By:	Deputy Leader & Cabinet Member for Finance & Procurement, John Simmonds Corporate Director of Finance & Procurement, Andy Wood Corporate Directors
To:	Cabinet – 12 December 2016
Subject:	**REVENUE & CAPITAL BUDGET MONITORING - OCTOBER 2016-17**
Classification:	Unrestricted

1. SUMMARY

1.1 This report provides the budget monitoring position up to 31st October 2016-17 for both revenue and capital budgets, including an update on key activity data for our highest risk budgets.

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 – October monitoring of Prudential Indicators.

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 £7.484m (after Corporate Director adjustments), increasing to £8.295m including roll forward requirements, is very clearly a concern, and needs to be managed down to at least a balanced position.

1.4 Although we continue to urge budget managers to be less guarded with their forecasting, and after taking into account that all current anticipated management action is now included in the Corporate Directors adjustments reflected in this report, the residual position shows no real signs of improving and has in fact worsened again this month. The only potential outstanding adjustment relates to Asylum, so assuming that we receive funding from the Home Office to offset the Asylum pressure, **and this is by no means certain**, then the overall position would reduce by a further £2.136m from £8.295m to £6.159m. This compares to a residual pressure reflected in section 1.5 of the September monitoring report (attached as a background paper to this report) of £4.850m, so a further underlying deterioration of £1.309m this month. This increase predominately relates to further pressure on the SEN transport and Waste budgets, partially offset by improvements within Financing Items, Children's Disability and GET management & support budgets. We therefore still remain a long way short of achieving a balanced position.

1.5 Senior management have worked collectively to identify common areas where spend could be reduced and they remain committed to achieving a balanced position by year end without imposing a more draconian set of authority wide moratoria. Whilst we haven't introduced moratoria, we are:

- holding vacancies for non-essential posts and having director level authorisation for those posts that we do recruit to;
- ensuring rigorous contract management;

- running a PR campaign to all staff giving the message to stop all non-essential expenditure and increase income generation wherever possible;
- rigorously reviewing any external advertising for recruitment;
- promoting the message of “think before you print”;
- stopping any external room hire wherever possible and practical.

1.6 Corporate Directors continue to look for further savings, however small, that we hope will be reflected in these forecasts in the coming months. Any residual overspend would need to be funded from reserves, which is a one-off solution, still requiring the underlying pressure to be dealt with by in-year management action in the very early part of 2017-18.

1.7 The remainder of this report focusses on the underlying £8.295m forecast overspend.

2. RECOMMENDATIONS

Cabinet is asked to:

i) **Note** the forecast revenue budget monitoring position for 2016-17, and the seriousness of this position, and the 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 changes to the capital programme as detailed in section 6.4.

iii) **Note** the October monitoring of prudential indicators reflected in Appendix 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 £8.128m. Corporate Directors have adjusted this position by -£0.644m, leaving a residual pressure of £7.484m. After allowing for roll forward requirements, the position increases to a pressure of £8.295m. 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 -£0.851m from the September monitoring position (attached as a background paper to this report). 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 £8.295m forecast pressure. The position by directorate, together with the movement from the last report, is shown in table 1 below.

3.2 Table 1a: 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	65.906	0.477	1.322	1.799	0.128	1.672
Social Care, Health & Wellbeing - Specialist Children's Services	128.428	6.014	-0.976	5.038	5.186	-0.148
Social Care, Health & Wellbeing - Asylum	0.550	2.136		2.136	2.284	-0.148
Sub Total SCH&W - Specialist Children's Services	*128.978*	*8.150*	*-0.976*	*7.174*	*7.470*	*-0.296*
Social Care, Health & Wellbeing - Adults	369.915	0.815	-0.790	0.025	1.912	-1.887
Social Care, Health & Wellbeing - Public Health	-0.016	0.000		0.000	0.000	0.000
Growth, Environment & Transport	166.851	0.645	-0.200	0.445	0.100	0.345
Strategic & Corporate Services	69.848	0.026		0.026	0.120	-0.095
Financing Items	118.075	-1.984		-1.984	-1.395	-0.589
TOTAL (excl Schools)	**919.556**	**8.128**	**-0.644**	**7.484**	**8.335**	**-0.851**
Schools (E&YP Directorate)	*0.000*	*22.277*		*22.277*	*6.702*	*15.576*
TOTAL	**919.556**	**30.406**	**-0.644**	**29.762**	**15.037**	**14.725**
Variance from above (excl schools)				**7.484**	**8.335**	**-0.851**
Roll forwards - committed				0.090	0.090	0.000
- re-phased				0.721	0.721	0.000
- bids				0.000	0.000	0.000
Total roll forward requirements				0.811	0.811	0.000
(-ve Uncommitted balance / (+ve) Deficit				**8.295**	**9.146**	**-0.851**

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

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

Directorate	Variance	Roll Forwards committed	Roll Forwards un-committed	Revised Variance	Corporate Director adjustment	Variance after roll fwds & CD adj
	£m	£m	£m	£m	£m	£m
Education & Young People's Services	0.477		0.721	1.198	1.322	2.520
Social Care, Health & Wellbeing - Specialist Children's Services	6.014	0.090		6.105	-0.976	5.129
Social Care, Health & Wellbeing - Asylum	2.136			2.136		2.136
Sub Total SCH&W - Specialist Children's Services	*8.150*	*0.090*	*0.000*	*8.240*	*-0.976*	*7.264*
Social Care, Health & Wellbeing - Adults	0.815			0.815	-0.790	0.025
Social Care, Health & Wellbeing - Public Health	0.000			0.000		0.000
Growth, Environment & Transport	0.645			0.645	-0.200	0.445
Strategic & Corporate Services	0.026			0.026		0.026
Financing Items	-1.984			-1.984		-1.984
TOTAL (excl Schools)	**8.128**	**0.090**	**0.721**	**8.939**	**-0.644**	**8.295**

3.3 The main reasons for the movement of -£0.851m 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 but after Corporate Director adjustments) shows an increase of £1.672m this month. The Corporate Director adjustment of +£1.322m relates to the Pupil and Student Transport services forecast which was not available by the monitoring deadline. The majority of this month's movement relates to Pupil and Student Transport Services, which has increased by £1.554m, with SEN Home to School transport accounting for a significant proportion of this increase (£1.517m). This latest forecast is based on the most up to date data contained within the Routewise system which includes the impact of transport arrangements for pupils who started school in September 2016.

Overall the number of pupils being transported is broadly in line with the predicted affordable levels, therefore the additional pressure relates to the price that we are paying, not the number of pupils. The average cost per child has increased from £27 per day in 2015-16 to £31 per day in 2016-17 (based on the latest forecast), an increase of £4 or 14%. The 2016-17 budget assumed that the price increase would be restricted to 1%. This information has only recently come to light and we are undertaking an exercise with colleagues in Public Transport to look into the detail to ascertain the reasons why this increase is higher than anticipated.

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

The current forecast variance represents a reduction of (-£0.222m) since the September monitoring report, together with a reduction in the Corporate Director adjustment of (+£0.074m) which represents an overall reduction of (-£0.148m) as shown in table 1a above. This reduction comprises of a number of small movements across a number of services.

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

The current forecast pressure of £2.136m represents a small reduction of (-£0.148m) since September.

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

The pressure on Adults Social Care has reduced by -£1.859m, which is due to a number of movements, the most significant movements include +£1.174m on Learning Disability (LD) residential care, mainly due to the slippage in timeline of transformation savings where clients were expected to be transferred from residential care to supported living. Therefore this is largely offset by a reduction in the position on LD Supported Living of -£0.818m. There is a further increase in the pressure on residential and nursing care for the other client groups of +£0.629m that is offset by a reduction in Preventative and Other Adult Services of -£1.384m, which comprises of a number of movements, the most significant being: housing related support (-£0.305m) due to the re-phasing of savings being revised; reduced costs and demand for equipment (-£0.418m), and a reduction of (-£0.683m) relating to a review of all centrally held budgets, particularly those which were being held to cover specific potential risks in relation to care act activity. Adult Social Care staffing has reduced by a further -£0.556m this month which is across all client groups. A Corporate Director adjustment of -£0.762m is reflected, which includes the further release of all remaining uncommitted one-off monies of £0.612m together with management action of £0.150m. The remaining balance of -£0.142m is across a number of other budget lines including day care of -£0.138m.

3.3.5 Social Care, Health & Wellbeing – Public Health:

There is an overall movement of -£0.574m since the last reported position in September, this will be transferred to the Public Health reserve, hence no movement is reflected in table 1. The movement is largely accounted for by a reduced forecast on Sexual Health Services -£0.321m due to slippage on premises conversion programme and reduced activity, and 0-5 Year Olds Health Visiting service -£0.203m due to under achievement of providers agreed performance targets.

3.3.6 Growth, Environment and Transport:

The current forecast outturn for the directorate is a +£0.445m overspend, representing an increase of +£0.345m since the last report. The +£0.445m overspend is net of the Corporate Director adjustment set out below in section 3.4.6.9 of -£0.200m, which is consistent with the prior month and relates to anticipated contract reviews within the Waste Service.

There are other compensating pressures and underspends but the primary reason for the movement is a +£0.645m pressure on the Waste budgets, predominately Treatment and Disposal of Residual Waste. This month has seen an additional 3,869 tonnes of waste added to the forecast, with tonnage levels of 723,092 now predicted.

Further increases in General Highways Maintenance & Emergency Response (+£0.271m) – additional safety critical inspections and works on high speed roads – has been more than offset by reductions in Other Highways Maintenance and Management (-£0.291m) and GE&T Management and Support Services (-£0.109m).

The movement in Other Highways Maintenance and Management comprises two areas, the first is further savings on maintenance budgets due to the roll out of the LED Conversion Programme, as well as a release of the budget for the Central Management System (CMS) as the budget was built assuming an annual charge but the actual cost is linked to nodes connected to the system and therefore this cost builds up over the project life.

Other minor variances (-£0.171m) across the directorate, reconcile the explanations above to the overall adverse +£0.345m movement this month.

3.3.7 Strategic and Corporate Services:

The Directorate forecast (excluding the Asset Utilisation target) has moved by -£0.095m to an underspend of -£0.487m, whilst the position on Asset Utilisation remains unchanged at +£0.513m, giving an overall small pressure of +£0.026m. All the Divisions within the control of the S&CS Directorate have moved by less than £0.050m each.

3.3.8 Financing Items:

The underspend has increased by £0.589m this month which relates to an expected £0.5m increase in the retained business rates levy from being part of a business rates pool with Kent District Councils, together with a small increase of £0.089m in the underspend on the net debt charges budget due to higher forecast interest returns.

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 £0.5m before a Corporate Director adjustment (excluding schools and before roll forward requirements) is made up of a small number of large variances on a number of service lines as follows:

3.4.1.2 There is a forecast pressure on Pupil & Student Transport Services of £1.5m. This forecast is based on the latest available information and includes overspends on SEN Home to School Transport, SEN Home to College transport and Mainstream Transport as reported last month. However since then the forecast pressure has increased by a further £1.3m via a Corporate Director adjustment as mentioned in paragraph 3.3.1 above. Such adjustments do not appear in appendix 1. The service is working closely with colleagues in Public Transport to try and ascertain the main reasons for this position.

3.4.1.3 A major part of the -£0.8m underspend on Early Help & Prevention for Children and Families relates to Tackling Troubled Families (£0.7m) for which a roll forward request, into the next financial year, will be submitted in order to continue the scheme.

3.4.1.4 There is a forecast pressure of £0.1m within Early Years Education & Childcare which predominately relates to the three in-house nurseries. The service has restructured these nurseries, resulting in some one-off costs, and they have recently been relaunched, aiming to reduce costs, increase income and move towards a balanced budget for next year.

3.4.1.5 There is a forecast pressure of £0.6m on Other Schools' Related. £0.2m of this relates to payments for employee tribunal cases for former school staff. The remaining pressure of £0.4m mainly relates to revenue maintenance costs that are in excess of the capital grant available.

3.4.1.6 There is a forecast underspend of -£0.1m on SEN & Psychology Services which is largely from additional income from schools and academies.

3.4.1.7 There is a forecast underspend of -£0.1m on Youth and Offending Services which relates to a saving on youth commissioning following a retendering exercise.

3.4.1.8 Finally there is a forecast underspend of -£0.7m on EYPS Management & Support Services, most of which relates to Education Pensions as capitalisation costs are lower than expected.

3.4.2 <u>Social Care, Health & Wellbeing – Specialist Children's Services</u>

3.4.2.1 The overall forecast position for Specialist Children's Services (excluding Asylum) is a pressure of £6.0m. A corporate director adjustment is proposed of (-£1.0m) which will reduce this pressure to +£5.0m (excluding Children's Disability Services).

3.4.2.2 The main areas of pressure continue in elements of Children in Care (Looked After) Services - residential care +£2.7m and independent fostering (+ £1.3m); Adoption & Other Permanent Children's Arrangements (+£1.1m) (mostly relating to special guardianship orders +£1.5m), and Children's Assessment Staffing (+£1.5m) offset by underspends on other budgets including Safeguarding of -£0.4m.

3.4.2.3 In summary, the pressures on residential and independent fostering are due to full year effect of increases in numbers during 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 being unachievable. Although the number of children in residential placements has stabilised over this year (see Appendix 2.9), the numbers in IFA's have risen overall during the year, but show a reduction in October (as seen in Appendix 2.8).

3.4.2.4 Similarly the pressure on Special Guardianship orders is due to increased numbers of orders being granted at court which are greater than the affordable level budgeted for. Although the overall numbers have increased over the year, they seem to have stabilised over the past 3 months (as seen in Appendix 2.11).

3.4.2.5 The pressure on Children's Assessment Staffing (+£1.5m) 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.

3.4.2.6 There is a Corporate Director adjustment of -£1.0m reflecting that an extensive management action plan is now in place with the intention of both achieving a reduction in expenditure in the current year to reduce the overspend to £5m (excluding Children's Disability Services) and to reduce the committed expenditure going in to the financial year 2017-18. The plan is wide ranging and focused particularly on the areas which saw increased activity in the second half of 2015-16.

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

3.4.3.1 The current forecast pressure for Asylum has fallen slightly to £2.1m, which is in the main due to the fact that the number of new arrivals is low in comparison to recent months, and generally the National Transfer Scheme (NTS) is keeping pace with the current rate of arrivals. Whilst there is some reasonable expectation that it will keep pace and be able 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 pursuing a meeting with the Home Office to discuss the current financial situation and in relation to funding arrangements for 2017-18.

3.4.4 Social Care, Health & Wellbeing – Adult Social Care

3.4.4.1 The forecast variance of +£0.8m reflects total pressures of +£8.7m resulting from the direct provision of services to clients across adult social care, which is partially offset by anticipated underspends on assessment staffing across all client groups of (-£1.9m), preventative services (-£2.7m) along with the use of one off monies (-£2.8m) to offset the rising costs of social care, and other support budgets (-£0.5m).

3.4.4.2 Mental Health direct services are forecasting a total pressure of £2.7m. There are still significant pressures on Mental Health residential care and supported living services (+£2.3m & +£0.7m respectively) which are only partially offset by minor underspends on other community based services (-£0.3m). The service is still seeing 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 +£2.7m. Significant pressures continue in supported living commissioned externally (+£1.5m see appendix 2.2), residential care (+£2.0m see appendix 2.1) and day care services (+£0.7m). These are offset by underspends across other services, the most significant being shared lives services (-£0.8m), direct payments (-£0.1m see appendix 2.3) and in-house supported living (-£0.2m). An over recovery of non-residential charging income (-£0.4m) is also offsetting the pressure. The overall pressure on this service is partially due to the delay in the delivery of transformation savings (+£1.1m). The forecast does however assume that further savings of -£0.7m will be delivered before the end of the financial year.

3.4.4.4 Older People and Physical Disability residential and community direct services are forecasting a net pressure of (+£3.3m), which includes a number of offsetting variances. The most significant are outlined below: the actual pressure on commissioned domiciliary care services is £4.7m of which, £3.8m relates specifically to Older People as outlined in appendix 2.6. This is partially offset by higher levels of client income resulting from this activity (-£1.4m), along with underspends against direct payments of (-£2.7m). The overall pressure on residential & nursing care is now (+£2.6m), mainly due to higher than anticipated demand for older people residential care services (see appendix 2.4) partially offset by lower demand for older people nursing care (see appendix 2.5). 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 (+£0.1m) of the MTFP savings are still to be achieved before the end of the financial year.

3.4.4.5 Within Adult & Older People Preventative & Other Services, there is a significant pressure on the equipment budget of +£0.5m resulting from higher than anticipated demand; re-phasing of some of the savings on housing related support +£0.3m, offset by forecast underspends (-£2.0m) on social support services such as carers, information and early intervention and social isolation; Social Fund of (-£0.3m); uncommitted Care Act monies of (-£0.4m) and other minor underspends of (-£0.7m), together with the use of one off monies (-£2.8m) to offset the rising costs of social care.

3.4.4.6 There is a Corporate Director Adjustment of -£0.8m, which allows a further release of all remaining uncommitted one-off monies of £0.6m and management action.

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 forecast underspend of -£1.2m.

3.4.5.2 There are pressures forecast on three services: Other Children's Public Health Programmes (+£0.3m) due to continuing costs of supporting new mothers with breast feeding, whilst a new model is in development as part of health visiting transformation, and higher than budgeted costs on school nursing; Obesity & Physical Activity (+£0.2m) due to the costs of additional Tier 3 Weight Management and Dietetics activity, and Drug & Alcohol Services (+£0.1m). These pressures have been more than offset by underspends in: Targeting Health Inequalities (-£0.4m), which includes underspending resulting from the number of health checks being below the budgeted level; Tobacco Control & Stop Smoking Services (-£0.3m) and Sexual Health Services (-£0.6m) which primarily relate to unrealised creditors set up in 2015-16 and slippage on premises conversion programme and reduced activity; 0-5 Year Olds Health Visiting service (-£0.3m) due to providers under achievement of agreed performance targets; and Public Health Staffing Advice and Monitoring is also underspending (-£0.2m) due to staff vacancies.

3.4.6 Growth, Environment and Transport

3.4.6.1 The overall variance for the Directorate, before Corporate Director adjustments, is a pressure of +£0.6m.

3.4.6.2 The pressure against Young Persons Travel Pass (YPTP) relates to the saving of +£0.5m 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. This trend has failed to reverse in the current period and this pressure is being part-managed within the Public Transport area, with the Concessionary Fares and Subsidised Bus Services budgets delivering an underspend.

3.4.6.3 Waste is forecasting an overall pressure of +£1.5m (and activity of +9,398 tonnes) compared to budget, with a net movement of +3,869 tonnes this month.

- Waste Processing is responsible for +£0.6m (and activity of -3,841 tonnes) of this overspend (see Appendix 2.15).
  The pressures, however, are not tonnage related as costs have increased slightly this month, yet tonnages have reduced by -2,089 tonnes. The non-tonnage related pressures are detailed in Appendix 2.15.
  Importantly, in future months, it is likely that there will be additional tipping away payments in relation to North Farm (Tunbridge Wells) following the serious fire on 22nd October 2016. The impact of this, and an update on any tonnage related pressures, will be confirmed in the coming months.

- The Treatment and Disposal of Residual Waste budget is now showing a net pressure of +£1.0m (and activity of +13,239 tonnes - see Appendix 2.14 for further details) following this month’s +£0.6m increase in the pressure, with tonnages increasing by +5,958 this month.

- There is an underspend of -£0.1m on Waste Management, explaining how the overall pressure on the Waste Service is +£1.5m.

A Corporate Director adjustment (see 3.4.6.9) of -£0.2m has been reflected to part mitigate pressures on the Waste Service as a whole, with the service continuing to review its contracts over the coming months but the service is of course subject to fluctuating, and unfortunately rising, tonnage levels.

3.4.6.4 Economic Development and Other Community Services is forecasting a pressure of +£0.2m, primarily due to the +£0.5m commercial business rate pool saving being forecast as unlikely to be delivered in the current period. There are ongoing negotiations in terms of the current and future years but the service has prudently held vacancies and phased recruitment to the new structure throughout the year to part mitigate this pressure.

In addition, the agreed management charge against the Kent and Medway Business Fund scheme (continuing on from the Regional Growth Fund schemes) has reduced the pressure, as this is to be recharged to capital. This recharge is linked to activity as it is based on the level of loans approved in-year.

3.4.6.5 The pressure on the Coroners service (Public Protection) of +£0.1m remains in respect of increased activity and unbudgeted staff costs.

3.4.6.6 The £0.6m pressure within General Highways Maintenance and Emergency Response is primarily explained by a spate of safety critical and inspection works that were required on the road network, especially high speed roads.

3.4.6.7 To offset the above pressure, and to reduce the forecast overspend on the directorate as a whole, expenditure within Other Highways Maintenance & Management now shows a forecast underspend of -£1.1m, primarily due to maintenance savings on the LED Streetlight conversion project, the re-procurement of the Traffic Management contract and the part-year impact of the hosting costs for the Central Management System on the same project.

3.4.6.8 The other primary underspends in the directorate relate to Libraries, Registration and Archives (LRA) -£0.4m, Concessionary Fares (ENCTS) -£0.3m, Environment -£0.2m and Subsidised Bus Services -£0.1m. In addition, there is also a -£0.2m underspend shown within GE&T Management and Support Services.

These above movements can be explained by the over-delivery of registration income and holding vacancies (LRA); the forecast reduction in journey numbers in line with national trends (ENCTS); grant income of £0.1m that was due to be received in 2015-16 but had been challenged by the auditors of the funding body; the challenge has now been resolved with a successful outcome for KCC (Environment) and staffing underspends.

The ENCTS variance of -£0.3m can be seen visually in Appendix 2.12, whereby journeys are forecast to be -£0.2m under budgeted levels.

3.4.6.9 A Corporate Director adjustment of -£0.2m has been made in this monitoring report to partially offset the adverse variance of +£1.5m for Waste Services. The Service has been implementing management action to mitigate the forecast overspend, as well as reviewing contracts/terms as they expire.

Prior to the Corporate Director adjustment of £0.2m, the above variances explain an overall pressure within the directorate of +£0.6m.

3.4.7 Strategic and Corporate Services

3.4.7.1 The overall variance reflected in appendix 1 for the directorate is a break-even position which is made up of -£0.5m for the directorate and +£0.5m relating to the Corporate aspirational savings target for Asset Utilisation, held within the Corporate Landlord budgets of the Infrastructure & Business Services Centre line of Appendix 1, the delivery of which depends on operational service requirements and Member decisions regarding the exiting of buildings.

3.4.7.2 The Directorate variance of -£0.5m relates to -£0.3m for Finance & Procurement 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; -£0.3m Engagement, Organisation Design & Development relating primarily to staffing vacancies which is partially off-set by +£0.1m on the Contact Centre, Digital Web & Gateways A-Z line; +£0.2m Infrastructure which consists of many variances, each under £0.1m, across all units within the Division, including the Business Services Centre; -£0.2m Strategy, Policy, Relationships & Corporate Assurance resulting from staff maternity and secondments together with unbudgeted project income from the NHS; +£0.2m Legal Services primarily due to staff vacancies, recruitment and training of new staff which is impacting income generation; Democratic Services and Strategic Business Development & Intelligence each have underspends of -£0.1m relating to staffing and unbudgeted income opportunities.

3.4.8 Financing Items

The financing items budgets are currently forecast to underspend by £2m, 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, and an expected increase in the retained business rates levy for 2016-17 result in a forecast underspend of £1.4m.

3.4.8.2 A forecast underspend of £0.5m on the net debt charges budget, mainly due to lower than budgeted interest costs and higher interest receipts, 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 £22.277m which is due to:

- +£2.219m as a result of an estimated 21 schools converting to academy status and taking their accumulated reserves with them;
- +£2.088m use of schools unallocated reserves to offset pressures on High Needs and Early Years education;
- +£4.763m use of schools unallocated reserves to fund in year schools related pressures.
- +£13.207m use of schools reserves for the remaining Kent schools according to their six month monitoring returns.

As a result, schools reserves are forecast to reduce from £46.361m to £24.084m.

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	6.764	1.936
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)		0.721
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)	0.090	

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.

6. SUMMARISED CAPITAL MONITORING POSITION

6.1 There is a reported variance of -£22.804m on the 2016-17 capital budget (excluding schools and PFI). This is a movement of -£0.402m from the previously reported position and is made up of -£2.763m real variance and -£20.041m 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	-2.663	-0.762	-1.901	-0.762	-1.270	0.000	-0.631
Social Care, Health & Wellbeing - Specialist Children's Services	0.109	0.040	0.040	0.000	0.040	0.000	0.000	0.000
Social Care, Health & Wellbeing - Adults	6.401	-3.312	0.488	-3.800	0.542	-3.602	-0.054	-0.198
Social Care, Health & Wellbeing - Public Health	0.360	-0.235	0.000	-0.235	0.000	-0.235	0.000	0.000
Growth, Environment & Transport	130.670	-16.345	-2.436	-13.909	-2.918	-14.041	0.482	0.132
Strategic & Corporate Services	20.502	-0.289	-0.093	-0.196	0.032	-0.188	-0.125	-0.008
Financing Items	0.000				0.000	0.000	0.000	0.000
TOTAL	**303.136**	**-22.804**	**-2.763**	**-20.041**	**-3.066**	**-19.336**	**0.303**	**-0.705**

6.3 Capital budget monitoring headlines

Movements greater than £0.100m on real variances and movements greater than £1.0m due to rephasing are described below:

Education & Young People's Services

There are no movements reported over £0.100m on real variances or £1.0m on rephasing.

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

There are no movements reported over £0.100m on real variances or £1.0m on rephasing.

Social Care, Health & Wellbeing – Adults

There are no movements reported over £0.100m on real variances or £1.0m on rephasing.

Social Care, Health & Wellbeing – Public Health

There are no movements reported over £0.100m on real variances or £1.0m on rephasing.

Growth, Environment & Transport

Highways, Transportation & Waste

- M20 Junction 4 Eastern Overbridge: Real movement of +£0.133m. This movement takes the total overspend on this project to +£0.694m. The movement this month is due to a revised assessment of costs from the cost consultants as a result of project delays, unforeseen site issues and design changes. This will be funded by developer contributions and from underspends elsewhere on the SELEP grant.

- Resurfacing of Thanet Way is being funded from underspends and rephasing within the Directorate.

Environment, Planning and Enforcement and Libraries, Registration and Archives

- Sustainable Access to Maidstone Employment Areas: Real movement of +£0.390m. The movement in variance is due to the cash limit change to reflect the decrease in the level of external income that will be received. The project has been scaled back accordingly and was reflected in the prior month's monitoring.

Economic Development

There are no movements reported over £0.100m on real variances or £1.0m on rephasing.

Strategic & Corporate Services

- Corporate Property Strategic Capital: Real movement of -£0.120m to reflect use of grant within revenue.

6.4 **CAPITAL BUDGET PROPOSED CASH LIMIT CHANGES**

Project	Directorate	Amount £m	Year	Funding	Reason
LD Good Day Prog – Community Hubs	SCH&WB - Adults	0.010	2016-17	Dev conts	Additional projects funded from dev contributions.
Developer Funded Community Schemes	SCH&WB – Adults	0.017	2016-17	Dev conts	Additional projects funded from dev contributions.
Modernisation of Assets (MOA)	S&CS	-2.584	2016-17	Prudential	Virement form signed – to transfer to New Ways of Working.
New Ways of Working	S&CS	2.584	2016-17	Prudential	Virement form signed – transferred from MOA.

7. CONCLUSIONS

7.1 It is concerning that the revenue position after all expected adjustments has deteriorated again this month from +£4.850m to +£6.159m, which predominately relates to adverse movements on SEN Transport and Waste budgets, partially offset by improvements within Financing Items, Children's Disability services and GET management & support budgets. 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. However, as we progress through the year and further pressures are identified, there is a risk that alternative saving plans cannot be developed and implemented quickly enough to impact fully in this financial year. It is our expectation that once these alternative plans are finalised and agreed then the forecast pressure will reduce but it is questionable, at this point in the year, whether these alone will be sufficient to deliver a balanced position. As a consequence, senior management have taken the actions listed in paragraph 1.5 and are looking for further opportunities to bring this situation under control. The objective remains, and will do so throughout this financial year, to eliminate this forecast overspend with minimal impact on front-line services. This situation will be kept under review over the coming weeks, but Cabinet need to be aware that this is a serious situation and a breakeven position is by no means certain.

7.2 Should we end the year with an overspend, we will have to meet the shortfall from reserves, with the implications of this outlined in paragraph 1.6.

8. RECOMMENDATIONS

Cabinet is asked to:

8.1 **Note** the forecast revenue budget monitoring position for 2016-17, and the seriousness of this position, and the 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 changes to the capital programme as detailed in section 6.4.

8.3 **Note** the October monitoring of prudential indicators reflected in Appendix 4.

9. BACKGROUND DOCUMENTS

9.1 As there was no suitable Cabinet meeting for the September monitoring report to be presented to, this was made available to Cabinet Members and Corporate Directors via SharePoint and is attached to this report as a background paper. The movement shown in this October monitoring report reflects the movement from the position shown in the attached September monitoring paper.

10. CONTACT DETAILS

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Appendix 1

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	28.9	-9.8	19.1	-0.8	0.1
Early Years Education & Childcare	63.7	-62.4	1.3	0.1	-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	3.3	-0.1	-0.1
Other Services for Young People & School Related Services	17.6	-13.2	4.4	0.0	0.1
Pupil & Student Transport Services**	34.2	-3.7	30.5	1.5	-0.1
Other Schools' Related Costs	33.9	-33.8	0.1	0.6	-0.8
Youth and Offending Services	5.2	-3.5	1.7	-0.1	0.0
Adult Education and Employments Services for Vulnerable Adults	13.5	-14.4	-0.9	0.0	0.0
EYP Management & Support Services	20.2	-14.0	6.2	-0.7	-0.4
Sub Total E&YP directorate	**271.5**	**-205.6**	**65.9**	**0.5**	**-1.3**
Social Care, Health & Wellbeing					
Learning Disability Adult Services**	156.9	-12.4	144.5	2.7	0.3
Physical Disability Adult Services	36.2	-4.2	32.0	-0.4	-0.1
Mental Health Adult Services	13.8	-1.7	12.2	2.7	0.1
Older People Adult Services**	169.5	-81.9	87.6	3.6	0.6
Adult & Older People Preventative & Other Services	66.1	-20.8	45.3	-5.4	-1.4
Adult's Assessment & Safeguarding Staffing	43.8	-6.3	37.5	-1.9	-0.5
Children in Care (Looked After) Services**	59.5	-7.2	52.3	4.0	-0.1
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	0.0
Asylum Seekers**	46.5	-46.0	0.6	2.1	-0.1
Children's Assessment Staffing**	51.6	-9.8	41.8	1.5	0.0
Public Health	78.7	-77.4	1.3	-1.2	-0.6
Transfer to/from Public Health Reserve	-1.3	0.0	-1.3	*1.2*	0.6
SCH&W Management & Support Services	16.7	-1.1	15.6	-0.9	-0.1
Sub Total SCH&W directorate	**774.5**	**-275.7**	**498.9**	**9.0**	**-1.5**

	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	-0.4	-0.1
Environment	9.3	-5.4	3.9	-0.2	0.0
Economic Development and Other Community Services	9.1	-3.8	5.3	0.2	0.0
General Highways Maintenance & Emergency Response	9.2	-0.5	8.7	0.6	0.3
Other Highways Maintenance & Management	31.3	-8.1	23.2	-1.1	-0.3
Public Protection & Enforcement	11.1	-2.1	8.9	0.1	0.0
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	-0.3	0.0
Subsidised Bus Services	8.3	-2.2	6.0	-0.1	-0.1
Young Person's Travel Pass	14.4	-6.1	8.3	0.5	0.0
Waste Management	2.1	0.0	2.0	-0.1	0.0
Waste Processing**	29.8	-1.4	28.4	0.6	0.1
Treatment and Disposal of Residual Waste**	36.2	0.0	36.2	1.0	0.6
GE&T Management & Support Services	4.0	-0.1	3.9	-0.2	-0.1
Sub Total GE&T directorate	**203.3**	**-36.5**	**166.9**	**0.6**	**0.3**
Strategic & Corporate Services					
Contact Centre, Digital Web Services & Gateways	5.6	-0.4	5.2	0.1	0.0
Local Democracy	5.3	0.0	5.3	0.0	0.0
Infrastructure (ICT & Property Services) & Business Services Centre	78.7	-42.4	36.3	0.7	0.0
Finance & Procurement	17.1	-6.2	10.8	-0.3	0.0
Engagement, Organisation Design & Development (HR, Comms & Engagement)	11.4	-1.8	9.6	-0.3	0.0
Other Support to Front Line Services	16.1	-11.1	5.1	-0.2	-0.1
S&CS Management & Support Services	2.8	-5.2	-2.4	0.0	0.0
Sub Total S&CS directorate	**136.9**	**-67.1**	**69.8**	**0.0**	**-0.1**
Financing Items	**135.3**	**-17.2**	**118.1**	**-2.0**	**-0.6**
TOTAL KCC (Excluding Schools)	**1,521.6**	**-602.0**	**919.6**	**8.1**	**-3.1**

**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 and throughout Appendix 2 may not add through exactly due to issues caused by rounding the figures for this report.

