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To: Cabinet – 23 January 2017

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

Classification: Unrestricted

1. SUMMARY

- 1.1 This report provides the budget monitoring position up to 30th November 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.
- 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 challenging 2017-18 budget position. This forecast revenue pressure of £5.158m (after Corporate Director adjustments), increasing to £6.017m including roll forward requirements, is very clearly a concern, and needs to be managed down to at least a balanced position.
- 1.4 We continue to urge budget managers to be less guarded with their forecasting, and all current anticipated management action is now included in the Corporate Directors adjustments reflected in this report. As a result, the residual position is showing some improvement 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 £1.927m from £6.017m to £4.090m. This compares to a residual pressure reflected in section 1.4 of the October monitoring report of £6.159m, so an underlying improvement of £2.069m this month. This improvement predominately relates to a one-off in year Minimum Revenue Provision (MRP) saving due to re-phasing of the capital programme last year (-£1.1m); Public Health investment in Children's Centres (-£0.4m) and improvements in the positions of Libraries, Registration & Archives service (£0.2m), highways services (£0.2m) and transport services (£0.2m) within GET directorate. This improvement in the position is very encouraging but we still remain a long way short of achieving a balanced position.
- 1.5 Senior management continue to work 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 £6.017m 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.

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 £6.343m. Corporate Directors have adjusted this position by -£1.185m, leaving a residual pressure of £5.158m. After allowing for roll forward requirements, the position increases to a pressure of £6.017m. Details of the Corporate Director adjustments and roll forward requirements are provided below in sections 3.4 and 4. respectively. This forecast position, after roll forward requirements, represents a movement of -£2.326m from the October monitoring position. 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 £6.017m 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	1.807	-0.373	1.434	1.799	-0.366
Social Care, Health & Wellbeing - Specialist Children's Services	128.428	5.639	-0.696	4.943	5.038	-0.095
Social Care, Health & Wellbeing - Asylum	0.550	1.927		1.927	2.136	-0.208
<i>Sub Total SCH&W - Specialist Children's Services</i>	<i>128.978</i>	<i>7.566</i>	<i>-0.696</i>	<i>6.870</i>	<i>7.174</i>	<i>-0.304</i>
Social Care, Health & Wellbeing - Adults	369.915	0.169		0.169	0.025	0.145
Social Care, Health & Wellbeing - Public Health	-0.016	0.016	-0.016	0.000	0.000	0.000
Growth, Environment & Transport	166.851	-0.083	-0.100	-0.183	0.445	-0.628
Strategic & Corporate Services	70.708	0.139		0.139	0.026	0.114
Financing Items	117.746	-3.271		-3.271	-1.984	-1.287
TOTAL (excl Schools)	920.088	6.343	-1.185	5.158	7.484	-2.326
<i>Schools (E&YP Directorate)</i>	<i>0.000</i>	<i>22.277</i>		<i>22.277</i>	<i>22.277</i>	<i>0.000</i>
TOTAL	920.088	28.621	-1.185	27.436	29.762	-2.326
Variance from above (excl schools)				5.158	7.484	-2.326
Roll forwards - committed				0.088	0.090	-0.002
- re-phased				0.771	0.721	0.050
- bids				0.000	0.000	0.000
Total roll forward requirements				0.859	0.811	0.048
(-ve Uncommitted balance / (+ve) Deficit				6.017	8.295	-2.278

* 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	1.807		0.771	2.577	-0.373	2.204
Social Care, Health & Wellbeing - Specialist Children's Services	5.639	0.088		5.727	-0.696	5.031
Social Care, Health & Wellbeing - Asylum	1.927			1.927		1.927
<i>Sub Total SCH&W - Specialist Children's Services</i>	<i>7.566</i>	<i>0.088</i>	<i>0.000</i>	<i>7.654</i>	<i>-0.696</i>	<i>6.958</i>
Social Care, Health & Wellbeing - Adults	0.169			0.169		0.169
Social Care, Health & Wellbeing - Public Health	0.016			0.016	-0.016	0.000
Growth, Environment & Transport	-0.083			-0.083	-0.100	-0.183
Strategic & Corporate Services	0.139			0.139		0.139
Financing Items	-3.271			-3.271		-3.271
TOTAL (excl Schools)	6.343	0.088	0.771	7.202	-1.185	6.017

3.3 The main reasons for the movement of -£2.326m 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 a reduction of £0.366m this month. The majority of this movement relates to additional income

received from Public Health for commissioning of some additional services which have been delivered through our Children's Centres.

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

There is an overall small reduction in the position of £0.095m this month as shown in table 1a above. This reduction comprises an increase on the Care Leavers budget (+£0.217m), offset by reductions on Residential Children's Services (Commissioned) (-£0.178m) and Fostering (In House) forecast (-£0.166m), as well as a number of small movements across a number of services. The Corporate Director adjustment has also reduced by £0.280m this month, reflecting management action that has been achieved, indicating that there has been an overall improvement in the underlying position of £0.375m since the last report. There is evidence of good progress being made towards achieving the management action target of £1.050m set 2 months ago as this has now reduced to £0.696m (as shown in table 1a above).

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

The current forecast pressure of £1.927m represents a reduction of -£0.208m since October.

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

The pressure on Adults Social Care has increased slightly by +£0.145m. There are a number of compensating movements within this position, the most significant movements include +£0.608m 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 partially offset by a reduction in the position on LD Supported Living of -£0.259m. There is a further increase in the pressure on residential and nursing care for the other client groups of +£0.372m that is offset by a reduction in Preventative and Other Adult Services of -£0.861m, which comprises of a number of movements, the most significant being: a further release of uncommitted monies of -£0.612m and an increased underspend in social support of -£0.181m. There are also movements in Day Care (-£0.233m), Supported Living (except for LD commissioned already noted above) (-£0.201m), Domiciliary Care (+£0.188m), Assessment Staffing (-£0.107m) and a number of other minor movements totaling -£0.152m. The October Corporate Director Adjustment has been removed reflecting that this reduction is now contained within the forecasts, resulting in a movement of +£0.790m, the majority of which related to the release of uncommitted monies noted above.

