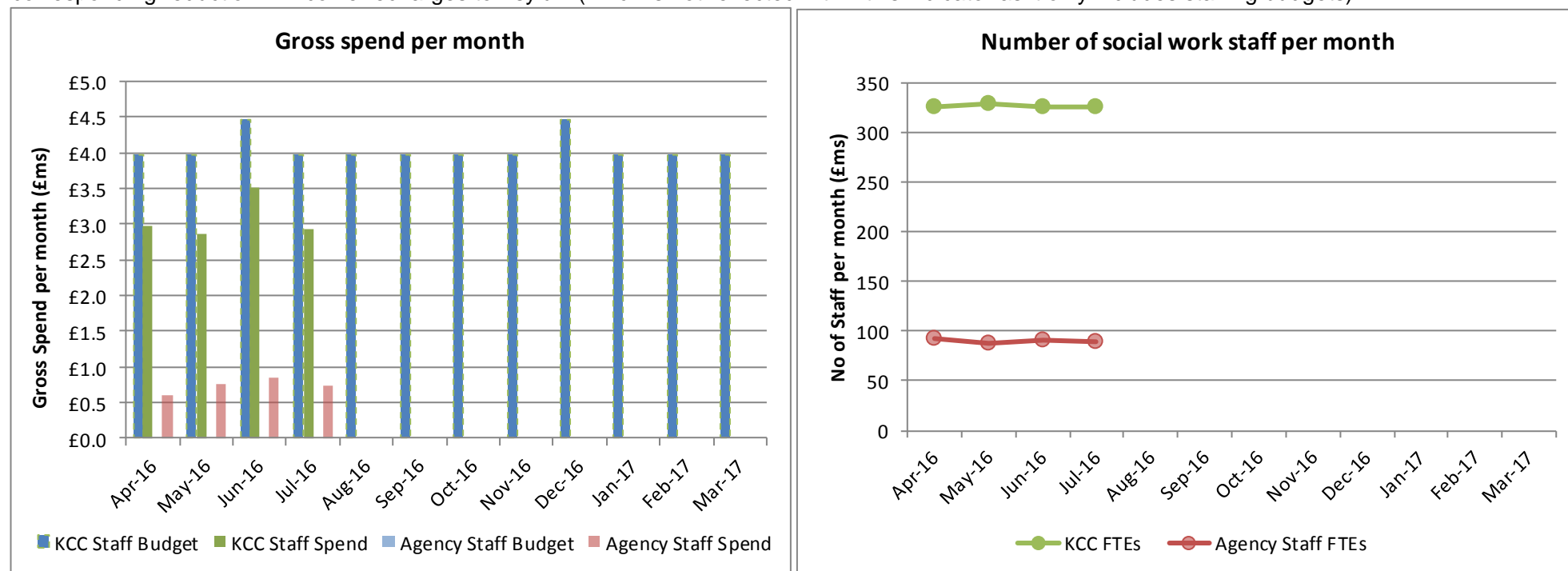
2016-17 Forecast	KCC £m	Agency £m	Gross £m
Budget	£48.6	£0.0	£48.6
Forecast	£37.4	£10.9	£48.4
Variance	-£11.1	£10.9	-£0.2

as at 31st July 2016	KCC £m	Agency £m	Gross £m
YTD Budget	£16.4	£0.0	£16.4
YTD Spend	£12.3	£3.0	£15.2
YTD Variance	-£4.1	£3.0	-£1.1

Staff numbers	KCC FTEs	Agency Nos
as at 1st April 2016	326.4	92.8
as at 31 Jul 2016	325.9	90.0
YTD Movement	-0.5	-2.8

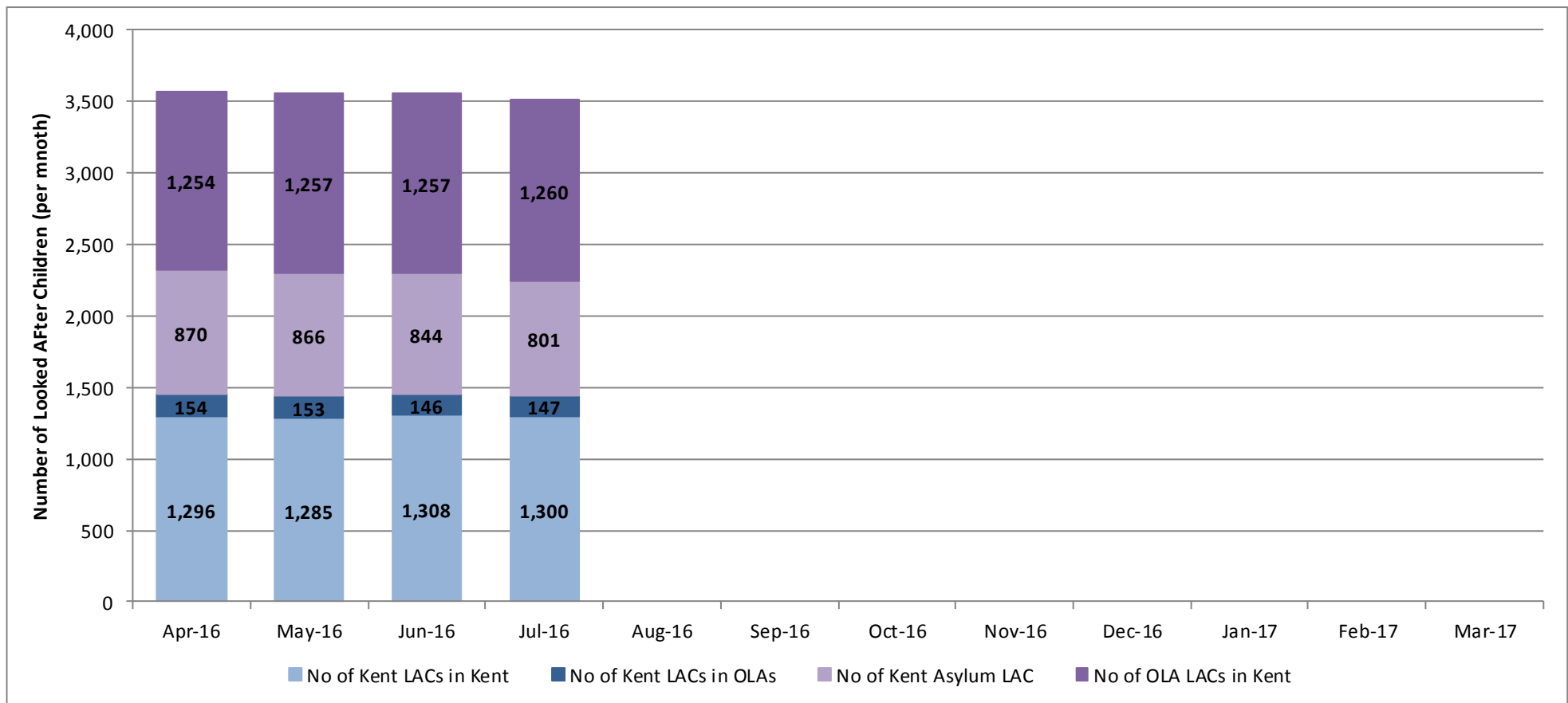
MAIN REASONS FOR FORECAST VARIANCE:

This measure focusses on the level of social workers & senior practitioners rather than the overall staffing level within this budget. The budget assumes that CSC Staffing will be met using salaried workers, so every agency worker (who are more expensive than salaried staff) results in a pressure on this budget. This measure shows the extent of the vacancies within CSC that are currently covered by agency workers which contributes to the £1.8m net pressure reported against Children's Assessment staffing in Appendix 1. However, this pressure is offset in the table above by a reduction in the Asylum related gross staffing spend resulting from an expected decline in client numbers due to the planned dispersal programme, but this is matched by a corresponding reduction in income recharges to Asylum (which is not reflected within this indicator as it only includes staffing budgets).



Appendix 2.11: Number of Looked After Children

The figures in the graph represent a snapshot of the number of children designated as looked after at the end of each month (including those currently missing), it is not the total number of looked after children during the period. It is important to note, the OLA LAC information has a confidence rating of 56% and is completely reliant on Other Local Authorities keeping KCC informed of which children are placed within Kent. The Management Information Unit (MIU) regularly contact these OLAs for up to date information, but replies are not always forthcoming. There is an overall forecast pressure on the SCS budget, with key parts of this relating to the LAC headings of Commissioned Residential Care and Commissioned and In-House Foster Care and non-LAC headings such as Social Care Staffing, Adoption, Leaving Care and Preventative Services.



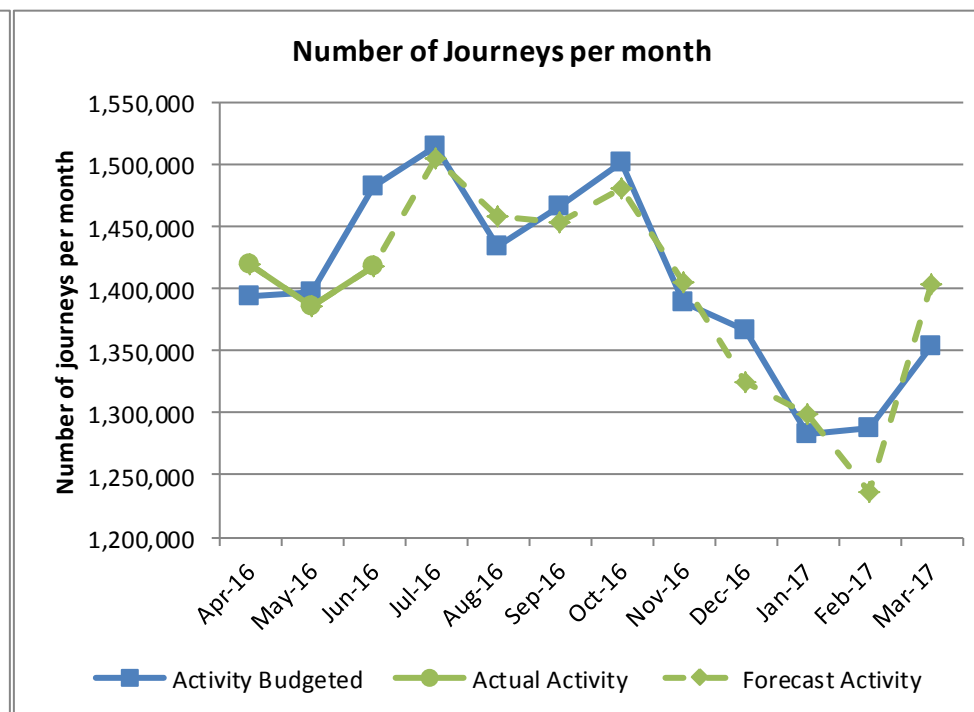
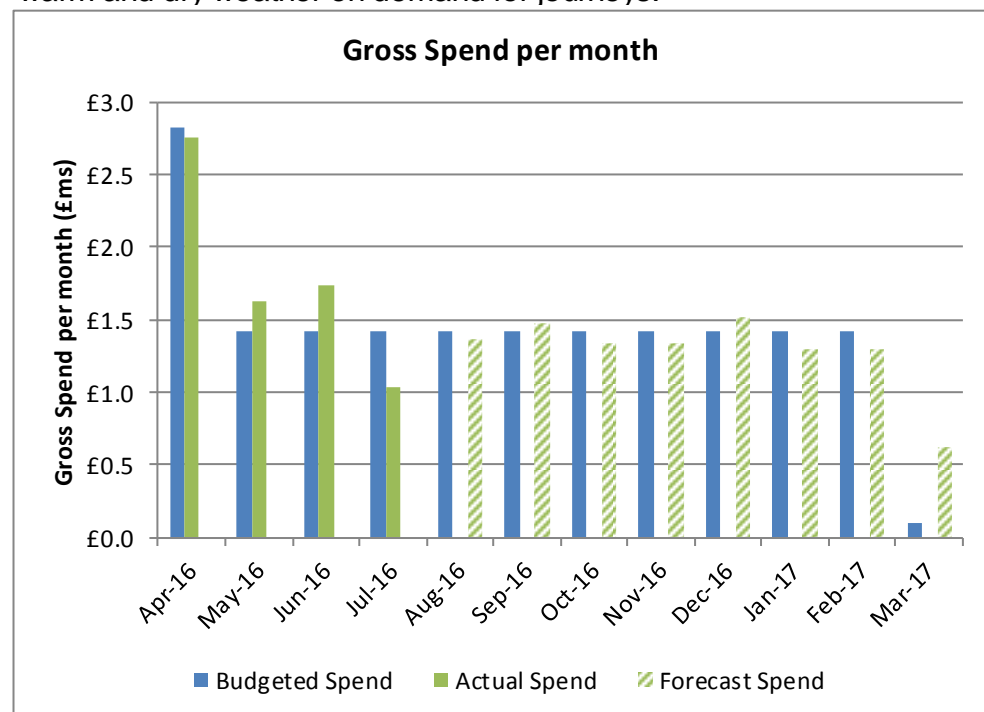
Appendix 2.12: Transport Services - Concessionary fares