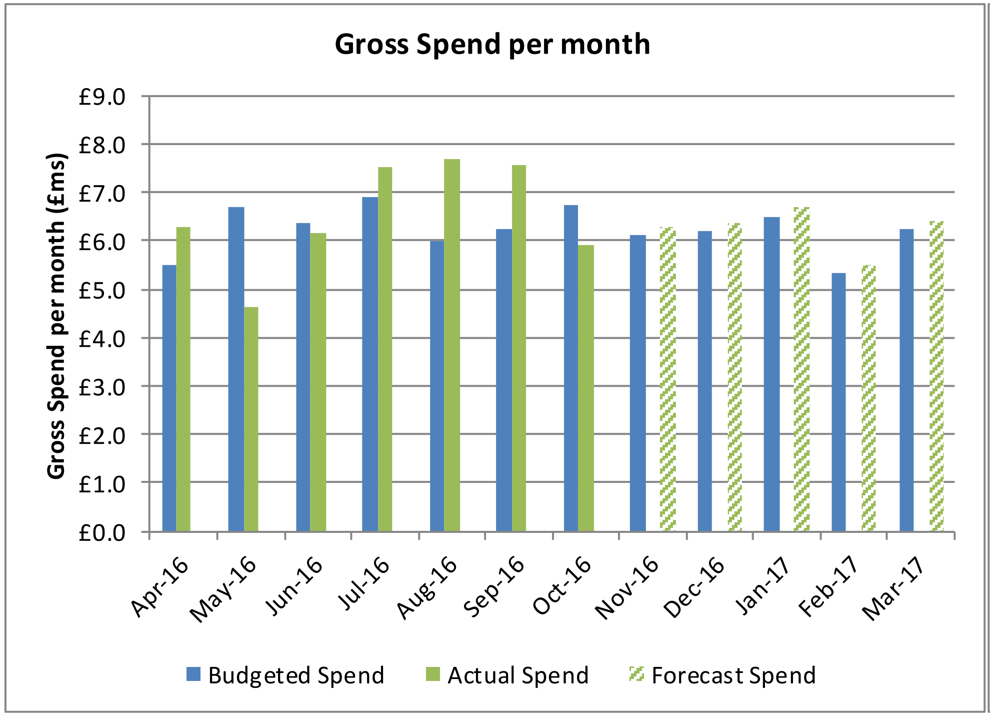
Appendix 2.1: Nursing & Residential Care - Learning Disability (aged 18+)

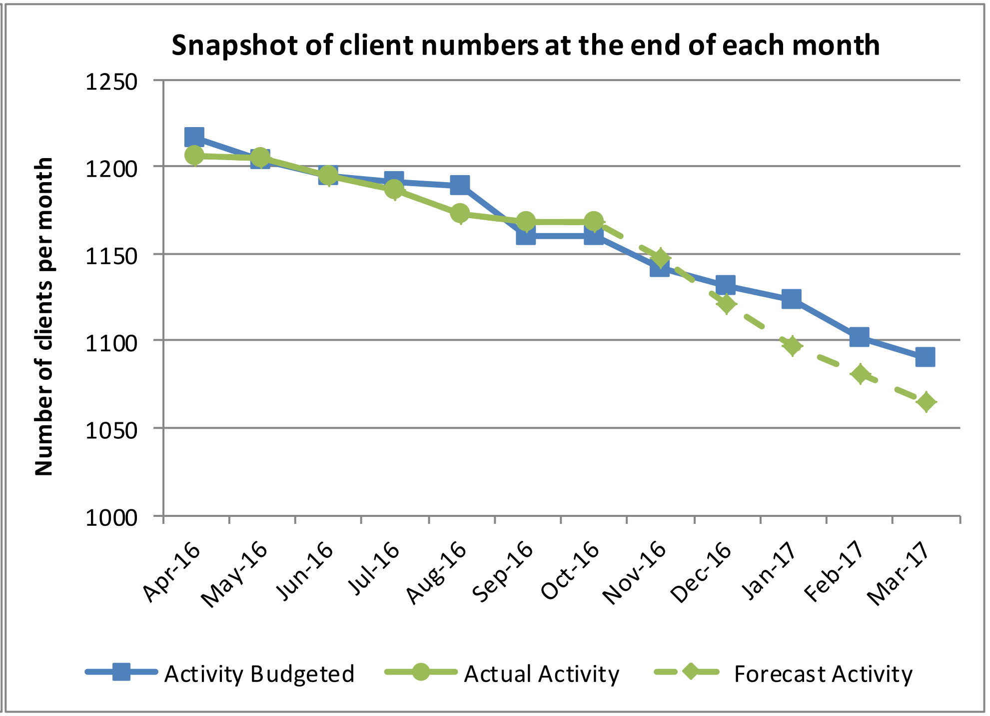
2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£74.9	-£6.1	£68.8	1,090
Forecast	£77.0	-£6.2	£70.8	1,065
Variance	£2.0	-£0.1	£2.0	-25

Position as at 31st Oct 2016	Gross £m	Client Number as at 31/10/2016
Budget: Spend/Activity Year to Date	£44.5	1,160
Actual: Spend/Activity Year to Date	£45.8	1,168
Variance as at 31st Oct 2016	£1.3	8

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast overspend of £2.0m is due to higher than anticipated demand (+£1.7m) and higher unit cost (+£0.7m), along with an allowance for net unrealised creditors based on previous years experience (-£0.4m). Higher than expected service user contributions (-£0.1m) linked to a higher average contribution per service user leads to a net forecast overspend of £2.0m.





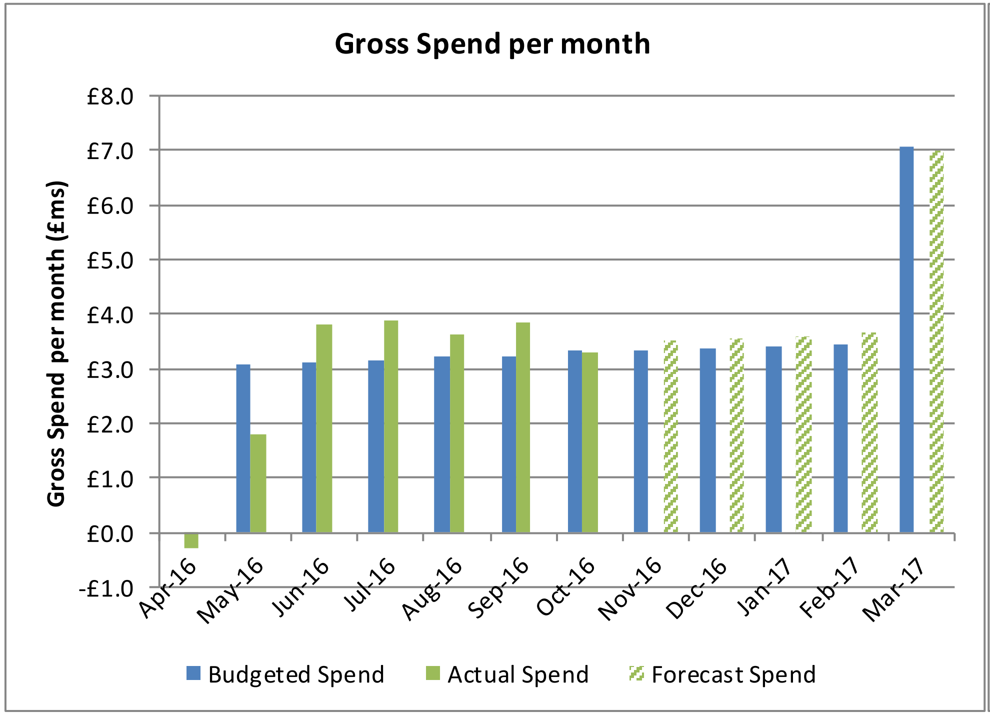
Appendix 2.2: Supported Living - Learning Disability (aged 18+) - Other Commissioned Supported Living arrangements

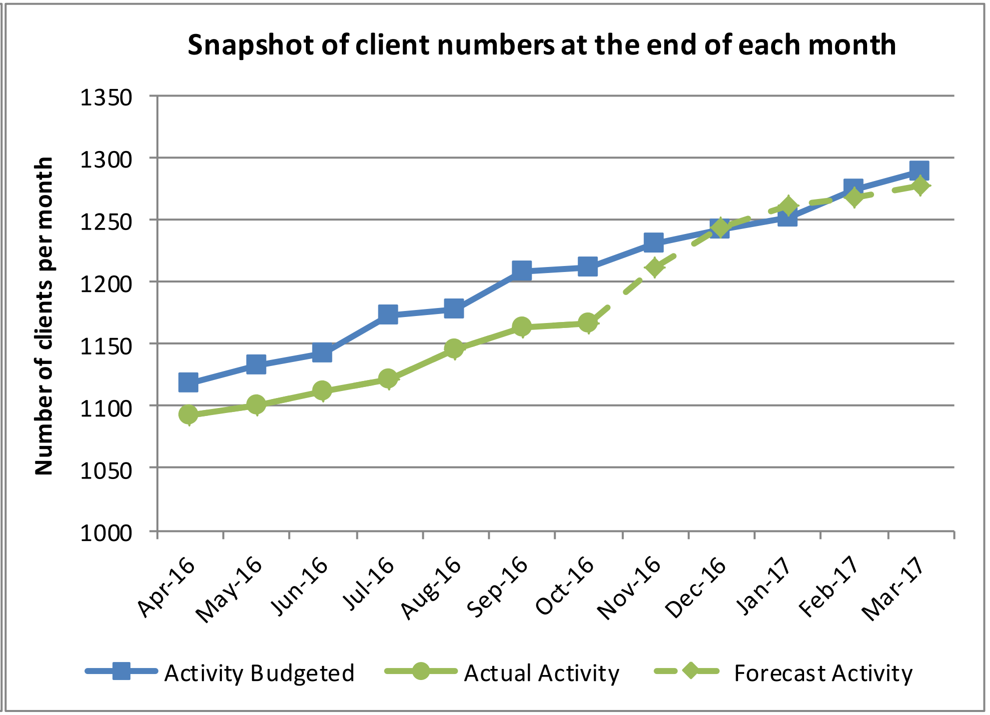
2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£39.7	-£0.2	£39.5	1,288
Forecast	£41.2	-£0.2	£41.0	1,277
Variance	£1.5	£0.0	£1.5	-11

Position as at 31st Oct 2016	Gross £m	Client Number as at 31/10/2016
Budget: Spend/Activity Year to Date	£19.1	1,211
Actual: Spend/Activity Year to Date	£20.0	1,167
Variance as at 31st Oct 2016	£0.8	-44

MAIN REASONS FOR FORECAST VARIANCE:

The forecast pressure of +£1.5m is due to higher than anticipated demand (+£2.7m) as clients' eligible needs are greater than originally budgeted for resulting in a higher than budgeted number of hours per client being provided. This is partially offset by a lower unit cost (-£0.5m) 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 +£0.1m leads to an overall net variance of +£1.5m.





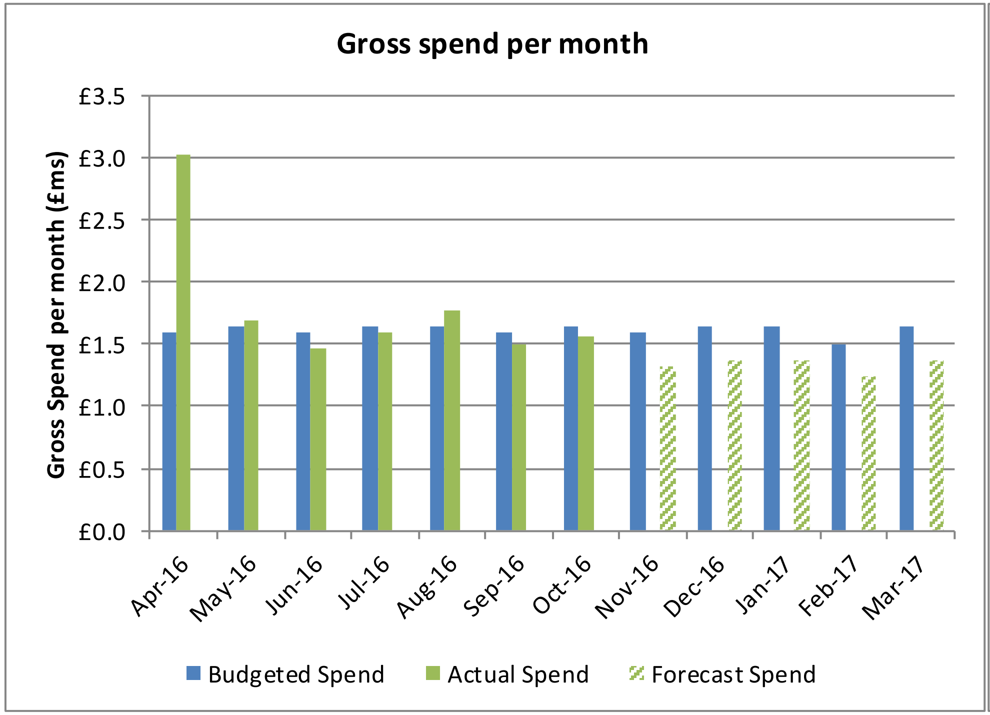
Appendix 2.3: Direct Payments - Learning Disability (aged 18+)

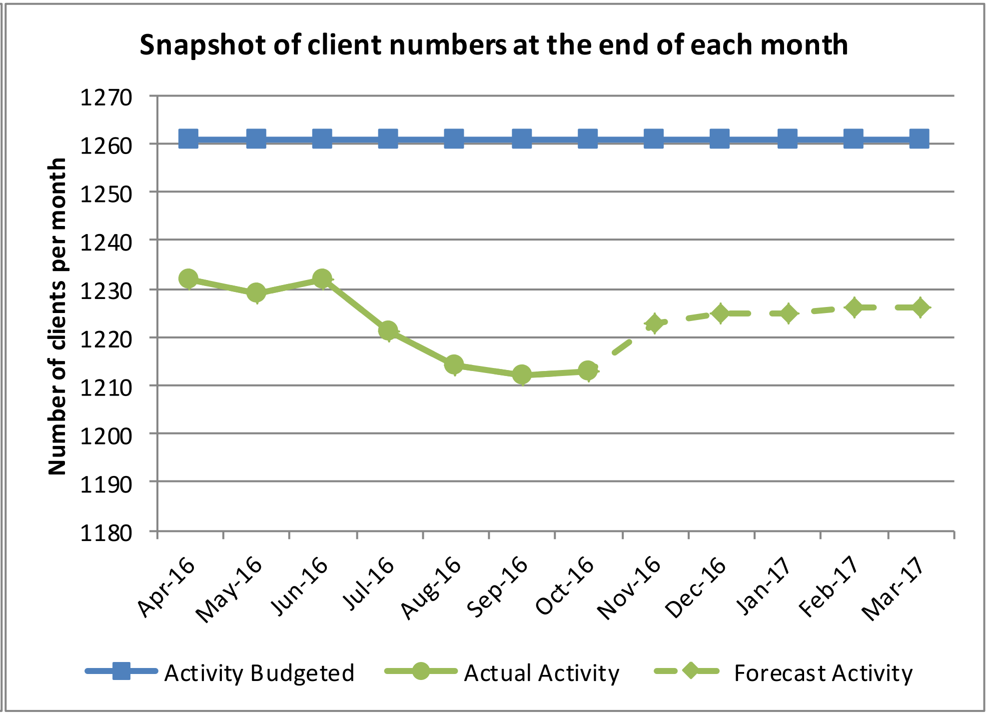
2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£19.4	-£0.9	£18.5	1,261
Forecast	£19.3	-£0.9	£18.4	1,226
Variance	-£0.1	£0.0	-£0.1	-35

Position as at 31st Oct 2016	Gross £m	Client Number as at 31/10/2016
Budget: Spend/Activity Year to Date	£11.4	1,261
Actual: Spend/Activity Year to Date	£12.6	1,213
Variance as at 31st Oct 2016	£1.2	-48

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast underspend of -£0.1m can be attributed to lower than anticipated demand (-£0.6m) and higher unit cost (+£0.4m). In addition one-off direct payments (+£0.8m) and prior year costs predominately related to a historic Ordinary Residence case (+£0.3m) are partially offset by the forecast recovery of unspent funds from clients (-£1.0m).





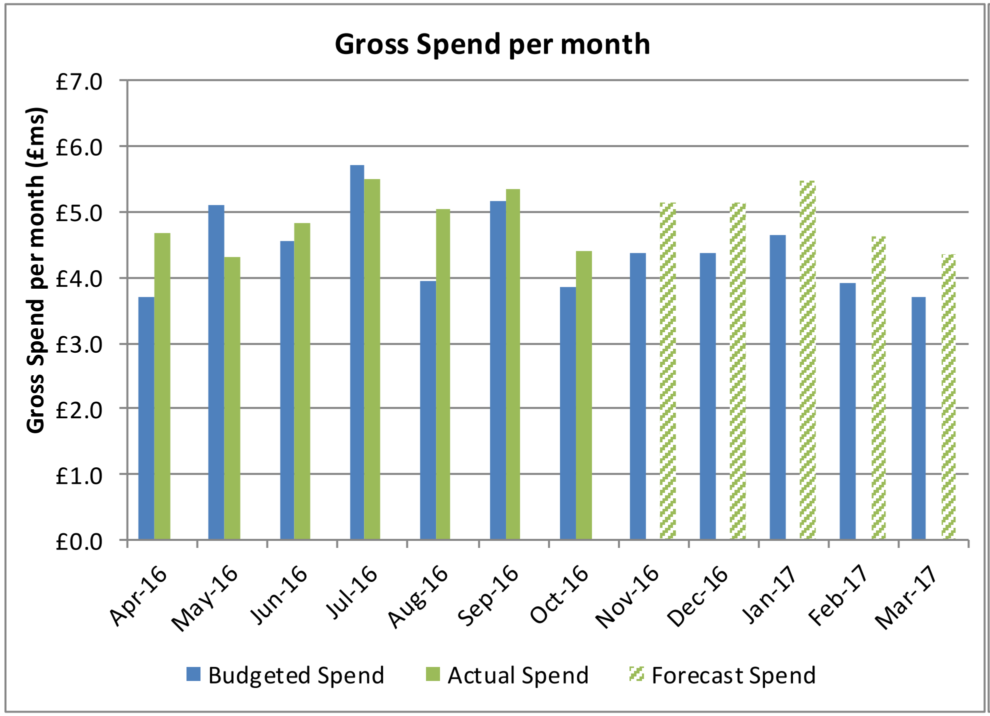
Appendix 2.4: Nursing & Residential Care - Older People (aged 65+) - Residential - Commissioned service

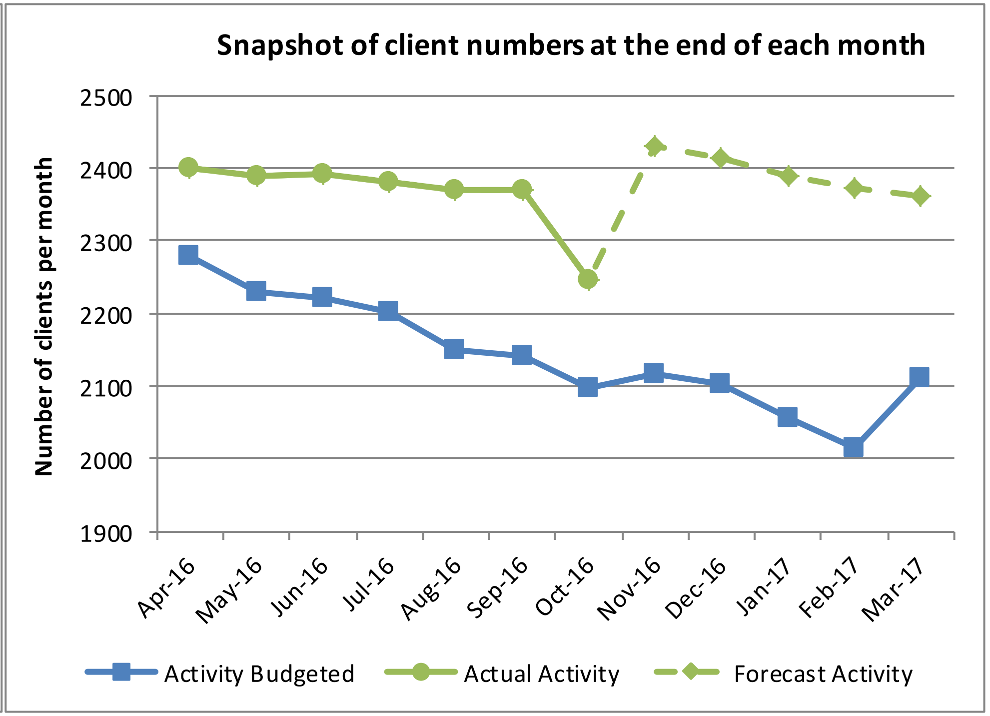
2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£53.1	-£27.8	£25.4	2,112
Forecast	£58.8	-£29.2	£29.6	2,361
Variance	£5.7	-£1.4	£4.2	249

Position as at 31st Oct 2016	Gross £m	Client Number as at 31/10/2016
Budget: Spend/Activity Year to Date	£32.1	2,098
Actual: Spend/Activity Year to Date	£34.1	2,246
Variance as at 31st Oct 2016	£2.0	148

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£5.7m is due to higher than anticipated demand (+£5.5m) and higher unit cost (+£0.2m). This is partially offset by higher than expected service user contributions (-£1.4m) linked to the higher demand (-£2.5m) and a lower average contribution per service user (+£1.1m) leading to a net forecast pressure of +£4.2m. The October snapshot of clients on Swift is 108 lower than anticipated due to an input error and is expected to be corrected next month (which would change the reported figure from 2,246 shown above to 2,354).





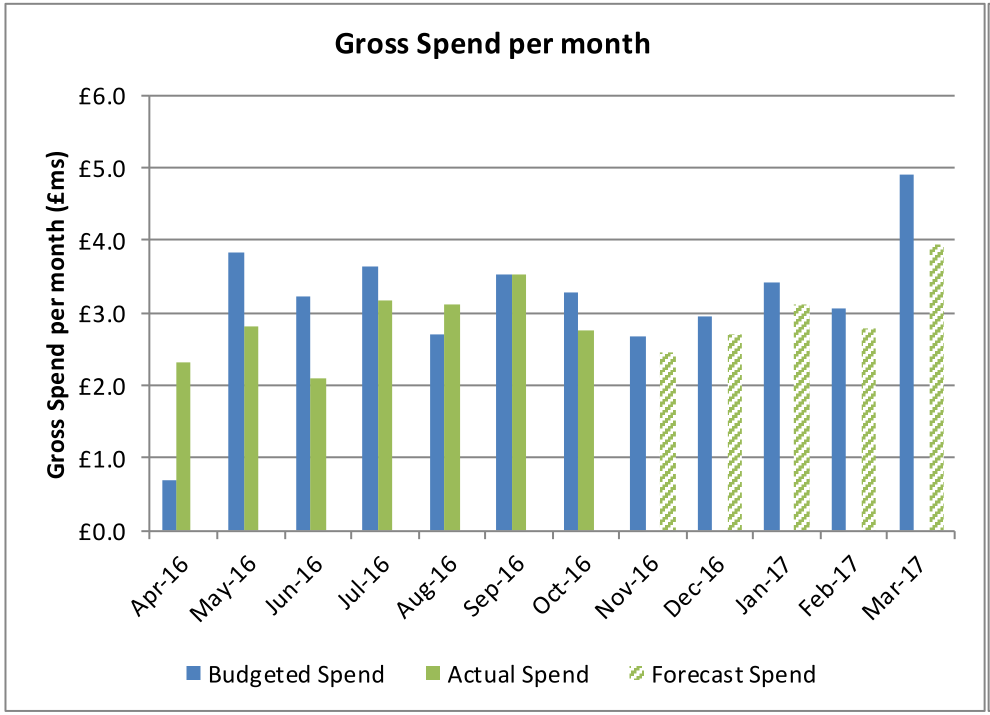
Appendix 2.5: Nursing & Residential Care - Older People (aged 65+) - Nursing

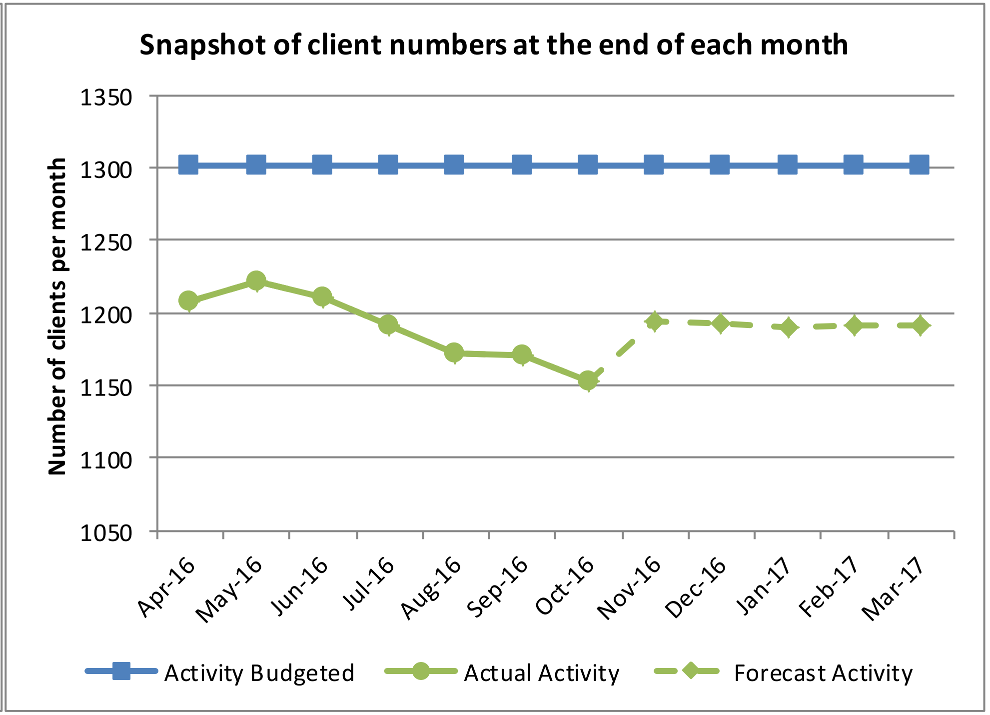
2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£37.9	-£14.6	£23.3	1,301
Forecast	£34.7	-£13.2	£21.6	1,191
Variance	-£3.2	£1.5	-£1.7	-110

Position as at 31st Oct 2016	Gross £m	Client Number as at 31/10/2016
Budget: Spend/Activity Year to Date	£21.0	1,301
Actual: Spend/Activity Year to Date	£19.8	1,153
Variance as at 31st Oct 2016	-£1.2	-148

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast underspend of -£3.2m is due to lower than anticipated demand (-£2.5m) and lower unit cost (-£0.1m), along with non-activity variance against health commissioned beds (-£0.6m) which have been decommissioned this year. There is currently a £1.5m shortfall in service user contributions, due to the lower demand (+£1.0m) and a lower average contribution per service user (+£0.5m) leading to a net forecast underspend of -£1.7m. The October snapshot of clients on Swift is 11 lower than anticipated due to an input error and is expected to be corrected next month (which would change the reported figure from 1,153 shown above to 1,164).





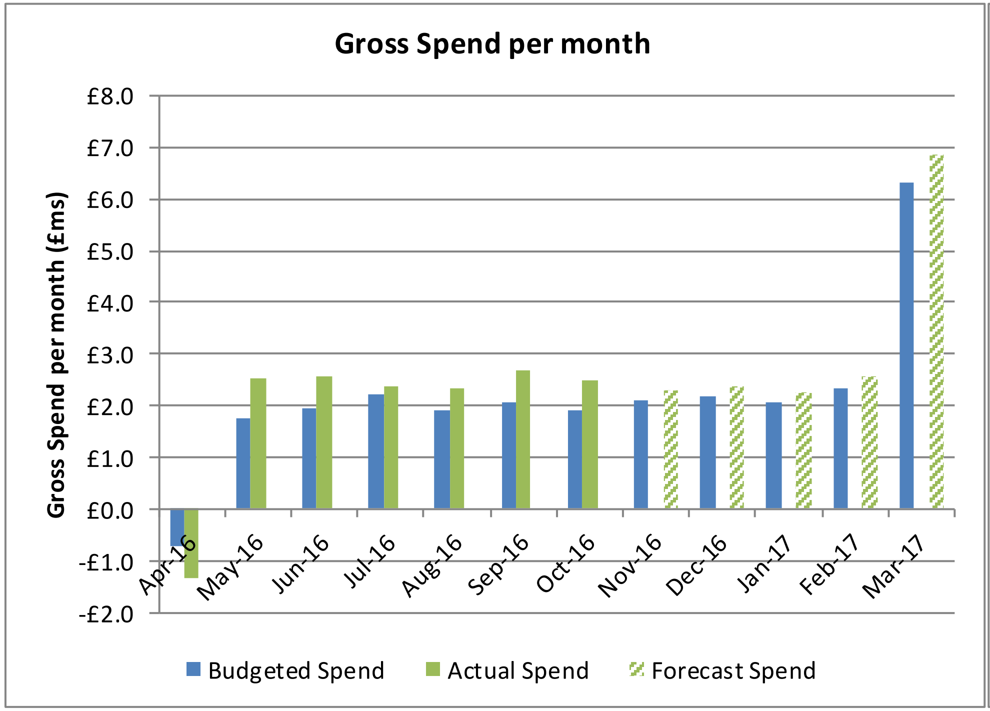
Appendix 2.6: Domiciliary Care - Older People (aged 65+) - Commissioned service

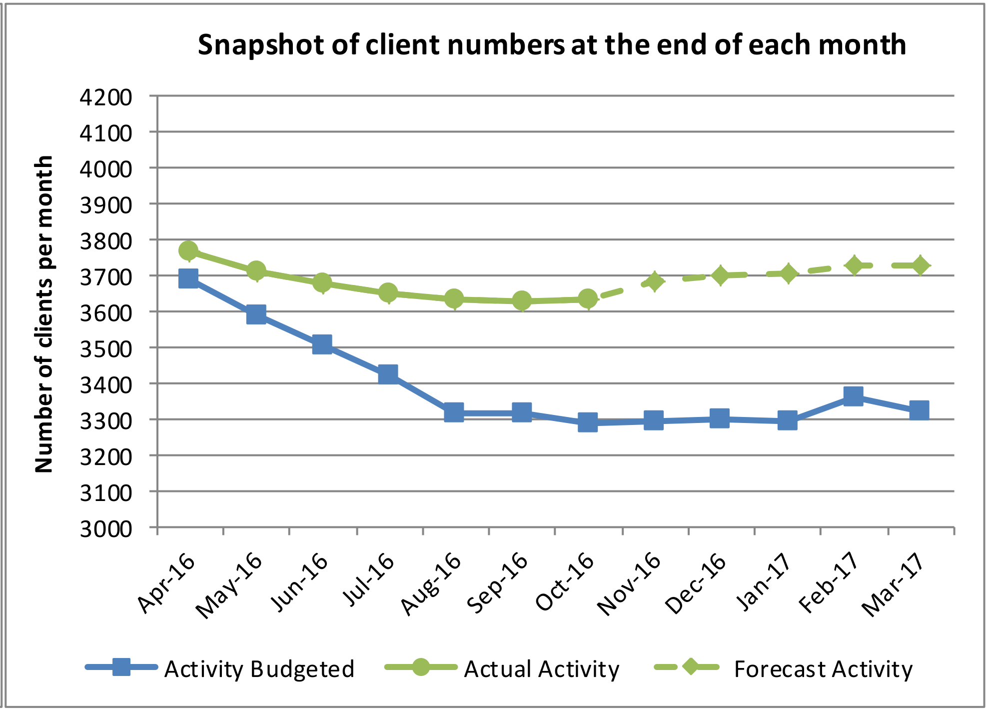
2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£26.2	-£10.2	£16.0	3,321
Forecast	£29.9	-£10.2	£19.7	3,726
Variance	£3.8	£0.0	£3.8	405

Position as at 31st Oct 2016	Gross £m	Client Number as at 31/10/2016
Budget: Spend/Activity Year to Date	£11.2	3,286
Actual: Spend/Activity Year to Date	£13.7	3,634
Variance as at 31st Oct 2016	£2.5	348

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£3.8m is due to higher than anticipated demand (+£3.3m) 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 lead to a pressure of +£0.3m, leading to a net forecast pressure of +£3.8m.