3.3.5 Social Care, Health & Wellbeing – Public Health:

There is an overall movement of +£0.383m since the last reported position in November, which is matched by a reduction in the transfer to the Public Health reserve, hence no movement is reflected in table 1. This position is before the -£0.016m Corporate Director adjustment (see section 3.4.5.3). The movement is largely accounted for by an investment in children's centres as these are an excellent resource in helping to achieve key public health outcomes of giving every child the best start in life.

3.3.6 Growth, Environment and Transport:

The current forecast outturn for the directorate is a -£0.183m underspend, representing a positive movement of -£0.628m since the last report. The underspend is net of the Corporate Director adjustment (section 3.4.6.9) of -£0.100m, which is

half the previous adjustment due to a slight delay in the anticipated contract reviews within the Waste Service.

There are three primary reasons for the movement (i) -£0.152m within Libraries, Registration and Archives (predominantly additional income), (ii) -£0.351m Other Highways Maintenance and Management and (iii) +£0.151m General Highways Maintenance and Emergency Response where safety critical works and inspections continue to increase.

The above explains -£0.352m of the -£0.628m variance, with other minor movements across a range of directorate budgets, each amounting to less than £0.1m individually, including -£0.174m across the transport services budgets including concessionary fares, subsidised bus services & transport operations.

3.3.7 Strategic and Corporate Services:

The Directorate forecast (excluding the Asset Utilisation target) has moved by -£0.112m to an underspend of -£0.599m, whilst the position on Corporate Asset Utilisation has moved by +£0.226m to an overspend of +£0.738m, the sum of these movements is shown in table 1 as a total movement for S&CS directorate of +£0.114m to an overall pressure of +£0.139m.

The main movements for the Directorate controllable budgets are: -£0.140m for Contact Centre & Gateways where income is now being recovered from KSAS for work done on their behalf; -£0.210m Infrastructure (Corporate Landlord) primarily relating to some one-off rates rebates; +£0.224m Legal Services relating to a reduced forecast for income due to decreased demand for Legal advice from the Service Directorates and the impact of key staff focusing on the establishment of the new company.

The movement on the Corporate Asset Utilisation target is as a result of extensions to the timetabled dates for exiting operational buildings.

3.3.8 Financing Items:

The underspend has increased by £1.287m this month which relates to a £1.054m in-year MRP saving (see paragraph 3.4.8.3 for further details); a £0.145m increase in underspending on net debt charges and a further £0.088m of government funding mainly relating to new burdens and an adjustment to previous years business rates flood relief grant following a final reconciliation by central government.

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 £1.8m 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 £3.0m. 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. The majority of the pressure (£2.7m) relates to SEN Home to School and Home to College transport. The service has been working closely with colleagues in Public Transport to understand the reasons behind this pressure. Initial analysis shows that the number of children requiring transport is not a factor, but the price we are paying is higher than affordable levels. We are now investigating the reasons behind the higher price we are paying.

- 3.4.1.3 Early Help & Preventative Services is underspending £1.4m. This is primarily made up of two items. Firstly, Tackling Troubled Families has received some additional income (e.g. Payment By Results) and is underspending by £0.8m for which a roll forward request, into the next financial year, will be submitted in order to continue the scheme. In addition, additional unbudgeted income of £0.4m has been received from Public Health for commissioning some additional services which have been delivered through our Children's Centres.
- 3.4.1.4 There is a forecast pressure of £0.3m within Early Years Education & Childcare which predominately relates to a shortfall on their income target and a small overspend on 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 Other Services for Young People and School Related Services which relates mainly to school improvement. Although there is a shortfall in traded income, this is more than offset by a gross expenditure underspend.
- 3.4.1.8 There is a forecast overspend of £0.1m on Adult Education & Employment Services for Vulnerable Adults which relates to a small shortfall on the CLS net income budget target.
- 3.4.1.9 Finally there is a forecast underspend of -£0.5m on EYPS Management & Support Services, most of which relates to Education Pensions as capitalisation costs are lower than expected.

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

- 3.4.2.1 The overall forecast position for Specialist Children's Services (excluding Asylum) is a pressure of £5.6m or £5.7m including committed roll-forwards. A corporate director adjustment is proposed of -£0.7m which will reduce this pressure to +£4.9m or +£5.0m including committed roll-forwards.
- 3.4.2.2 The main areas of pressure continue in elements of Children in Care (Looked After) Services, with a reported pressure of £3.6m. This includes pressures on residential care including secure accommodation (+£2.5m) and independent fostering (+£1.2m), both of which have however reduced again in the last month due to management action being achieved. There is also a pressure on Legal costs of (+£0.2m). These pressures are offset by an underspend on in-house fostering of -£0.3m.
- 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 has shown reductions in the last two months (as seen in Appendix 2.8).

- 3.4.2.4 There is a pressure on Adoption & Other Permanent Children's Arrangements (+£1.1m) mostly relating to special guardianship orders (+£1.5m), which 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, the growth over the last few months has been at a lower rate (as seen in Appendix 2.11).
- 3.4.2.5 Within Family Support & Other Children Services, a net -£0.1m underspend is forecast which includes Supported Accommodation (+£0.4m) and Care Leavers (+£0.3m); offset by underspends on Safeguarding (-£0.4m), and Family Support (-£0.4m).
- 3.4.2.6 The pressure on Children's Assessment Staffing (+£1.4m) 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.
- 3.4.2.7 -£0.4m of the reported underspend on SCHW Management & Support Services relates to Specialist Children's Services.
- 3.4.2.6 There is a Corporate Director adjustment of -£0.7m 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. It can be seen from the reductions in pressures outlined above that good progress is being made.