2016-17 Total Forecast	Gross £m	Income £m	Net £m	No of journeys to 31/03/2017
Budget	£17.1	-£0.0	£17.1	16,867,404
Forecast	£17.4	-£0.4	£16.9	16,788,026
Variance	£0.2	-£0.4	-£0.2	-79,378

Position as at 31st Jul 2016	Gross £m	No of journeys to 30/06/2016
Budget: Spend/Activity Year to Date	£7.1	4,271,689
Actual: Spend/Activity Year to Date	£7.2	4,223,257
Variance as at 31st Jul 2016	£0.1	-48,432

MAIN REASONS FOR FORECAST VARIANCE:

The net forecast underspend -£0.2m is due to lower than anticipated demand (-£0.1m), along with other minor variances (-£0.1m). The forecast is based on actual activity for April to May, with estimates for the remaining months; the division has recently received draft actuals to the end of June which show a reduction in the number of journey which is likely due to the changeable weather in June (this was also factored into the financial forecast). Estimates for the remaining months will continue to be reviewed in light of the actuals and the potential impact of the recent warm and dry weather on demand for journeys.



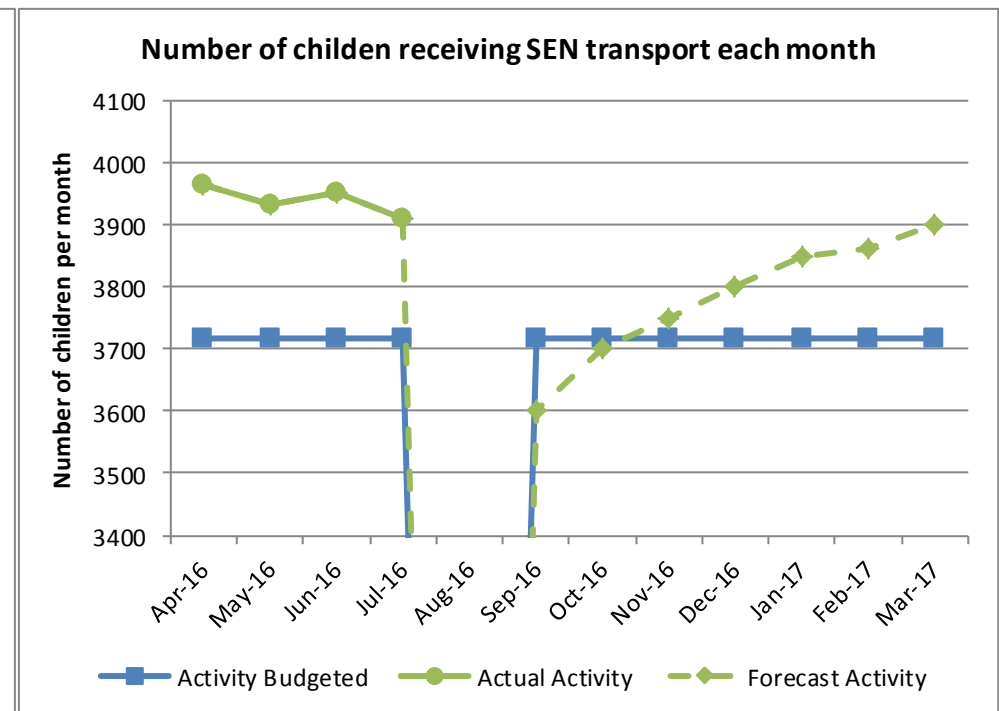
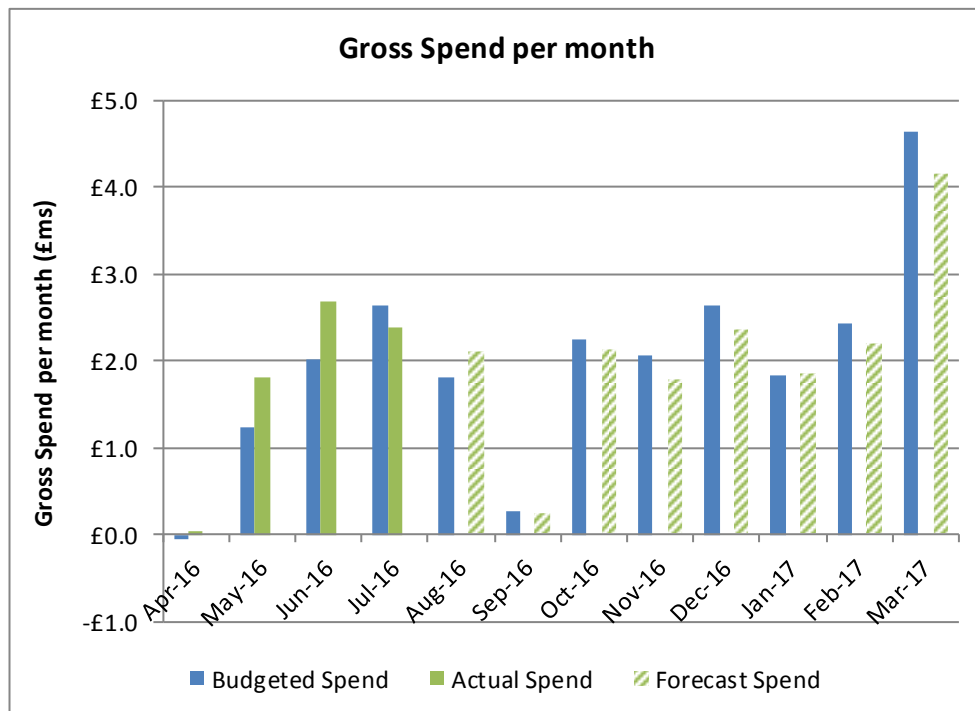
Appendix 2.13: Transport Services - Home to School / College Transport (Special Education Needs)

2016-17 Total Forecast	Gross £m	Income £m	Net £m	No of pupils as at 31/03/2017
Budget	£23.8	-£0.8	£23.0	3,717
Forecast	£23.7	-£0.8	£23.0	3,900
Variance	-£0.0	-£0.0	-£0.0	183

Position as at 31st Jul 2016	Gross £m	No of pupils as at 31/07/2016
Budget: Spend/Activity Year to Date	£5.8	3,717
Actual: Spend/Activity Year to Date	£6.9	3,909
Variance as at 31st Jul 2016	£1.1	192

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast shows a balanced position, but within this there is higher than anticipated demand (+£0.7m) and lower unit cost (-£0.3m), along with non-activity variance of -£0.3m predominately due to lower than anticipated spend on Personal Transport Budgets and a cessation of payments to Pupil Referral Units, leading to a net forecast breakeven position.



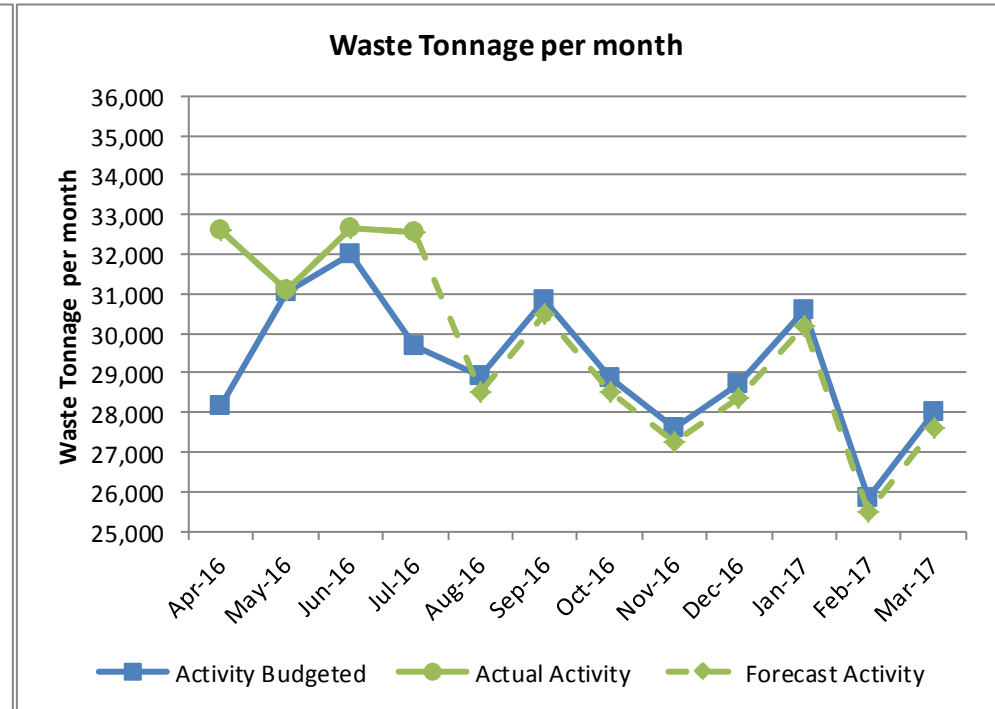
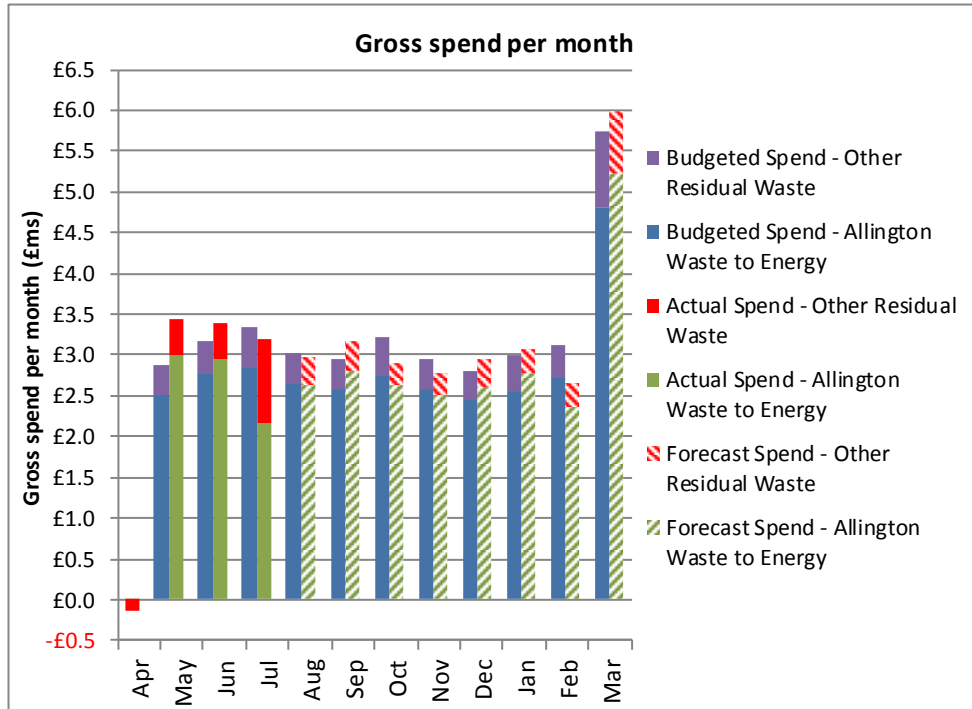
Appendix 2.14: Treatment and disposal of residual waste

2016-17 Total Forecast	Gross £m	Income £m	Net £m	Waste Tonnage to 31/03/2017
Budget	£36.2	£0.0	£36.2	350,222
Forecast	£36.3	-£0.2	£36.2	352,092
Variance	£0.2	-£0.2	-£0.0	1,870

Position as at 31st Jul 2016	Gross £m	Waste Tonnage to 31/07/2016
Budget: Spend/Activity Year to Date	£9.4	120,879
Actual: Spend/Activity Year to Date	£9.9	128,893
Variance as at 31st Jul 2016	£0.5	8,014

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£0.2m is due to higher than anticipated demand (+£0.2m), although most of this relates to trade waste, the cost of which is covered through income, and lower unit cost (-£0.1m), along with other minor variances (+£0.1m). This is offset by higher than expected income (-£0.2m), from trade waste tonnes, leading to a net breakeven position. The forecast is based on actual activity for April to June, with estimates for the remaining months; the division has recently received figures for July (included within graph below) which could suggest that the forecast is understated and may result in an increased financial pressure next month.