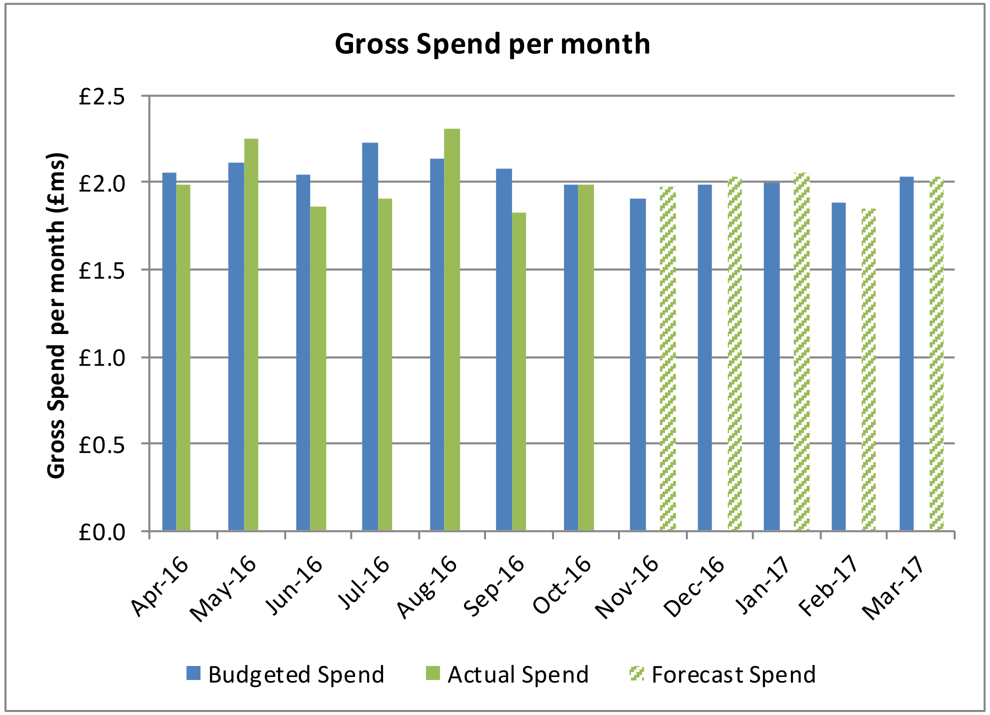
Appendix 2.7: Children in Care (Looked After) - Fostering - In house service

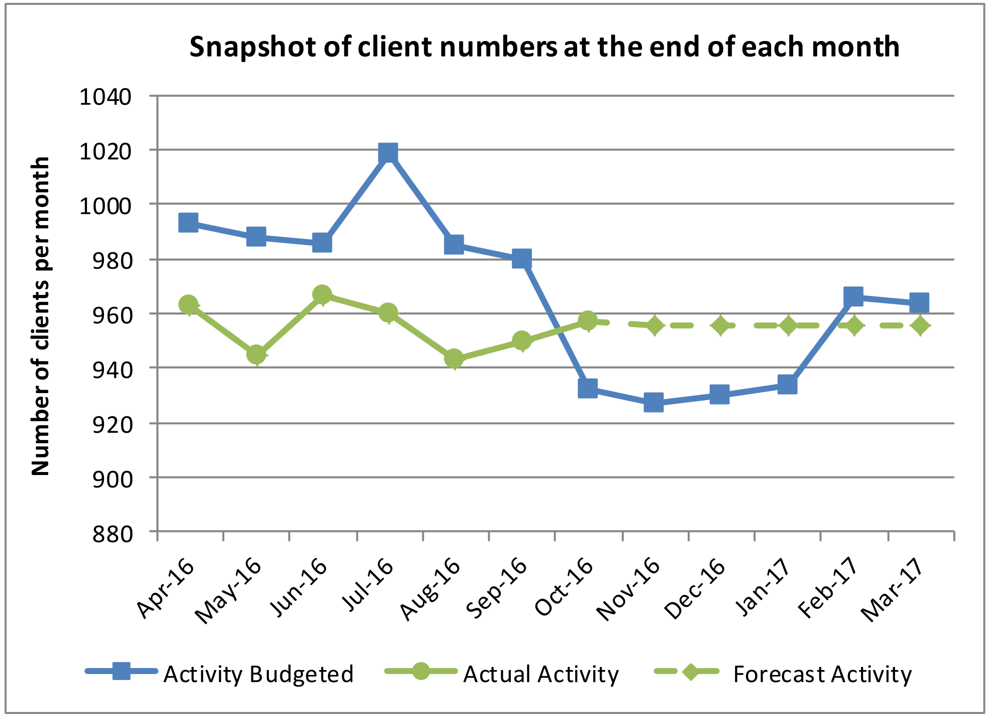
2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£24.4	-£0.5	£24.0	964
Forecast	£24.1	-£0.2	£23.8	956
Variance	-£0.4	£0.2	-£0.1	-8

Position as at 31st Oct 2016	Gross £m	Client Number as at 31/10/2016
Budget: Spend/Activity Year to Date	£14.6	932
Actual: Spend/Activity Year to Date	£14.1	957
Variance as at 31st Oct 2016	-£0.5	25

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast underspend of -£0.4m is due to a higher unit cost (+£0.4m), along with other variances of -£0.8m due to -£0.4m funding allocated for prices not committed, -£0.5m mainly due to current vacancy levels in County Fostering staffing, -£0.1m for lower than expected activity on Connected Persons fostering placements, net against a £0.2m overspend on other In-House Fostering related expenditure. 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 underspend of -£0.1m.





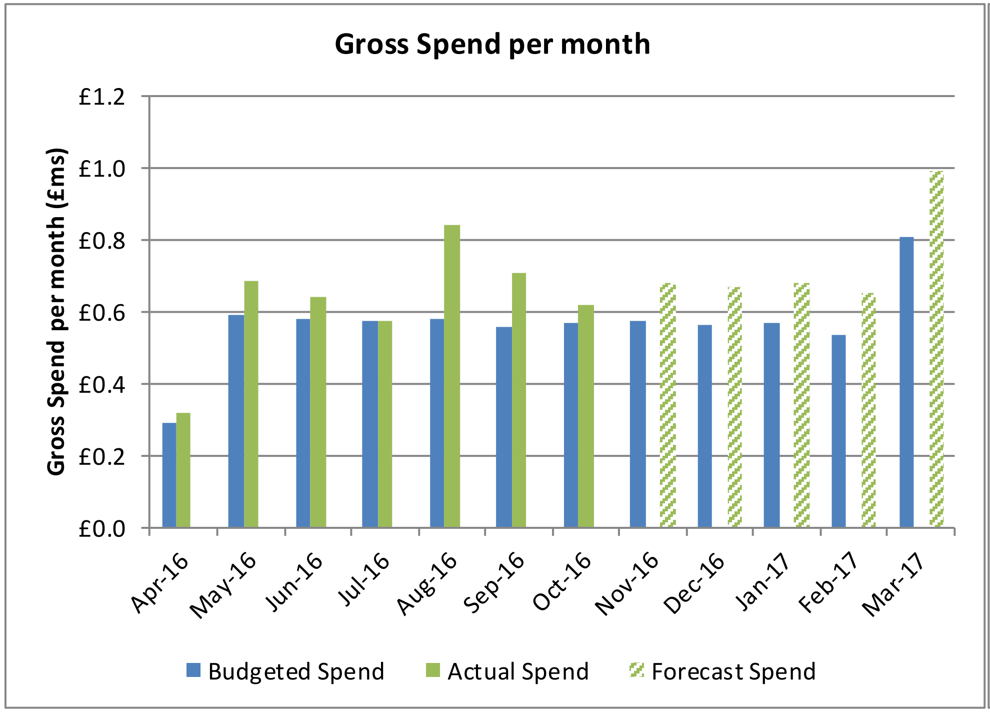
Appendix 2.8: Children in Care (Looked After) - Fostering - Commissioned from Independent Fostering Agencies

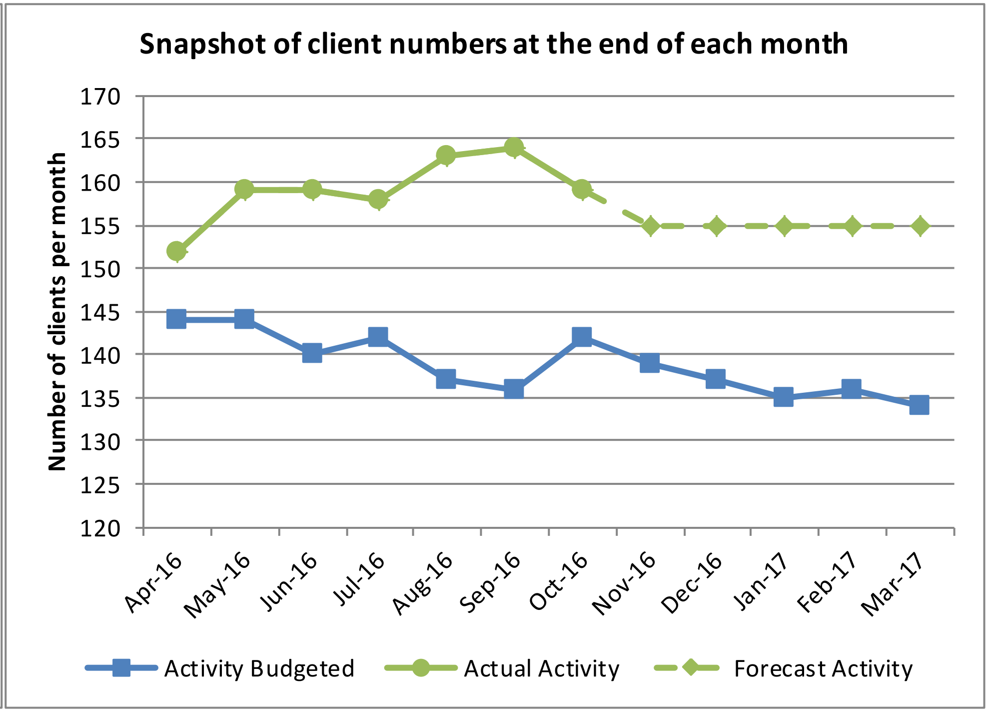
2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£6.8	£0.0	£6.8	134
Forecast	£8.0	£0.0	£8.0	155
Variance	£1.3	£0.0	£1.3	21

Position as at 31st Oct 2016	Gross £m	Client Number as at 31/10/2016
Budget: Spend/Activity Year to Date	£3.7	142
Actual: Spend/Activity Year to Date	£4.4	159
Variance as at 31st Oct 2016	£0.6	17

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£1.3m is due to higher than anticipated demand (+£1.0m) and higher unit cost (+£0.2m).





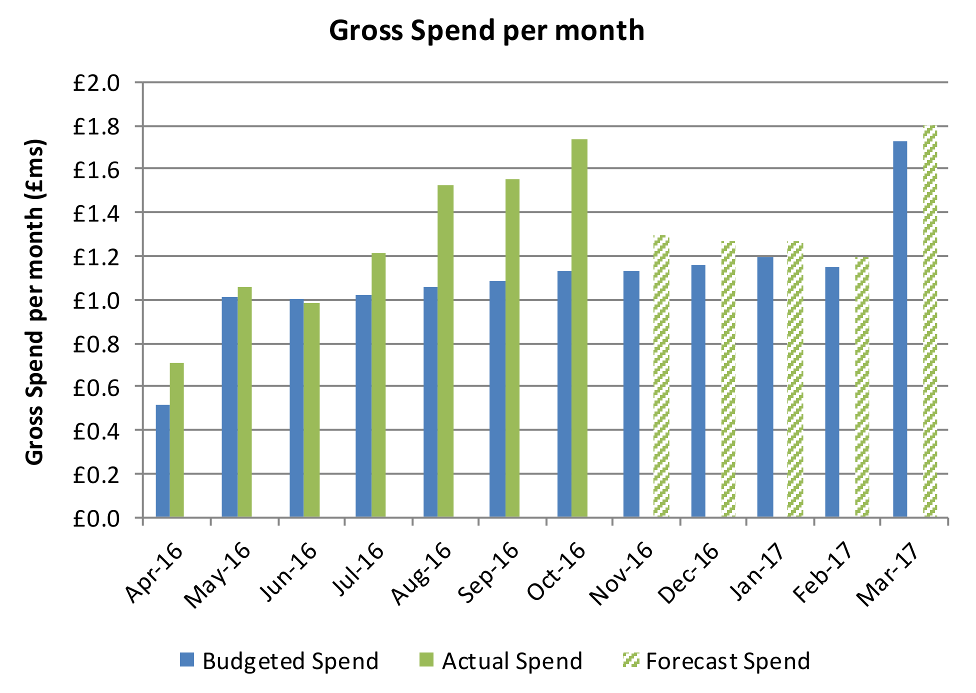
Appendix 2.9: Children in Care (Looked After) - Residential Children's Services - Commissioned from Independent Sector

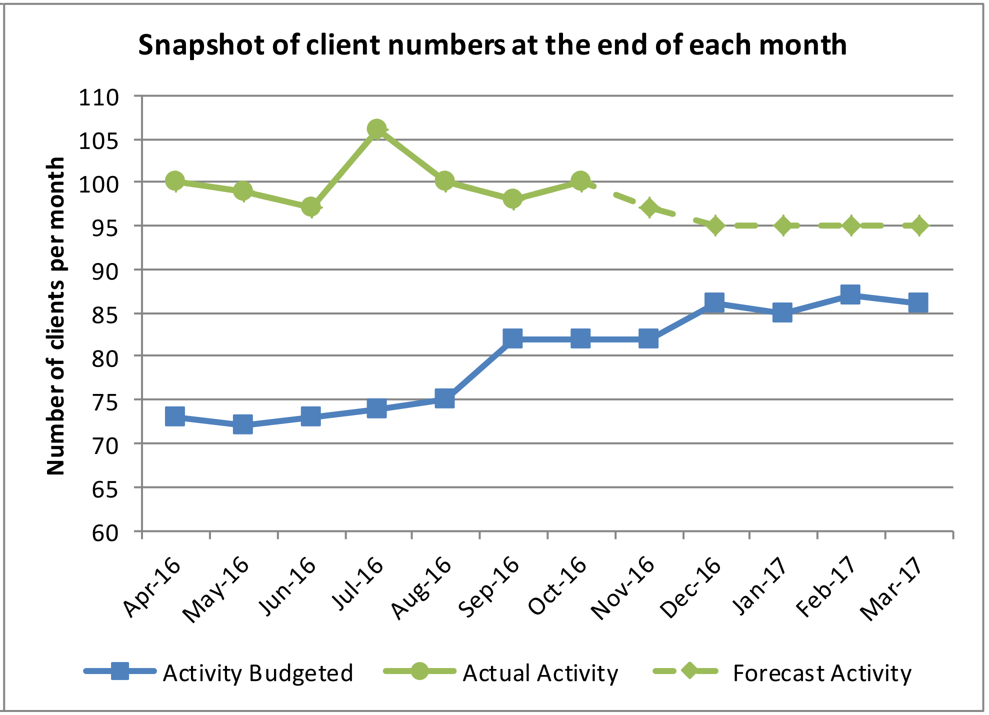
2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£13.2	-£2.3	£10.9	86
Forecast	£15.6	-£2.1	£13.5	95
Variance	£2.4	£0.2	£2.7	9

Position as at 31st Oct 2016	Gross £m	Client Number as at 31/10/2016
Budget: Spend/Activity Year to Date	£6.8	82
Actual: Spend/Activity Year to Date	£8.8	100
Variance as at 31st Oct 2016	£2.0	18

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£2.4m is due to higher than anticipated demand (+£2.1m) and higher unit cost (+£0.1m), along with an additional variance of +£0.2m predominately due to greater than anticipated placements in Secure Accommodation. This pressure is further increased by lower than expected income of +£0.2m 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. This leads to a net forecast pressure of +£2.7m.





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

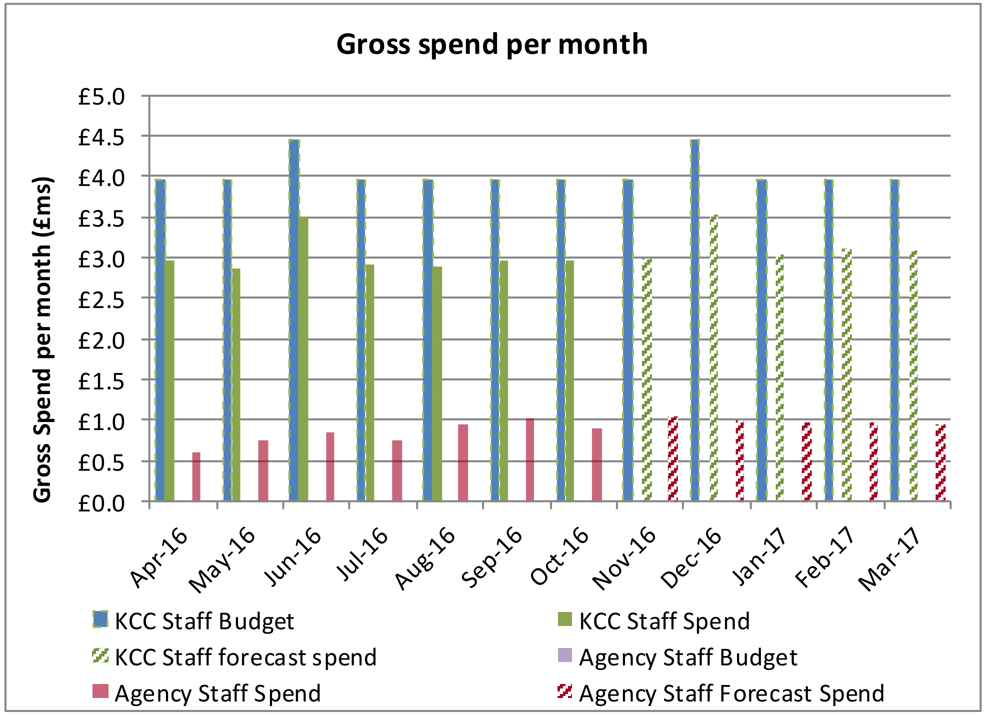
2016-17 Forecast	KCC £m	Agency £m	Gross £m
Budget	£48.5	£0.0	£48.5
Forecast	£36.9	£10.7	£47.6
Variance	-£11.7	£10.7	-£0.9

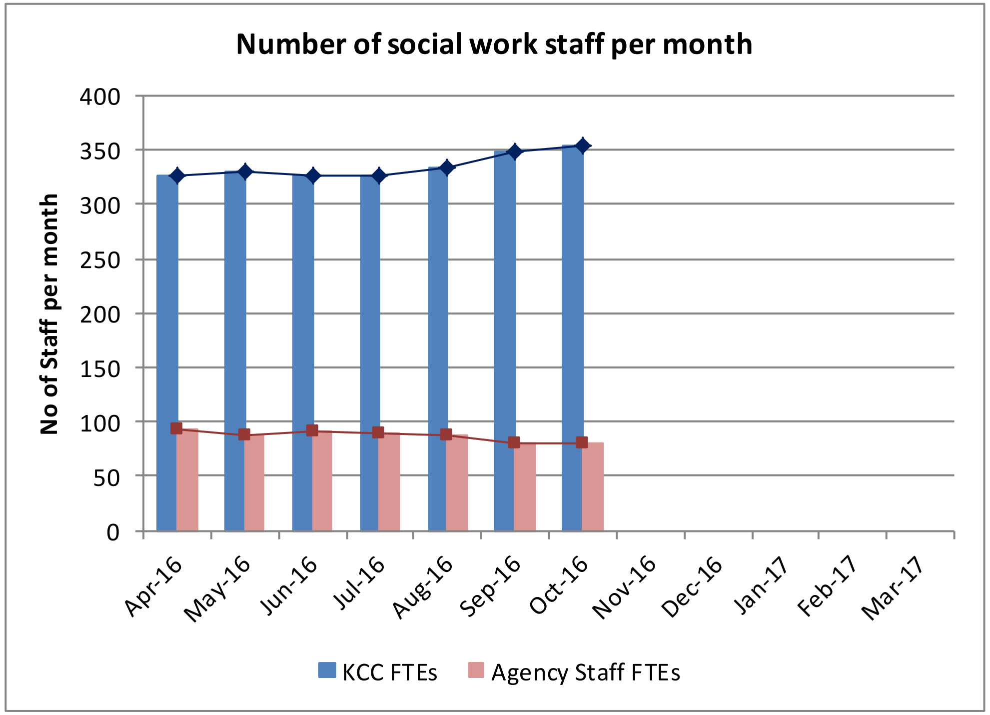
as at 31st Oct 2016	KCC £m	Agency £m	Gross £m
YTD Budget	£28.2	£0.0	£28.2
YTD Spend	£21.1	£5.8	£26.9
YTD Variance	-£7.1	£5.8	-£1.3

Staff numbers	KCC FTEs	Agency Nos
as at 31st Mar 2016	334.6	88.6
as at 31st Oct 2016	353.7	79.2
YTD Movement	19.1	-9.4

MAIN REASONS FOR FORECAST VARIANCE:

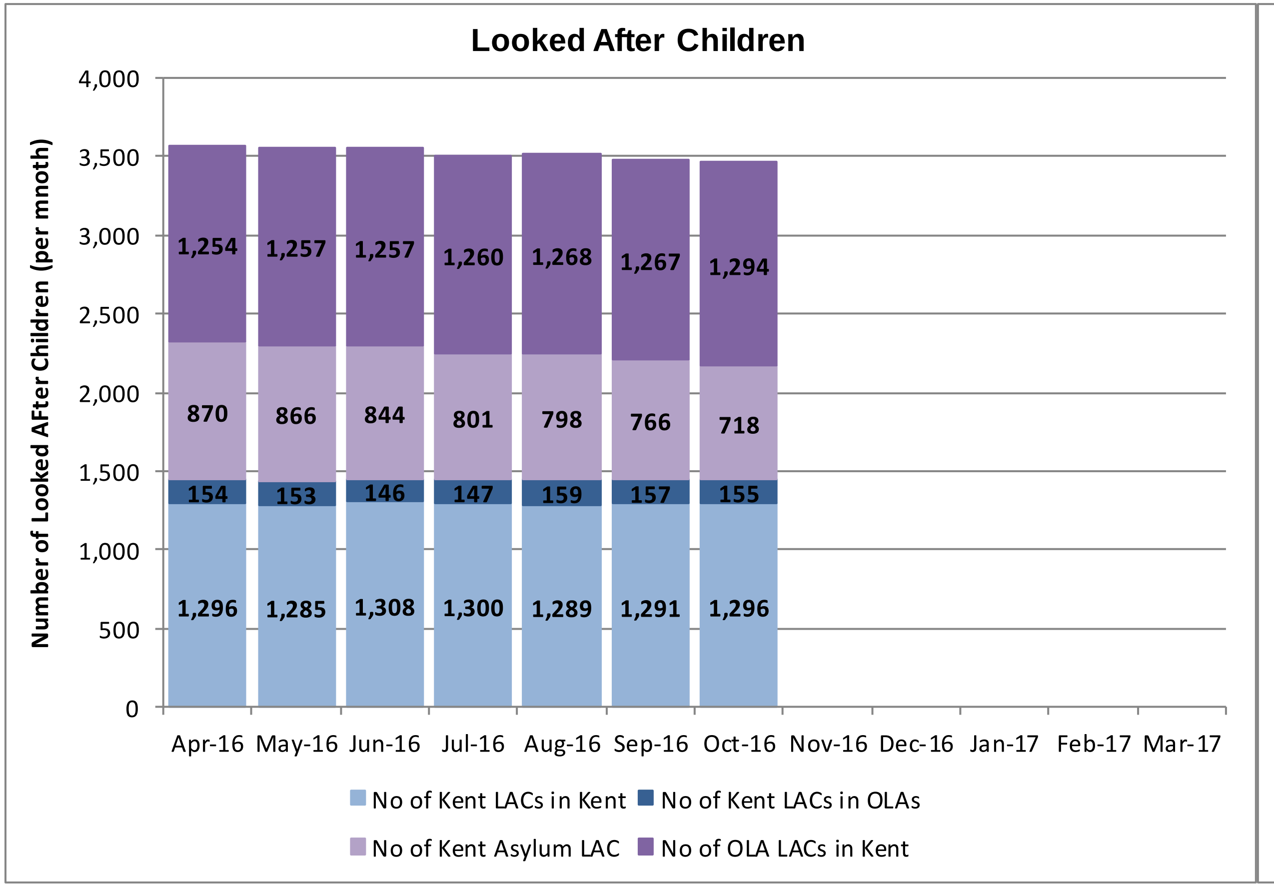
This measure focusses on the level of social workers & senior practitioners rather than the overall staffing level within this budget. The budget assumes that CSC Staffing will be met using salaried workers, so every agency worker (who are more expensive than salaried staff) results in a pressure on this budget. This measure shows the extent of the vacancies within CSC that are currently covered by agency workers which contributes to the £1.5m 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 this measure only includes staffing budgets).

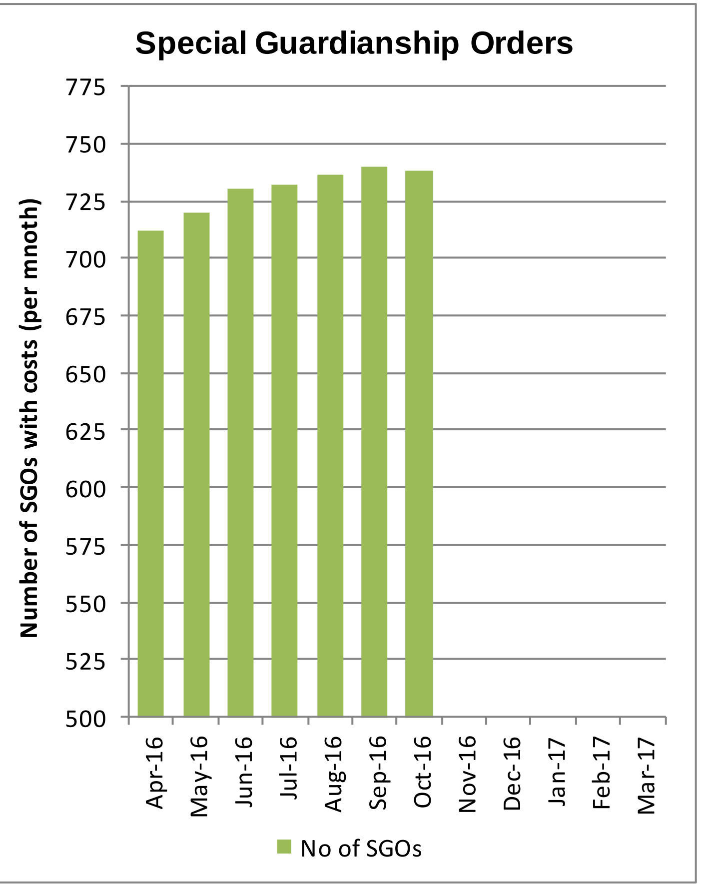




Appendix 2.11: Number of Looked After Children and Number of Special Guardianship Orders (SGOs) with Costs

The left-hand graph shows 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 45% 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 Specialist Children's Services budget, with key parts of this relating to the LAC headings of Commissioned Residential Care and Commissioned Foster Care and non-LAC headings such as Social Care Staffing, Adoption & other permanent care arrangements (including Special Guardianship Orders (SGOs)), and Leaving Care.
The right hand graph shows the number of SGOs incurring costs, which are approved by the courts. These children are either former LAC or may have become LAC if an SGO was not granted.