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 £1.9m, 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 number of meetings 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 +£0.2m reflects total pressures of +£9.0m 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 -£2.0m, preventative services (-£2.7m) along with the use of one off monies (-£3.6m) to offset the rising costs of social care, and other support budgets (-£0.6m).

- 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 & +£0.6m respectively) which are only partially offset by minor underspends on other community based services (-£0.2m). The service is still seeing 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 +£2.6m. Significant pressures continue in supported living commissioned externally (+£1.2m see appendix 2.2), residential care (+£2.6m see appendix 2.1) and day care services (+£0.4m). These are offset by underspends across other services, the most significant being shared lives services (-£0.8m), direct payments (-£0.2m 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 (+£1.2m). 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 +£3.7m, which includes a number of offsetting variances. The most significant are outlined below: the actual pressure on commissioned domiciliary care services is +£5.0m of which, +£3.9m 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 (-£1.5m), along with underspends against direct payments of -£2.7m. The overall pressure on residential & nursing care is now +£2.9m, 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 still assumes that some 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
- 3.4.4.5 Within Adult & Older People Preventative & Other Services, there is an overall underspend of -£6.3m. There is a 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 (-£2.2m) 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 (-£0.6m), together with the use of one off monies (-£3.6m) to offset the rising costs of social care.

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 -£0.9m.
- 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 (-£0.5m), 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 (-£0.4m) which primarily relate to unrealised creditors set up

in 2015-16 and slippage on premises conversion programme; Public Health Mental Health Adults (-£0.1m); and Public Health Staffing Advice and Monitoring is also underspending (-£0.2m) due to staff vacancies.

3.4.5.3 A minor Corporate Director adjustment has been made in this monitoring report to correct the forecast transfer to the Public Health reserve which had been slightly overstated.

3.4.6 Growth, Environment and Transport

3.4.6.1 The overall variance for the Directorate, before Corporate Director adjustments, is a forecast underspend of -£0.1m, a significant improvement on the prior month.

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, which unfortunately reversed in the second half of the year and has continued into the current year.

3.4.6.3 Waste is forecasting an overall pressure of +£1.4m (and activity of +9,836 tonnes) compared to budget, with a net movement of +444 tonnes this month.

- Waste Processing is responsible for +£0.6m (and activity of -3,563 tonnes) of this overspend (see Appendix 2.15).

The pressures, however, are largely non-tonnage related. Costs have remained static this month, yet tonnages have increased slightly by +306 tonnes. The non-tonnage related pressures are detailed in Appendix 2.15.

- The Treatment and Disposal of Residual Waste budget is now showing a net pressure of +£1.0m (and activity of +13,399 tonnes - see Appendix 2.14 for further details).

- There is an underspend of -£0.2m on Waste Management, explaining how the overall pressure on the Waste Service is +£1.4m, a -£0.1m reduction.

A Corporate Director adjustment (see 3.4.6.9) of -£0.1m 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 tonnage levels.

3.4.6.4 Economic Development and Other Community Services is forecasting a pressure of just below +£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, as well as capitalising staff costs/generating income where possible, to part mitigate this pressure. A small improvement is evident this month.

3.4.6.5 The pressure on the Coroners service of +£0.2m (increased activity and unbudgeted staff costs) has increased slightly, with a partially offsetting underspend within Trading Standards, meaning that Public Protection & Enforcement remains at +£0.1m overall.

3.4.6.6 The +£0.7m 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 -£1.4m, primarily due to

maintenance savings on the LED Streetlight conversion project, the part-year impact of the hosting costs for the Central Management System on the same project, as well as a significant saving on the Traffic Signals contract. In addition, the forecast draw down of commuted sums has been revised upwards in line with the latest schedule of payments and this has helped to mitigate some of the pressures within 3.4.6.6.

- 3.4.6.8 The other primary underspends in the directorate relate to Libraries, Registration and Archives -£0.5m, Concessionary Fares (ENCTS) -£0.3m, Environment -£0.2m, Subsidised Bus Services -£0.1m, Planning & Transport Strategy & other related services -£0.1m, as well as 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 (Environment) and staffing/non-staffing underspends across the piece.

The ENCTS variance of -£0.3m is in part (-£0.2m) due to actual/forecast journeys being under budgeted levels and this can be seen visually in Appendix 2.12.

- 3.4.6.9 A reduced Corporate Director adjustment of -£0.1m (previously -£0.2m) has been reflected in this monitoring report to partially offset the adverse variance of +£1.4m for Waste Services. The Service has been implementing management action to mitigate the forecast overspend, as well as reviewing contracts/terms as they expire.

3.4.7 Strategic and Corporate Services

- 3.4.7.1 The overall variance reflected in appendix 1 for the directorate is a small overspend of +£0.1m which is made up of -£0.6m for the directorate, offset by +£0.7m 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 -£0.6m 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; +£0.1m for Other Support to Front Line Services which consists of: (-£0.2m Strategy, Policy, Relationships & Corporate Assurance resulting from staff maternity and secondments together with unbudgeted project income from the NHS; +£0.5m Legal Services primarily due to the required focus on establishing the new Legal Services company together with staff turnover and reduced demand which is impacting income generation; -£0.1m Democratic Services and -£0.1m Strategic Business Development & Intelligence, each having underspends relating to staffing and unbudgeted income opportunities). Within Infrastructure controllable budgets, there is now an underspend within Corporate Landlord as explained in section 3.3.7 above, offset by a compensating overspend within the Business Services Centre caused by a reduction in demand from Service Directorates for ICT project support.