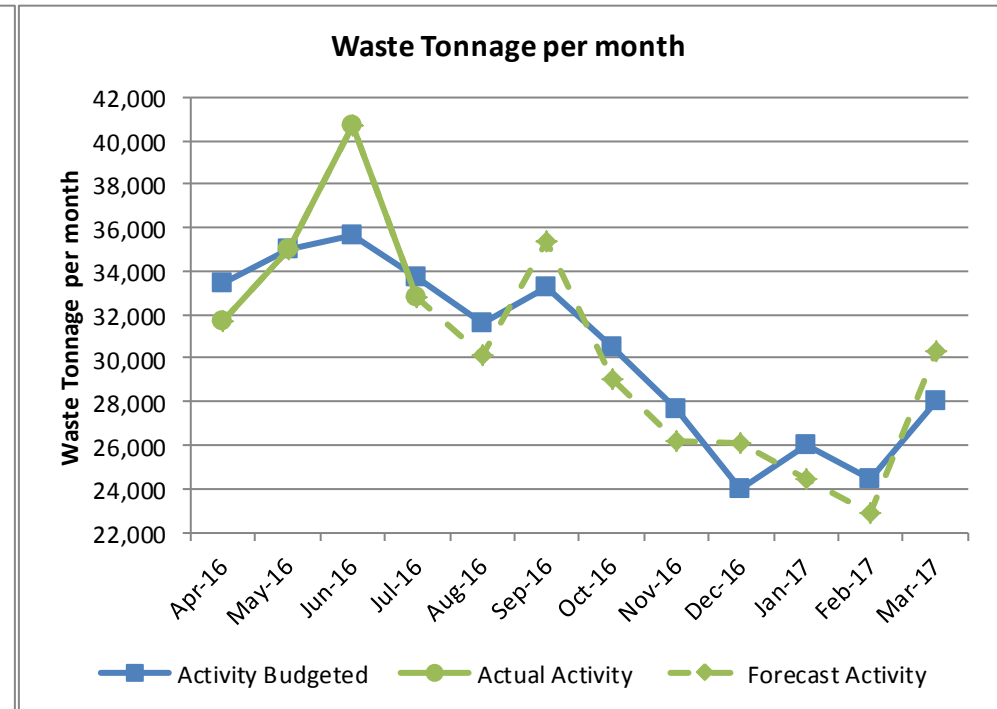
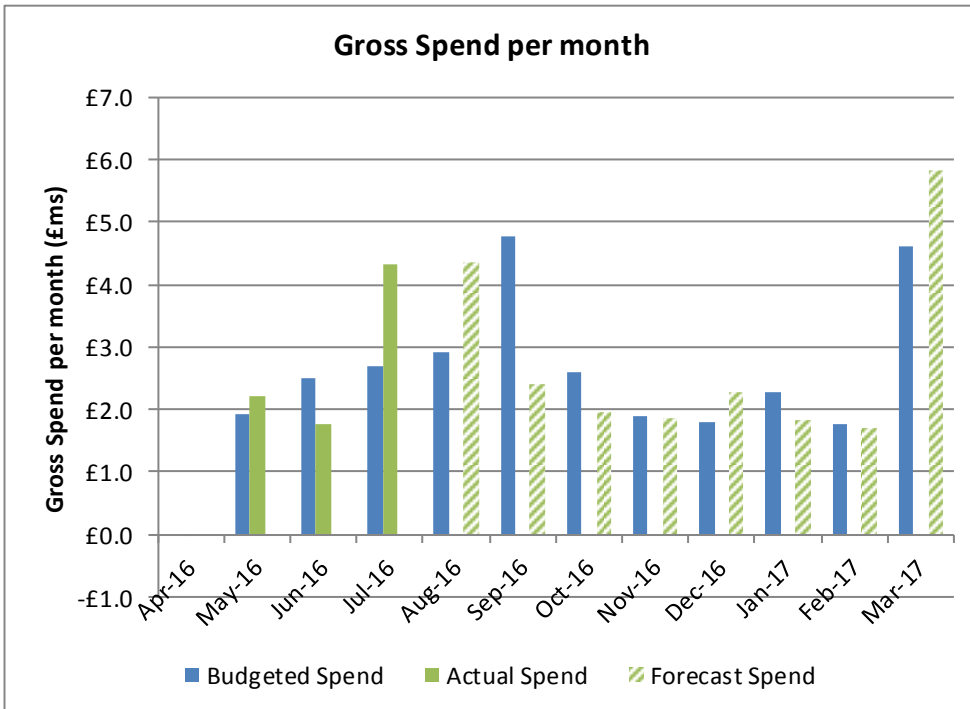
Appendix 2.15: Waste Processing

2016-17 Total Forecast	Gross £m	Income £m	Net £m	Waste Tonnage to 31/03/2017
Budget	£29.8	-£1.4	£28.4	363,472
Forecast	£30.3	-£1.5	£28.8	363,682
Variance	£0.6	-£0.1	£0.5	210

Position as at 31st Jul 2016	Gross £m	Waste Tonnage to 31/07/2016
Budget: Spend/Activity Year to Date	£7.1	137,896
Actual: Spend/Activity Year to Date	£8.2	140,200
Variance as at 31st Jul 2016	£1.1	2,304

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£0.6m is due to higher than anticipated demand (+£0.1m) and higher unit cost (+£0.3m) primarily relating to the re-procurement of the dry recyclables contract, along with increased tipping away payments (+£0.2m). This is partially offset by higher than expected income (-£0.1m) on paper and card leading to a net forecast pressure of +£0.5m. The forecast is based on actual activity for April to June, with estimates for the remaining months; recently received figures for July (included within graph below) which could suggest that the forecast is understated however it may not lead to an increased financial forecast as not all changes in waste types attract an additional cost.



Appendix 2.16: All Staffing Budgets (excluding schools)

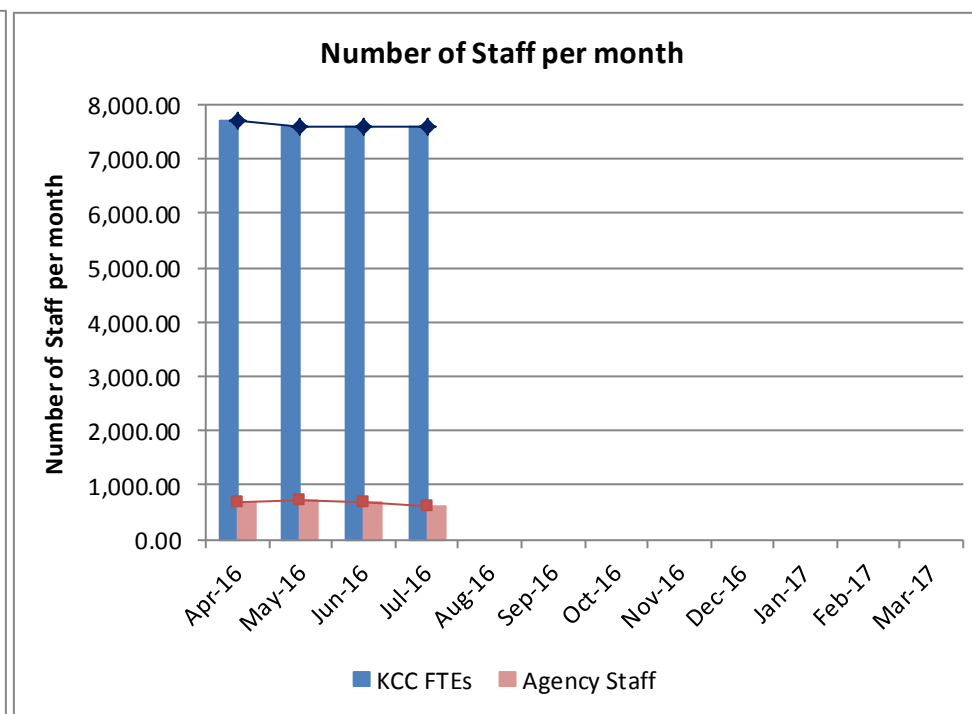
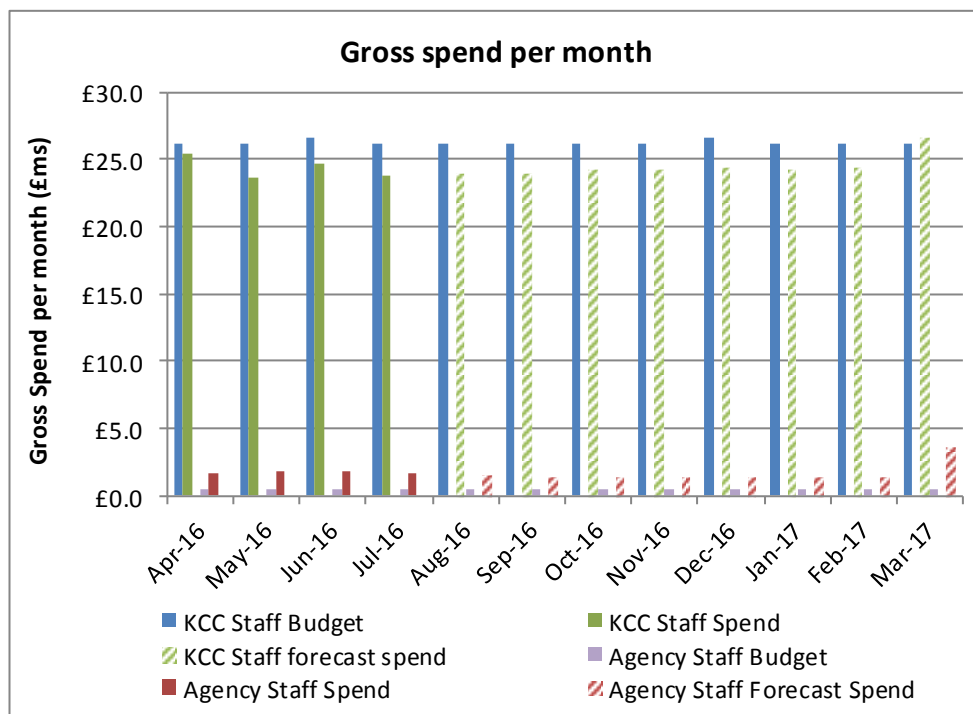
2016-17 Forecast	KCC £m	Agency £m	Gross £m
Budget	£314.3	£5.8	£320.1
Forecast	£294.4	£21.5	£315.9
Variance	-£19.9	£15.7	-£4.2

as at 31st July 2016	KCC £m	Agency £m	Gross £m
YTD Budget	£104.9	£1.9	£106.9
YTD Spend	£97.5	£6.9	£104.4
YTD Variance	-£7.5	£5.0	-£2.5

Staff numbers	KCC FTEs	Agency Nos
as at 31st Mar 2016	7,719.59	671
as at 31 Jul 2016	7,591.52	623
YTD Movement	-128.07	-48

MAIN REASONS FOR FORECAST VARIANCE:

There is a significant underspend against KCC staff budgets but this is largely offset by an overspend on agency staff. Vacancies are being held pending the outcome of restructuring and the uncertainty around future budget cuts, which is contributing to the overall underspend against the combined KCC & Agency staff budgets.