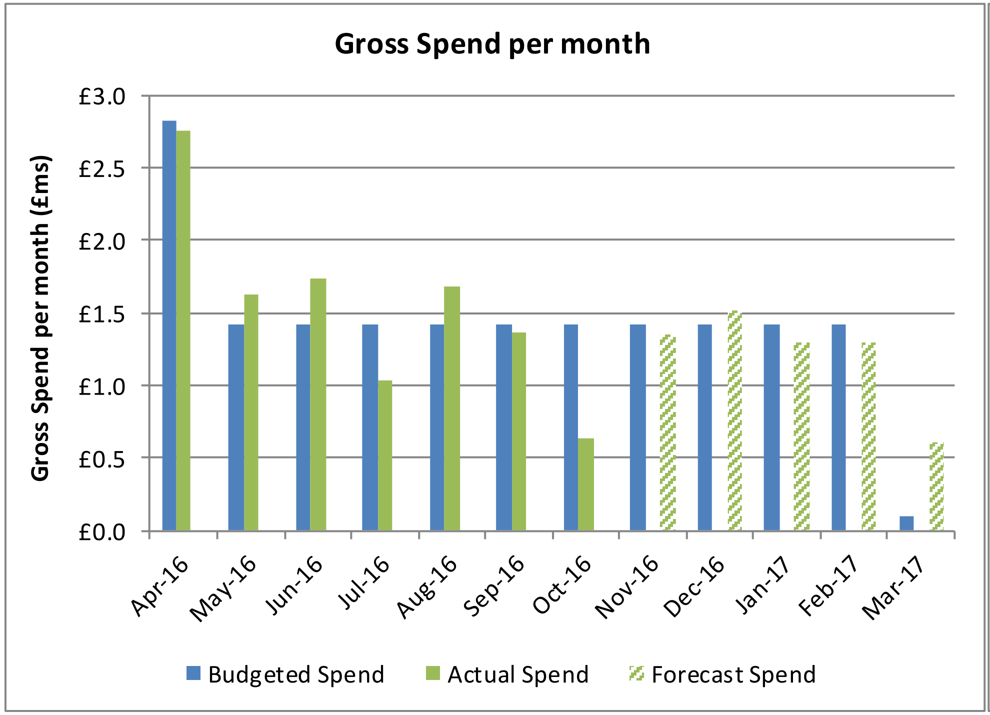
Appendix 2.12: Transport Services - Concessionary fares

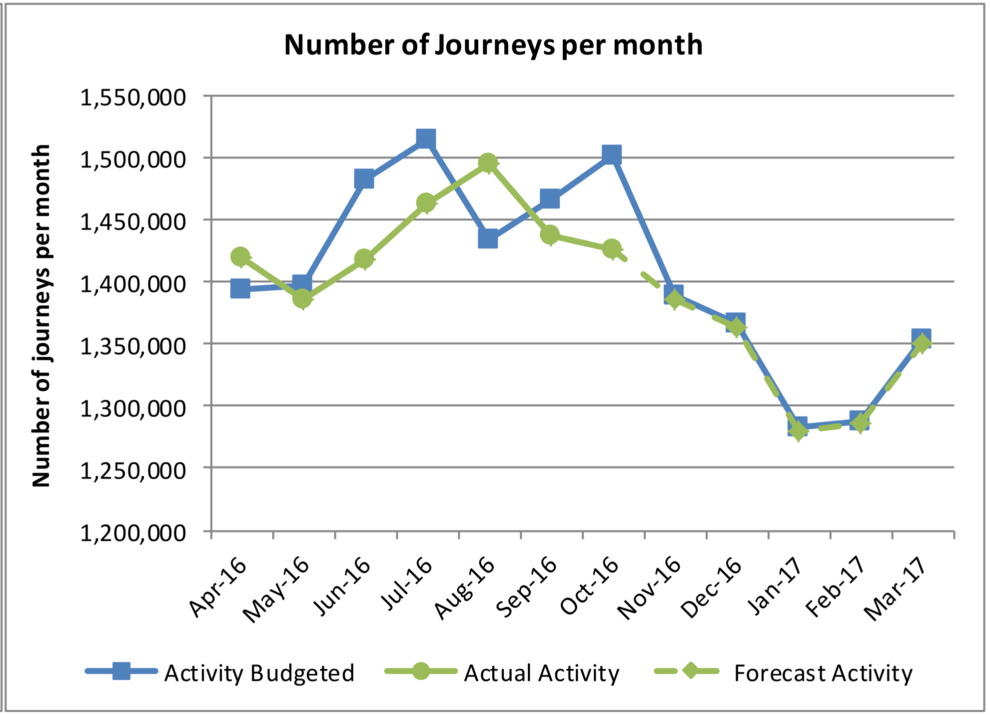
2016-17 Total Forecast	Gross £m	Income £m	Net £m	No of journeys to 31/03/2017
Budget	£17.1	-£0.0	£17.1	16,867,404
Forecast	£16.9	-£0.1	£16.8	16,709,841
Variance	-£0.2	-£0.0	-£0.3	-157,563

Position as at 31st Oct 2016	Gross £m	No of journeys to 31/10/2016
Budget: Spend/Activity Year to Date	£11.4	10,188,166
Actual: Spend/Activity Year to Date	£10.8	10,044,014
Variance as at 31st Oct 2016	-£0.5	-144,152

MAIN REASONS FOR FORECAST VARIANCE:

The forecast underspend of -£0.3m is due to lower than anticipated demand (-£0.2m), along with other minor variances (-£0.1m). The forecast is based on actual activity for April to September, with estimates for the remaining months; the unit has received draft actuals for October which continues to support the overall forecast reduction in the number of journeys for the year. Estimates for the remaining months will continue to be reviewed over the course of the year.





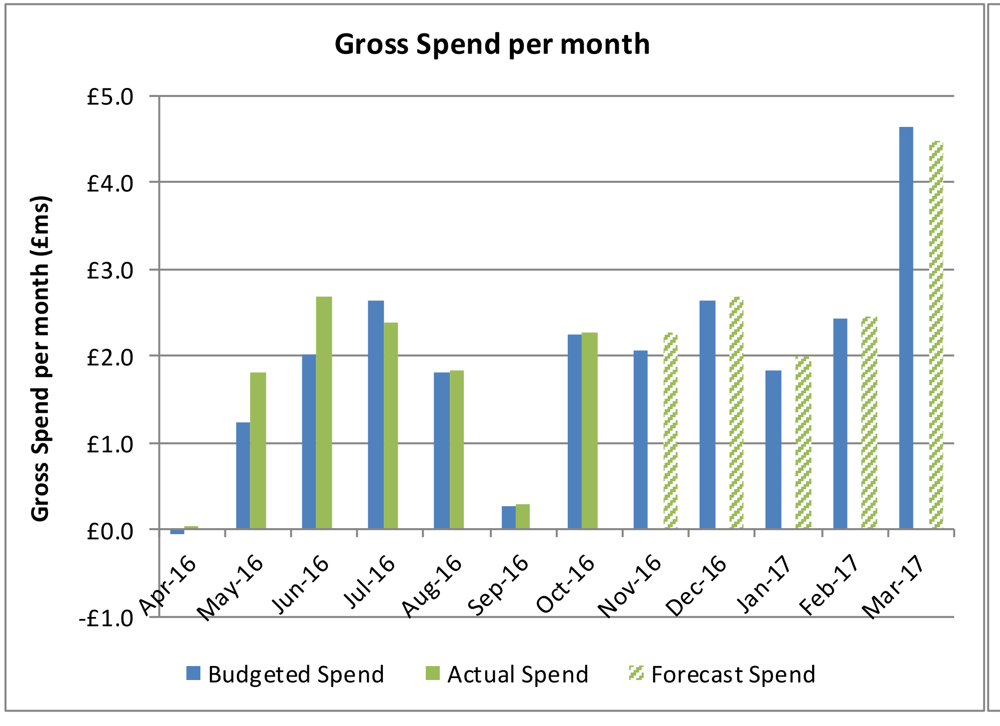
Appendix 2.13: Transport Services - Home to School / College Transport (Special Education Needs)

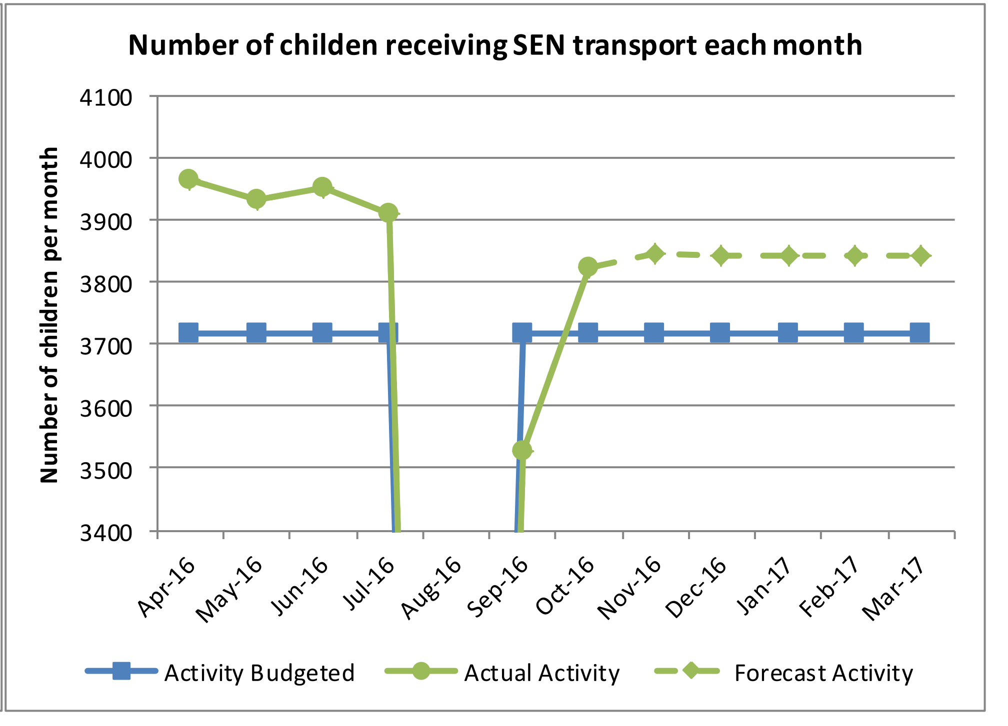
2016-17 Total Forecast	Gross £m	Income £m	Net £m	No of pupils as at 31/03/2017
Budget	£23.8	-£0.8	£23.0	3,717
Forecast	£25.2	-£1.0	£24.2	3,843
Variance	£1.4	-£0.2	£1.2	126

Position as at 31st Oct 2016	Gross £m	No of pupils as at 31/10/2016
Budget: Spend/Activity Year to Date	£10.2	3,717
Actual: Spend/Activity Year to Date	£11.3	3,823
Variance as at 31st Oct 2016	£1.2	106

MAIN REASONS FOR FORECAST VARIANCE:

Within SEN Home to School Transport the gross forecast pressure of +£1.4m is due to higher than anticipated demand (+£0.7m) and higher unit cost (+£0.7m) . These figures do not reflect the Corporate Director Adjustment of £1.3m referred to in the main report para 3.3.1. There are additional pressures of +£0.5m on SEN Home to College Transport, which are offset by an underspend on Personal Transport budgets and Independent Travel of -£0.2m and -£0.1m cessation of payment to PRUs, together with other minor underspends of -£0.2m.





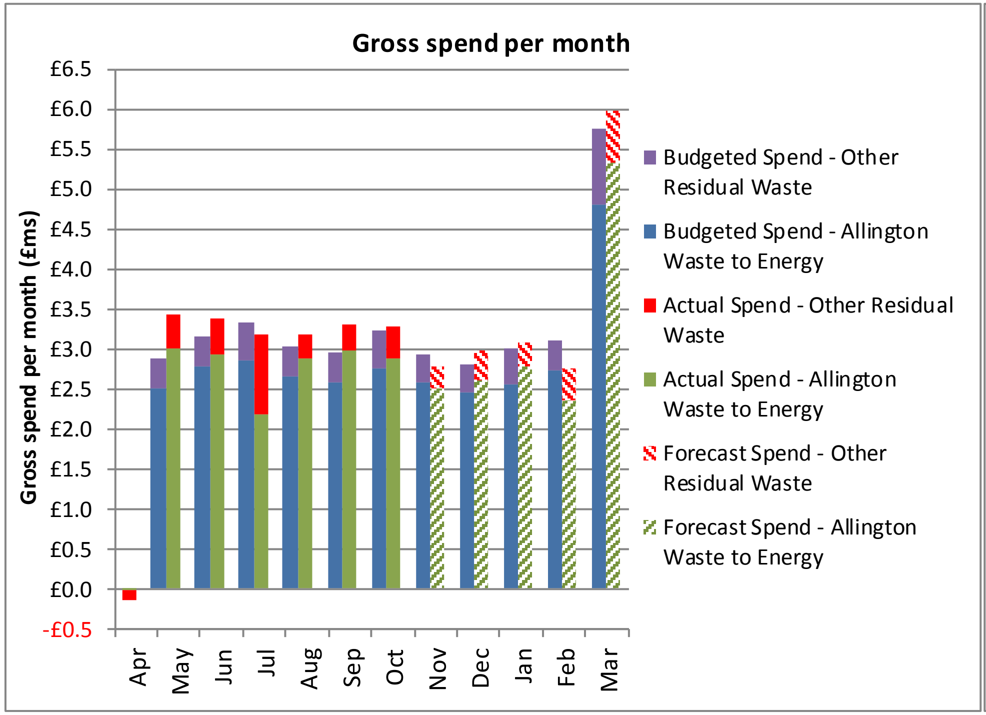
Appendix 2.14: Treatment and disposal of residual waste

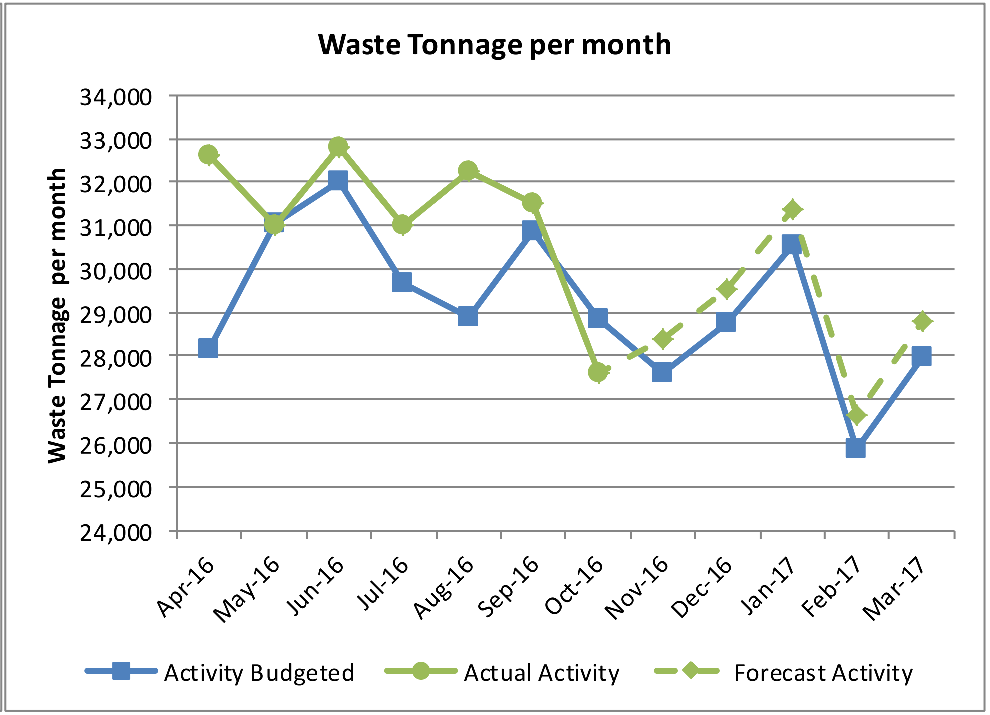
2016-17 Total Forecast	Gross £m	Income £m	Net £m	Waste Tonnage to 31/03/2017
Budget	£36.2	£0.0	£36.2	350,222
Forecast	£37.5	-£0.3	£37.2	363,461
Variance	£1.3	-£0.3	£1.0	13,239

Position as at 31st Oct 2016	Gross £m	Waste Tonnage to 31/10/2016
Budget: Spend/Activity Year to Date	£18.6	209,485
Actual: Spend/Activity Year to Date	£19.6	218,708
Variance as at 31st Oct 2016	£1.1	9,223

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£1.3m is due to higher than anticipated demand (+£1.4m), although some of this relates to trade waste, the cost of which is covered through income, and lower unit cost (-£0.1m). This is offset by higher than expected income (-£0.3m), from trade waste tonnes, leading to a net pressure of +£1.0m. The forecast is based on actual activity for April to October, with estimates for the remaining months.





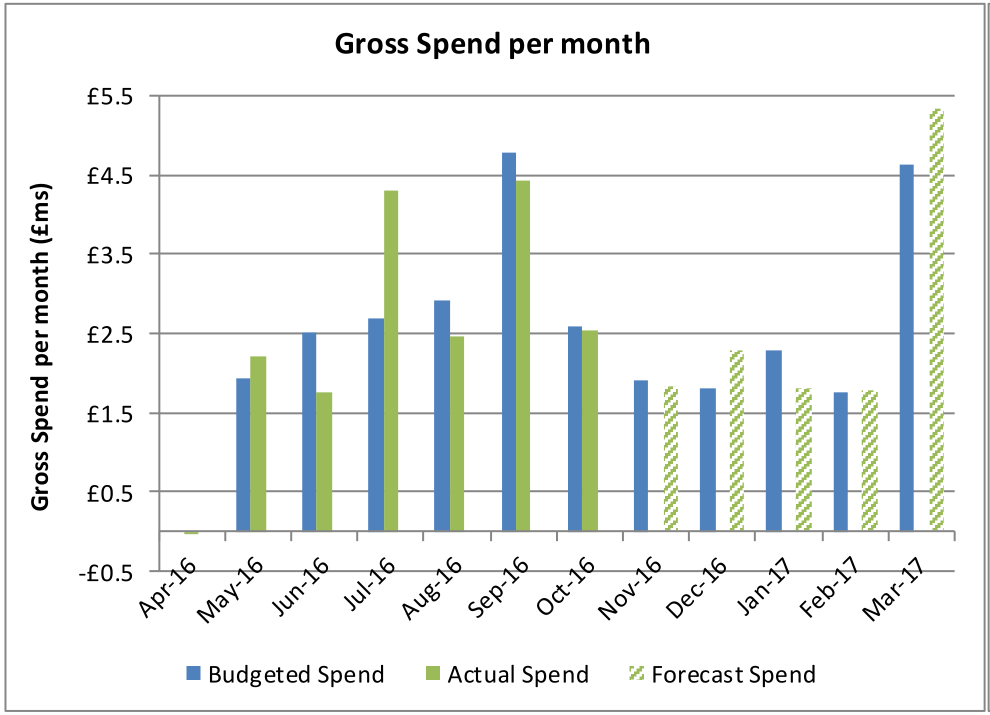
Appendix 2.15: Waste Processing

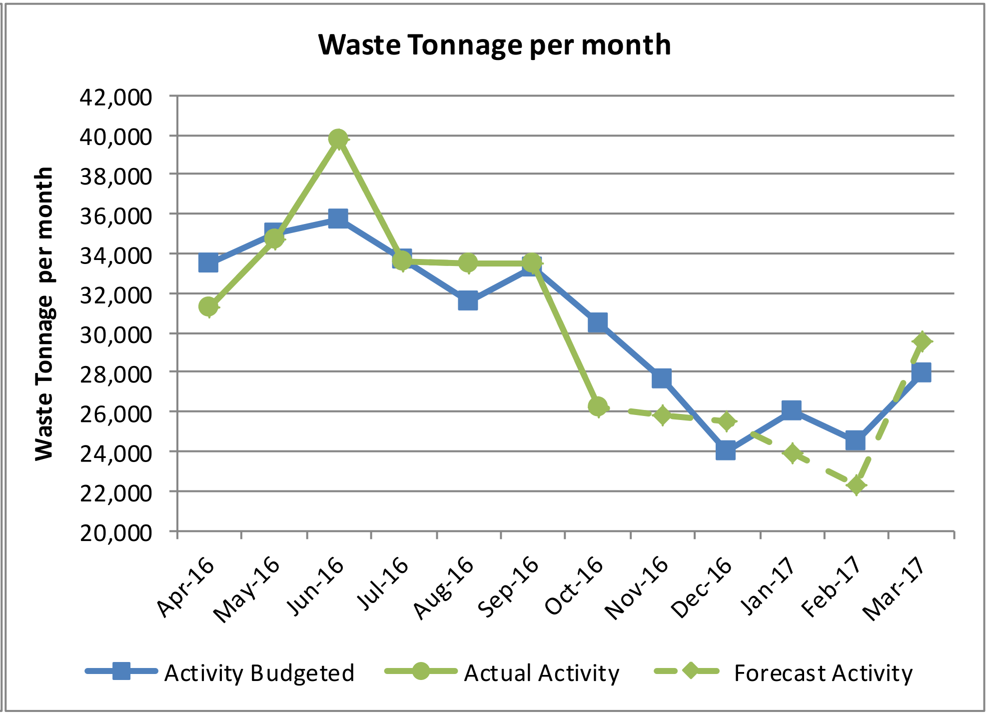
2016-17 Total Forecast	Gross £m	Income £m	Net £m	Waste Tonnage to 31/03/2017
Budget	£29.8	-£1.4	£28.4	363,472
Forecast	£30.6	-£1.6	£29.0	359,631
Variance	£0.9	-£0.2	£0.6	-3,841

Position as at 31st Oct 2016	Gross £m	Waste Tonnage to 31/10/2016
Budget: Spend/Activity Year to Date	£17.4	233,309
Actual: Spend/Activity Year to Date	£17.6	232,581
Variance as at 31st Oct 2016	£0.2	-728

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£0.9m is due higher than anticipated demand (+£0.1m) for composting; the re-procurement of the dry recyclables contract (+£0.2m); increased tipping away payments (+£0.3m) as well as a new cost of re-providing a temporary transfer station while Church Marshes is closed for re-development (+£0.2m); other minor variances (+£0.1m) make up the balance. Additional paper and card income (-£0.2m) reduces this to a net forecast pressure of +£0.6m. The forecast is based on actual activity to October, with estimates for the remaining months. Future changes in forecast tonnage 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)

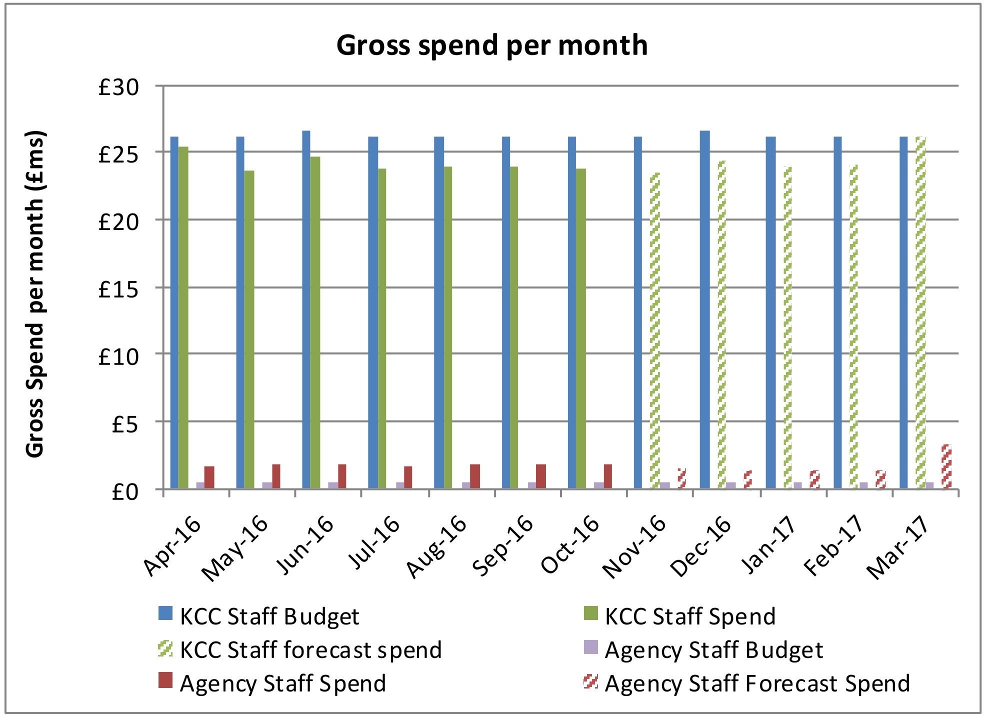
2016-17 Forecast	KCC £m	Agency £m	Gross £m
Budget	£314.1	£5.8	£319.9
Forecast	£291.8	£22.4	£314.1
Variance	-£22.3	£16.5	-£5.8

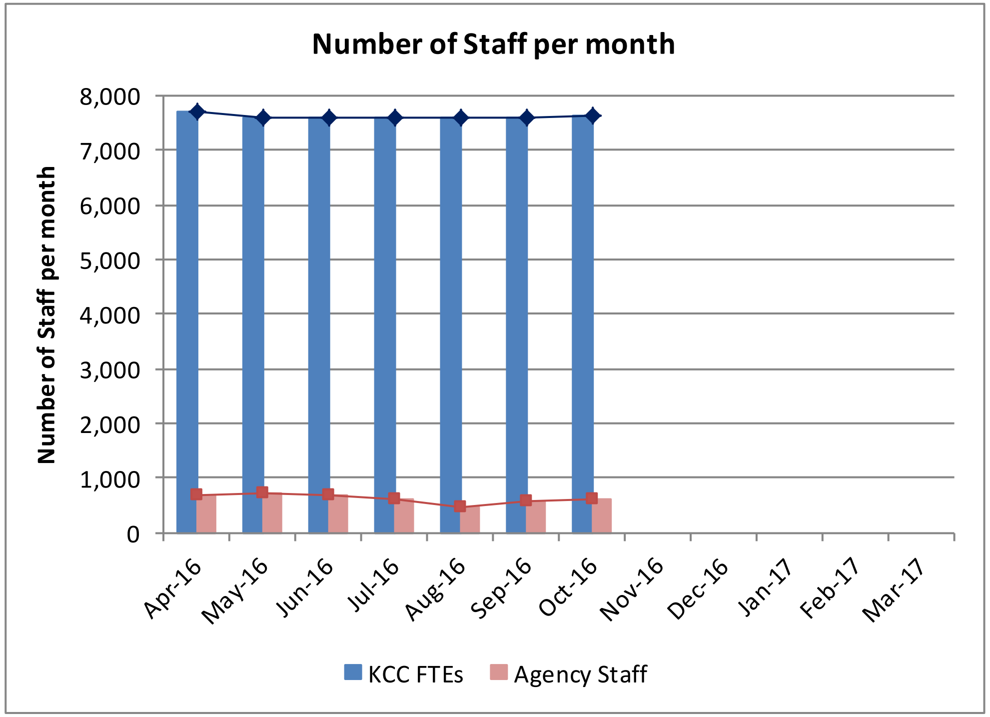
as at 31 Oct 2016	KCC £m	Agency £m	Gross £m
YTD Budget	£183.1	£3.4	£186.5
YTD Spend	£169.0	£12.5	£181.5
YTD Variance	-£14.2	£9.2	-£5.0

Staff numbers	KCC FTEs	Agency Nos
as at 31 Mar 2016	7,719.59	671
as at 31 Oct 2016	7,612.12	599
YTD Movement	-107.47	-72

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.
The staffing numbers provided are a snapshot position at the end of the month.





Appendix 3

Unaccompanied Asylum Seeking Children (UASC)

1. Forecast position compared to budget by age category

The current position is a forecast overspend of £2.1m as detailed below:

	Cash Limit			Forecast Variance		
	Gross £m	Income £m	Net £m	Gross £m	Income £m	Net £m
Aged under 16	13.1	-13.1	0.0	-5.9	5.2	-0.7
Aged 16 & 17	25.0	-25.0	0.0	-4.0	5.8	1.8
Aged 18 & over (care leavers)	8.4	-7.9	0.6	-1.7	2.8	1.1
	46.5	**-46.0**	**0.6**	**-11.7**	**13.8**	**2.1**

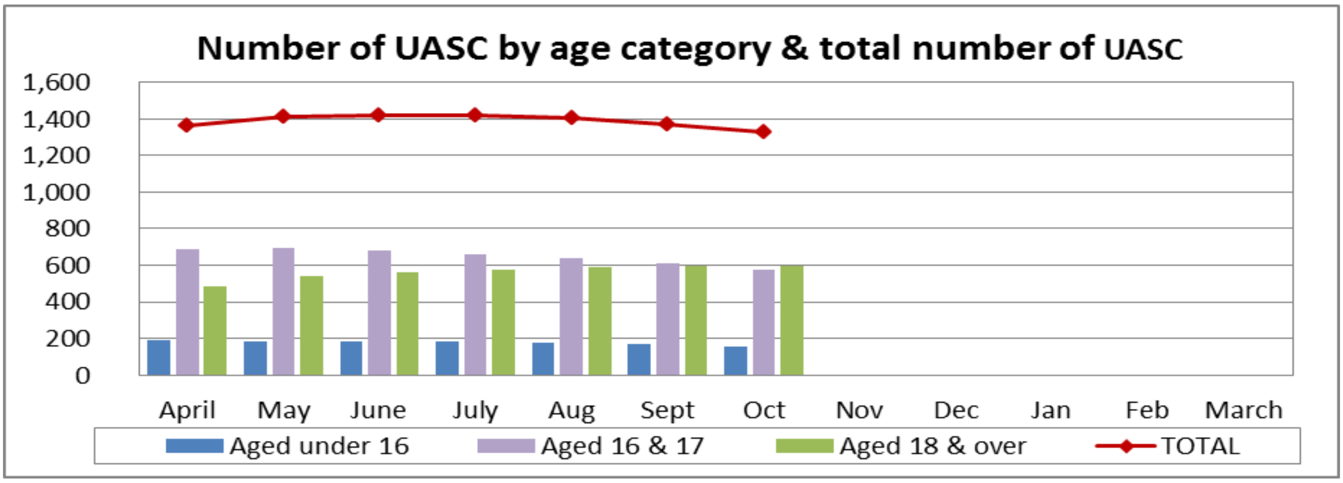
2. Grant rates compared to actual forecast unit costs by age category

	Grant rate per week	Forecast Unit cost per week	Difference
Aged under 16	£1,050	£877	-£173
Aged 16 & 17	£700	£683	-£17
Aged 18 & over (care leavers)	£200	£218	£18

The grant rate shown is paid for all periods of time that qualify as eligible under Home Office grant rules.
The forecast unit cost per week is for all UASC, including both those who are eligible and ineligible for the grant under Home Office grant rules.

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	176	638	590	**1,404**
Sept	167	613	594	**1,374**
Oct	157	577	595	**1,329**
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

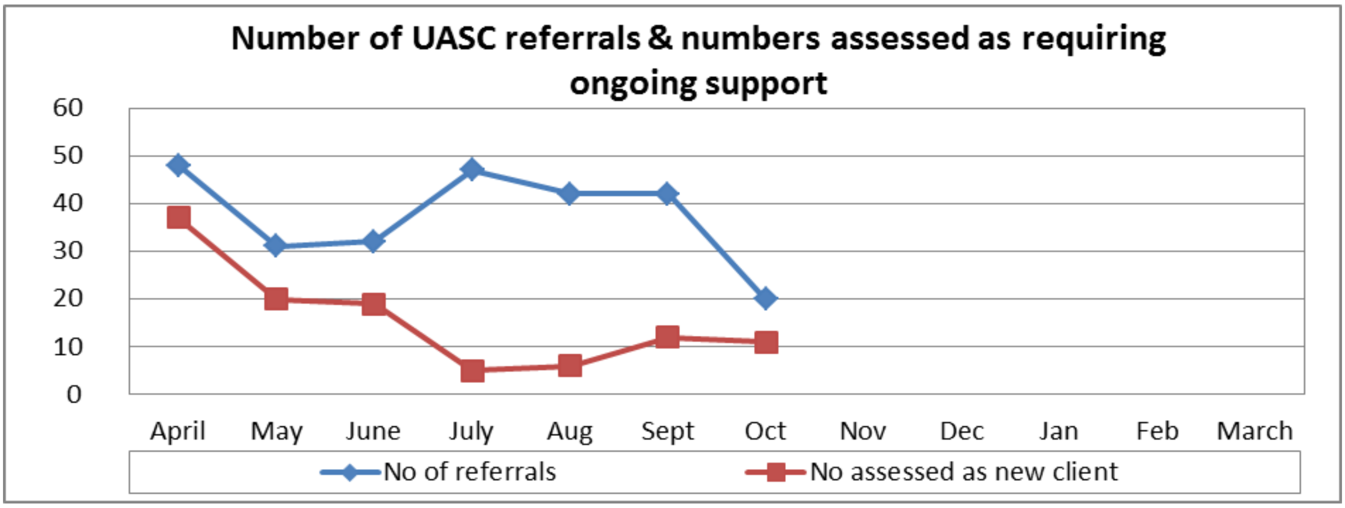
	Eligible Clients	of which AREs	Ineligible Clients	of which AREs	Total Clients	Total AREs
April	1,158	7	208	56	1,366	63
May	1,171	7	240	51	1,411	58
June	1,181	12	241	45	1,422	57
July	1,187	12	232	47	1,419	59
Aug	1,156	19	248	42	1,404	61
Sept	1,134	19	240	40	1,374	59
Oct	1,083	16	246	38	1,329	54
Nov					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	19	59%
July	47	5	11%
Aug	42	6	14%
Sept	42	12	29%
Oct	20	11	55%
Nov			
Dec			
Jan			
Feb			
March			
TOTAL	262	110	42%



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	14	11	25
Aug	33		33
Sept	33	8	41
Oct	33		33
Nov			0
Dec			0
Jan			0
Feb			0
March			0
TOTAL	113	45	158

The 113 new arrivals that have been dispersed since July are included within the 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 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.