3.4.8 Financing Items

The financing items budgets are currently forecast to underspend by £3.3m, 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 £1.5m.
- 3.4.8.2 A forecast underspend of £0.6m 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 £1.1m in year saving on Minimum Revenue Provision (MRP) due to re-phasing of the 2015-16 capital programme, resulting in fewer assets becoming operational last year. As we have adopted the asset life method of calculating MRP, MRP does not become payable until assets become operational, therefore resulting in an “MRP holiday” this year. We would usually transfer this to reserves to cover the potential impact in future years but in light of the forecast outturn position of the authority; this has been released to offset the current pressures.
- 3.4.8.4 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;
- +£4.688m use of schools unallocated reserves to offset pressures on High Needs and Early Years education;
- +£2.163m 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	6.549	2.151
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)		0.771
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)	0.088	

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 -£28.041m on the 2016-17 capital budget (excluding schools and PFI). This is a movement of -£5.237m from the previously reported position and is made up of +£3.435m real variance and -£31.476m 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	
	£m	£m	£m	£m	Real £m	Rephasing £m	Real £m	Rephasing £m
Education & Young People's Services	145.094	-9.113	-0.842	-8.271	-0.762	-1.901	-0.080	-6.370
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	6.472	-4.127	0.488	-4.615	0.488	-3.800	0.000	-0.815
Social Care, Health & Wellbeing - Public Health	0.360	-0.275		-0.275	0.000	-0.235	0.000	-0.040
Growth, Environment & Transport	130.670	-11.980	3.831	-15.811	-2.436	-13.909	6.267	-1.902
Strategic & Corporate Services	20.502	-2.586	-0.082	-2.504	-0.093	-0.196	0.011	-2.308
Financing Items	0.000				0.000	0.000	0.000	0.000
TOTAL	303.207	-28.041	3.435	-31.476	-2.763	-20.041	6.198	-11.435

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

- Annual Planned Enhancement Programme: Movement of -£1.286m rephasing. This is due to a number of projects now due to complete in the next financial year, because of issues with tendering works.
- Basic Need Programme: Movement of -£4.934m rephasing. The amount that was previously being reported as needing to be brought forward from 2017-18 has reduced, resulting in the movement. Since previously reported, some projects have encountered delays as a result of not obtaining planning permission when anticipated, subsequently construction activities have not commenced and current year forecast spend has reduced. KCC continue to work closely with schools to ensure the accommodation is provided.

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

- Highway Major Enhancement: Movement of +£5.803m real variance. +£5.800m of this is due to essential works on the Thanet Way being undertaken in the current year. This is to be funded from underspends and rephasing elsewhere within the GET capital programme.
- Integrated Transport: Movement of -£0.575m real variance. -£0.591m of this is an underspend held for future potential pressures elsewhere in the GET programme.
- Kent Thameside Strategic (KTS) Transport Programme: Movement of -£0.633m real and -£0.305m rephasing variance. The real movement is due to splitting out the A226 St Clements Way project from this programme of works. See proposed cash limit changes table.
- A226 St Clements Way: Real movement of +£0.935m. This is due to splitting this project out from the KTS programme above.

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

- Kent & Medway Business Fund: Real movement of +£7.055m. This is a new scheme which is an amalgamation of Regional Growth Fund (RGF), TIGER and Escalate. A cash limit change has been requested to remove cash limits from the original three schemes and add them to the Kent & Medway Business Fund. See proposed cash limit changes table.
- Escalate: Real movement of -£0.997m. See explanation on Kent & Medway Business Fund.
- Regional Growth Fund – Expansion East Kent: Real movement of -£3.941m. See explanation on Kent & Medway Business Fund.
- TIGER: Real movement of -£2.530m. See explanation on Kent & Medway Business Fund.

Strategic & Corporate Services

- Property Investment & Acquisition Fund: Rephasing movement of -£1.966m. This is mainly due to the timing of the completion of the Royal Mail site and small works. Spend in relation to the outstanding balance has been deferred until 2017-18, subject to the agreement of the investment policy.

6.4 CAPITAL BUDGET PROPOSED CASH LIMIT CHANGES

Project	Directorate	Amount £m	Year	Funding	Reason
Kent & Medway Business Fund*	GET	+7.055	16-17	Capital receipt – loan repayments	Amalgamation of RGF, TIGER and Escalate to Kent & Medway Business Fund. See next table for detail by year.
Escalate*	GET	-0.993	16-17	Capital receipt – loan repayments	Amalgamation of RGF, TIGER and Escalate to Kent & Medway Business Fund. See next table for detail by year.
Regional Growth Fund*	GET	-3.941	16-17	Capital receipt – loan repayments	Amalgamation of RGF, TIGER and Escalate to Kent & Medway Business Fund. See next table for detail by year.
TIGER*	GET	-2.530	16-17	Capital receipt – loan repayments	Amalgamation of RGF, TIGER and Escalate to Kent & Medway Business Fund. See next table for detail by year.
Highway Major Enhancement	GET	+5.8	16-17	+£3.363m prudential. +£0.854m prudential/revenue. +£1.583m grant.	Real underspends and rephasing to fund Thanet Way
East Kent Access Phase 2	GET	-0.854	16-17	Prudential/revenue	Underspend to be used for Thanet Way
Westwood Relief Strategy – Poorhole Lane Improvement	GET	-0.263	16-17	Prudential	Underspend to be used for Thanet Way
Victoria Way	GET	-0.217	16-17	Grant	Underspend to be used for Thanet Way
Kent Thameside Strategic (KTS) Transport Programme**	GET	-0.633	16-17	Grant	To split out A226 St Clements Way to a separate scheme. See next table for detail by year
A226 St Clements Way**	GET	+0.935	16-17	Grant	To split out A226 St Clements Way to a separate scheme. See next table for detail by year
Corporate Property Strategic Capital	SCS	-0.120	16-17	Grant	To reflect use of grant within revenue