Unaccompanied Asylum Seeking Children (UASC)**1. Forecast position compared to budget by age category**

The current position is a forecast overspend of £2.3m as detailed below:

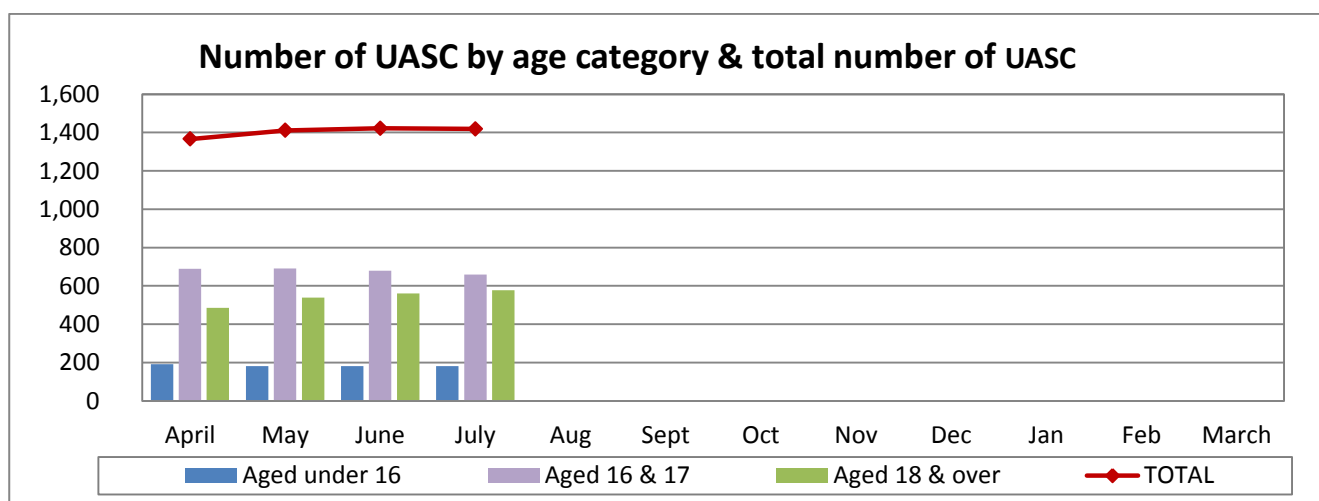
	Cash Limit			Forecast Variance		
	Gross	Income	Net	Gross	Income	Net
	£m	£m	£m	£m	£m	£m
Aged under 16	13.1	-13.1	0.0	-5.4	4.9	-0.5
Aged 16 & 17	25.0	-25.0	0.0	-2.9	4.2	1.3
Aged 18 & over (care leavers)	8.4	-7.9	0.6	-0.8	2.3	1.5
	46.5	-46.0	0.6	-9.1	11.4	2.3

2. Grant rates compared to actual forecast unit costs by age category

	Grant rate per week	Forecast Unit cost per week	Difference
Aged under 16	£1,050	£959	-£91
Aged 16 & 17	£700	£759	£59
Aged 18 & over (care leavers)	£200	£233	£33

3. Number of UASC & Care Leavers by age category

	Aged under 16	Aged 16 & 17	Aged 18 & over	TOTAL
April	191	689	486	1,366
May	181	691	539	1,411
June	182	679	561	1,422
July	182	660	577	1,419
Aug				
Sept				
Oct				
Nov				
Dec				
Jan				
Feb				
March				



The number of Asylum LAC shown in Appendix 2.11 is different to the total number of under 18 UASC clients shown within this indicator, due to UASC under 18 clients including both Looked After Children and 16 and 17 year old Care Leavers.

4. Number of Eligible & Ineligible Clients incl All Rights of appeal Exhausted (ARE) clients at the end of each month

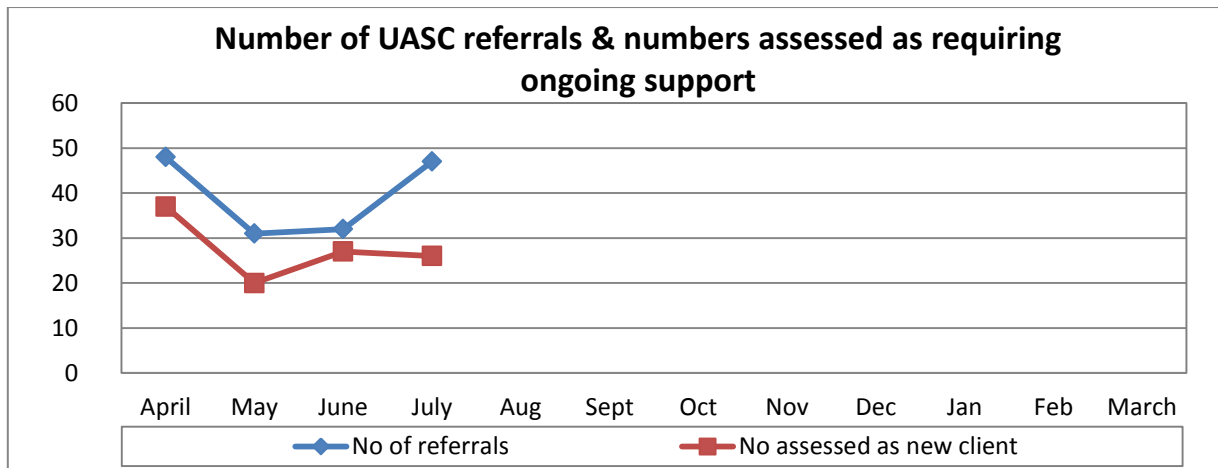
	Eligible Clients	of which AREs	Ineligible Clients	of which AREs	Total Clients	Total AREs
April	1,158	7	208	56	1,366	63
May	1,171	7	240	51	1,411	58
June	1,181	12	241	45	1,422	57
July	1,187	12	232	47	1,419	59
Aug					0	0
Sept					0	0
Oct					0	0
Nov					0	0
Dec					0	0
Jan					0	0
Feb					0	0
March					0	0

Eligible Clients are those who do meet the Home Office grant rules criteria. Appeal Rights Exhausted (ARE) clients are eligible for the first 13 weeks providing a human rights assessment is completed.

Ineligible clients are those who do not meet the Home Office grant rules criteria. For young people (under 18), this includes accompanied minors and long term absences (e.g. hospital or prison). For care leavers, there is an additional level of eligibility as the young person must have leave to remain or “continued in time” appeal applications to be classed as an eligible client.

5. Numbers of UASC referrals, assessed as requiring ongoing support

	No of referrals	No assessed as new client	%
April	48	37	77%
May	31	20	65%
June	32	27	84%
July	47	26	55%
Aug			
Sept			
Oct			
Nov			
Dec			
Jan			
Feb			
March			
TOTAL	158	110	70%



6. Total number of dispersals – new referrals & existing UASC

	Arrivals who have been dispersed post new Government Dispersal Scheme (w.e.f 01 July 16)	Former Kent UASC who have been dispersed (entry prior to 01 July 16)	TOTAL
April		12	12
May		4	4
June		10	10
July	16	8	24
Aug			0
Sept			0
Oct			0
Nov			0
Dec			0
Jan			0
Feb			0
March			0
TOTAL	16	34	50

The 16 arrivals that have need dispersed in July are included within the 47 July referrals in table 5. The dispersal process has been slower than expected and has resulted in Kent becoming involved in some of the work or assessment for these clients prior to their dispersal and are therefore are counting as a referral. It is expected that we will get to the point where clients are dispersed more quickly and therefore will not be included in the referral numbers.

2016-17 July Monitoring of Prudential Indicators

1. Estimate of Capital Expenditure (excluding PFI)

Actuals 2015-16	£249.121m
Original estimate 2016-17	£299.658m
Revised estimate 2016-17	£306.202m

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

	2015-16	2016-17	2016-17	2017-18	2018-19
	Actual	Original	Forecast	Forecast	Forecast
	£m	£m	at 31-7-16	at 31-7-16	at 31-7-16
	£m	£m	£m	£m	£m
Capital Financing requirement	1,348.259	1,335.724	1,368.908	1,320.416	1,277.525
Annual increase/reduction in underlying need to	-34.597	-17.266	20.649	-48.492	-42.891

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

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

Actuals 2015-16	13.90%
Original estimate 2016-17	13.71%
Revised estimate 2016-17	13.89%

4. Operational Boundary for External Debt

The operational boundary for debt is determined having regard to actual levels of debt, borrowing anticipated in the capital plan, the requirements of treasury strategy and prudent requirements in relation to day to day cash flow management. The operational boundary for debt will not be exceeded in 2016-17.

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

	Prudential Indicator	Position at 31-7-16
	£m	£m
Borrowing	975	943
Other Long Term Liabilities	248	248
	<u>1,223</u>	<u>1,191</u>

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

	Prudential Indicator	Position at 31-7-16
	£m	£m
Borrowing	1,015	981
Other Long Term Liabilities	248	248
	<u>1,263</u>	<u>1,229</u>

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 Council. The revised limits for 2016-17 are:

	Authorised limit for debt relating to KCC assets and activities	Position at 31-7-16	Authorised limit for total debt managed by KCC	Position at 31-7-16
	£m	£m	£m	£m
Borrowing	1,015	943	1,055	981
Other long term liabilities	248	248	248	248
	<u>1,263</u>	<u>1,191</u>	<u>1,303</u>	<u>1,229</u>

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

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

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

The Council has determined the following upper limits for 2016-17

Fixed interest rate exposure	100%
Variable rate exposure	40%

These limits have been complied with in 2016-17

8. Upper limits for maturity structure of borrowings

	Upper limit	Lower limit	At 31-7-16
	%	%	%
Under 12 months	10	0	3.28
12 months and within 24 months	10	0	3.33
24 months and within 5 years	15	0	5.90
5 years and within 10 years	15	0	10.20
10 years and within 20 years	20	5	10.50
20 years and within 30 years	20	5	18.25
30 years and within 40 years	25	10	15.34
40 years and within 50 years	30	10	21.47
50 years and within 60 years	30	10	11.78

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

Indicator	£230m
Actual	£130m

Realignment of revenue budgets

In line with usual practice at this stage of the year, revenue budgets have been realigned to reflect a reallocation of savings and pressures between A-Z service lines in light of the 2015-16 final spend and activity levels and the latest service transformation plans, whereas the budget was set based on forecasts from several months earlier, and to present a more accurate gross and income expectation. Further details by directorate are provided below. **Cabinet is asked to approve these changes.** The variances reflected in this report assume that these cash limit changes are approved.

1) Education & Young People's Services

The cash limits which the Directorate is working to, and upon which the variances in this report are based, include technical adjustments where there is no change in policy, including realignment of gross and income to more accurately reflect current levels of services and income to be received, totalling +£142.9k gross and -£142.9k income. Significant changes included within this are:

- -£1,131.5k gross, +£1,131.5k income: Reduction in Pupil Premium Grant anticipated based on latest pupil information;
- +£1,144.7k gross, -£1,144.7k income: estimated increase in DSG for latest headcount information;
- +£588k gross, -£588k income: increase in Universal Infant Free School Meals grant;
- -£477k gross, +£477k income: reduction in EFA post 16 grant to match the new academic year contract;
- -£220.5k gross, +£220.5k income: realignment of CLS budgets, including reductions in SFA and EFA grants
- +£108.0k gross, -£108.0k income: increase in SEND implementation grant from DfE;
- -£93.6k gross, +£93.6k income: reduction in Youth Justice Board and secure accommodation grant;
- +£87.2k gross, -£87.2k income: correction to the EFA grant relating to the merger of Marlowe academy and Ellington & Hereson school compared to budget assumption;
- +£137.6k gross, -£137.6k income: general realignment of unit budgets to reflect latest anticipated income levels.

There are also a number of other corporate adjustments which total +£2,762.5k gross and -£2,202.7k income, which are predominately related to: the allocation of the single pay reward scheme funding and changes to national insurance (+£639.3k gross); allocation to directorates of the publicity saving (-£130.3k gross); the TUPE of Client Services staff and related budgets to Strategic and Corporate Services (S&CS) (-£418.8k gross) and the transfer of Edukent & Schools Financial Services budgets from S&CS to EYP (+£1,701.5k gross and -£2,202.7k income); the transfer of a post from HR to EYP Management Information Unit (+£36.3k gross); and the addition of the roll forwards approved by Cabinet in June (+£934.5k gross).