Appendix 4

2016-17 October 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	£291.264m

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

	2015-16 Actual £m	2016-17 Original Estimate £m	2016-17 Forecast as at 31-10-16 £m	2017-18 Forecast as at 31-10-16 £m	2018-19 Forecast as at 31-10-16 £m
Capital Financing requirement	1,348.259	1,335.724	1,363.995	1,320.627	1,272.689
Annual increase/reduction in underlying need to	-34.597	-17.266	15.736	-43.368	-47.938

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 £m	Position as at 31-10-16 £m
Borrowing	975	944
Other Long Term Liabilities	248	248
	1,223	1,192

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

	Prudential Indicator	Position as at 31-10-16
	£m	£m
Borrowing	1,015	983
Other Long Term Liabilities	248	248
	1,263	1,231

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 as at 31-10-16	Authorised limit for total debt managed by KCC	Position as at 31-10-16
	£m	£m	£m	£m
Borrowing	1,015	944	1,055	983
Other long term liabilities	248	248	248	248
	1,263	1,192	1,303	1,231

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	As at 31-10-16
	%	%	%
Under 12 months	10	0	3.17
12 months and within 24 months	10	0	3.37
24 months and within 5 years	15	0	6.10
5 years and within 10 years	15	0	10.22
10 years and within 20 years	20	5	10.43
20 years and within 30 years	20	5	18.21
30 years and within 40 years	25	10	13.28
40 years and within 50 years	30	10	23.46
50 years and within 60 years	30	10	11.75

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

Indicator	£230m
Actual	£178.3m

BACKGROUND PAPER

By:	Deputy Leader & Cabinet Member for Finance & Procurement, John Simmonds Corporate Director of Finance & Procurement, Andy Wood Corporate Directors
To:	Corporate Directors & Cabinet Members
Subject:	**REVENUE & CAPITAL BUDGET MONITORING - SEPTEMBER 2016-17**
Classification:	Unrestricted

1. SUMMARY

1.1 This report provides the budget monitoring position up to 30th September 2016-17 for both revenue and capital budgets, including an update on key activity data for our highest risk budgets.

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 – monitoring or revenue reserves, half year position

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 £8.335m (after Corporate Director adjustments), increasing to £9.146m including roll forward requirements, is very clearly a concern, and needs to be managed down to at least a balanced position.

1.4 Although we continue to urge budget managers to be less guarded with their forecasting, the underlying position has in fact slightly worsened again this month from +£10.196m, before roll forward requirements, to +£10.385m (after correcting for an over forecast of £0.815m within EYP). This increase is predominately due to SEN Home to College Transport and SCS Legal fees, offset by improvements within GET & Adult Social Care. However, Corporate Directors are reflecting adjustments this month for the anticipated impact of management action plans which have improved the overall position. The Adult Social Care position is expected to reduce further but even allowing for this, we remain a long way short of achieving a balanced position.

1.5 Assuming that GET are able to balance their position; that we receive funding from the Home Office to offset the Asylum pressure and that the Adult Social Care position can be balanced, **and these are by no means certain**, then the overall position would reduce as follows:

	£m
Current forecast position after CD adjs & roll forward	9.146
Growth, Environment & Transport	-0.100
Asylum	-2.284
Social Care, Health & Wellbeing - Adults	-1.912
	4.850

Senior management are working collectively to identify common areas where spend can be reduced and remain confident that we will achieve a balanced position by year end without imposing a more draconian authority wide moratorium. This situation will be kept under review over the coming weeks.

1.6 The remainder of this report focusses on the underlying £9.146m forecast overspend.

2. RECOMMENDATIONS

Cabinet is asked to:

ii) **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 changes to the capital programme as detailed in section 6.4.

iii) **Note** the half year monitoring position of revenue reserves reflected in Appendix 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 £11.200m. Corporate Directors have adjusted this position by -£2.865m, leaving a residual pressure of £8.335m. After allowing for roll forward requirements, the position increases to a pressure of £9.146m. 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 -£1.571m from the position reported to Cabinet in October. 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 £9.146m forecast pressure. The position by directorate, together with the movement from the last report, is shown in table 1 below.

3.2 Table 1a: 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		65.890	1.743	-1.615	0.128	0.444	-0.316
Social Care, Health & Wellbeing - Specialist Children's Services		128.478	6.236	-1.050	5.186	6.049	-0.862
Social Care, Health & Wellbeing - Asylum		0.550	2.284		2.284	2.195	0.089
Sub Total SCH&W - Specialist Children's Services		*129.028*	*8.520*	*-1.050*	*7.470*	*8.244*	*-0.774*
Social Care, Health & Wellbeing - Adults		369.648	1.912		1.912	2.041	-0.129
Social Care, Health & Wellbeing - Public Health		-0.016	0.000		0.000	0.000	0.000
Growth, Environment & Transport		166.551	0.300	-0.200	0.100	0.558	-0.458
Strategic & Corporate Services		69.848	0.120		0.120	0.020	0.100
Financing Items		118.608	-1.395		-1.395	-1.395	0.000
TOTAL (excl Schools)		**919.556**	**11.200**	**-2.865**	**8.335**	**9.913**	**-1.578**
Schools (E&YP Directorate)		*0.000*	*6.702*		*6.702*	*6.702*	*0.000*
TOTAL		**919.556**	**17.902**	**-2.865**	**15.037**	**16.615**	**-1.578**
Variance from above (excl schools)					**8.335**	**9.913**	**-1.578**
Roll forwards	- committed				0.090	0.085	0.005
	- re-phased				0.721	0.719	0.001
	- bids				0.000	0.000	0.000
Total roll forward requirements					0.811	0.804	0.006
(-ve Uncommitted balance / (+ve) Deficit					**9.146**	**10.717**	**-1.571**

* 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 fwds & CD adj
		committed	un-committed			
	£m	£m	£m	£m	£m	£m
Education & Young People's Services	1.743		0.721	2.463	-1.615	0.848
Social Care, Health & Wellbeing - Specialist Children's Services	6.236	0.090		6.326	-1.050	5.276
Social Care, Health & Wellbeing - Asylum	2.284			2.284		2.284
Sub Total SCH&W - Specialist Children's Services	*8.520*	*0.090*	*0.000*	*8.610*	*-1.050*	*7.560*
Social Care, Health & Wellbeing - Adults	1.912			1.912		1.912
Social Care, Health & Wellbeing - Public Health	0.000			0.000		0.000
Growth, Environment & Transport	0.300			0.300	-0.200	0.100
Strategic & Corporate Services	0.120			0.120		0.120
Financing Items	-1.395			-1.395		-1.395
TOTAL (excl Schools)	**11.200**	**0.090**	**0.721**	**12.011**	**-2.865**	**9.146**

3.3 The main reasons for the movement of -£1.571m 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 of -£0.316m this month. The majority of this movement relates to a Corporate Director adjustment of -£0.8m reflecting the impact of identified management action, offset by a +£0.551m increase in Pupil and Student

Transport Services, with SEN Home to College transport accounting for a significant proportion of this increase (+£0.358m). This increase is due to growing numbers of students requiring transport and increasingly irregular timetabling requiring multiple daily journeys as students cannot remain in college unsupervised in between taught lessons. The directorate will be discussing this issue with colleges but it is unlikely to lead to any significant improvement this financial year. There is also an increase in the pressure on Mainstream School Transport (+£0.121m) due mainly to pressure on primary school places in some districts leading to pupils being placed in schools more than two miles from home and becoming entitled to transport. Also within this movement is a further Corporate Director adjustment of -£0.815m which has been necessary to correct an over forecast on Other Schools Related costs.

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

The current forecast variance represents an increase of +£0.188m since the August monitoring report, prior to the Corporate Director adjustment. There are few movements in the forecast, the most significant being an increase in Legal Service charges of +£0.200m, which is primarily due to Legal needing to use locum and external counsel. In addition a Corporate Director adjustment of -£1.050m is reflected this month, which leads to an overall movement of -£0.862m.

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

The current forecast pressure of £2.284m represents a minor increase of (+£0.089m) since August.

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

The pressure on Adults Social Care has reduced by -£0.129m, which is due to a number of compensating movements, the most significant movements include +£1.589m on Learning Disability (LD) residential care, mainly due to the slippage in timeline of transformation savings where clients were expected to be transferred from residential care to supported living. Therefore this is largely offset by a reduction in the position on LD Supported Living of -£1.284m. There is a further increase in the pressure on residential and nursing care for the other client groups of +£1.056m that is offset by a reduction in Preventative and Other Adult Services of -£0.982m, which comprises of a number of movements, including: housing related support (+£0.659m) due to the re-phasing of savings; increased demand for equipment (+£0.331m), increased use of one-off monies (-£0.909m), reduction in Social Support costs (-£0.371m), and Social Fund (-£0.191m). Adult Social Care staffing has reduced by a further -£0.171m this month and the remaining balance of -£0.337m is across a number of other budget lines including day care (-£0.135m) and non-residential charging income (-£0.115m).

3.3.5 Social Care, Health & Wellbeing – Public Health:

There is an overall movement of -£0.091m since the last reported position in September, this will be transferred to the Public Health reserve, hence no movement is reflected in table 1. The movement is largely accounted for by the forecast for Tobacco Control & Stop Smoking Services which moved by -£0.087m due to over provision of creditors relating to 2015-16 for prescribing costs.

3.3.6 Growth, Environment and Transport:

The current forecast outturn for the directorate is a +£0.100m overspend, representing a reduction of -£0.458m since the last report. The +£0.100m overspend is net of the Corporate Director adjustment set out below in section 3.4.6.10 of -

£0.200m, which is a reduction of £0.331m from the prior month as the contract reviews within the Waste Service are now unlikely to be implemented until January 2017.

Increases in General Highways Maintenance & Emergency Response (+£0.129m) and Treatment & Disposal of Residual Waste (+£0.195m) have been more than offset by reductions in Environment (-£0.186m), in Waste Processing (-£0.099m) and a significant reduction in Other Highways Maintenance and Management (-£0.758m), which can largely be attributed to a reduction in forecast on the Traffic Management line (-£0.747m) and is a result of staffing, energy and maintenance efficiencies, following a successful re-procurement of the maintenance contract.

Once the reduction in the Corporate Director adjustment of +£0.331m has been taken into account, other minor variances (-£0.070m) across the directorate reconcile the above to the overall favourable -£0.458m movement this month.

3.3.7 Strategic and Corporate Services:

The Directorate forecast (excluding the Asset Utilisation target) has moved by +£0.100m to an underspend of -£0.393m, whilst the position on Asset Utilisation remains unchanged at +£0.513m, giving an overall small pressure of +£0.120m. Within the Directorate forecast, the Contact Centre, Digital Web Services & Gateways A-Z line has moved by +£0.081 due to the impact of the number and duration of calls, in part due to some Directorate Service delivery performance issues in EYPS. All other Divisions within the control of the S&CS Directorate have moved by less than £0.050m each.

3.3.8 Financing Items:

There is no change to the forecast position this month.

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

3.4.1 <u>Education & Young People's Services</u>

3.4.1.1 The forecast variance of £1.7m before a Corporate Director adjustment (excluding schools and before roll forward requirements) is made up of a small number of large variances on a number of service lines as follows:

3.4.1.2 There is a forecast pressure on Pupil & Student Transport Services of £1.5m. This forecast is based on the latest available information and includes overspends on SEN Home to School Transport as reported last month together with recently emerging pressures on SEN Home to College transport and Mainstream Transport as reported in paragraph 3.3.1. The main reasons for this overspend are:

- Although £1.5m additional funding was put into this budget for 2016-17 to reflect the forecast activity levels at the time of setting the budget (Qtr2 2015-16), the actual activity by 2015-16 year end had increased further leading to an underlying pressure in 2016-17 of £0.556m.
- The savings from route optimisation and procurement practices appears to be £0.370m lower than the target of £1.17m. It is anticipated that the full saving value will be achieved in 2017-18.
- Slightly higher average unit cost than previous years, over and above the 1% price funding that was put into the budget. The latest forecast accounts for approximately £0.2m of the pressure (i.e the equivalent of a 2% increase).
- A pressure of £0.358m on SEN Home to College transport as mentioned above in paragraph 3.3.1.

- A pressure of £0.121m on Mainstream Home to School transport as mentioned above in paragraph 3.3.1.
- A saving of payments to Pupil Referral Units of £0.120m.

3.4.1.3 A major part of the -£0.9m underspend on Early Help & Prevention for Children and Families relates to Tackling Troubled Families (£0.7m) for which a roll forward request, into the next financial year, will be submitted in order to continue the scheme.

3.4.1.4 There is a forecast pressure of £0.2m within Early Years Education & Childcare which predominately relates to the three in-house nurseries. The service has restructured these nurseries, resulting in some one-off costs, and they have recently been relaunched, aiming to reduce costs, increase income and move towards a balanced budget for next year.

3.4.1.5 There is a forecast pressure of £1.4m on Other Schools' Related Costs which reduces to £0.6m after a Corporate Directors adjustment to remove an over forecast. £0.2m of this relates to payments for employee tribunal cases for former school staff. The remaining pressure of £0.4m mainly relates to revenue maintenance costs that are in excess of the capital grant available.

3.4.1.6 There is a forecast underspend of -£0.3m on EYPS Management & Support Services most of which relates to Education Pensions as capitalisation costs are slightly lower than expected.

3.4.1.7 In addition, there are small forecast underspends of -£0.1m on each of the following:

- Other Services for Young People & School Related Services which relates to school improvement budgets;
- Youth and Offending Services as a result of savings on youth commissioning due to retendering;
- SEN & Psychology Services, mainly due to increased trading income for the Psychology service.

3.4.1.8 A Corporate Director adjustment of -£1.615m is reflected this month. -£0.815m is referred to in 3.4.1.5 above relating to removal of an over-forecast. The remaining £0.8m reflects the impact of identified management actions, predominately relating to anticipated changes to forecasts based on latest information, release of one-off monies and anticipated savings from a review of non-essential spending .

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) of a pressure of £6.2m - this, however, is broken down into main 2 areas: Specialist Children's Services - £6.0m and Children with a Disability - £0.2m.

3.4.2.2 The main areas of pressure continue in elements of Children in Care (Looked After) Services (residential care (+£2.6m) and independent fostering (+ £1.3m); Adoption & Other Permanent Children's Arrangements (+£1.2m) (mostly relating to special guardianship orders +£1.6m), and Children's Assessment & Safeguarding Staffing (+£1.1m), offset by small underspends against other budgets.

3.4.2.3 In summary, the pressures on residential and independent fostering are due to full year effect of increases in numbers during 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 being unachievable. Although the numbers of children in residential placements has stabilised over this year, the numbers in IFA's has continued to rise (as seen in Appendix 2.8).

3.4.2.4 Similarly the pressure on Special Guardianship orders is due to increased numbers of orders being granted at court which are greater than the affordable level budgeted for. The monthly trend increase that has been seen appears to have slowed down however in the last 3 months (as seen in Appendix 2.11).

3.4.2.5 The pressure on Children's Assessment Staffing (+£1.6m) 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.

3.4.2.6 There is a Corporate Director adjustment of -£1.050m reflecting that an extensive management action plan is now in place with the intention of both achieving a reduction in expenditure in the current year to reduce the overspend to £5m (excluding Children's Disability Services) and to reduce the committed expenditure going in to the financial year 2017-18. The plan is wide ranging and focused particularly on the areas which saw increased activity in the second half of 2015-16.

3.4.3 <u>Social Care, Health & Wellbeing – Specialist Children's Services - Asylum</u>

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 barely 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 <u>Social Care, Health & Wellbeing – Adult Social Care</u>

3.4.4.1 The forecast variance of +£1.9m reflects total pressures of +£7.8m 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 (-£1.3m), preventative services (-£1.3m) along with the use of one off monies (-£2.8m) to offset the rising costs of social care, and other support budgets (-£0.5m).

3.4.4.2 There are still significant pressures on Mental Health residential care and supported living services (+£2.1m & +£0.7m respectively) which are only partially offset by minor underspends on other community based services (-£0.2m). The service is still seeing 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 +£2.4m. Significant pressures continue in supported living commissioned externally (+£2.3m see appendix 2.2), residential care (+£0.8m see appendix 2.1) and day care services (+£0.8m). These are offset by underspends across other services, the most significant being shared lives services (-£0.8m) and also direct payments (-£0.2m see appendix 2.3). An over recovery of non-residential charging income (-£0.5m) is also offsetting the pressure. The overall pressure on this service is partially due to the delay in the delivery of transformation, day care and transport savings (+£1.1m). The forecast does however assume that further savings of -£1.2m will be delivered before the end of the financial year.

3.4.4.4 Older People and Physical Disability residential and community direct services are forecasting a net pressure of (+£2.8m), which includes a number of offsetting variances. The most significant are outlined below: the actual pressure on domiciliary care services is £4.6m of which, £3.6m relates specifically to Older People as outlined in appendix 2.6. This is partially offset by higher levels of client income resulting from this activity (-£1.3m), along with underspends against direct payments of (-£2.6m). The overall pressure on residential & nursing care is now (+£2.1m), mainly due to higher than anticipated demand for older people residential care services (see appendix 2.4) partially offset by lower demand for older people nursing care (see appendix 2.5). 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 (+£0.9m) of the MTFP savings are still to be achieved before the end of the financial year.

3.4.4.5 Within Adult & Older People Preventative & Other Services, there is a significant pressure on the equipment budget of (+£1.0m) resulting from higher than anticipated demand; re-phasing of some of the savings on housing related support (+£0.6m), offset by forecast underspends (-£2.1m) on social support services such as carers, information and early intervention and social isolation; Social Fund of (-£0.3m), and other minor underspends of (-£0.4m), together with the use of one off monies (-£2.8m) to offset the rising costs of social care.

3.4.4.6 It remains the expectation that the current forecast overspend in Adult Social care can be reduced. This can, in part, be achieved by the application of some central funding streams such as Care Act monies and the remainder by management action.

3.4.5 <u>Social Care, Health & Wellbeing – Public Health</u>

3.4.5.1 The overall variance prior to any transfer to/from the Public Health reserve is a forecast underspend of -£0.7m.

3.4.5.2 There are pressures forecast on three services: Other Children’s Public Health Programmes (+£0.3m) due to increased costs of promoting breast feeding to new mothers and higher than budgeted costs on school nursing; Obesity & Physical Activity (+£0.2m) due to the costs of additional Tier 3 Weight Management and Dietetics activity, and Drug & Alcohol Services (+£0.1m). These pressures have been more than offset by underspends in: Targeting Health Inequalities (-£0.4m), which includes underspending resulting from the number of health checks being below the budgeted level; Tobacco Control & Stop Smoking Services (-£0.3m) and Sexual Health Services (-£0.3m) which primarily relate to unrealised creditors set up in 2015-16, and Public Health Staffing Advice and Monitoring is also underspending (-£0.2m) due to staff vacancies.

3.4.6 Growth, Environment and Transport

3.4.6.1 The overall variance for the Directorate, before Corporate Director adjustments, is a much reduced pressure of +£0.3m.

3.4.6.2 The three main pressures previously reported to Cabinet remain, with the latest forecasts being Young Persons Travel Pass (YPTP) +£0.5m, Waste +£0.9m and Economic Development & Other Community Services +£0.3m respectively. These areas are showing minimal changes at this stage.

3.4.6.3 The pressure against Young Persons Travel Pass (YPTP) relates to the saving of +£0.5m 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. This trend has failed to reverse in the current period but the directorate is looking to reduce the variance through management action and a review of additional capacity payments.

3.4.6.4 Waste is forecasting an overall pressure of +£0.9m (and activity of +5,529 tonnes).

Waste Processing is responsible for +£0.5m (and activity of -1,752 tonnes) of this forecast overspend (see Appendix 2.15 for further details).

Importantly, in future months, it is likely that there will be additional tipping away payments in relation to North Farm (Tunbridge Wells) following the serious fire on 22nd October 2016. The impact of this, and an update on any tonnage related pressures, will be confirmed next month.

The Treatment and Disposal of Residual Waste budget is now showing a net pressure of +£0.5m (and activity of +7,281 tonnes) (see Appendix 2.14 for further details).

There is also an underspend of -£0.1m on Waste Management explaining how the overall pressure on the Waste Service is +£0.9m.

A Corporate Director adjustment (see 3.4.6.10) of -£0.2m has been reflected to part mitigate pressures on the Waste Service as a whole, with the service continuing to review its contracts over the coming months but the service is of course subject to fluctuating – and unfortunately rising – tonnage levels.

3.4.6.5 Economic Development and Other Community Services is forecasting a pressure of +£0.3m, primarily due to the +£0.5m commercial business rate pool saving being forecast as unlikely to be delivered in the current period. There are ongoing negotiations in terms of the current and future years but the service has prudently held vacancies and phased recruitment to the new structure throughout the year to part mitigate this pressure.

In addition, the agreed management charge against the Kent and Medway Business Fund scheme (continuing on from the Regional Growth Fund schemes) has reduced the pressure, as the staff supporting this capital project are not base funded and this represents a new income stream.

3.4.6.6 The pressure on the Coroners service of +£0.1m remains in respect of increased activity and unbudgeted staff costs.

3.4.6.7 The £0.3m pressure within General Highways Maintenance and Emergency Response is primarily explained by a spate of safety critical and inspection works that were required on the road network.

3.4.6.8 To offset the above pressure, and to reduce the forecast overspend on the directorate as a whole, expenditure within Other Highways Maintenance & Management now shows a forecast underspend of -£0.8m, primarily due to maintenance savings on the LED Streetlight conversion project and the re-procurement of the Traffic Management contract.

3.4.6.9 The primary underspends in the directorate relate to Libraries, Registration and Archives (LRA) -£0.3m, Concessionary Fares (ENCTS) -£0.3m and Environment -£0.2m. In addition, there is also a -£0.1m underspend shown within GE&T Management and Support Services.

These above movements can be explained by the over-delivery of registration income and holding vacancies (LRA), the forecast reduction in journey numbers in line with national trends (ENCTS) and grant income of £0.1m that was due to be received in 2015-16 but had been challenged by the auditors of the funding body; the challenge has now been resolved with a successful outcome for KCC (Environment).

The ENCTS variance can be seen visually in Appendix 2.12, whereby journeys are forecast to be -£0.2m under budgeted levels.

3.4.6.10 A Corporate Director adjustment of -£0.2m has been made in this monitoring report to partially offset the adverse variance of +£0.9m for Waste Services. The Service has been implementing management action to mitigate the forecast overspend but timing meant that this could not be included in the relevant monitoring return.

Management action and contract/procurement opportunities will continue to be identified but the level of the Corporate Directorate adjustment in relation to Waste Services has been reduced from £0.4m to £0.2m as a result of contractual amendments unlikely to be implemented until January 2017.

Prior to the Corporate Director adjustment of £0.2m, the above variances explain an overall pressure within the directorate of +£0.3m.

3.4.7 Strategic and Corporate Services

3.4.7.1 The overall variance reflected in appendix 1 for the directorate is +£0.1m which is made up of -£0.4m for the directorate and +£0.5m relating to the Corporate aspirational savings target for Asset Utilisation, held within the Corporate Landlord budgets of the Infrastructure & Business Services Centre line of Appendix 1, the delivery of which depends on operational service requirements and Member decisions regarding the exiting of buildings.

3.4.7.2 The Directorate variance of -£0.4m relates to -£0.3m for Finance & Procurement 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; -£0.2m Engagement, Organisation Design & Development relating primarily to staffing vacancies; -£0.2m Strategy, Policy, Relationships & Corporate Assurance resulting from staff maternity and secondments together with unbudgeted project income from the NHS; +£0.2m Legal Services primarily due to staff vacancies, recruitment and training of new staff which is impacting income generation; +£0.1m Infrastructure which consists of many variances across all units within the Division.

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;
- +£2.094m use of schools unallocated reserves to offset pressures on High Needs and Early Years education;
- +£2.437m 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	6.764	1.936
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)		0.721
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)	0.090	

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.

6. SUMMARISED CAPITAL MONITORING POSITION

6.1 There is a reported variance of -£22.402m on the 2016-17 capital budget (excluding schools and PFI). This is a movement of -£4.119m from the previously reported position and is made up of -£3.066m real variance and -£19.336m 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	-2.032	-0.762	-1.270	-0.762	0.301	0.000	-1.571
Social Care, Health & Wellbeing - Specialist Children's Services	0.109	0.040	0.040		0.040	0.000	0.000	0.000
Social Care, Health & Wellbeing - Adults	6.401	-3.060	0.542	-3.602	-1.886	0.000	2.428	-3.602
Social Care, Health & Wellbeing - Public Health	0.360	-0.235	0.000	-0.235	0.000	0.000	0.000	-0.235
Growth, Environment & Transport	131.055	-16.959	-2.918	-14.041	-4.029	-11.767	1.111	-2.274
Strategic & Corporate Services	20.497	-0.156	0.032	-0.188	0.008	-0.188	0.024	0.000
Financing Items	0.000				0.000	0.000	0.000	0.000
TOTAL	**303.516**	**-22.402**	**-3.066**	**-19.336**	**-6.629**	**-11.654**	**3.563**	**-7.682**

6.3 Capital budget monitoring headlines

Movements greater than £0.100m on real variances and movements greater than £1.0m due to rephasing are described below:

Education & Young People's Services

- Special Schools Review Phase 2: Real movement of +£1.487m. +£1.110m is due to additional pressures at Five Acre Wood, Oakley and Foxwood & Highview. It is proposed this is funded from an underspend on the special school expansions in the basic need programme. The remaining +£0.377m is due to roofing works required at Five Acre Wood. This is to be funded from the Annual Planned Enhancement Programme.

- Annual Planned Enhancement Programme: Real movement of -£0.377m to fund Five Acre Wood.

- Basic Need Programme: Real movement of -£1.110m. Underspend on special school expansions, proposed to fund the pressures on the Special School Review Programme mentioned above.

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

There are no movements reported over £0.100m on real variances or £1.0m on rephasing.

Social Care, Health & Wellbeing – Adults

- OP Strategy Specialist Care Facilities: Movement of -£2.0m due to rephasing. Options for this project are being considered and proposals to re-provide services need to be fully worked up.

- Home Support Fund & Equipment: “Real” movement of +£2.630m. Last month there was a forecast underspend of -£2.146m to reflect that these costs will now be going through revenue. A cash limit adjustment was therefore done to remove the budget from capital. This has now resulted in a “positive” movement.

  The remaining movement of +£0.484m is due to the forecast of legitimate capital expenditure on this scheme, which will be funded from a revenue contribution.

Social Care, Health & Wellbeing – Public Health

There are no movements reported over £0.100m on real variances or £1.0m on rephasing.

Growth, Environment & Transport

Highways, Transportation & Waste

- Swale Transfer Station – A reduced real underspend is now being reported (last month -£0.866m, now estimated at -£0.395m, movement of +£0.471m). The scheme provides new infrastructure for waste compaction, a site office and an additional weighbridge. The underspend has reduced following discussions with Southern Water over design changes required to the Gas Road Bridge (which is listed) and its sub-structures. The remaining underspend will be used to offset the pressure on the Richborough scheme.

- Richborough Landfill Site – A reduced real overspend is now being reported (last month +£0.866m, now estimated at +£0.700m, a movement of -£0.166m). The pressure of £0.700m is to be part offset by the underspend on Swale Transfer Station (£0.395m), leaving an unfunded pressure of £0.305m. The Service continues to look at value engineering and other management action, as well as identifying alternative funding options now that the Swale Transfer Station underspend has reduced.

- Integrated Transport Schemes: Movement of +£0.366m real variance, due to additional developer funded schemes not included within the original budget.

- Maidstone Gyratory Bypass: Movement of +£0.285m real variance. The project is now forecasting an underspend of -0.686m, which has reduced from -£0.971m reported last month). An additional element of work identified has decreased the underspend.

- M20 Junction 4 Eastern Overbridge: Movement of +£0.171m real overspend. Programme delays of approximately two months incurring additional costs have resulted in the movement this month. Additional developer contributions will cover the overspend.

- A28 Chart Road, Ashford. Increased rephasing of -£1.161m, due to delays in signing the S106 agreement and the land negotiations being extended, so the purchase is unlikely to happen in 2016-17.

Environment, Planning and Enforcement and Libraries, Registration and Archives

There are no movements reported over £0.100m on real variances or £1.0m on rephasing.

Economic Development

There are no movements reported over £0.100m on real variances or £1.0m on rephasing.

Strategic & Corporate Services

There are no movements reported over £0.100m on real variances or £1.0m on rephasing.

6.4 CAPITAL BUDGET PROPOSED CASH LIMIT CHANGES

Project	Directorate	Amount £m	Year	Funding	Reason
Special Schools Review (SSR) Phase 2	EYPS	+1.110	2016-17	Grant	Pressures on 3 schools, to be funded from underspend on basic need.
Basic Need	EYPS	-1.110	2016-17	Grant	Underspend to cover pressure on SSR Phase 2.
Kent Empty Property Initiative	GET	+0.285	2016-17	External – Other	Contribution from Shepway District Council

7. CONCLUSIONS

7.1 It is concerning that the revenue position before Corporate Director adjustments has deteriorated again this month, which predominately relates to an adverse movement on Home to School/College Transport together with some offsetting movements including increased pressures within Specialist Children's Services, offset by improvements within Adult Social Care and Growth, Environment & Transport. 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 all been sufficiently developed, but it is our expectation that once these alternative plans are finalised and agreed then the forecast pressure will reduce. Senior management are working collectively to identify areas where spending can be reduced with the aim of avoiding the imposition of an authority wide moratorium and remain confident that this will be achieved. The objective remains, and will do so throughout this financial year, to eliminate this forecast overspend with minimal impact on front-line services.

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 changes to the capital programme as detailed in section 6.4.

8.3 **Note** the half year monitoring position of revenue reserves reflected in Appendix 4.

Appendix 1

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	28.9	-9.8	19.1	-0.9	0.0
Early Years Education & Childcare	63.7	-62.4	1.3	0.2	0.0
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	3.3	-0.1	0.0
Other Services for Young People & School Related Services	17.5	-13.2	4.4	-0.1	0.0
Pupil & Student Transport Services**	34.2	-3.7	30.5	1.5	0.6
Other Schools' Related Costs	33.9	-33.8	0.1	1.4	0.9
Youth and Offending Services	5.2	-3.5	1.7	-0.1	-0.1
Adult Education and Employments Services for Vulnerable Adults	13.5	-14.4	-0.9	0.0	0.0
EYP Management & Support Services	20.2	-14.0	6.2	-0.3	-0.1
Sub Total E&YP directorate	**271.4**	**-205.6**	**65.9**	**1.7**	**1.3**
Social Care, Health & Wellbeing					
Learning Disability Adult Services**	156.9	-12.4	144.5	2.4	0.1
Physical Disability Adult Services	36.2	-4.2	32.0	-0.2	0.2
Mental Health Adult Services	13.8	-1.7	12.2	2.5	0.1
Older People Adult Services**	169.5	-81.9	87.6	3.0	0.7
Adult & Older People Preventative & Other Services	66.0	-20.9	45.1	-4.1	-1.0
Adult's Assessment & Safeguarding Staffing	43.6	-6.2	37.4	-1.3	-0.2
Children in Care (Looked After) Services**	59.5	-7.2	52.3	4.1	0.2
Adoption & Other Permanent Children's Arrangements	11.6	-0.1	11.5	1.2	0.0
Family Support & Other Children Services	25.1	-6.8	18.2	-0.3	0.1
Asylum Seekers**	46.5	-46.0	0.6	2.3	0.1
Children's Assessment Staffing**	51.6	-9.8	41.9	1.6	0.2
Public Health	77.6	-76.3	1.3	-0.7	-0.1
Transfer to/from Public Health Reserve	-1.3	0.0	-1.3	*0.7*	0.1
SCH&W Management & Support Services	17.7	-2.1	15.6	-0.8	-0.1
Sub Total SCH&W directorate	**774.3**	**-275.7**	**498.7**	**10.4**	**0.4**

Appendix 1

	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	0.0
Environment	9.3	-5.4	3.9	-0.2	-0.2
Economic Development and Other Community Services	9.1	-3.8	5.3	0.3	0.0
General Highways Maintenance & Emergency Response	8.9	-0.5	8.4	0.3	0.1
Other Highways Maintenance & Management	31.3	-8.1	23.2	-0.8	-0.8
Public Protection & Enforcement	11.1	-2.1	8.9	0.1	0.0
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	-0.3	0.0
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	0.0
Waste Management	2.1	0.0	2.0	-0.1	-0.1
Waste Processing**	29.8	-1.4	28.4	0.5	-0.1
Treatment and Disposal of Residual Waste**	36.2	0.0	36.2	0.5	0.2
GE&T Management & Support Services	4.0	-0.1	3.9	-0.1	0.0
Sub Total GE&T directorate	**203.0**	**-36.5**	**166.6**	**0.3**	**-0.8**
Strategic & Corporate Services					
Contact Centre, Digital Web Services & Gateways	5.6	-0.4	5.2	0.1	0.1
Local Democracy	5.3	0.0	5.3	0.0	0.0
Infrastructure (ICT & Property Services) & Business Services Centre	78.5	-42.2	36.3	0.7	0.0
Finance & Procurement	17.1	-6.2	10.8	-0.3	0.0
Engagement, Organisation Design & Development (HR, Comms & Engagement)	11.4	-1.8	9.6	-0.2	0.0
Other Support to Front Line Services	16.1	-11.1	5.1	-0.1	0.1
S&CS Management & Support Services	2.8	-5.2	-2.4	0.0	0.0
Sub Total S&CS directorate	**136.7**	**-66.9**	**69.8**	**0.1**	**0.1**
Financing Items	**135.8**	**-17.2**	**118.6**	**-1.4**	**0.0**
TOTAL KCC (Excluding Schools)	**1,521.3**	**-601.7**	**919.6**	**11.2**	**1.0**

**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 and throughout Appendix 2 may not add through exactly due to issues caused by rounding the figures for this report.