Project	Prior Yrs	16-17	17-18	18-19	19-20	Later Yrs	Total
	£m	£m	£m	£m	£m	£m	£m
Kent & Medway Business Fund*	0.000	+7.055	+7.724	+8.307	+7.292	+9.493	+39.871
Escalate*	0.000	-0.993	-1.139	-1.156	-1.005	-0.924	-5.217
Regional Growth Fund*	0.000	-3.941	-3.841	-4.542	-3.901	-6.593	-22.818
TIGER*	0.000	-2.530	-2.489	-2.450	-2.302	-2.884	-12.655
KTS**	-0.124	-0.633	-1.396	-2.040	-2.710	0.000	-6.903
A226 St Clements Way**	+0.124	+0.935	+1.094	+4.248	+0.502	0.000	+6.903

7. CONCLUSIONS

- 7.1 It is encouraging that the revenue position after all expected adjustments has improved this month from +£6.159m to +£4.090m, which predominately relates to improvements within Financing Items and a range of budgets within GET directorate, together with public health investment in services provided by Children's Centres. However, we cannot be complacent as there is still a long way to go to deliver a balanced budget by year end. 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, if 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 as these alternative plans are finalised and agreed then the forecast pressure will continue to 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 continue to take 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 remains 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.

9. CONTACT DETAILS

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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	29.3	-10.3	19.1	-1.4	-0.5
Early Years Education & Childcare	64.1	-62.8	1.3	0.3	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	0.0
Other Services for Young People & School Related Services	17.6	-13.2	4.4	-0.1	-0.1
Pupil & Student Transport Services**	34.2	-3.7	30.5	3.0	1.5
Other Schools' Related Costs	33.9	-33.8	0.1	0.6	0.0
Youth and Offending Services	5.2	-3.5	1.7	0.0	0.1
Adult Education and Employments Services for Vulnerable Adults	13.5	-14.4	-0.9	0.1	0.0
EYP Management & Support Services	20.2	-14.0	6.2	-0.5	0.2
Sub Total E&YP directorate	272.4	-206.5	65.9	1.8	1.3
Social Care, Health & Wellbeing					
Learning Disability Adult Services**	156.9	-12.4	144.5	2.6	-0.1
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	4.1	0.5
Adult & Older People Preventative & Other Services	66.1	-20.8	45.3	-6.3	-0.9
Adult's Assessment & Safeguarding Staffing	43.8	-6.3	37.5	-2.0	-0.1
Children in Care (Looked After) Services**	59.5	-7.2	52.3	3.6	-0.4
Adoption & Other Permanent Children's Arrangements	11.6	-0.1	11.5	1.1	0.0
Family Support & Other Children Services	25.1	-6.8	18.2	-0.1	0.1
Asylum Seekers**	46.5	-46.0	0.6	1.9	-0.2
Children's Assessment Staffing**	51.5	-9.7	41.8	1.4	-0.1
Public Health	78.7	-77.4	1.3	-0.9	0.4
<i>Transfer to/from Public Health Reserve</i>	-1.3	0.0	-1.3	0.9	-0.4
SCH&W Management & Support Services	16.7	-1.1	15.6	-1.0	-0.1
Sub Total SCH&W directorate	774.5	-275.6	498.9	7.8	-1.2

	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	-0.5	-0.2
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	-0.1
General Highways Maintenance & Emergency Response	9.2	-0.5	8.7	0.7	0.2
Other Highways Maintenance & Management	31.3	-8.1	23.2	-1.4	-0.4
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	-0.1	-0.1
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	0.0
GE&T Management & Support Services	4.0	-0.1	3.9	-0.2	0.0
Sub Total GE&T directorate	203.3	-36.5	166.9	-0.1	-0.7
Strategic & Corporate Services					
Contact Centre, Digital Web Services & Gateways	5.6	-0.4	5.2	0.0	-0.1
Local Democracy	5.3	0.0	5.3	0.0	0.0
Infrastructure (ICT & Property Services) & Business Services Centre	80.3	-43.2	37.1	0.7	0.0
Finance & Procurement	17.1	-6.2	10.8	-0.3	0.0
Engagement, Organisation Design & Development (HR, Comms & Engagement)	10.6	-1.0	9.6	-0.2	0.0
Other Support to Front Line Services	16.1	-11.1	5.1	0.1	0.3
S&CS Management & Support Services	2.8	-5.2	-2.4	0.0	0.0
Sub Total S&CS directorate	137.8	-67.0	70.7	0.1	0.1
Financing Items	134.9	-17.2	117.7	-3.3	-1.3
TOTAL KCC (Excluding Schools)	1,522.9	-602.8	920.1	6.3	-1.8