The overall movements are therefore an increase in gross of +£2,905.4k and income of -£2,345.6k, giving an overall net increase of +£559.8k. This is detailed by A-Z line in the table below, which shows:

- the published budget,
- the proposed budget following adjustments for both formal virement and technical adjustments, together with the inclusion of changes to grant funding notified since the budget was set,
- the total value of the adjustments applied to each A-Z budget line.

Budget Book Heading	Original Cash Limit			Revised Cash Limit			Movement in Cash Limit		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Education & Young People									
Delegated Budget:									
Schools & PRU Delegated Budgets	671,781.9	-671,781.9	0.0	670,681.9	-670,681.9	0.0	-1,100.0	1,100.0	0.0
TOTAL DELEGATED	671,781.9	-671,781.9	0.0	670,681.9	-670,681.9	0.0	-1,100.0	1,100.0	0.0
Non Delegated Budget:									
E&YP Strategic Management & directorate support budgets	10,655.1	-9,126.6	1,528.5	10,629.4	-9,046.6	1,582.8	-25.7	80.0	54.3
Children's Services									
- Early Help									
- Children's Centres	8,289.3	-2,076.5	6,212.8	8,390.0	-2,072.3	6,317.7	100.7	4.2	104.9
- Early Intervention & Prevention	17,142.6	-5,351.5	11,791.1	17,369.3	-5,351.5	12,017.8	226.7	0.0	226.7
	25,431.9	-7,428.0	18,003.9	25,759.3	-7,423.8	18,335.5	327.4	4.2	331.6
- Education & Personal									
- 14 - 24 year olds	1,945.9	-976.0	969.9	2,134.9	-976.0	1,158.9	189.0	0.0	189.0
- Attendance & Behaviour	2,546.0	-2,407.4	138.6	2,556.7	-2,407.4	149.3	10.7	0.0	10.7
- Early Years & Childcare	6,213.6	-4,932.7	1,280.9	6,234.9	-4,932.7	1,302.2	21.3	0.0	21.3
- Early Years Education	56,176.2	-56,176.2	0.0	57,472.9	-57,472.9	0.0	1,296.7	-1,296.7	0.0
- Education Psychology Service	2,981.0	-825.0	2,156.0	3,018.8	-825.0	2,193.8	37.8	0.0	37.8
- Individual Learner Support	7,301.1	-6,821.4	479.7	7,376.3	-6,881.7	494.6	75.2	-60.3	14.9
- Statemented Pupils	5,897.0	-5,897.0	0.0	6,037.3	-6,037.3	0.0	140.3	-140.3	0.0
- Youth Service	2,962.2	-1,726.2	1,236.0	2,962.9	-1,726.2	1,236.7	0.7	0.0	0.7
- Youth Offending Service	2,358.0	-1,865.5	492.5	2,265.0	-1,771.9	493.1	-93.0	93.6	0.6
	88,381.0	-81,627.4	6,753.6	90,059.7	-83,031.1	7,028.6	1,678.7	-1,403.7	275.0
- Other Children's Services									
- Safeguarding	589.5	-228.1	361.4	675.5	-306.6	368.9	86.0	-78.5	7.5
Community Services:									
- Community Learning & Skills (CLS)	12,943.8	-14,284.0	-1,340.2	12,701.8	-14,063.5	-1,361.7	-242.0	220.5	-21.5
- Supporting Employment	786.1	-335.0	451.1	796.9	-335.0	461.9	10.8	0.0	10.8
- Troubled Families Programme	1,726.1	-1,726.1	0.0	2,481.9	-1,726.1	755.8	755.8	0.0	755.8
	15,456.0	-16,345.1	-889.1	15,980.6	-16,124.6	-144.0	524.6	220.5	745.1
School & High Needs Education Budgets:									
- Exclusion Services	2,495.4	-2,495.4	0.0	2,510.1	-2,510.1	0.0	14.7	-14.7	0.0
- High Needs Further Education	3,050.0	-3,050.0	0.0	3,050.0	-3,050.0	0.0	0.0	0.0	0.0
Colleges - Post 16 year olds									
- High Needs Independent Sector Providers - Post 16 year olds	4,121.0	-4,121.0	0.0	4,121.0	-4,121.0	0.0	0.0	0.0	0.0
- High Needs Independent Special School placements	22,275.4	-22,275.4	0.0	22,275.4	-22,275.4	0.0	0.0	0.0	0.0
- High Needs Pupils - Recoupment	1,801.0	-1,801.0	0.0	1,801.0	-1,801.0	0.0	0.0	0.0	0.0
- PFI Schools Scheme	27,063.4	-27,063.4	0.0	27,063.4	-27,063.4	0.0	0.0	0.0	0.0
	60,806.2	-60,806.2	0.0	60,820.9	-60,820.9	0.0	14.7	-14.7	0.0
Schools Services:									
- Education Staff Pension Costs	7,716.3	-2,684.0	5,032.3	7,716.3	-2,684.0	5,032.3	0.0	0.0	0.0
- Other Schools Services	8,990.5	-9,023.7	-33.2	8,571.7	-9,023.7	-452.0	-418.8	0.0	-418.8
- Redundancy Costs	1,188.7	-1,188.7	0.0	1,188.7	-1,188.7	0.0	0.0	0.0	0.0
- School Improvement	7,322.9	-4,991.1	2,331.8	7,359.6	-4,991.1	2,368.5	36.7	0.0	36.7
	25,218.4	-17,887.5	7,330.9	24,836.3	-17,887.5	6,948.8	-382.1	0.0	-382.1
Transport Services									
- Home to School/College Transport (SEN)	23,757.2	-783.0	22,974.2	23,760.0	-783.0	22,977.0	2.8	0.0	2.8
- Mainstream HTST	7,191.6	-30.0	7,161.6	7,191.6	-30.0	7,161.6	0.0	0.0	0.0
- Kent 16+ Travel Card	3,290.5	-2,880.9	409.6	3,290.5	-2,880.9	409.6	0.0	0.0	0.0
	34,239.3	-3,693.9	30,545.4	34,242.1	-3,693.9	30,548.2	2.8	0.0	2.8

Budget Book Heading	Original Cash Limit			Revised Cash Limit			Movement in Cash Limit		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Assessment Services									
- Assessment & Support of Children with Special Education Needs	8,972.2	-7,822.0	1,150.2	8,968.7	-7,792.7	1,176.0	-3.5	29.3	25.8
Support to Frontline Services:									
- Finance & Procurement (excl services commissioned from BSC)	0.0	0.0	0.0	1,782.5	-2,282.7	-500.2	1,782.5	-2,282.7	-500.2
TOTAL NON DELEGATED	269,749.6	-204,964.8	64,784.8	273,755.0	-208,410.4	65,344.6	4,005.4	-3,445.6	559.8
Total E&YP directorate	941,531.5	-876,746.7	64,784.8	944,436.9	-879,092.3	65,344.6	2,905.4	-2,345.6	559.8

2) Social Care, Health & Wellbeing – Specialist Children’s Services:

The cash limits which the Directorate is working to, and upon which the variances in this report are based, include technical adjustments where there is no change in policy, including realignment of gross and income to more accurately reflect current levels of services and income to be received, totalling +£169.4k gross and -£169.4k income. Significant changes included within this are:

- Residential Care Commissioned from the Independent Sector as a greater proportion of Health Contributions are now paid directly to the provider rather than via the authority (-£232.4k gross, +£232.4k income);
- Realigning Care Leavers budget to match anticipated income levels including an increase to Staying Put grant funding from the DfE to support young people to continue to live with their foster carers once they turn 18, partly offset by expected reductions in internal income contributions (+£160k gross, -£160k income);
- Realigning Asylum Seeking Children budgets to match anticipated grant levels (+£148.6k gross, -£148.6k income);
- Increase in Pupil Premium Grant based on LAC numbers (+£51.3k gross, -£51.3k income);
- General realignment of unit budgets to reflect latest anticipated income levels (+£41.9k gross, -£41.9k income).

The Directorate would like to request formal virement through this report to reflect adjustments to cash limits required for the following changes:

- The reallocation of budgets between A-Z service lines in light of the 2015-16 outturn expenditure and activity levels, predominately concerning the latest service transformation plans and a new staffing structure within the Children's Social Work Teams and the Children in Care Teams (met predominately by reductions in allocations within the Residential, Care Leavers and Adoption service lines), whereas the budget was set based on forecasts from several months earlier – this has no effect on the overall total gross and income budgets.
- A +£402.6k gross budget transfer from Adult Services, predominately to fund anticipated increases due to the National Living Wage. This prices funding was previously held centrally for the directorate as a whole within the Other Adult Services A-Z budget line pending decisions on its allocation.
- A -£54k gross budget transfer to Adult Social Care reflecting a realignment of the Deprivation of Liberty Safeguards (DOLs) budgets between A-Z budget lines in Adults and Children’s services.

There are also a number of other corporate adjustments which total +£1,002.2k gross, which are predominately related to the allocation of the single pay reward scheme funding

and changes to national insurance (+£1,013.0k gross), allocation to directorates of the publicity saving (-£108.3k gross), allocation of a share of the SCHW transport saving from Adult Services (-£65.1k gross); the addition of the roll forwards approved by Cabinet in June (+£162.6k gross).

The overall movements are therefore an increase in gross of +£1,520.2k and income of -£169.4k, giving an overall net increase of +£1,350.8k. This is detailed by A-Z line in the table below, which shows:

- the published budget,
- the proposed budget following adjustments for both formal virement and technical adjustments, together with the inclusion of changes to grant funding notified since the budget was set,
- the total value of the adjustments applied to each A-Z budget line.

Budget Book Heading	Original Cash Limit			Revised Cash Limit			Movement in Cash Limit		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Social Care, Health & Wellbeing - Specialist Children's Services									
Strategic Management & Directorate Support Budgets	2,325.1	-346.9	1,978.2	2,378.9	-346.9	2,032.0	53.8	0.0	53.8
Support to Frontline Services:									
- Children's Social Care Commissioning	1,744.2	0.0	1,744.2	1,801.9	0.0	1,801.9	57.7	0.0	57.7
- Children's Social Care Performance Monitoring	763.1	0.0	763.1	789.9	0.0	789.9	26.8	0.0	26.8
Children's Services:									
- Children In Care (Looked After)									
- Fostering - In house service	24,422.6	-469.1	23,953.5	24,447.4	-469.1	23,978.3	24.8	0.0	24.8
- Fostering - Commissioned from Fostering Agencies	6,782.6	0.0	6,782.6	6,782.6	0.0	6,782.6	0.0	0.0	
- Legal Charges	6,738.0	0.0	6,738.0	6,738.0	0.0	6,738.0	0.0	0.0	0.0
- Residential Children's Services - in house services (short breaks units)	3,098.4	-682.4	2,416.0	3,149.3	-682.4	2,466.9	50.9	0.0	50.9
- Residential Children's Services - commissioned from independent sector	13,412.2	-2,534.7	10,877.5	13,180.4	-2,302.3	10,878.1	-231.8	232.4	0.6
- Virtual School Kent	5,081.3	-3,654.4	1,426.9	5,166.0	-3,705.7	1,460.3	84.7	-51.3	33.4
	59,535.1	-7,340.6	52,194.5	59,463.7	-7,159.5	52,304.2	-71.4	181.1	109.7
- Children In Need									
- Family Support Services	10,535.5	-1,660.0	8,875.5	10,585.3	-1,660.0	8,925.3	49.8	0.0	49.8
- Other Children's Services									
- Adoption & other permanent care arrangements	11,661.3	-104.0	11,557.3	11,553.4	-103.0	11,450.4	-107.9	1.0	-106.9
- Asylum Seekers									
- Aged under 16	13,050.0	-13,050.0	0.0	13,088.6	-13,088.6	0.0	38.6	-38.6	0.0
- Aged 16 & 17	24,975.0	-24,975.0	0.0	25,009.9	-25,009.9	0.0	34.9	-34.9	0.0
- Aged 18 & over (care leavers)	8,195.0	-7,645.0	550.0	8,441.2	-7,891.2	550.0	246.2	-246.2	0.0
- Care Leavers	7,261.7	-2,515.8	4,745.9	6,985.7	-2,504.7	4,481.0	-276.0	11.1	-264.9
- Safeguarding	7,250.9	-2,679.4	4,571.5	7,505.1	-2,679.8	4,825.3	254.2	-0.4	253.8
	72,393.9	-50,969.2	21,424.7	72,583.9	-51,277.2	21,306.7	190.0	-308.0	-118.0
Assessment Services									
- Children's Social Care Staffing	50,418.7	-9,721.5	40,697.2	51,632.2	-9,764.0	41,868.2	1,213.5	-42.5	1,171.0
Total SCH&W (SCS)	197,715.6	-70,038.2	127,677.4	199,235.8	-70,207.6	129,028.2	1,520.2	-169.4	1,350.8