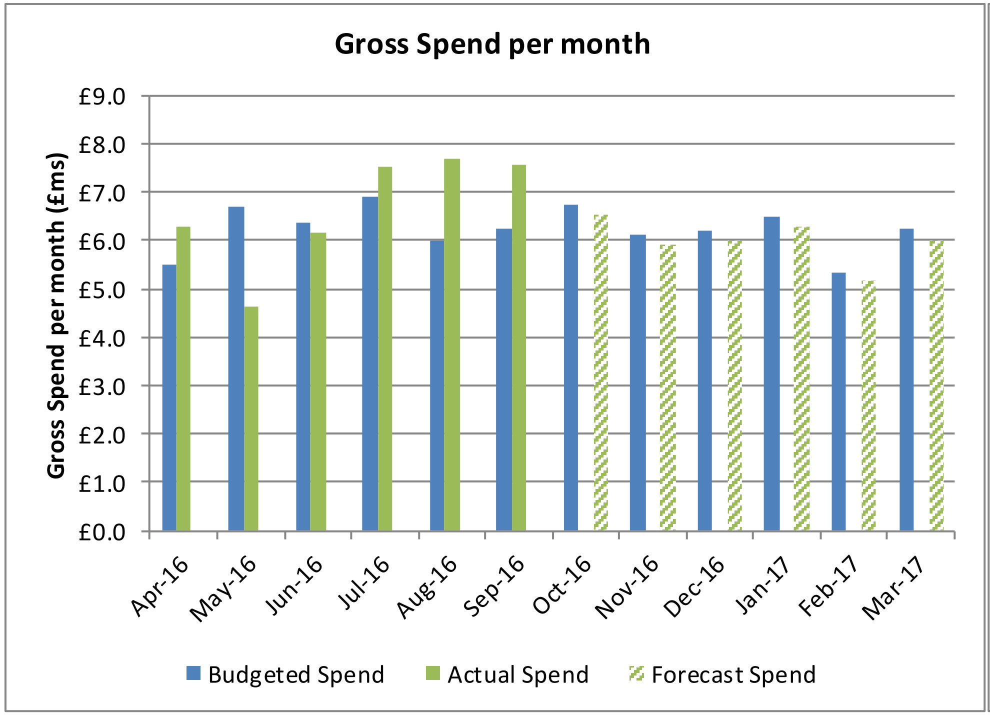
Appendix 2.1: Nursing & Residential Care - Learning Disability (aged 18+)

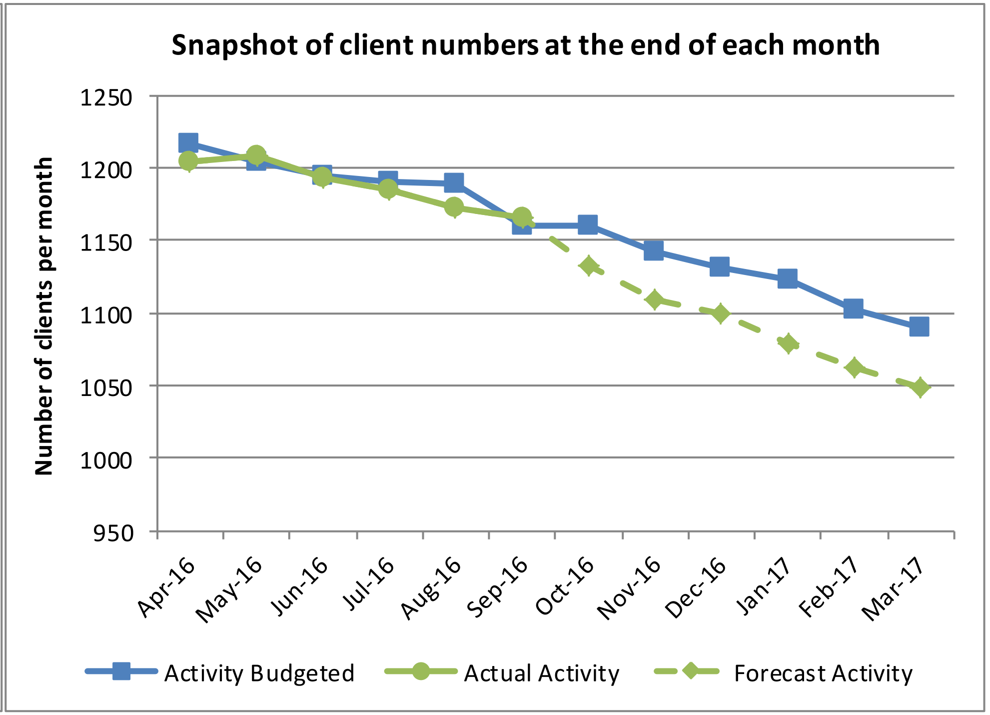
2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£74.9	-£6.1	£68.8	1,090
Forecast	£75.7	-£6.1	£69.6	1,048
Variance	£0.7	£0.1	£0.8	-42

Position as at 30th Sep 2016	Gross £m	Client Number as at 30/09/2016
Budget: Spend/Activity Year to Date	37.8	1,160
Actual: Spend/Activity Year to Date	39.9	1,166
Variance as at 30th Sep 2016	£2.1	6

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast overspend of £0.7m is due to higher than anticipated demand (+£0.9m) and higher unit cost (+£0.2m), along with an allowance for unrealised creditor based on previous years experience (-£0.4m). Lower than expected service user contributions (+£0.1m) linked to a lower average contribution per service user leads to a net forecast overspend of £0.8m.





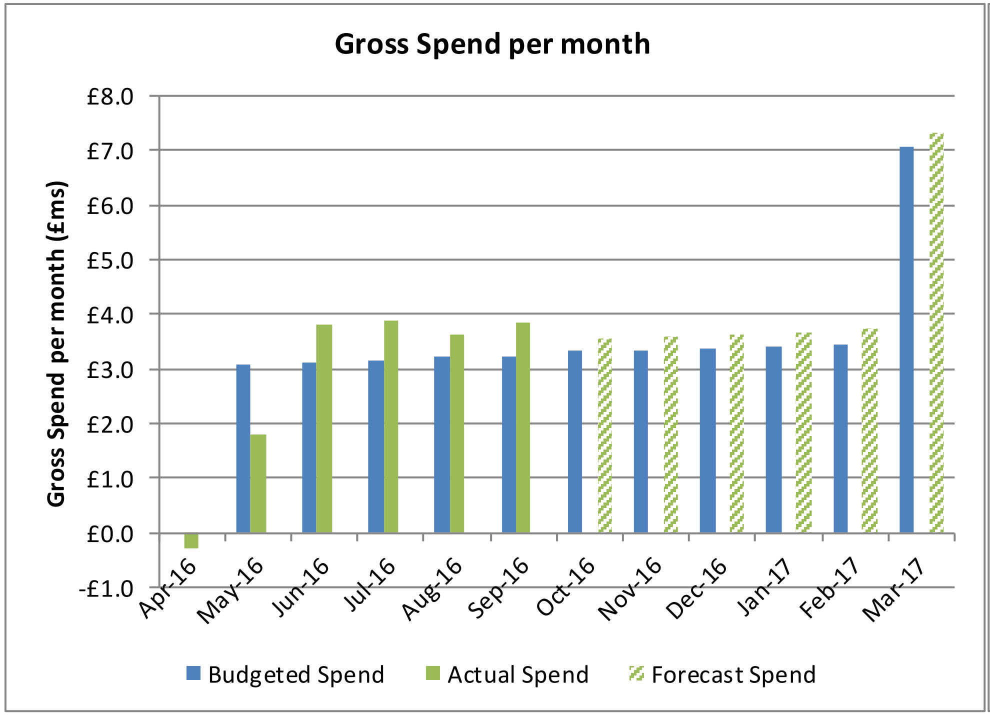
Appendix 2.2: Supported Living - Learning Disability (aged 18+) - Other Commissioned Supported Living arrangements

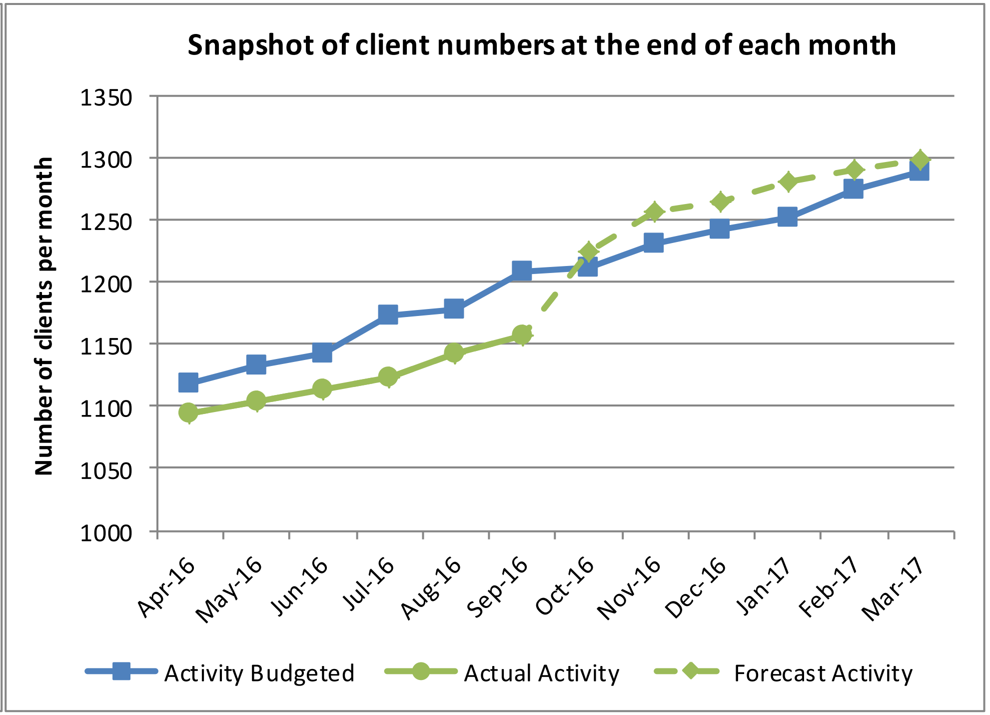
2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£39.7	-£0.2	£39.5	1,288
Forecast	£42.0	-£0.2	£41.8	1,299
Variance	£2.3	£0.0	£2.3	11

Position as at 30th Sep 2016	Gross £m	Client Number as at 30/09/2016
Budget: Spend/Activity Year to Date	15.8	1,209
Actual: Spend/Activity Year to Date	16.7	1,157
Variance as at 30th Sep 2016	£0.9	-52

MAIN REASONS FOR FORECAST VARIANCE:

The forecast pressure of +£2.3m is due to higher than anticipated demand (+£3.5m) as clients' eligible needs are greater than originally budgeted for. 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 leads to an overall net variance of +£2.3m.





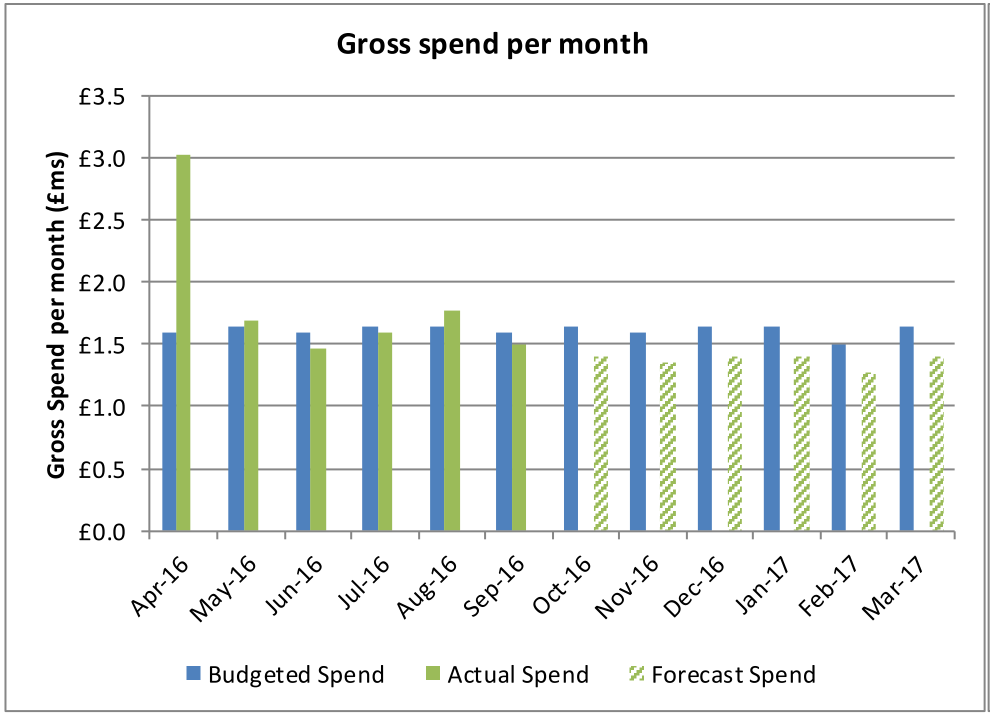
Appendix 2.3: Direct Payments - Learning Disability (aged 18+)

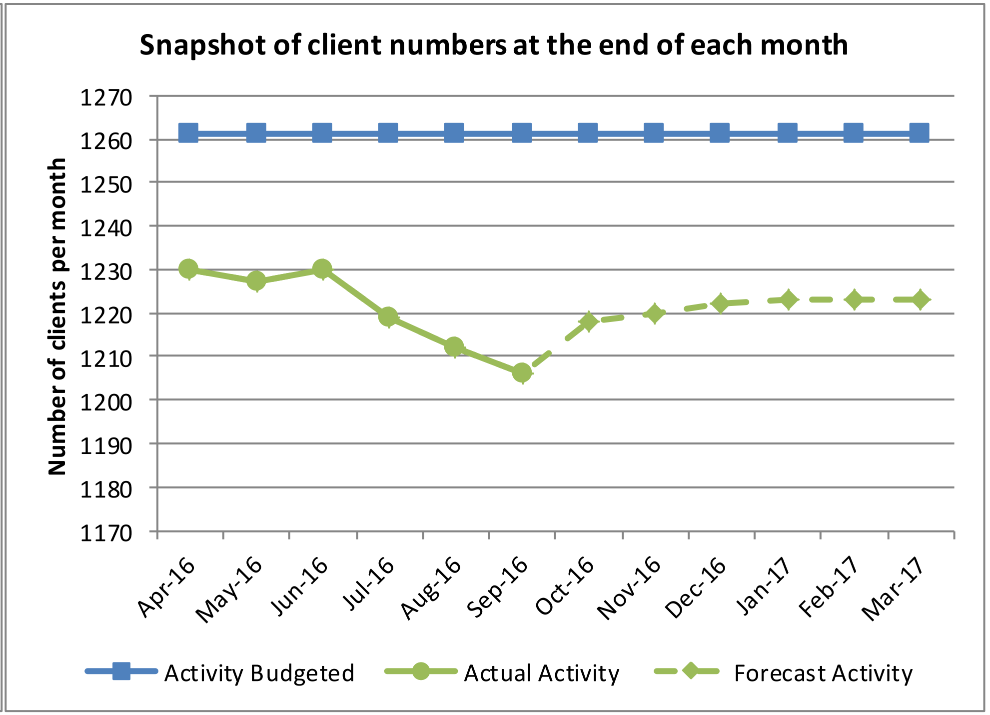
2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£19.4	-£0.9	£18.5	1,261
Forecast	£19.2	-£0.9	£18.3	1,223
Variance	-£0.2	£0.0	-£0.2	-38

Position as at 30th Sep 2016	Gross £m	Client Number as at 30/09/2016
Budget: Spend/Activity Year to Date	9.7	1,261
Actual: Spend/Activity Year to Date	11.0	1,206
Variance as at 30th Sep 2016	£1.3	-55

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast underspend of -£0.2m is due to lower than anticipated demand (-£0.5m) and higher unit cost (+£0.2m). One-off direct payments (+£0.7m) and prior year costs predominately related to a historic Ordinary Residence case (+£0.3m) are partially offset by the forecast recovery of unspent funds from clients (-£0.9m).





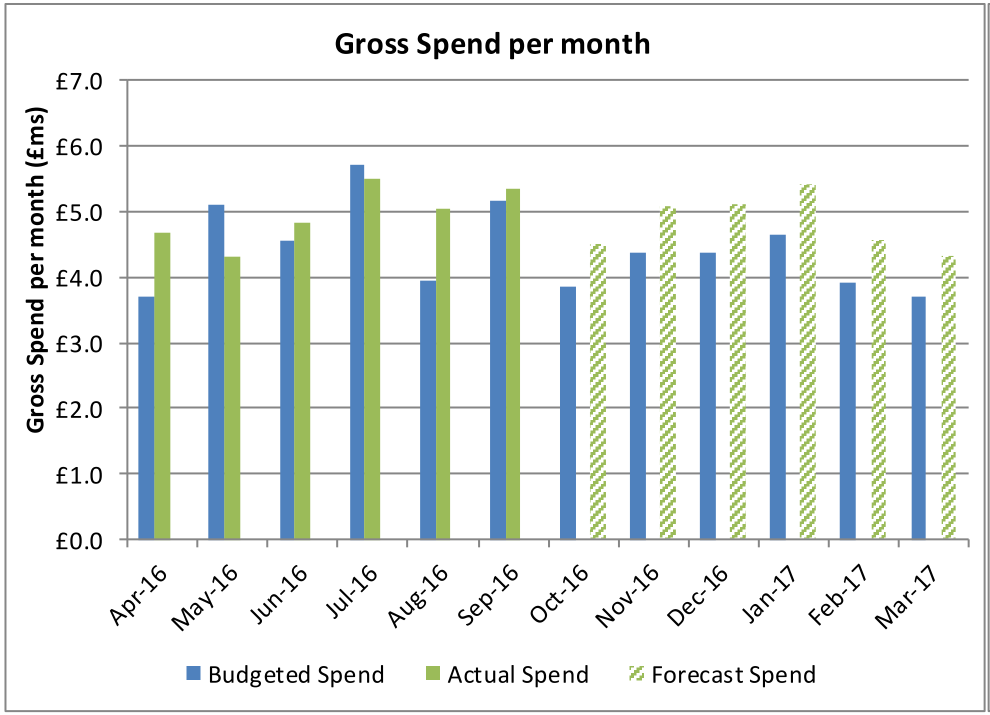
Appendix 2.4: Nursing & Residential Care - Older People (aged 65+) - Residential - Commissioned service

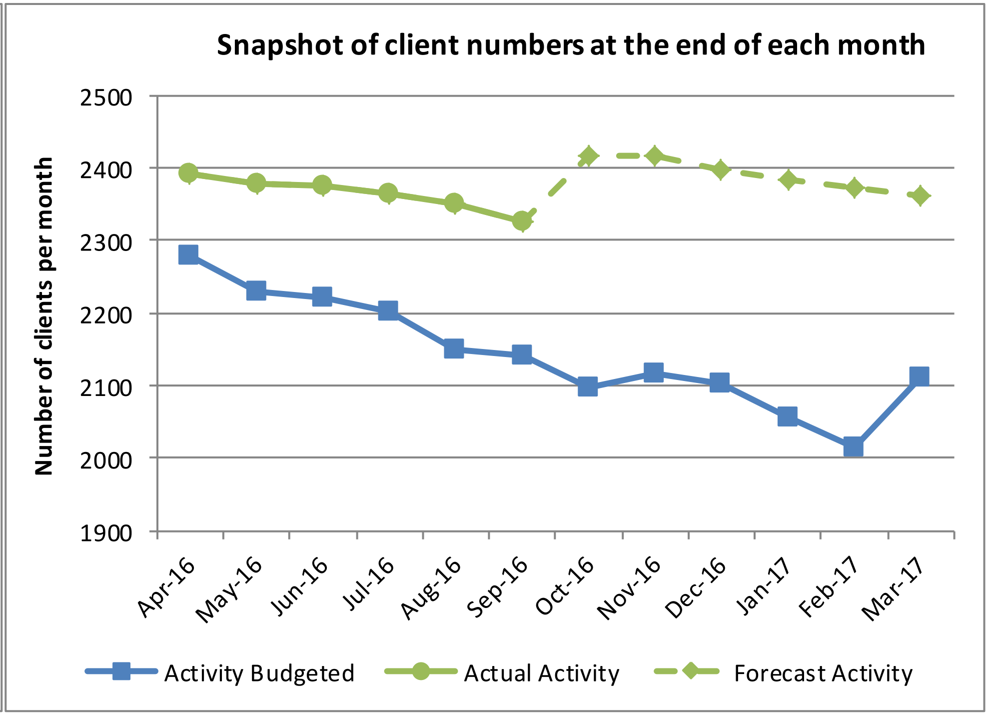
2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£53.1	-£27.8	£25.4	2,112
Forecast	£58.7	-£29.4	£29.3	2,362
Variance	£5.5	-£1.6	£3.9	250

Position as at 30th Sept 2016	Gross £m	Client Number as at 30/09/2016
Budget: Spend/Activity Year to Date	£28.2	2,140
Actual: Spend/Activity Year to Date	£29.7	2,327
Variance as at 30th Sept 2016	£1.5	187

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£5.5m is due to higher than anticipated demand (+£5.9m) and lower unit cost (-£0.4m). This is partially offset by higher than expected service user contributions (-£1.6m) linked to the higher demand (-£2.7m) and a lower average contribution per service user (+£1.1m) leading to a net forecast pressure of +£3.9m.





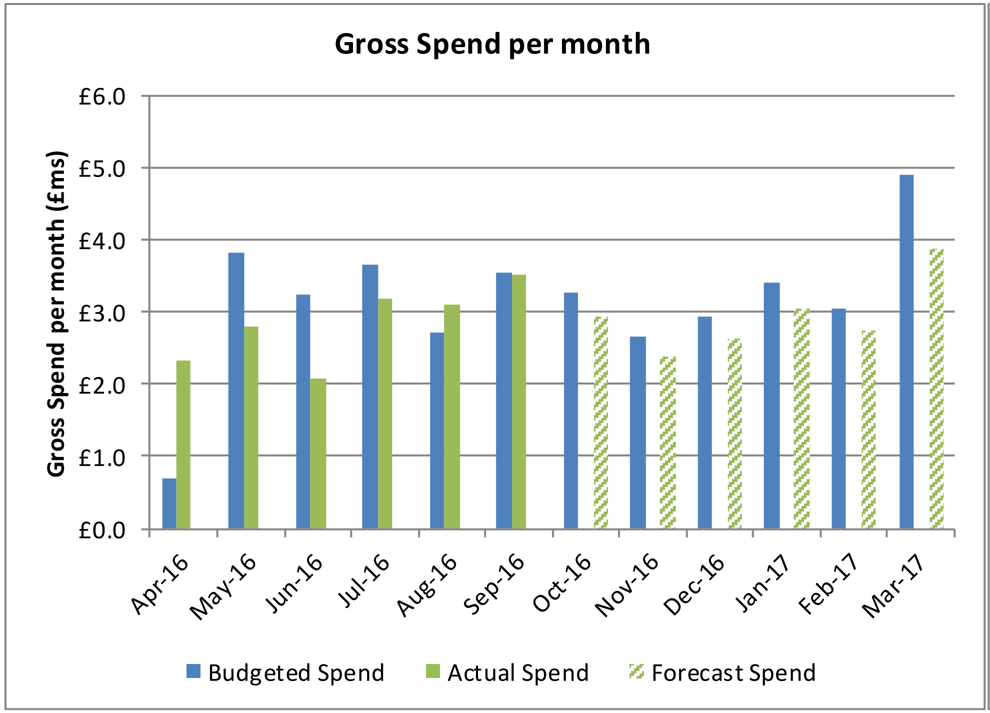
Appendix 2.5: Nursing & Residential Care - Older People (aged 65+) - Nursing

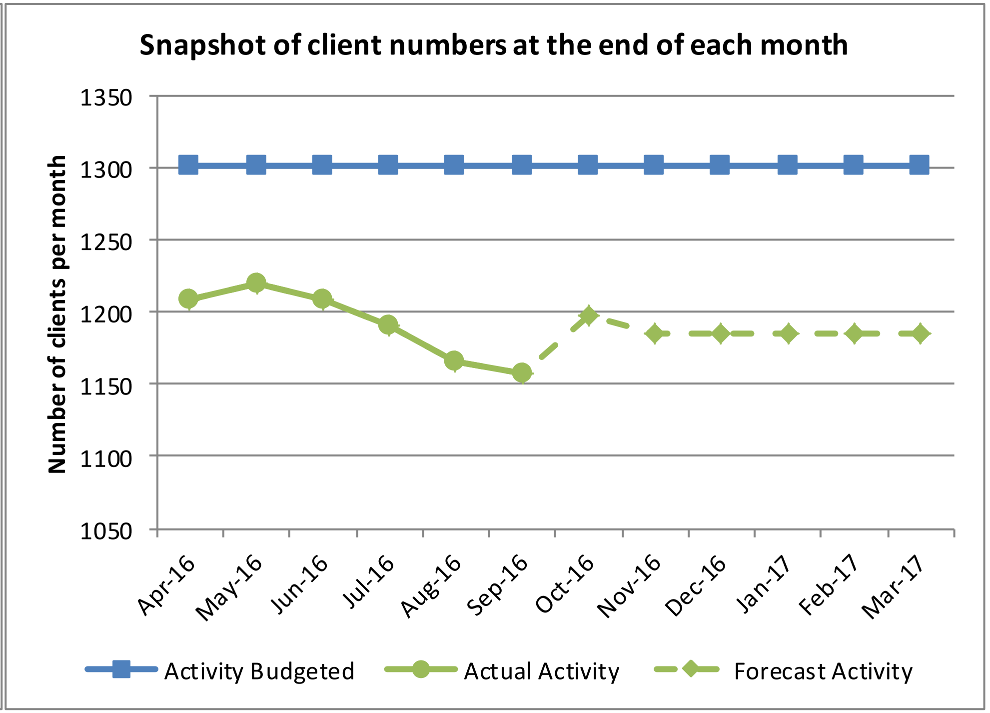
2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£37.9	-£14.6	£23.3	1,301
Forecast	£34.6	-£13.3	£21.3	1,185
Variance	-£3.3	£1.4	-£2.0	-116

Position as at 30th Sept 2016	Gross £m	Client Number as at 30/09/2016
Budget: Spend/Activity Year to Date	17.7	1,301
Actual: Spend/Activity Year to Date	17.0	1,157
Variance as at 30th Sept 2016	-£0.6	-144

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast underspend of -£3.3m is due to lower than anticipated demand (-£2.3m) and lower unit cost (-£0.4m), along with non-activity variance against health commissioned beds (-£0.6m). There is currently a £1.4m shortfall in service user contributions, due to the lower demand (+£0.9m) and a lower average contribution per service user (+£0.5m) leading to a net forecast underspend of -£2.0m.





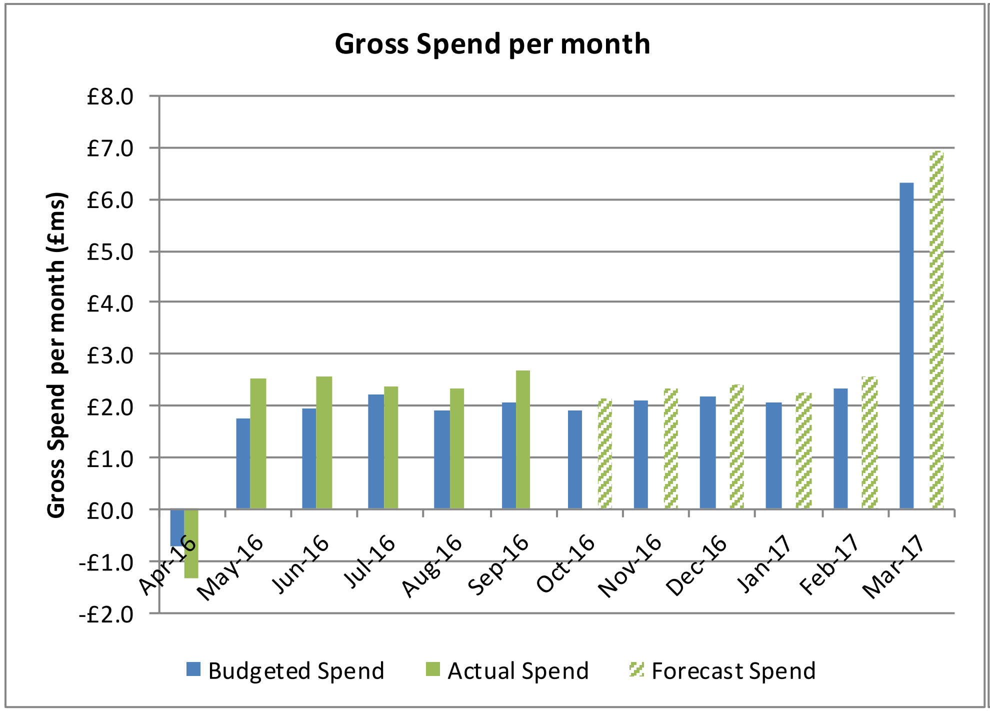
Appendix 2.6: Domiciliary Care - Older People (aged 65+) - Commissioned service

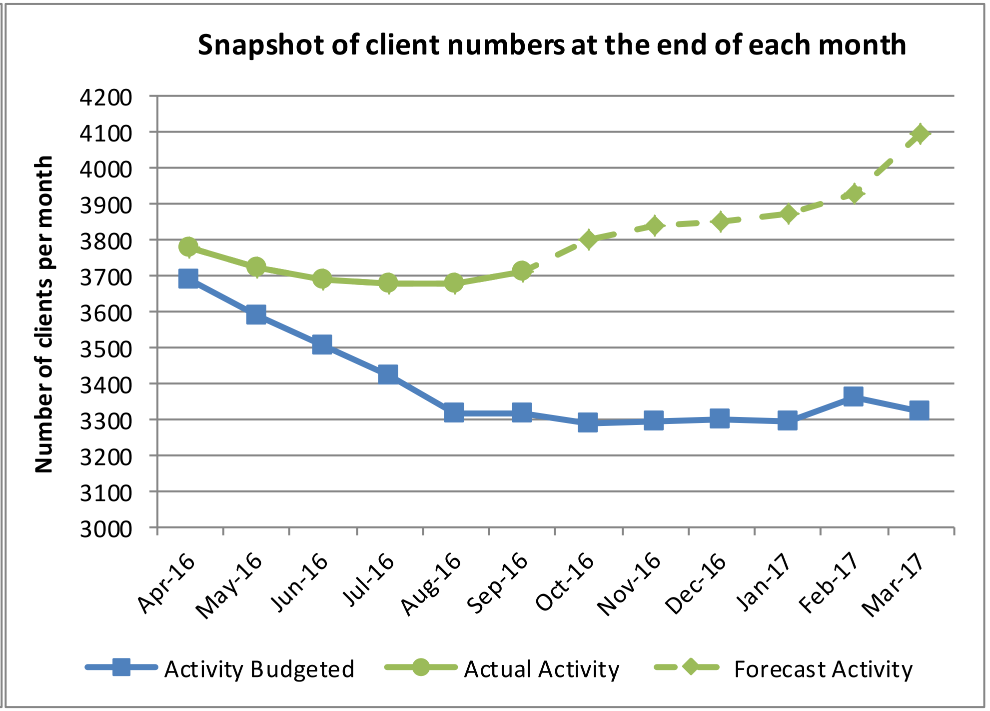
2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£26.2	-£10.2	£16.0	3,321
Forecast	£29.8	-£10.2	£19.6	4,095
Variance	£3.6	£0.0	£3.6	774

Position as at 30th Sept 2016	Gross £m	Client Number as at 30/09/2016
Budget: Spend/Activity Year to Date	9.2	3,314
Actual: Spend/Activity Year to Date	11.2	3,710
Variance as at 30th Sept 2016	£1.9	396

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£3.6m is due to higher than anticipated demand (+£2.9m) 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 lead to a pressure of +£0.5m, leading to a net forecast pressure of +£3.6m.