**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.

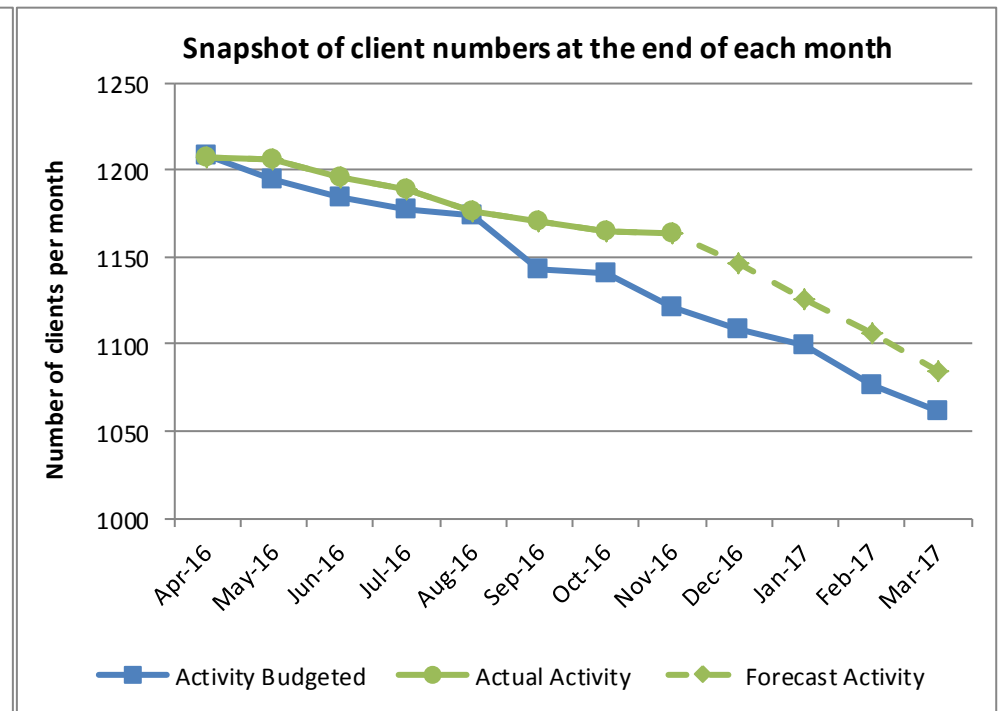
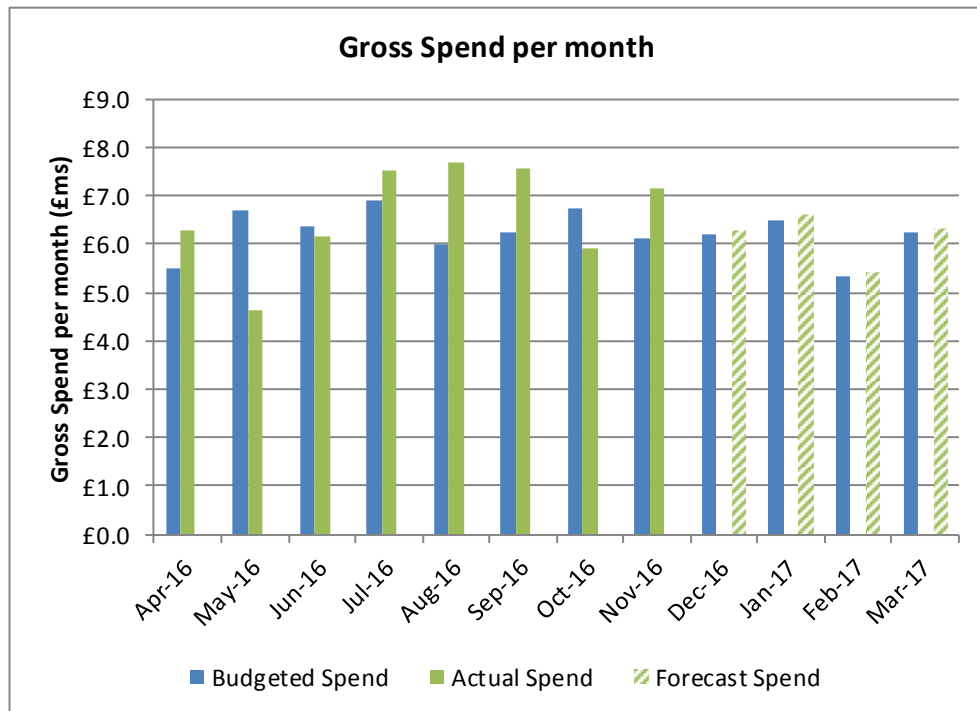
Appendix 2.1: Nursing & Residential Care - Learning Disability (aged 18+)

2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£74.9	-£6.1	£68.8	1,062
Forecast	£77.5	-£6.2	£71.4	1,085
Variance	£2.6	-£0.0	£2.6	23

Position as at 30th Nov 2016	Gross £m	Client Number as at 30/11/2016
Budget: Spend/Activity Year to Date	£50.6	1,121
Actual: Spend/Activity Year to Date	£52.9	1,164
Variance as at 30th Nov 2016	£2.3	43

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast overspend of £2.6m is due to higher than anticipated demand (+£2.7m) and higher unit cost (+£0.3m), along with an allowance for net unrealised creditors based on previous years experience (-£0.4m). This leads to a net forecast overspend of £2.6m.