3) Social Care, Health & Wellbeing – Adults:

The cash limits which the Directorate is working to, and upon which the variances in this report are based, include technical adjustments where there is no change in policy, including realignment of gross and income to more accurately reflect current levels of services and income to be received, totalling +£6,890.1k gross and -£6,890.1k income. Significant changes included within this are:

- Increase in the 2016-17 Better Care Fund allocation for protection of social care (+£466k gross & -£466k income); although the Better Care Fund Allocation for Care Act responsibilities has been reduced slightly(-£21k gross & +£21k income);
- Allocation of the Excellent Homes for All budget funded by PFI credits (+£3,859.1k gross & -£3,859.1k income);
- District Councils have agreed to help support the equipment budget (advanced assistive technology) through the Disability Facilities Grant following the loss of Government funding (+£2,100k gross & -£2,100k);
- Revised contributions from health authorities in relation to: Westbrook PFI scheme (+£442.1k gross & -£442.1k income); the rapid response service (-£194k gross & +£194k); and funding of additional posts with Learning Disability (+£87k gross & -£87k income);
- Public Health investment in housing related support (+£200k gross & -£200k income).
- Minor changes in other grants including: reduction in the Social Care in Prison Grant (-£61.5k gross & +£61.5k income); and increase in Local Reform & Community Voices Grant (+£12.4k gross & -£12.4k income).

The Directorate would like to request formal virement through this report to reflect adjustments to cash limits required for the following changes (totalling -£1,204.2k gross & +£855.6k income):

- A -£402.6k gross budget transfer to Children's Services, predominately to fund anticipated increases due to the National Living Wage. This prices funding was previously held centrally for the directorate as a whole within the Other Adult Services A-Z budget line pending decisions on its allocation;
- A +£54k gross budget transfer from Children's Services reflecting a realignment of the Deprivation of Liberty Safeguards (DOLs) budgets between A-Z budget lines in Adults and Children's services;
- The reallocation of budgets temporarily held within "Other Adult Services" A-Z line to the relevant adult services lines including: the allocation of MTFP savings; the prices budget to fund anticipated increases resulting from the National Living Wage and other contractual obligations; and the Better Care Fund for both Care Act responsibilities and Protection of Social Care – this has no effect on the overall total gross and income budgets;
- The minor reallocation of budgets between A-Z service lines in light of the 2015-16 outturn expenditure and activity levels – mainly in relation to Mental health (+£11.4k gross & -£11.4k income) and Older People (-£238.5k gross & +£238.5k income); along with realignment of the equipment budget to reflect lower levels of recycled items than originally estimated based on current activity (-£628.5k gross & income +£628.5k);
- A-Z lines combining Mental Health and Physical Disability services for Supported Living and Non Residential Charging Income have now been split.

There are also a number of other corporate adjustments which total +£6,541.1k gross and +£55.3k income, which are predominately related to the allocation of the single pay reward scheme funding and changes to national insurance (+£2,107.4k gross), allocation to directorates of the publicity saving (-£59.0k gross), the allocation of prices money previously held within Financing items (+£3,816.9k gross), transfer Children Services' share of the SCHW transport saving (+£65.1k gross); and the addition of the roll forwards approved by Cabinet in June (+£610.7k gross & +£55.3k income).

The overall movements are therefore an increase in gross of +£12,227k and income of -£5,979.2k, giving an overall net reduction of -£6,247.8k. This is detailed by A-Z line in the table below, which shows:

- the published budget,
- the proposed budget following adjustments for both formal virement and technical adjustments, together with the inclusion of changes to grant funding notified since the budget was set,
- the total value of the adjustments applied to each A-Z budget line.

Budget Book Heading	Original Cash Limit			Revised Cash Limit			Movement in Cash Limit		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Social Care, Health & Wellbeing - Adult Social Care									
Strategic Management & Directorate Support Budgets	5,274.7	-200.0	5,074.7	5,364.1	-200.0	5,164.1	89.4	0.0	89.4
Support to Frontline Services:									
- Adults Social Care Commissioning	4,350.8	-329.5	4,021.3	5,003.0	-555.5	4,447.5	652.2	-226.0	426.2
- Adults Social Care Performance Monitoring	1,097.4	0.0	1,097.4	1,122.2	0.0	1,122.2	24.8	0.0	24.8
Adults & Older People:									
- Direct Payments									
- Learning Disability (aged 18+)	19,024.5	-945.0	18,079.5	19,414.3	-945.0	18,469.3	389.8	0.0	389.8
- Mental Health (aged 18+)	1,102.9	-84.3	1,018.6	1,127.8	-84.3	1,043.5	24.9	0.0	24.9
- Older People (aged 65+)	12,867.5	-186.5	12,681.0	13,374.9	-186.5	13,188.4	507.4	0.0	507.4
- Physical Disability (aged 18-64)	13,166.6	-982.2	12,184.4	13,707.2	-982.2	12,725.0	540.6	0.0	540.6
Total Direct Payments	46,161.5	-2,198.0	43,963.5	47,624.2	-2,198.0	45,426.2	1,462.7	0.0	1,462.7
- Domiciliary Care									
- Learning Disability (aged 18+)	728.0	-14.0	714.0	755.5	-14.0	741.5	27.5	0.0	27.5
- Older People (aged 65+)	7,885.2	-5,915.4	1,969.8	8,171.9	-5,721.4	2,450.5	286.7	194.0	480.7
- in house service (KEaH)									
- Older People (aged 65+)	25,554.2	-9,942.2	15,612.0	26,157.3	-10,188.2	15,969.1	603.1	-246.0	357.1
- Commissioned Service									
- Physical Disability (aged 18-64)	579.4	0.0	579.4	579.4	0.0	579.4	0.0	0.0	0.0
- in house service									
- Physical Disability (aged 18-64)	4,184.0	-28.4	4,155.6	4,083.4	-28.4	4,055.0	-100.6	0.0	-100.6
- Commissioned Service									
Total Domiciliary Care	38,930.8	-15,900.0	23,030.8	39,747.5	-15,952.0	23,795.5	816.7	-52.0	764.7
- Non Residential Charging Income									
- Learning Disability (aged 18+)	0.0	-3,954.4	-3,954.4	0.0	-3,954.4	-3,954.4	0.0	0.0	0.0
- Older People (aged 65+)	0.0	-9,313.8	-9,313.8	0.0	-9,153.5	-9,153.5	0.0	160.3	160.3
- Physical Disability (aged 18-64)/ Mental Health (aged 18+)	0.0	-1,633.0	-1,633.0	0.0	0.0	0.0	0.0	1,633.0	1,633.0
- Physical Disability (aged 18-64)	0.0	0.0	0.0	0.0	-1,457.8	-1,457.8	0.0	-1,457.8	-1,457.8
- Mental Health (aged 18+)	0.0	0.0	0.0	0.0	-145.0	-145.0	0.0	-145.0	-145.0
Total Non Residential Charging Income	0.0	-14,901.2	-14,901.2	0.0	-14,710.7	-14,710.7	0.0	190.5	190.5
- Nursing & Residential Care									
- Learning Disability (aged 18+)	74,433.9	-6,130.5	68,303.4	74,943.4	-6,130.5	68,812.9	509.5	0.0	509.5
- Mental Health (aged 18+)	8,697.2	-1,015.9	7,681.3	8,862.4	-1,019.3	7,843.1	165.2	-3.4	161.8
- Older People (aged 65+)	35,941.4	-14,665.2	21,276.2	37,942.5	-14,641.4	23,301.1	2,001.1	23.8	2,024.9
- Nursing									
- Older People (aged 65+)	19,542.4	-5,468.7	14,073.7	20,303.0	-5,910.8	14,392.2	760.6	-442.1	318.5
- Residential - in house service									
- Older People (aged 65+)	50,165.1	-27,808.2	22,356.9	53,127.5	-27,763.8	25,363.7	2,962.4	44.4	3,006.8
- Residential									
- commissioned service									
- Physical Disability (aged 18-64)	13,269.9	-1,739.1	11,530.8	13,509.2	-1,738.3	11,770.9	239.3	0.8	240.1
Total Nursing & Residential Care	202,049.9	-56,827.6	145,222.3	208,688.0	-57,204.1	151,483.9	6,638.1	-376.5	6,261.6

Budget Book Heading	Original Cash Limit			Revised Cash Limit			Movement in Cash Limit		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
- Supported Living									
- Learning Disability (aged 18+) - in house service	3,624.1	-1,047.4	2,576.7	3,438.9	-1,047.4	2,391.5	-185.2	0.0	-185.2
- Learning Disability (aged 18+) - shared lives scheme	4,667.9	0.0	4,667.9	4,682.9	0.0	4,682.9	15.0	0.0	15.0
- Learning Disability (aged 18+) - other commissioned supported living arrangements	38,722.4	-212.5	38,509.9	39,727.9	-212.5	39,515.4	1,005.5	0.0	1,005.5
- Older People (aged 65+) - in house service	4,825.0	-4,825.0	0.0	8,344.3	-8,312.8	31.5	3,519.3	-3,487.8	31.5
- Older People (aged 65+) - commissioned service	395.9	0.0	395.9	408.9	0.0	408.9	13.0	0.0	13.0
- Physical Disability (aged 18-64) / Mental Health (aged 18+) - in house service	107.4	-107.4	0.0	256.0	-256.0	0.0	148.6	-148.6	0.0
- Physical Disability (aged 18-64) / Mental Health (aged 18+) - commissioned service	5,327.3	-113.8	5,213.5	0.0	0.0	0.0	-5,327.3	113.8	-5,213.5
- Physical Disability (aged 18-64) - commissioned service	0.0	0.0	0.0	3,329.4	-15.6	3,313.8	3,329.4	-15.6	3,313.8
- Mental Health (aged 18+) - commissioned service	0.0	0.0	0.0	2,204.3	-98.2	2,106.1	2,204.3	-98.2	2,106.1
Total Supported Accommodation	57,670.0	-6,306.1	51,363.9	62,392.6	-9,942.5	52,450.1	4,722.6	-3,636.4	1,086.2
- Other Services for Adults & Older People									
- Adaptive & Assistive Technology	7,498.8	-5,315.0	2,183.8	8,984.1	-6,786.5	2,197.6	1,485.3	-1,471.5	13.8
- Community Support Services for Mental Health (aged 18+)	1,396.2	-55.4	1,340.8	1,364.8	-57.2	1,307.6	-31.4	-1.8	-33.2
- Day Care									
- Learning Disability (aged 18+) - in house service	6,365.6	-70.7	6,294.9	6,479.9	-70.7	6,409.2	114.3	0.0	114.3
- Learning Disability (aged 18+) - commissioned service	7,732.5	-18.5	7,714.0	7,436.2	-18.5	7,417.7	-296.3	0.0	-296.3
- Older People (aged 65+) - in house service	801.9	-36.0	765.9	819.8	-36.0	783.8	17.9	0.0	17.9
- Older People (aged 65+) - commissioned service	899.1	0.0	899.1	884.5	0.0	884.5	-14.6	0.0	-14.6
- Physical Disability (aged 18-64)	974.2	0.0	974.2	974.2	0.0	974.2	0.0	0.0	0.0
Total Day Care	16,773.3	-125.2	16,648.1	16,594.6	-125.2	16,469.4	-178.7	0.0	-178.7
- Housing Related Support for Vulnerable People (Supporting People)	17,155.6	-193.2	16,962.4	17,545.4	-574.9	16,970.5	389.8	-381.7	8.1
- Legal Charges	550.0	0.0	550.0	550.0	0.0	550.0	0.0	0.0	0.0
- Other Adult Services	12,471.3	-984.1	11,487.2	6,200.4	-745.5	5,454.9	-6,270.9	238.6	-6,032.3
- Safeguarding	1,674.6	-235.6	1,439.0	2,404.7	-182.2	2,222.5	730.1	53.4	783.5
- Social Support									
- Carers - in house service	2,851.2	-0.2	2,851.0	2,883.2	-0.2	2,883.0	32.0	0.0	32.0
- Carers - commissioned service	11,708.4	-6,057.0	5,651.4	11,716.5	-6,063.0	5,653.5	8.1	-6.0	2.1
- Information & Early Intervention	5,344.9	-1,806.8	3,538.1	5,255.6	-1,748.8	3,506.8	-89.3	58.0	-31.3
- Social Isolation	9,096.8	-3,224.4	5,872.4	9,346.6	-3,282.4	6,064.2	249.8	-58.0	191.8
Total Social Support	29,001.3	-11,088.4	17,912.9	29,201.9	-11,094.4	18,107.5	200.6	-6.0	194.6
- Support & Assistance Service (Social Fund) including refugee families	2,731.5	-1,250.0	1,481.5	2,737.4	-1,250.0	1,487.4	5.9	0.0	5.9
Total Other Services for A&OP	89,252.6	-19,246.9	70,005.7	85,583.3	-20,815.9	64,767.4	-3,669.3	-1,569.0	-5,238.3
Community Services:									
- Local Healthwatch & NHS Complaints Advocacy	749.5	-459.0	290.5	760.0	-469.5	290.5	10.5	-10.5	0.0