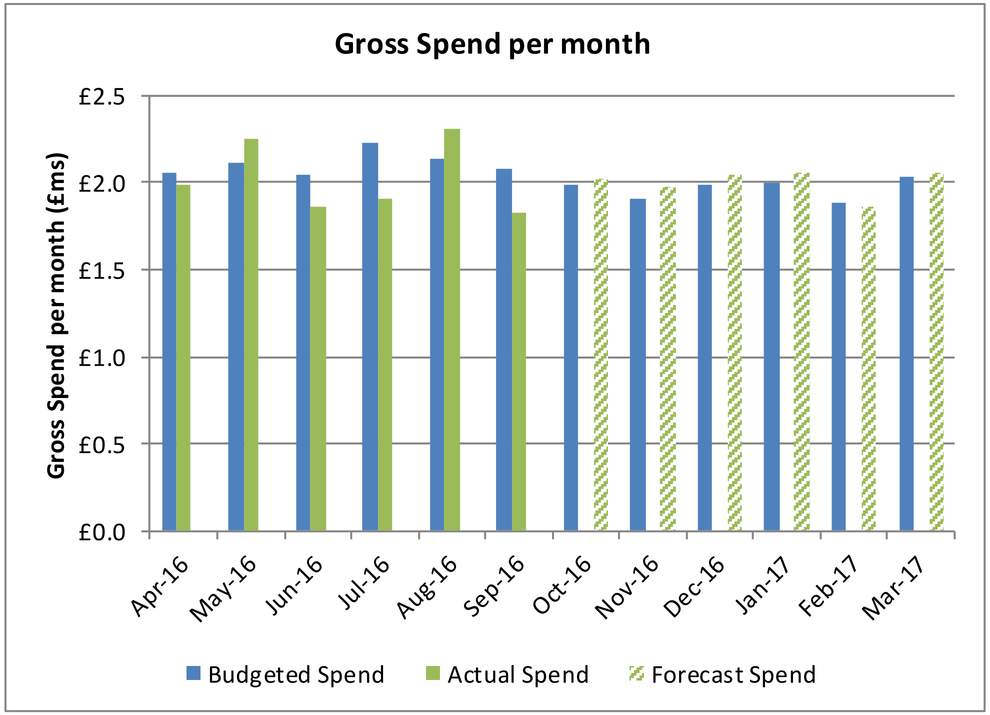
Appendix 2.7: Children in Care (Looked After) - Fostering - In house service

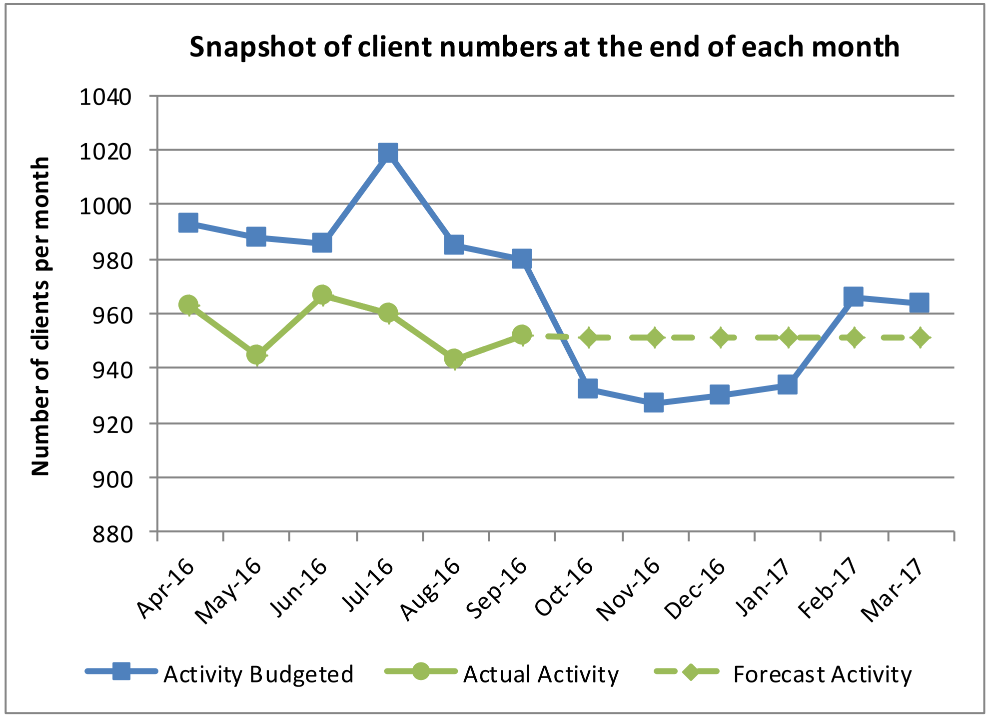
2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£24.4	-£0.5	£24.0	964
Forecast	£24.1	-£0.2	£23.9	951
Variance	-£0.3	£0.3	-£0.1	-13

Position as at 30th Sep 2016	Gross £m	Client Number as at 30/09/2016
Budget: Spend/Activity Year to Date	£12.7	980
Actual: Spend/Activity Year to Date	£12.1	952
Variance as at 30th Sep 2016	-£0.5	-28

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast underspend of -£0.3m is due to a higher unit cost (+£0.4m), along with other variance explanations of -£0.7m due to -£0.3m funding allocated for prices not committed, -£0.3m due to an underspend on staffing in County Fostering due to current vacancy levels and -£0.1m for lower than expected activity on Connected Persons fostering placements. Combined with the lower than expected income of +£0.3m 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 underspend of -£0.1m.





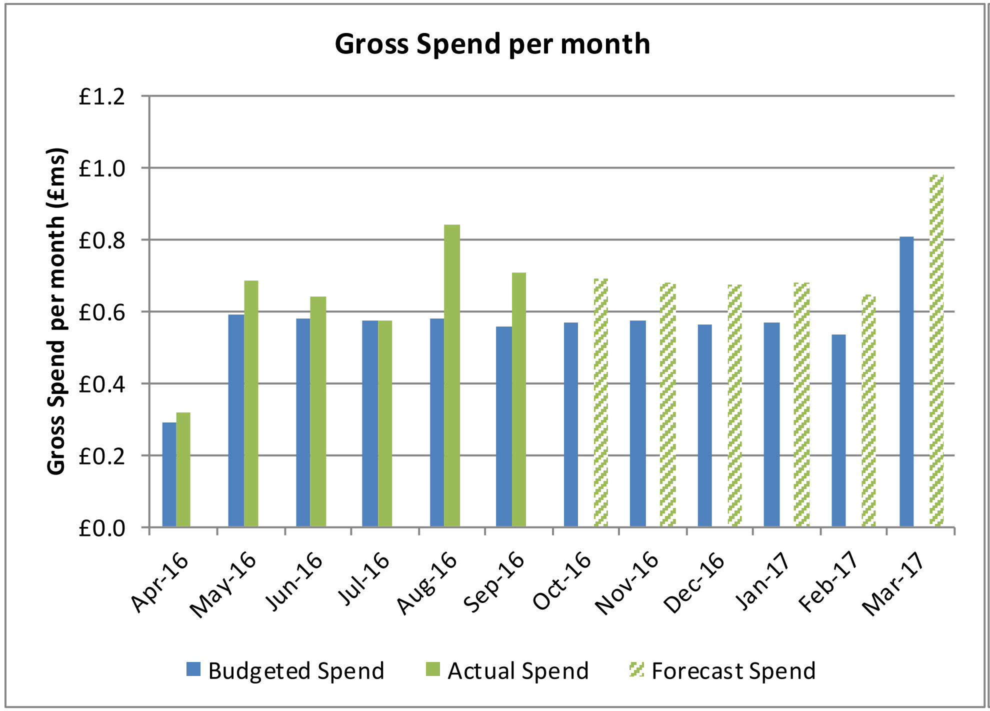
Appendix 2.8: Children in Care (Looked After) - Fostering - Commissioned from Independent Fostering Agencies

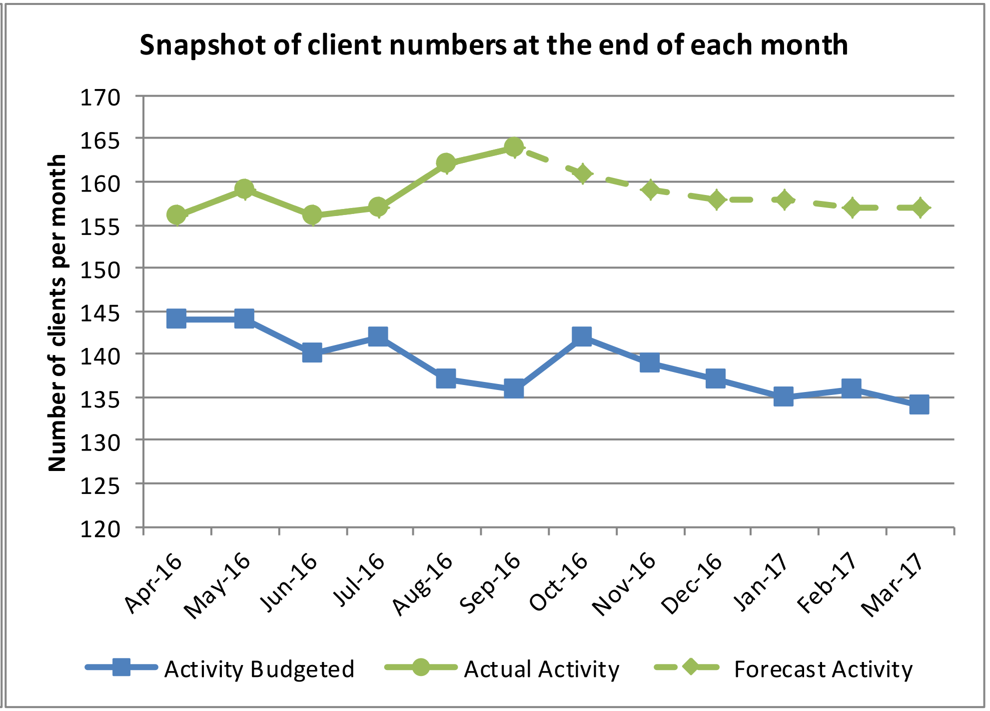
2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£6.8	£0.0	£6.8	134
Forecast	£8.1	£0.0	£8.1	157
Variance	£1.3	£0.0	£1.3	23

Position as at 30th Sep 2016	Gross £m	Client Number as at 30/09/2016
Budget: Spend/Activity Year to Date	£3.2	136
Actual: Spend/Activity Year to Date	£3.8	164
Variance as at 30th Sep 2016	£0.6	28

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£1.3m is due to higher than anticipated demand (+£1.1m) and higher unit cost (+£0.2m).





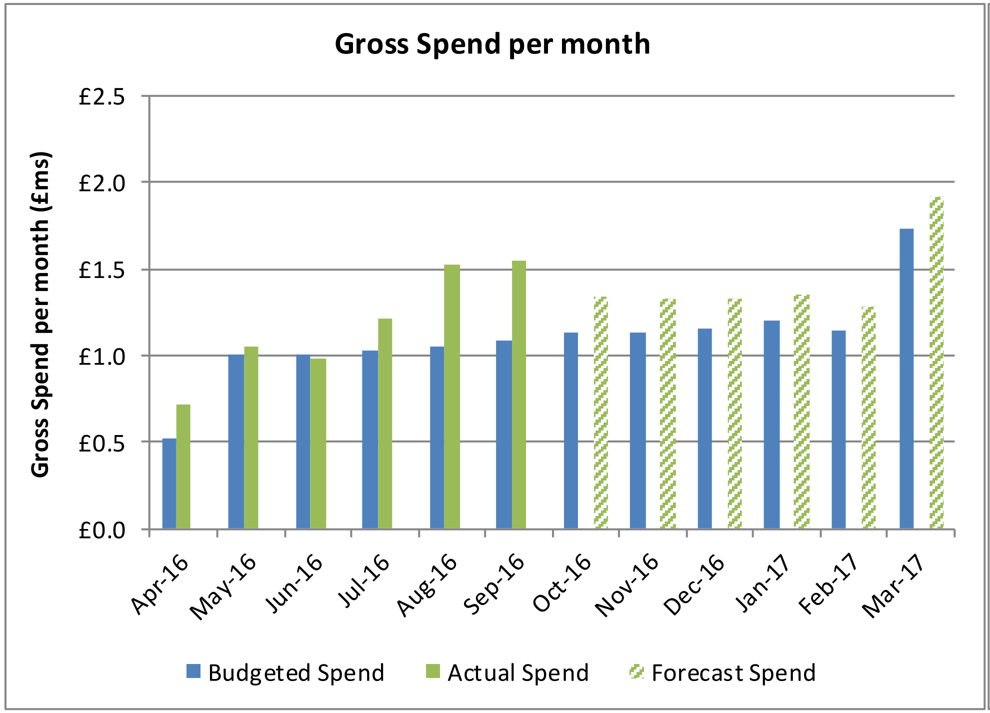
Appendix 2.9: Children in Care (Looked After) - Residential Children's Services - Commissioned from Independent Sector

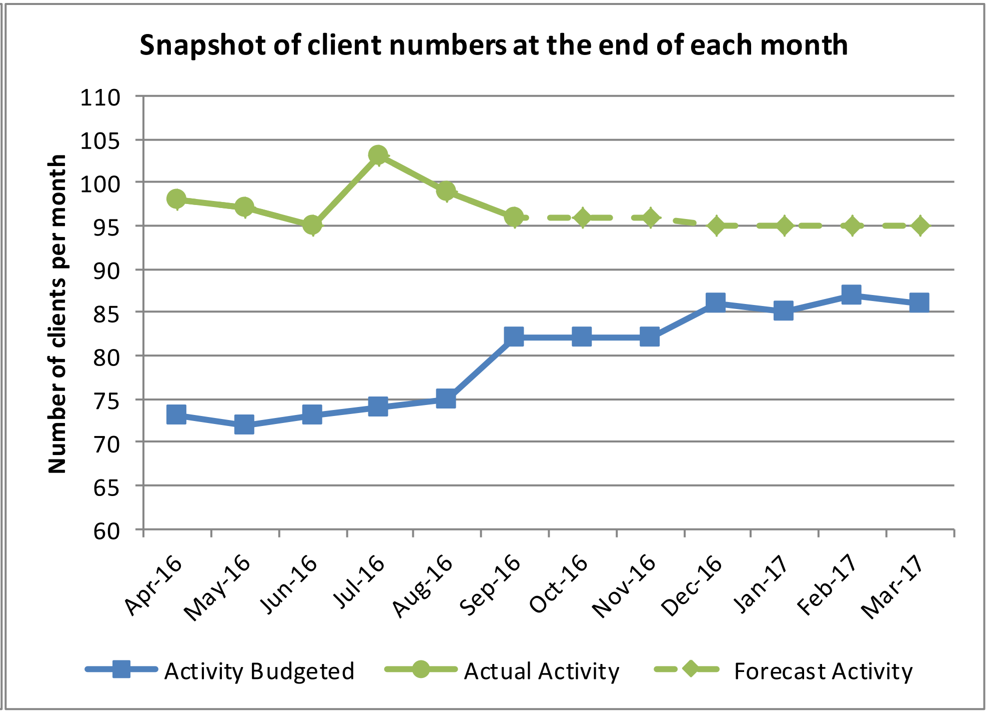
2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£13.2	-£2.3	£10.9	86
Forecast	£15.6	-£2.0	£13.5	95
Variance	£2.4	£0.3	£2.6	9

Position as at 30th Sep 2016	Gross £m	Client Number as at 30/09/2016
Budget: Spend/Activity Year to Date	£5.7	82
Actual: Spend/Activity Year to Date	£7.0	96
Variance as at 30th Sep 2016	£1.3	14

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£2.4m is due to higher than anticipated demand (+£2.3m) and lower unit cost (-£0.1m), along with an additional variance of +£0.2m predominately due to greater than anticipated placements in Secure Accommodation. This pressure 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. This leads to a net forecast pressure of +£2.6m.





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

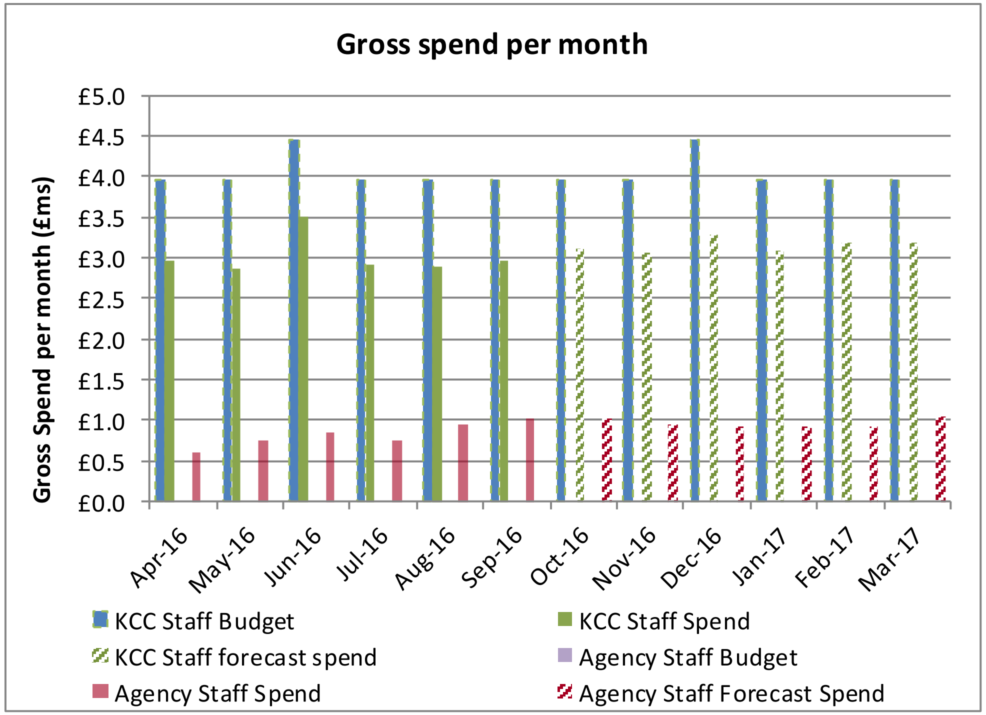
2016-17 Forecast	KCC £m	Agency £m	Gross £m
Budget	£48.6	£0.0	£48.6
Forecast	£37.0	£10.7	£47.7
Variance	-£11.6	£10.7	-£0.9

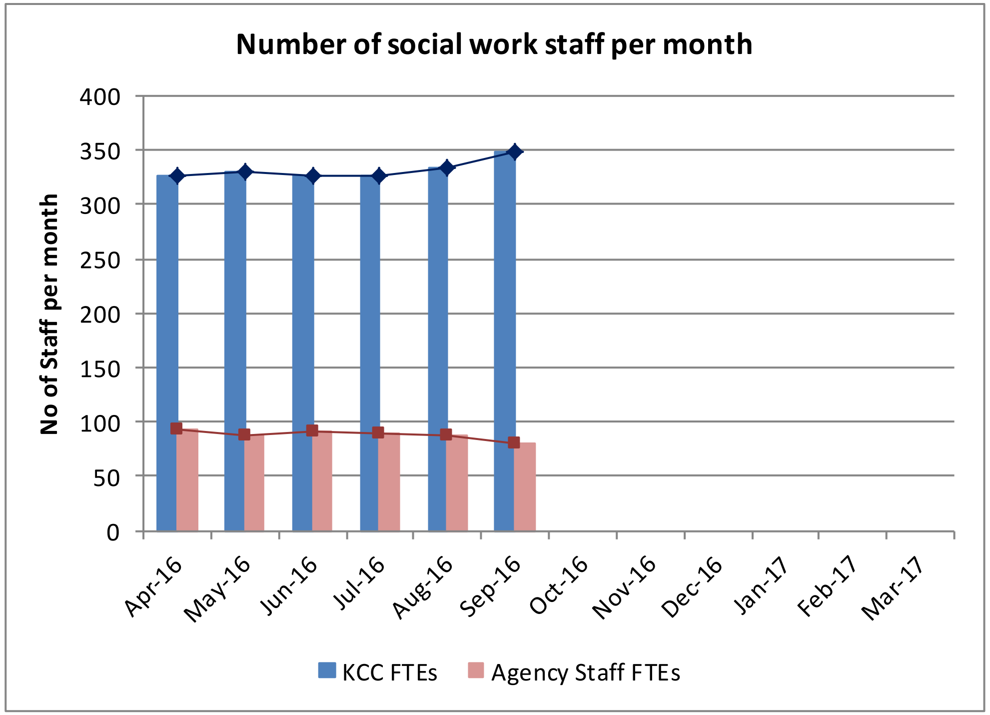
as at 30th Sep 2016	KCC £m	Agency £m	Gross £m
YTD Budget	£24.3	£0.0	£24.3
YTD Spend	£18.1	£4.9	£23.1
YTD Variance	-£6.2	£4.9	-£1.2

Staff numbers	KCC FTEs	Agency Nos
as at 1st April 2016	326.4	92.8
as at 30 Sep 2016	348.8	80.2
YTD Movement	22.4	-12.6

MAIN REASONS FOR FORECAST VARIANCE:

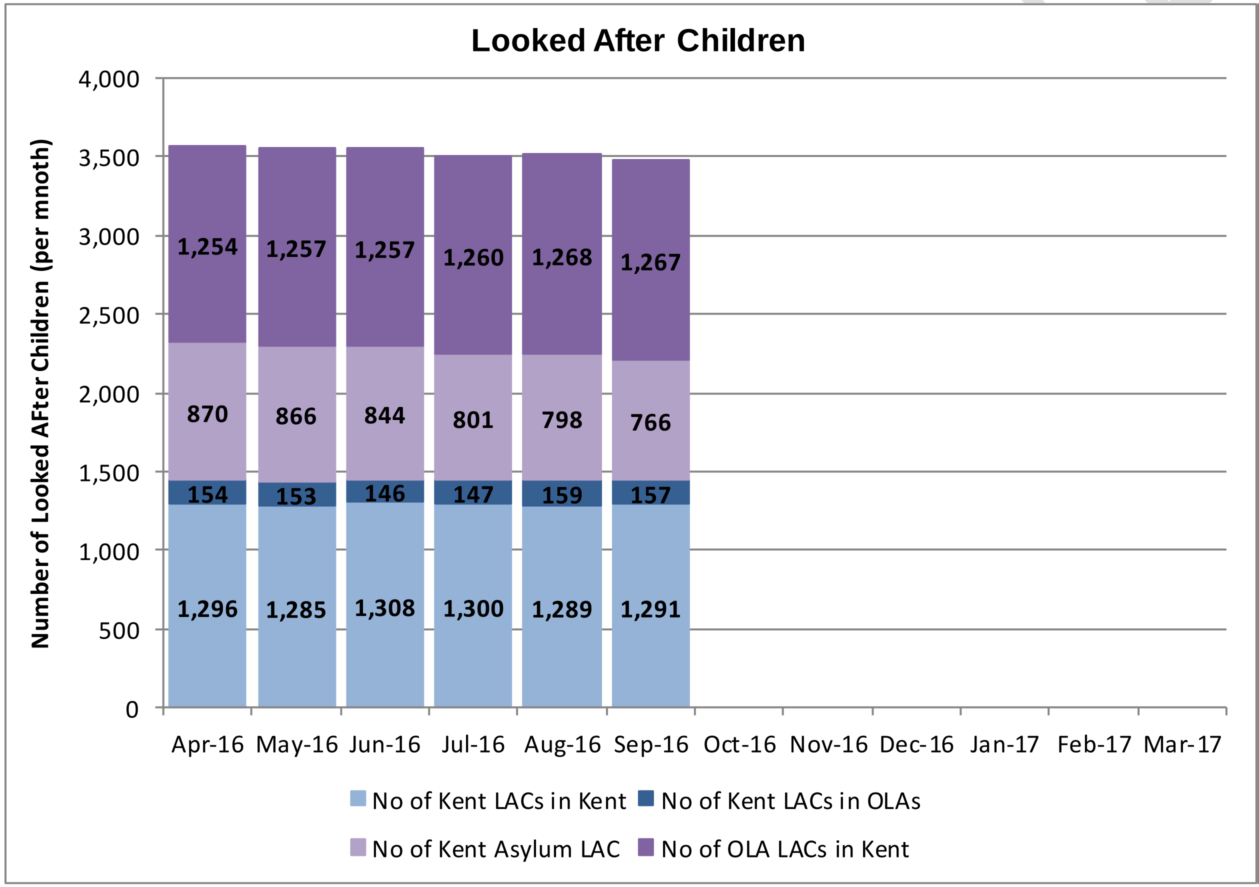
This measure focusses on the level of social workers & senior practitioners rather than the overall staffing level within this budget. The budget assumes that CSC Staffing will be met using salaried workers, so every agency worker (who are more expensive than salaried staff) results in a pressure on this budget. This measure shows the extent of the vacancies within CSC that are currently covered by agency workers which contributes to the £1.6m 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 this measure only includes staffing budgets).

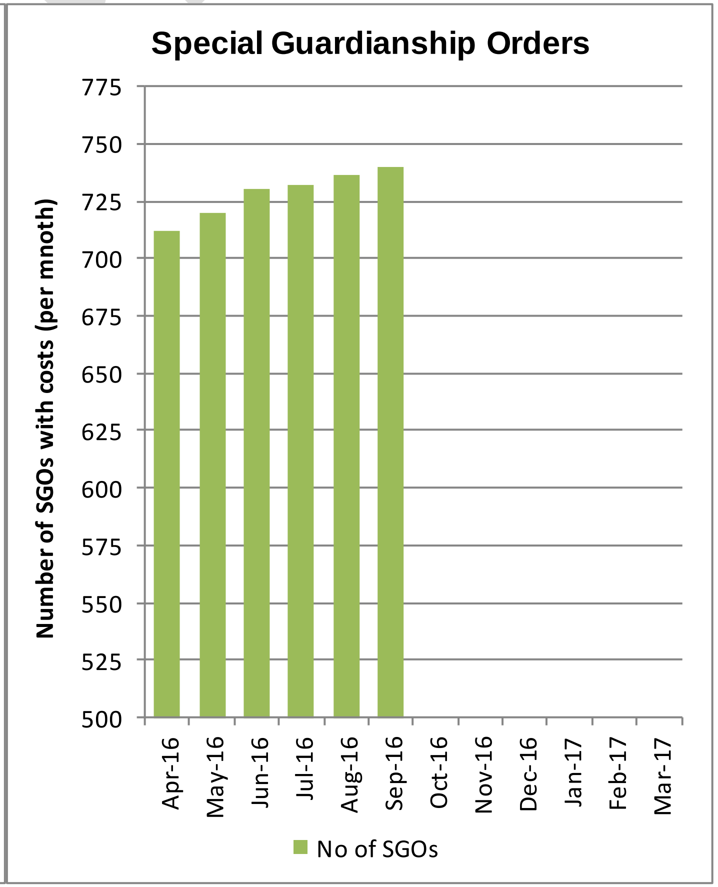




Appendix 2.11: Number of Looked After Children and Number of Special Guardianship Orders (SGOs) with Costs

The left-hand graph shows 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 40% 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 Specialist Children's Services budget, with key parts of this relating to the LAC headings of Commissioned Residential Care and Commissioned Foster Care and non-LAC headings such as Social Care Staffing, Adoption & other permanent care arrangements (including Special Guardianship Orders (SGOs)), and Leaving Care.
The right hand graph shows the number of SGOs incurring costs, which are approved by the courts. These children are either former LAC or may have become LAC if an SGO was not granted.





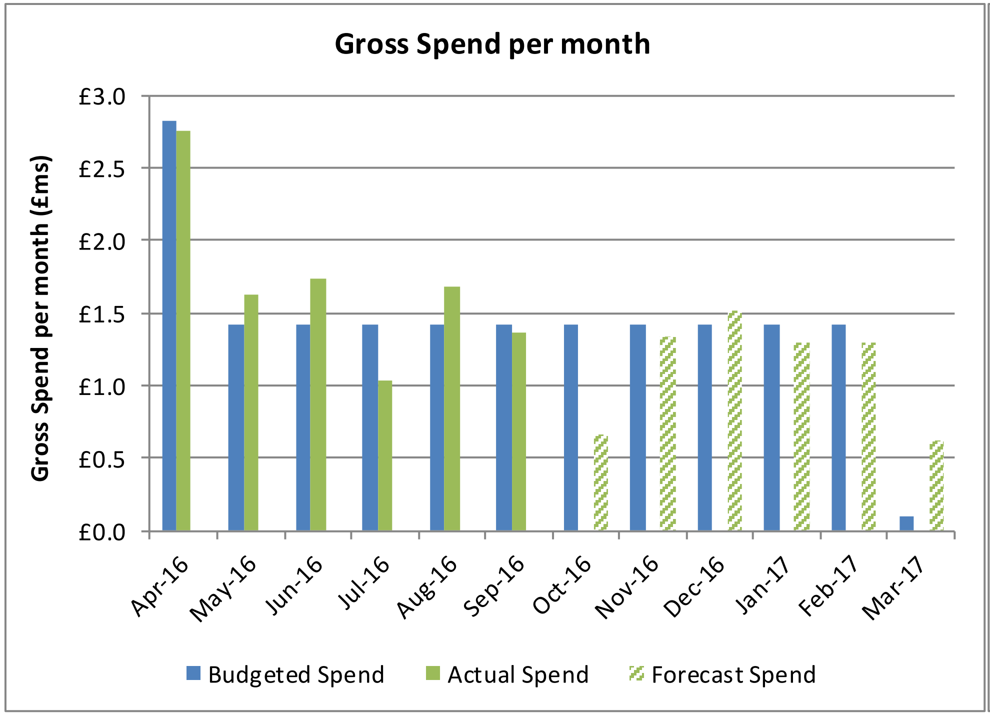
Appendix 2.12: Transport Services - Concessionary fares

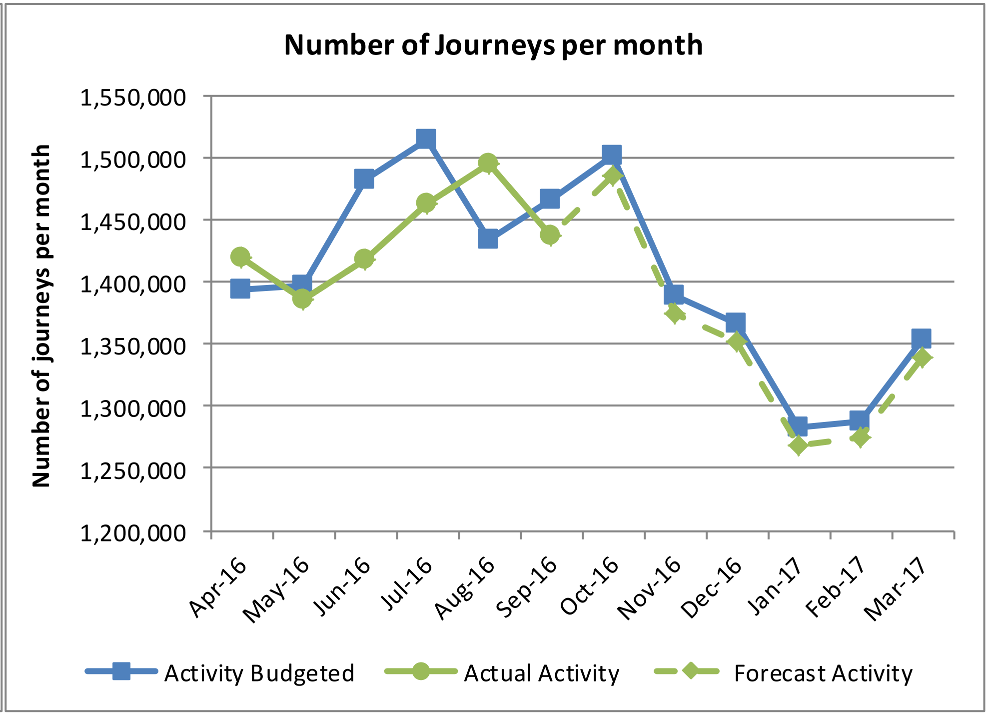
2016-17 Total Forecast	Gross £m	Income £m	Net £m	No of journeys to 31/03/2017
Budget	£17.1	-£0.0	£17.1	16,867,404
Forecast	£16.9	-£0.1	£16.8	16,713,451
Variance	-£0.2	-£0.0	-£0.3	-153,953

Position as at 30th Sep 2016	Gross £m	No of journeys to 30/09/2016
Budget: Spend/Activity Year to Date	£9.9	8,686,051
Actual: Spend/Activity Year to Date	£10.2	8,618,646
Variance as at 30th Sep 2016	£0.3	-67,405

MAIN REASONS FOR FORECAST VARIANCE:

The forecast underspend of -£0.3m is due to lower than anticipated demand (-£0.2m), along with other minor variances (-£0.1m). The forecast is based on actual activity for April to August, with estimates for the remaining months; the unit has received draft actuals for September which continues to support the overall forecast reduction in the number of journeys for the year. Estimates for the remaining months will continue to be reviewed over the course of the year.