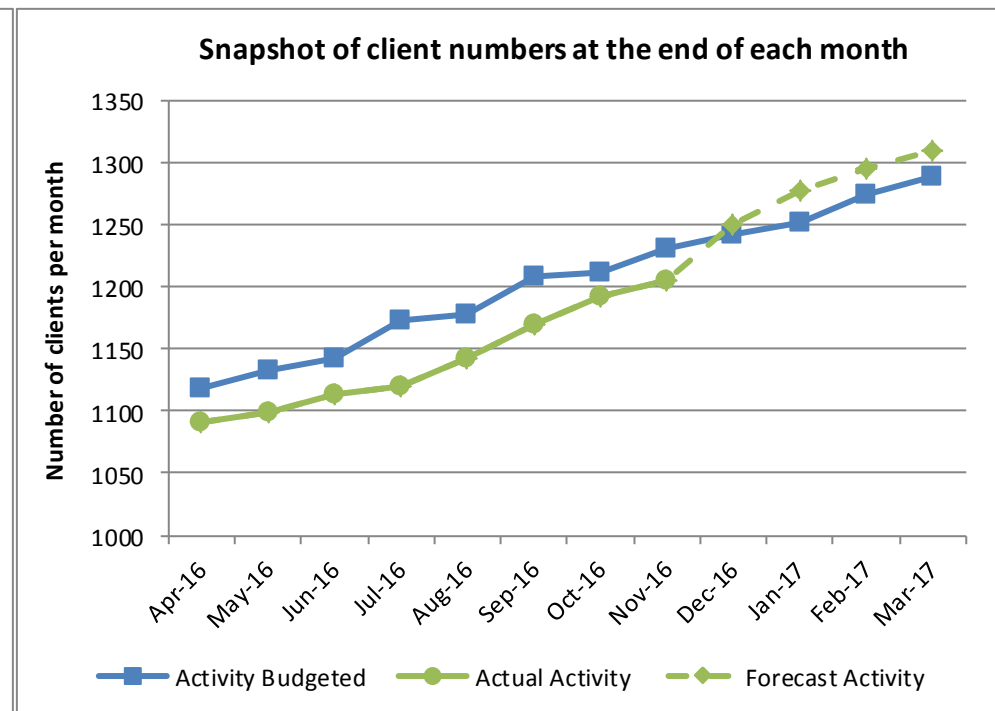
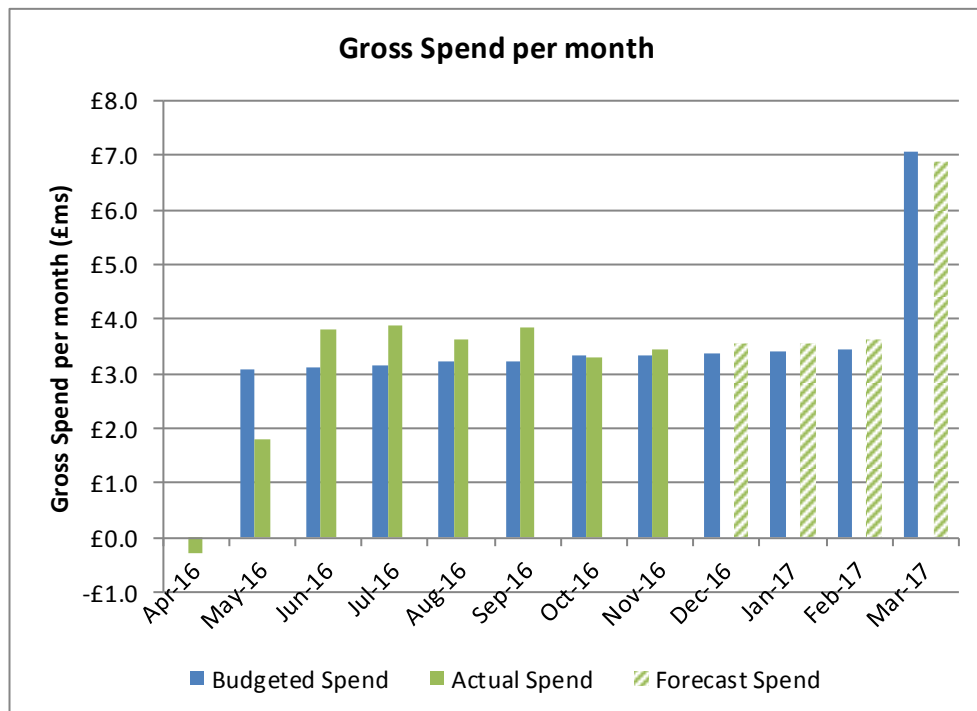
Appendix 2.2: Supported Living - Learning Disability (aged 18+) - Other Commissioned Supported Living arrangements

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	£41.0	-£0.2	£40.7	1,309
Variance	£1.2	£0.0	£1.2	21

Position as at 30th Nov 2016	Gross £m	Client Number as at 30/11/2016
Budget: Spend/Activity Year to Date	£22.4	1,231
Actual: Spend/Activity Year to Date	£23.4	1,205
Variance as at 30th Nov 2016	£1.0	-26

MAIN REASONS FOR FORECAST VARIANCE:

The forecast pressure of +£1.2m is due to higher than anticipated demand (+£2.6m) 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 (-£0.7m) 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 +£1.2m.