Budget Book Heading	Original Cash Limit			Revised Cash Limit			Movement in Cash Limit		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Public Health:									
- Drug & Alcohol Services (LASAR)	205.8	0.0	205.8	195.7	0.0	195.7	-10.1	0.0	-10.1
- Assessment Services									
- Adult's Social Care Staffing	39,742.5	-5,717.1	34,025.4	41,231.9	-6,016.4	35,215.5	1,489.4	-299.3	1,190.1
Total SCH&W (Adult Social Care)	485,485.5	-122,085.4	363,400.1	497,712.5	-128,064.6	369,647.9	12,227.0	-5,979.2	6,247.8

4) Social Care, Health & Wellbeing – Public Health:

The cash limits which the Directorate is working to, and upon which the variances in this report are based, include technical adjustments where there is no change in policy, including realignment of gross and income to more accurately reflect current levels of services and income to be received, totalling +£183.2k gross and -£183.2k income; this relates to additional income from NHS England, Clinical Commissioning Groups and the Kent Police and Crime Commissioner.

The Service would also like to request formal virement through this report to reflect some realignment of Public Health budgets between A-Z lines in view of the 2015-16 outturn and activity levels whereas the budget was set based on forecasts from several months earlier. The revised cash limits are reflected in the table below.

There is also a corporate adjustment totalling -£15.9k gross reflecting the allocation of the publicity saving to directorates.

The overall movement is therefore a decrease in gross of +£167.3k and income of -£183.2k, giving an overall net reduction of -£15.9k. This is detailed by A-Z line in the table below, which shows:

- the published budget,
- the proposed budget following adjustments for both formal virement and technical adjustments, together with the inclusion of changes to grant funding notified since the budget was set,
- the total value of the adjustments applied to each A-Z budget line.

Budget Book Heading	Original Cash Limit			Revised Cash Limit			Movement in Cash Limit		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Social Care, Health & Wellbeing - Public Health									
Strategic Management & Directorate Support Budgets	1,137.1	-1,137.1	0.0	1,033.7	-1,033.7	0.0	-103.4	103.4	0.0
Public Health:									
- Children's Public Health Programmes: 0-5 year olds Health Visiting Service	22,256.6	-22,256.6	0.0	22,256.6	-22,256.6	0.0	0.0	0.0	0.0
- Other Children's Public Health Programmes	8,848.5	-8,848.5	0.0	8,848.5	-8,848.5	0.0	0.0	0.0	0.0
- Drug & Alcohol Services	14,735.1	-14,735.1	0.0	14,883.7	-14,883.7	0.0	148.6	-148.6	0.0
- Obesity & Physical Activity	2,329.9	-2,329.9	0.0	2,329.9	-2,329.9	0.0	0.0	0.0	0.0
- Public Health - Mental Health	2,780.3	-2,780.3	0.0	2,280.3	-2,280.3	0.0	-500.0	500.0	0.0
Adults									
- Public Health Staffing, Advice & Monitoring	3,148.4	-3,148.4	0.0	3,331.5	-3,331.5	0.0	183.1	-183.1	0.0
- Sexual Health Services	12,641.0	-12,641.0	0.0	12,595.9	-12,595.9	0.0	-45.1	45.1	0.0
- Targeting Health Inequalities	6,096.0	-6,096.0	0.0	6,580.1	-6,596.0	-15.9	484.1	-500.0	-15.9

Budget Book Heading	Original Cash Limit			Revised Cash Limit			Movement in Cash Limit		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
- Tobacco Control & Stop Smoking Services	3,226.0	-3,226.0	0.0	3,226.0	-3,226.0	0.0	0.0	0.0	0.0
	76,061.8	-76,061.8	0.0	76,332.5	-76,348.4	-15.9	270.7	-286.6	-15.9
Total controllable	77,198.9	-77,198.9	0.0	77,366.2	-77,382.1	-15.9	167.3	-183.2	-15.9

5) Growth, Environment and Transport:

The cash limits which the Directorate is working to, and upon which the variances in this report are based, include technical adjustments where there is no change in policy, including realignment of gross and income to more accurately reflect current levels of services and income to be received, totalling +£1,990k gross and -£1,990k income. Significant changes included within this are:

- Overall increase in European, Government and Heritage Lottery Fund grants primarily for the Low Carbon Across the South East (LOCASE) ERDF funded programme (+£860k gross and -£860k income).
- Additional external income in respect of the Countryside Management Partnerships including amounts from the Environment Agency, local authorities and other partners (+£433k gross and -£433k income).
- Updated estimates for internal recharging of staffing costs to projects within the Directorate and primarily within the Environmental Management (incl. Coastal Protection) A to Z budget line (+£313k gross and -£313k income).
- Additional external income for Sports and Physical Activity Development including contributions from Sport England and other local authorities (+£303k and -£303k income).
- Other minor adjustments totalling +£81k gross and -£81k income.

The Directorate would also like to request formal virement through this report to reflect adjustments between budget lines as follows:

- Within Waste Management a transfer of gross budget from the Landfill Tax A to Z budget line (-£1,393k gross) to the Treatment and Disposal of Residual Waste A to Z budget line (+£1,393k gross) in respect of waste tonnage which now form part of the 'Waste Treatment and Final Disposal' contract. Further information has become available since the budget setting process meaning that estimates for the amount of tonnage being processed through the new Final Disposal contract were too low and consequently less waste will now be sent for landfill.
- Within Highways a transfer of gross budget from the General maintenance and Emergency Response A to Z budget line (-£100k gross) to the Tree Maintenance, Grass Cutting and Weed Control A to Z budget line (+£100k gross); this is to move the funding for cycle track vegetation cuts to the most appropriate budget line.

There are also a number of other corporate adjustments which total +£2,946k gross which are predominately related to the allocation of the single pay reward scheme funding and changes to national insurance (+£1,174k gross), allocation to directorates of the publicity saving (-£303k gross); the addition of the roll forwards approved by Cabinet in June (+£2,051k gross); and Corporate funding of redundancy costs (+£24k gross).

In addition there is a transfer of gross budget from the Regeneration and Economic Development Services A to Z budget line (-£10k gross) to the Business Strategy A to Z line in Strategic and Corporate Services following the transfer of responsibility for the Kent Equality Cohesion Council.

The overall movements are therefore an increase in gross of +£4,926k and income of -£1,990k, giving an overall net increase of -£2,936k. This is detailed by A-Z line in the table below, which shows:

- the published budget,
- the proposed budget following adjustments for both formal virement and technical adjustments, together with the inclusion of changes to grant funding notified since the budget was set,
- the total value of the adjustments applied to each A-Z budget line.

Budget Book Heading	Original Cash Limit			Revised Cash Limit			Movement in Cash Limit		
	Gross £'000s	Income £'000s	Net £'000s	Gross £'000s	Income £'000s	Net £'000s	Gross £'000s	Income £'000s	Net £'000s
Growth, Environment & Transport									
G,E&T Strategic Management & Directorate Support Budgets	4,149.6	-93.6	4,056.0	4,020.3	-93.6	3,926.7	-129.3	0.0	-129.3
<u>Children's Services</u>									
- <i>Education & Personal</i>									
- 14 - 24 year olds (Kent Foundation)	67.0	-17.4	49.6	67.9	-17.4	50.5	0.9	0.0	0.9
<u>Community Services:</u>									
- Arts & Culture Development (incl. grant to Turner Contemporary)	1,996.8	0.0	1,996.8	1,988.6	0.0	1,988.6	-8.2	0.0	-8.2
- Gypsies & Travellers	437.5	-437.5	0.0	462.5	-437.5	25.0	25.0	0.0	25.0
- Libraries, Registration & Archives	16,552.9	-5,930.8	10,622.1	16,918.0	-5,962.0	10,956.0	365.1	-31.2	333.9
- Sports & Physical Activity Development	1,526.6	-1,094.0	432.6	1,870.2	-1,407.8	462.4	343.6	-313.8	29.8
	20,513.8	-7,462.3	13,051.5	21,239.3	-7,807.3	13,432.0	725.5	-345.0	380.5
<u>Environment:</u>									
- Country Parks & Countryside Access	2,428.7	-1,874.2	554.5	2,953.2	-2,371.3	581.9	524.5	-497.1	27.4
- Environmental Management (incl Coastal Protection)	3,289.9	-1,858.3	1,431.6	4,585.4	-2,955.5	1,629.9	1,295.5	-1,097.2	198.3
- Public Rights of Way	1,684.9	-89.0	1,595.9	1,782.3	-108.1	1,674.2	97.4	-19.1	78.3
	7,403.5	-3,821.5	3,582.0	9,320.9	-5,434.9	3,886.0	1,917.4	-1,613.4	304.0
<u>Highways:</u>									
<i>Highways Maintenance:</i>									
- Adverse Weather	3,261.3	0.0	3,261.3	3,261.3	0.0	3,261.3	0.0	0.0	0.0
- Bridges & Other Structures	2,267.1	-221.9	2,045.2	2,273.4	-221.9	2,051.5	6.3	0.0	6.3
- General maintenance & emergency response	7,783.0	-475.8	7,307.2	8,866.3	-475.8	8,390.5	1,083.3	0.0	1,083.3
- Highway drainage	2,586.3	0.0	2,586.3	2,594.4	0.0	2,594.4	8.1	0.0	8.1
- Streetlight maintenance	3,225.7	-154.0	3,071.7	3,511.7	-154.0	3,357.7	286.0	0.0	286.0
	19,123.4	-851.7	18,271.7	20,507.1	-851.7	19,655.4	1,383.7	0.0	1,383.7
<i>Highways Management:</i>									
- Development Planning	1,975.3	-2,135.2	-159.9	2,121.3	-2,135.2	-13.9	146.0	0.0	146.0
- Highways Improvements	1,689.8	-33.3	1,656.5	1,697.3	-33.3	1,664.0	7.5	0.0	7.5
- Road Safety	2,994.3	-2,236.4	757.9	2,882.2	-2,236.4	645.8	-112.1	0.0	-112.1
- Streetlight energy	4,733.8	0.0	4,733.8	4,733.8	0.0	4,733.8	0.0	0.0	0.0
- Traffic management	4,746.1	-3,363.2	1,382.9	4,798.8	-3,358.2	1,440.6	52.7	5.0	57.7
- Tree maintenance, grass cutting & weed control	3,270.1	0.0	3,270.1	3,499.9	0.0	3,499.9	229.8	0.0	229.8
	19,409.4	-7,768.1	11,641.3	19,733.3	-7,763.1	11,970.2	323.9	5.0	328.9
<u>Planning & Transport Strategy:</u>									
- Planning & Transport Policy	1,239.0	0.0	1,239.0	1,375.7	0.0	1,375.7	136.7	0.0	136.7
- Planning Applications	1,096.3	-700.0	396.3	1,122.2	-700.0	422.2	25.9	0.0	25.9
	2,335.3	-700.0	1,635.3	2,497.9	-700.0	1,797.9	162.6	0.0	162.6