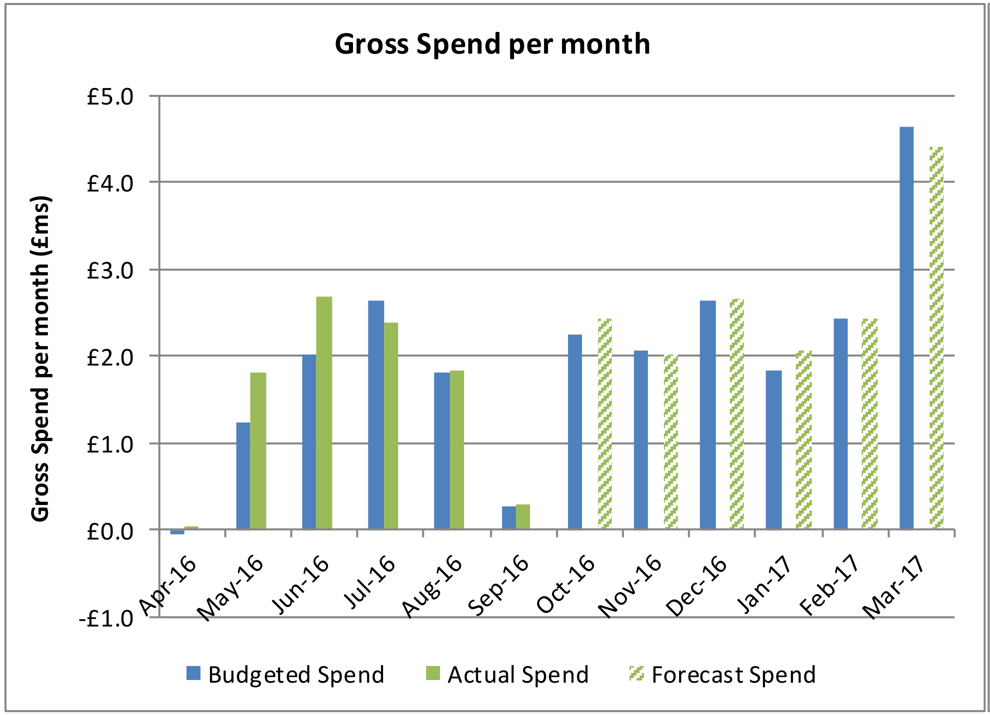
Appendix 2.13: Transport Services - Home to School / College Transport (Special Education Needs)

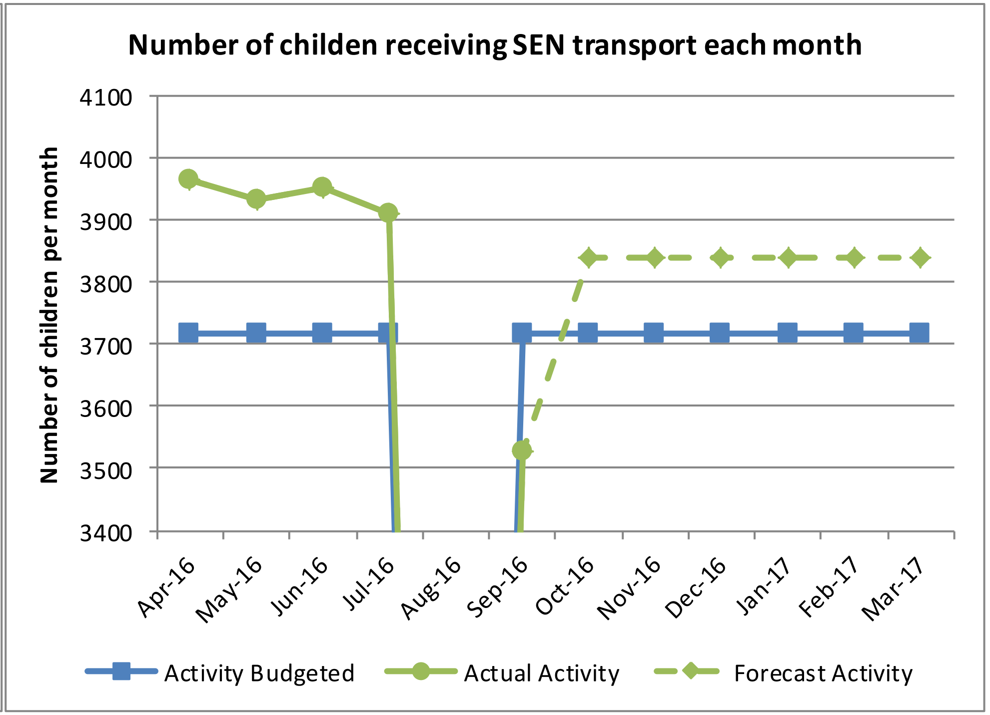
2016-17 Total Forecast	Gross £m	Income £m	Net £m	No of pupils as at 31/03/2017
Budget	£23.8	-£0.8	£23.0	3,717
Forecast	£25.1	-£0.8	£24.3	3,840
Variance	£1.3	-£0.0	£1.3	123

Position as at 30th Sep 2016	Gross £m	No of pupils as at 30/09/2016
Budget: Spend/Activity Year to Date	£7.9	3,716
Actual: Spend/Activity Year to Date	£9.1	3,526
Variance as at 30th Sep 2016	£1.1	-190

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£1.3m is due to higher than anticipated demand (+£0.7m) and higher unit cost (+£0.5m).





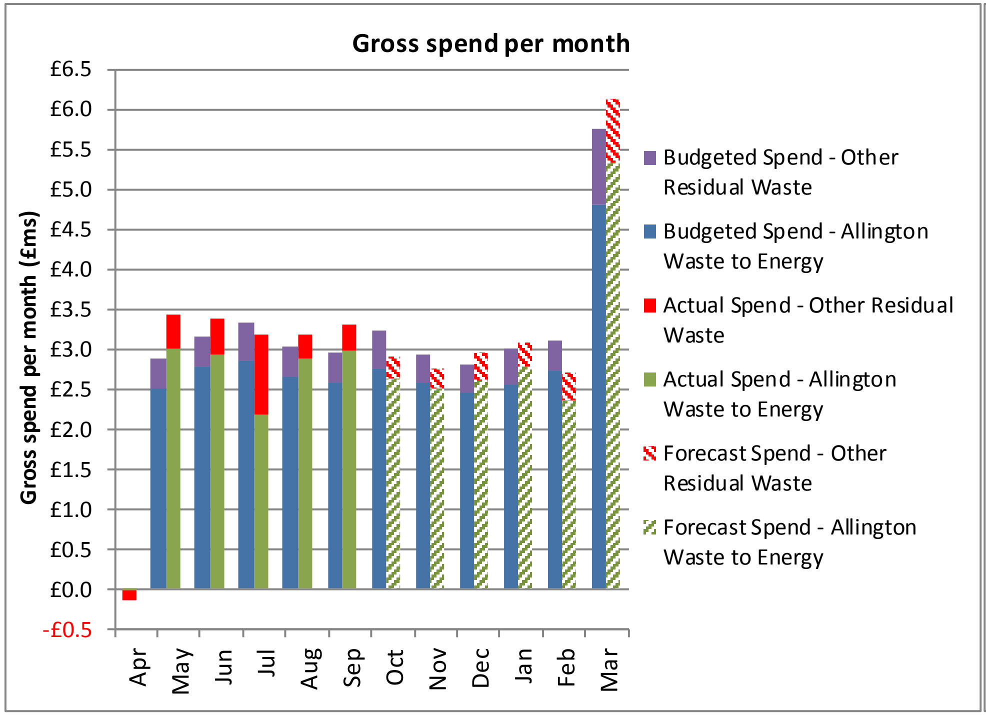
Appendix 2.14: Treatment and disposal of residual waste

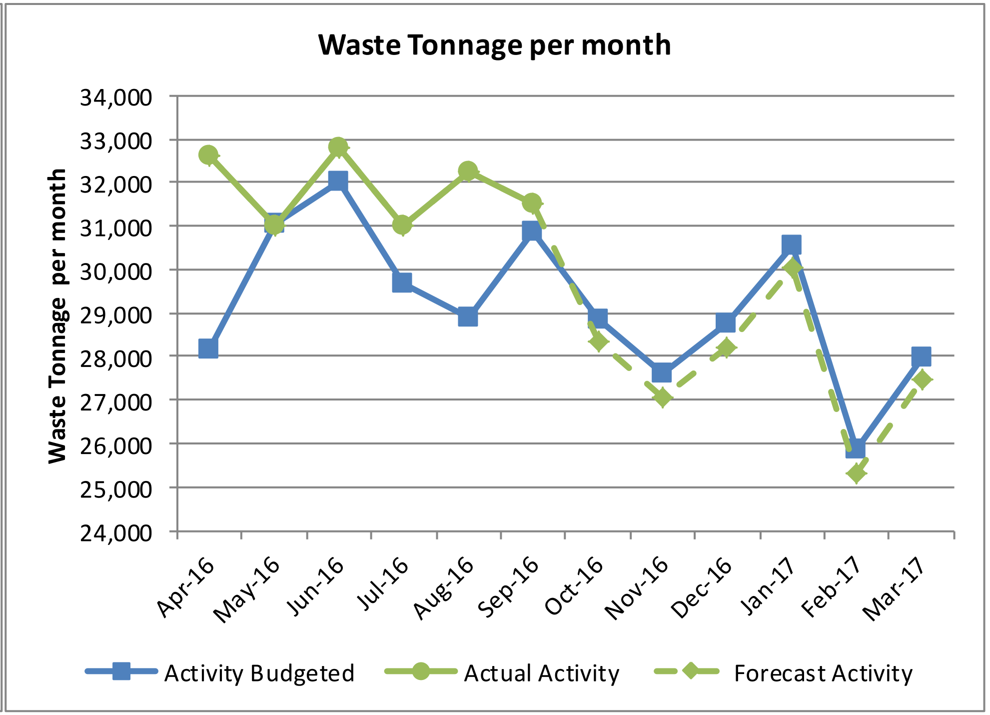
2016-17 Total Forecast	Gross £m	Income £m	Net £m	Waste Tonnage to 31/03/2017
Budget	£36.2	£0.0	£36.2	350,222
Forecast	£36.9	-£0.3	£36.6	357,503
Variance	£0.7	-£0.3	£0.5	7,281

Position as at 30th Sep 2016	Gross £m	Waste Tonnage to 30/09/2016
Budget: Spend/Activity Year to Date	£15.3	180,628
Actual: Spend/Activity Year to Date	£16.4	191,096
Variance as at 30th Sep 2016	£1.0	10,468

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£0.7m is due to higher than anticipated demand (+£0.7m), although some 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 (-£0.3m), from trade waste tonnes, leading to a net pressure of +£0.5m. The forecast is based on actual activity for April to August, with estimates for the remaining months; the division has recently received figures for September (included within graph below) which could suggest that the forecast is understated and may result in an increased financial pressure next month.





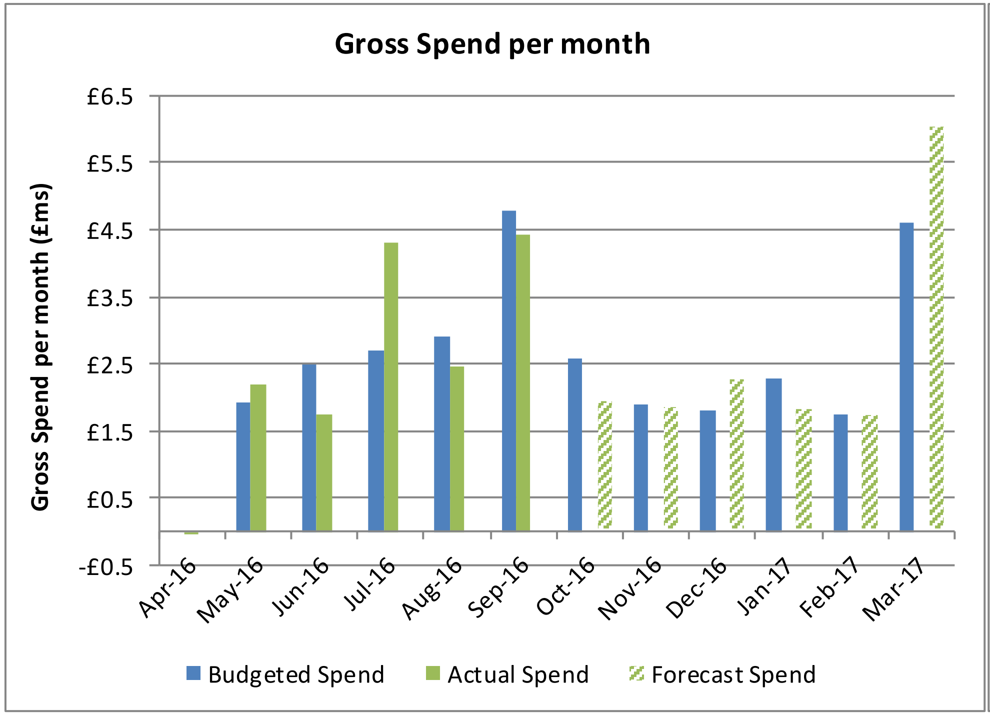
Appendix 2.15: Waste Processing

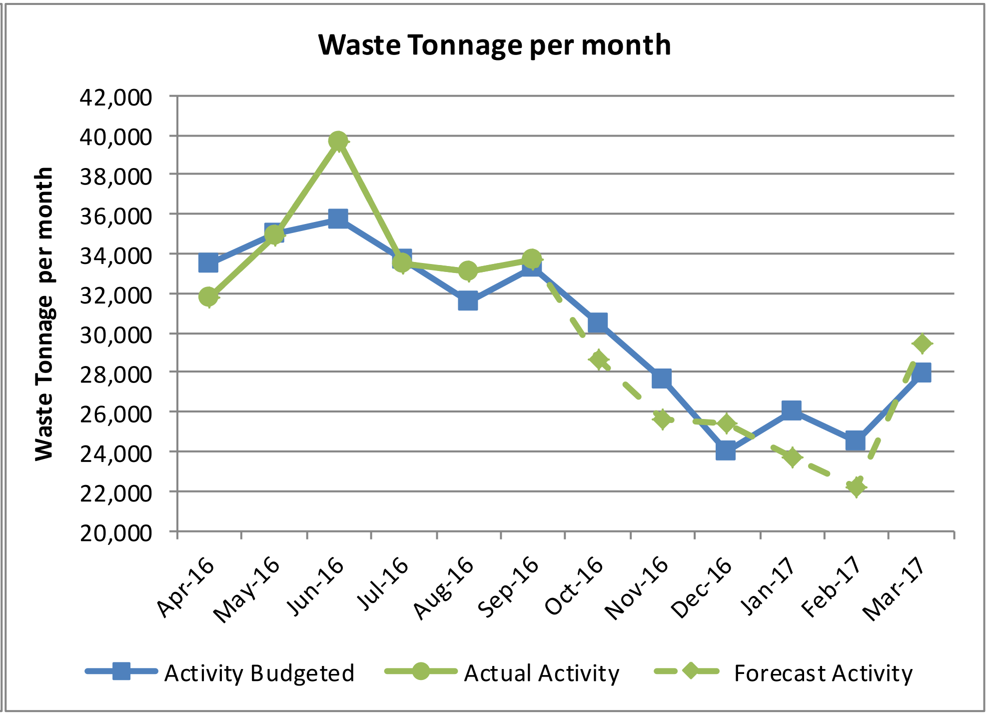
2016-17 Total Forecast	Gross £m	Income £m	Net £m	Waste Tonnage to 31/03/2017
Budget	£29.8	-£1.4	£28.4	363,472
Forecast	£30.6	-£1.7	£28.9	361,720
Variance	£0.8	-£0.3	£0.5	-1,752

Position as at 30th Sep 2016	Gross £m	Waste Tonnage to 30/09/2016
Budget: Spend/Activity Year to Date	£14.8	202,817
Actual: Spend/Activity Year to Date	£15.1	206,667
Variance as at 30th Sep 2016	£0.3	3,850

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£0.8m is due higher than anticipated demand (+£0.2m) for composting; the re-procurement of the dry recyclables contract (+£0.2m); increased tipping away payments (+£0.3m) as well as a new cost of re-providing a temporary transfer station while Church Marshes is closed for re-development (+£0.2m); partially offset by other minor variances (-£0.1m). Additional paper and card income (-£0.3m) reduces this to a net forecast pressure of +£0.5m. The forecast is based on actual activity to August, with estimates for the remaining months; recently received figures for September (included within the graph below) could suggest that forecast tonnage 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)

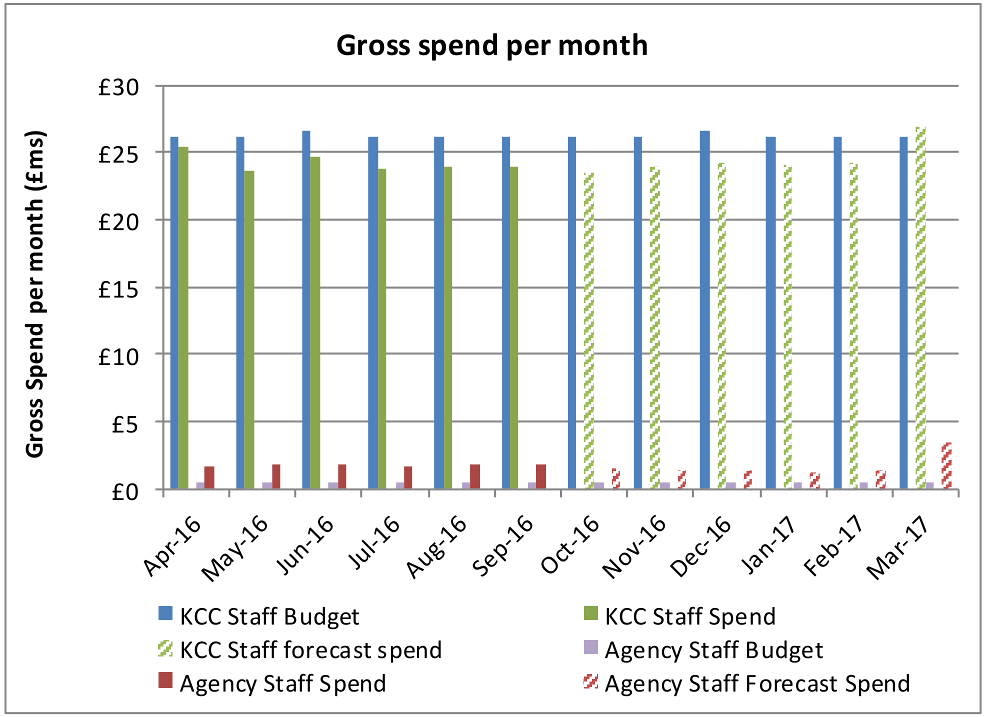
2016-17 Forecast	KCC £m	Agency £m	Gross £m
Budget	£313.9	£5.8	£319.7
Forecast	£292.9	£22.0	£314.9
Variance	-£21.0	£16.2	-£4.8

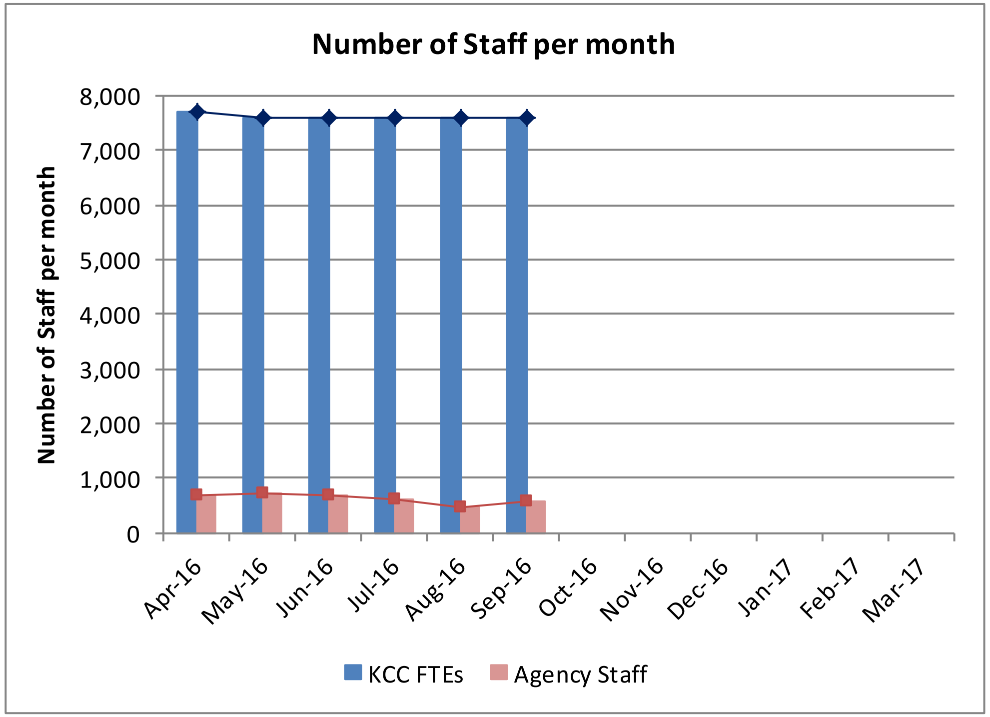
as at 30 Sept 2016	KCC £m	Agency £m	Gross £m
YTD Budget	£157.0	£2.9	£159.9
YTD Spend	£145.2	£10.6	£155.8
YTD Variance	-£11.8	£7.7	-£4.0

Staff numbers	KCC FTEs	Agency Nos
as at 31 Mar 2016	7,719.59	671
as at 30 Sept 2016	7,604.97	571
YTD Movement	-114.62	-100

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.
The staffing numbers provided are a snapshot position at the end of the month.





Appendix 3

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 £m	Income £m	Net £m	Gross £m	Income £m	Net £m
Aged under 16	13.1	-13.1	0.0	-6.3	5.1	-1.1
Aged 16 & 17	25.0	-25.0	0.0	-3.6	5.7	2.1
Aged 18 & over (care leavers)	8.4	-7.9	0.6	-1.5	2.8	1.3
	46.5	**-46.0**	**0.6**	**-11.4**	**13.6**	**2.3**

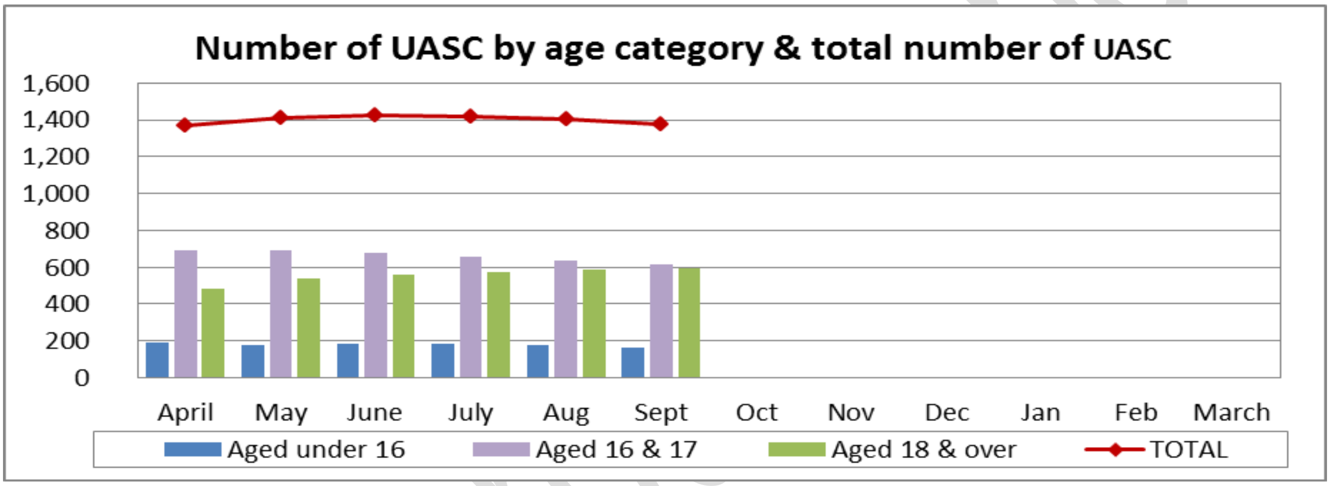
2. Grant rates compared to actual forecast unit costs by age category

	Grant rate per week	Forecast Unit cost per week	Difference
Aged under 16	£1,050	£906	-£145
Aged 16 & 17	£700	£652	-£48
Aged 18 & over (care leavers)	£200	£236	£36

The grant rate shown is paid for all periods of time that qualify as eligible under Home Office grant rules.
The forecast unit cost per week is for all UASC, including both those who are eligible and ineligible for the grant under Home Office grant rules.

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	176	638	590	**1,404**
Sept	167	613	594	**1,374**
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

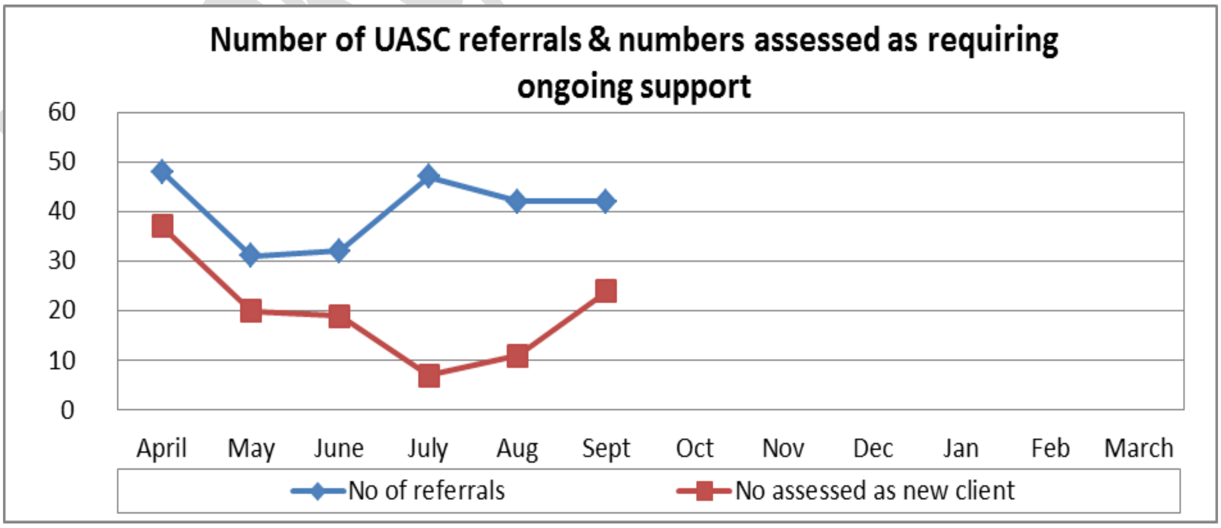
	Eligible Clients	of which AREs	Ineligible Clients	of which AREs	Total Clients	Total AREs
April	1,158	7	208	56	1,366	63
May	1,171	7	240	51	1,411	58
June	1,181	12	241	45	1,422	57
July	1,187	12	232	47	1,419	59
Aug	1,156	19	248	42	1,404	61
Sept	1,134	19	240	40	1,374	59
Oct					0	0
Nov					0	0
Dec					0	0
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	19	59%
July	47	7	15%
Aug	42	11	26%
Sept	42	24	57%
Oct			
Nov			
Dec			
Jan			
Feb			
March			
TOTAL	242	118	49%



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	14	11	25
Aug	33		33
Sept	33	8	41
Oct			0
Nov			0
Dec			0
Jan			0
Feb			0
March			0
TOTAL	80	45	125

The 80 arrivals that have been dispersed since July are included within the 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 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.

Appendix 4

Monitoring of Revenue Reserves 2016-17 – half year position

1. The table below shows the projected impact of the current forecast spend and activity for 2016-17 on our revenue reserves.

Account	Balance at 31/3/16	Projected balance at 31/3/17	Movement
	£m	£m	£m
General Fund balance	37.2	37.2	0.0
Earmarked Reserves	164.5	128.7	-35.8
Surplus on Trading Accounts	0.6	0.6	0.0
School Reserves *	46.4	39.7	-6.7

* Schools reserves include both the delegated schools reserves and the unallocated schools budget. Details of the reasons for the movement in schools reserves are provided in section 3.5 of the main report.

2. The forecast reduction in earmarked reserves includes:

	£m
• Budgeted drawdown of earmarked reserves to support 2016-17 budget including use of directorate reserves & workforce reduction reserve	-6.3
• Drawdown from reserves of residual 2014-15 underspend to support 2016-17 budget	-4.1
• Budgeted drawdown from Kingshill Smoothing reserve	-2.0
• Budgeted contribution to reserves for Transformation work	2.5
• Budgeted phased repayment of sums borrowed from long term reserves in 2011-12 (year 3 of 10)	1.3
• Budgeted contribution to elections reserve	0.5
• Use of rolling budget reserve (2015-16 underspend) to fund approved roll forwards	-7.6
• Transfer to earmarked reserve to support future budgets of uncommitted 2015-16 rolled forward underspend	2.4
• Planned drawdown of reserves for transformation costs	-9.7
• Expected use of Dedicated Schools Grant reserve	-3.4
• Budgeted drawdown from Public Health reserve (use of prior year underspending)	-1.3
• Forecast transfer to Public Health reserve of 2016-17 underspend	0.7
• Planned movement in IT Asset Maintenance reserve	-4.8
• Planned movement in dilapidations reserve	-2.9
• Forecast transfer to Insurance reserve of current year underspend	1.6
• Planned use of Commercial Services reserves towards contribution to KCC budget (see section 3.6 of the main report)	-1.9
• Other forecast movements in earmarked reserves	-0.8
	-35.8