Budget Book Heading	Original Cash Limit			Revised Cash Limit			Movement in Cash Limit		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Public Protection:									
- Community Safety (incl Community Wardens)	2,231.1	-68.8	2,162.3	2,292.8	-68.8	2,224.0	61.7	0.0	61.7
- Coroners	3,633.7	-757.2	2,876.5	3,648.6	-762.8	2,885.8	14.9	-5.6	9.3
- Emergency Response & Resilience (incl Flood Risk Management)	1,283.4	-180.7	1,102.7	1,393.5	-212.0	1,181.5	110.1	-31.3	78.8
- Trading Standards (incl. Kent Scientific Services)	3,647.3	-1,094.8	2,552.5	3,725.1	-1,094.8	2,630.3	77.8	0.0	77.8
	10,795.5	-2,101.5	8,694.0	11,060.0	-2,138.4	8,921.6	264.5	-36.9	227.6
Regeneration & Economic Development:									
- Regeneration & Economic Development Services	4,404.3	-1,947.2	2,457.1	4,687.4	-1,947.2	2,740.2	283.1	0.0	283.1
Schools Services:									
- Other Schools Services (road crossing patrols)	453.3	0.0	453.3	461.1	0.0	461.1	7.8	0.0	7.8
Transport Services:									
- Concessionary Fares	17,138.2	-27.0	17,111.2	17,138.2	-27.0	17,111.2	0.0	0.0	0.0
- Subsidised Bus Services (incl Kent Karrier)	8,252.2	-2,208.8	6,043.4	8,252.2	-2,208.8	6,043.4	0.0	0.0	0.0
- Transport Operations	1,407.0	-40.8	1,366.2	1,443.2	-40.8	1,402.4	36.2	0.0	36.2
- Transport Planning	235.7	0.0	235.7	233.6	0.0	233.6	-2.1	0.0	-2.1
- Young Person's Travel Pass	14,435.4	-6,092.9	8,342.5	14,405.4	-6,092.9	8,312.5	-30.0	0.0	-30.0
	41,468.5	-8,369.5	33,099.0	41,472.6	-8,369.5	33,103.1	4.1	0.0	4.1
Waste Management									
- Waste Compliance, Commissioning & Contract Management	796.2	0.0	796.2	816.3	0.0	816.3	20.1	0.0	20.1
- Partnership & development	616.0	0.0	616.0	576.4	0.0	576.4	-39.6	0.0	-39.6
- Closed Landfill Sites	657.9	-16.0	641.9	659.8	-16.0	643.8	1.9	0.0	1.9
Waste Processing									
- Landfill Tax	1,883.1	0.0	1,883.1	490.4	0.0	490.4	-1,392.7	0.0	-1,392.7
- Operation of Waste Facilities	15,299.2	-152.7	15,146.5	15,299.2	-152.7	15,146.5	0.0	0.0	0.0
- Payments to Waste Collection Authorities (District Councils)	5,964.7	0.0	5,964.7	5,964.7	0.0	5,964.7	0.0	0.0	0.0
- Recycling Contracts & Composting	8,506.2	-1,248.7	7,257.5	8,506.2	-1,248.7	7,257.5	0.0	0.0	0.0
- Treatment & Disposal of Residual Waste	34,299.3	0.0	34,299.3	35,692.0	0.0	35,692.0	1,392.7	0.0	1,392.7
	68,022.6	-1,417.4	66,605.2	68,005.0	-1,417.4	66,587.6	-17.6	0.0	-17.6
Total G,E&T	198,146.2	-34,550.2	163,596.0	203,072.8	-36,540.5	166,532.3	4,926.6	-1,990.3	2,936.3

6) Strategic and Corporate Services:

The cash limits which the Directorate is working to, and upon which the variances in this report are based, include technical adjustments where there is no change in policy, including realignment of gross and income to more accurately reflect current levels of services and income to be received, totalling +£1,901.9k gross and -£1,901.9k income. Significant changes included within this are:

- Realignment of Corporate Landlord (+£749.6k gross, -£749.6k income)
- Various realignments relating to the Property LATCo – GEN2 budgets (+£693.5k gross, -£693.5k income)
- Realignment of Internal Audit in relation to the Counter Fraud Initiative (+£447.5k gross, -£447.5k income)

- Realignment of Kent Public Services Network budget to reflect reduced comms charges and a consequent reduction in income from external partners (-£200k gross, +£200k income)
- Increased costs relating to the Pension Fund pooling arrangement to be recharged to the Pension Fund (+£135k gross, -£135k income)
- Other general realignment of unit budgets to reflect latest anticipated income levels (+£76.3k gross, -£76.3k income).

There are also a number of other corporate adjustments which total +£1,662.1k gross and +£1,805.9k income, which are: the allocation of the single pay reward scheme funding and changes to national insurance (+£1,633k gross and -£396.8k income); allocation to directorates of the publicity saving (-£83.4k gross); the TUPE of Client Services staff and related budgets from Education & Young People's Services (EYP) to Infrastructure (+£418.8k gross); the transfer of Edukent & Schools Financial services budgets to EYP (-£1,701.5k gross and +£2,202.7k income); the transfer of a post from HR to EYP Management Information Unit (-£36.3k gross); the transfer of responsibility for the Kent Equality Cohesion Council from Regeneration and Economic Development within the Growth, Environment & Transport directorate to Business Strategy (+£10k gross), together with the addition of the roll forwards approved by Cabinet in June (+£1,421.5k gross).

The overall movements are therefore an increase in gross of +£3,564k and income of -£96k, giving an overall net increase of -£3,468k. This is detailed by A-Z line in the table below, which shows:

- the published budget,
- the proposed budget following adjustments for both formal virement and technical adjustments, together with the inclusion of changes to grant funding notified since the budget was set,
- the total value of the adjustments applied to each A-Z budget line.

Budget Book Heading	Original Cash Limit			Revised Cash Limit			Movement in Cash Limit		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Strategic & Corporate Services									
S&CS Strategic Management & Directorate Support Budgets	2,824.6	-5,204.9	-2,380.3	2,828.7	-5,202.2	-2,373.5	4.1	2.7	6.8
Community Services:									
- Contact Centre & Digital Web Services	4,617.7	-394.0	4,223.7	4,617.7	-365.9	4,251.8	0.0	28.1	28.1
- Gateways	938.3	-38.1	900.2	947.2	-25.0	922.2	8.9	13.1	22.0
	5,556.0	-432.1	5,123.9	5,564.9	-390.9	5,174.0	8.9	41.2	50.1
Local Democracy:									
- County Council Elections	520.0	0.0	520.0	520.0	0.0	520.0	0.0	0.0	0.0
- Local Member Grants	1,680.0	0.0	1,680.0	3,006.3	0.0	3,006.3	1,326.3	0.0	1,326.3
- Partnership arrangements with District Councils	1,788.2	0.0	1,788.2	1,788.2	0.0	1,788.2	0.0	0.0	0.0
	3,988.2	0.0	3,988.2	5,314.5	0.0	5,314.5	1,326.3	0.0	1,326.3
Support to Frontline Services:									
- Business Services Centre (BSC)	28,090.0	-28,090.0	0.0	28,541.1	-28,541.1	0.0	451.1	-451.1	0.0
- Business Strategy	3,344.1	-133.6	3,210.5	3,468.2	-112.0	3,356.2	124.1	21.6	145.7
- Communications, Consultation & Engagement	2,491.4	-383.1	2,108.3	2,550.4	-373.7	2,176.7	59.0	9.4	68.4
- Democratic & Members	3,801.8	-142.0	3,659.8	3,841.4	-142.0	3,699.4	39.6	0.0	39.6
- Finance & Procurement (excl services commissioned from BSC)	14,885.0	-7,798.7	7,086.3	14,108.6	-6,208.0	7,900.6	-776.4	1,590.7	814.3
- Finance & Procurement - services commissioned from BSC	2,807.0	0.0	2,807.0	2,953.7	-23.5	2,930.2	146.7	-23.5	123.2

Budget Book Heading	Original Cash Limit			Revised Cash Limit			Movement in Cash Limit		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
- Human Resources (excl services commissioned from BSC)	7,182.2	-1,371.2	5,811.0	7,206.0	-1,386.0	5,820.0	23.8	-14.8	9.0
- Human Resources - services commissioned from BSC	1,597.6	0.0	1,597.6	1,641.7	-30.5	1,611.2	44.1	-30.5	13.6
- Infrastructure (Property & ICT) (excl services commissioned from BSC & LATCO)	38,760.2	-8,788.6	29,971.6	40,435.9	-9,222.4	31,213.5	1,675.7	-433.8	1,241.9
- Infrastructure - ICT services commissioned from BSC	3,929.9	-142.5	3,787.4	4,412.1	-309.2	4,102.9	482.2	-166.7	315.5
- Infrastructure - Property services commissioned from LATCO	3,112.4	-756.5	2,355.9	2,941.9	-1,427.7	1,514.2	-170.5	-671.2	-841.7
- Legal Services & Information Governance	8,674.1	-10,872.2	-2,198.1	8,829.4	-10,872.2	-2,042.8	155.3	0.0	155.3
- Transformation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	118,675.7	-58,478.4	60,197.3	120,930.4	-58,648.3	62,282.1	2,254.7	-169.9	2,084.8
Total S&CS	131,044.5	-64,115.4	66,929.1	134,638.5	-64,241.4	70,397.1	3,594.0	-126.0	3,468.0

7) Financing Items:

The cash limits upon which the variances in this report are based, include technical adjustments where there is no change in policy, including realignment to more accurately reflect current levels of Government funding and retained business rates income to be received, totalling +£897k gross, as reported in the first exception monitoring report for 2016-17 to Cabinet in July.

There are also a number of other corporate adjustments which total -£6,937.1k gross, which are predominately related to the allocation to directorates of the single pay reward scheme funding and changes to national insurance (-£6,170.2k gross); the allocation to directorates of the publicity saving (+£700k gross); the allocation of prices money to Adults Social Care (-£3,816.9k gross); the funding of workforce reduction within directorates (-£23.8k gross) and the addition of the roll forwards approved by Cabinet in June (+£2.483.8m gross) as amended for the second weed spray at July Cabinet (-£0.110m gross).

The overall movements are therefore a reduction in gross of -£6,040.1k. This is detailed by A-Z line in the table below, which shows:

- the published budget,
- the proposed budget following adjustments for both formal virement and technical adjustments, together with the inclusion of changes to grant funding notified since the budget was set,
- the total value of the adjustments applied to each A-Z budget line.

Budget Book Heading	Original Cash Limit			Revised Cash Limit			Movement in Cash Limit		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Financing Items									
Audit Fees	264.0	0.0	264.0	264.0	0.0	264.0	0.0	0.0	0.0
Carbon Reduction Commitment Levy	704.0	0.0	704.0	704.0	0.0	704.0	0.0	0.0	0.0
Commercial Services (net contribution)	0.0	-8,700.0	-8,700.0	0.0	-8,700.0	-8,700.0	0.0	0.0	0.0
Contribution to IT Asset Maintenance Reserve	3,352.0	0.0	3,352.0	3,352.0	0.0	3,352.0	0.0	0.0	0.0
Contribution to/from Reserves	-6,285.5	0.0	-6,285.5	-3,911.7	0.0	-3,911.7	2,373.8	0.0	2,373.8
Insurance Fund	5,899.0	0.0	5,899.0	5,899.0	0.0	5,899.0	0.0	0.0	0.0
Modernisation of the Council	2,000.0	0.0	2,000.0	1,976.2	0.0	1,976.2	-23.8	0.0	-23.8
Net Debt Charges (incl Investment Income)	126,056.0	-8,452.7	117,603.3	126,056.0	-8,452.7	117,603.3	0.0	0.0	0.0
Other	959.0	-36.0	923.0	959.0	-36.0	923.0	0.0	0.0	0.0
Unallocated	8,902.5	0.0	8,902.5	512.4	0.0	512.4	-8,390.1	0.0	-8,390.1
Total Financing Items	141,851.0	-17,188.7	124,662.3	135,810.9	-17,188.7	118,622.2	-6,040.1	0.0	-6,040.1