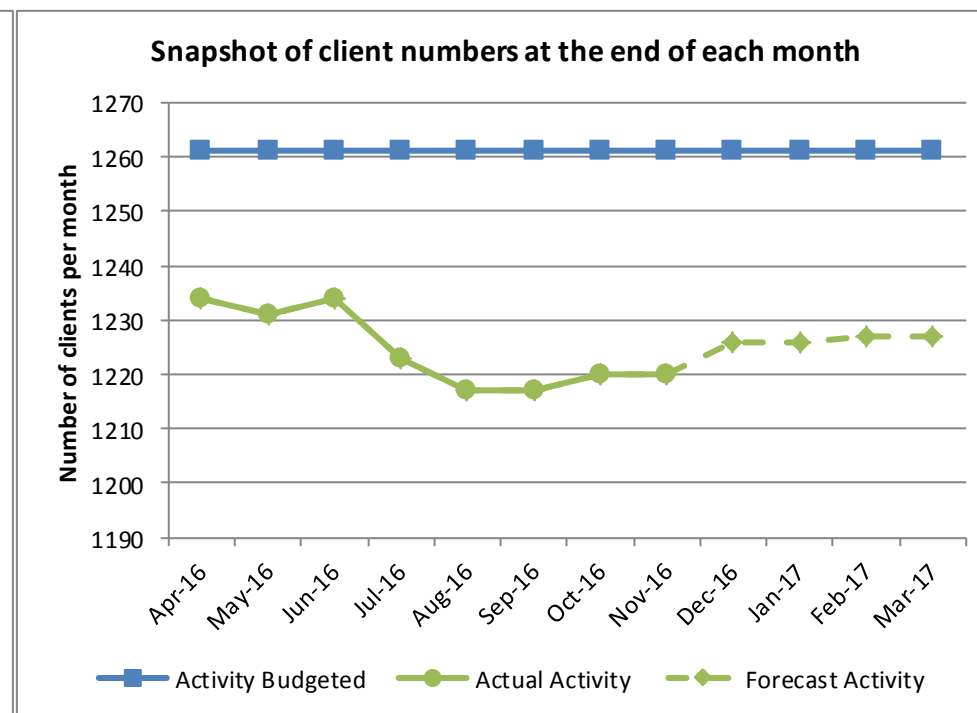
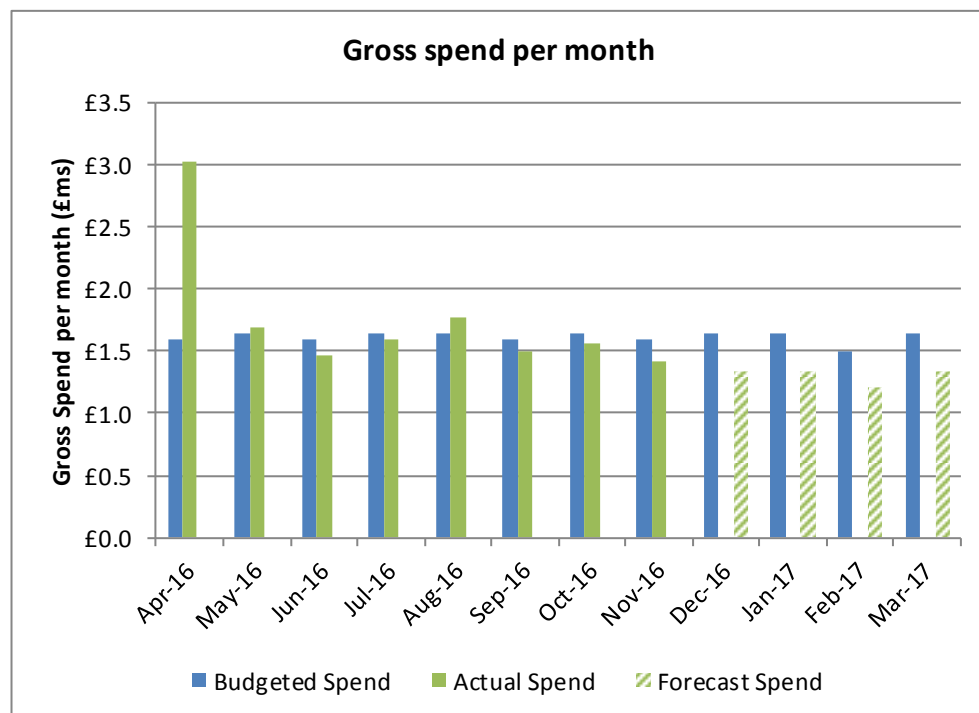
Appendix 2.3: Direct Payments - Learning Disability (aged 18+)

2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£19.4	-£0.9	£18.5	1,261
Forecast	£19.2	-£0.9	£18.3	1,227
Variance	-£0.2	£0.0	-£0.2	-34

Position as at 30th Nov 2016	Gross £m	Client Number as at 30/11/2016
Budget: Spend/Activity Year to Date	£13.0	1,261
Actual: Spend/Activity Year to Date	£14.0	1,220
Variance as at 30th Nov 2016	£1.0	-41

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast underspend of -£0.2m can be attributed to lower than anticipated demand (-£0.6m) and higher unit cost (+£0.4m). In addition one-off direct payments (+£0.9m) and prior year costs predominately related to a historic Ordinary Residence case (+£0.3m) are offset by the forecast recovery of unspent funds from clients (-£1.2m).



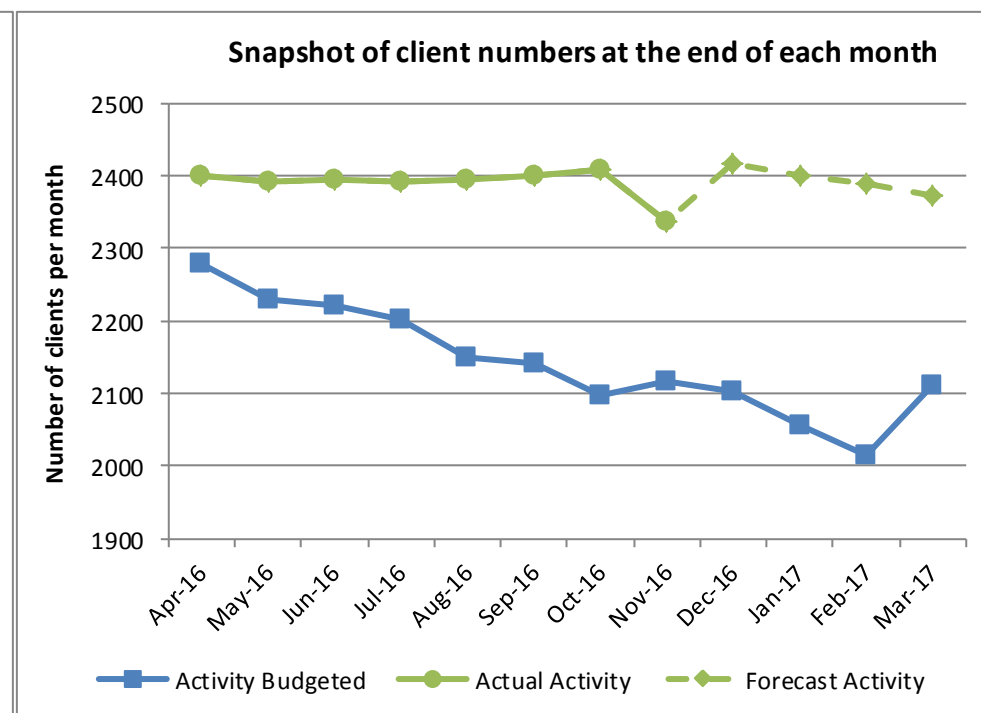
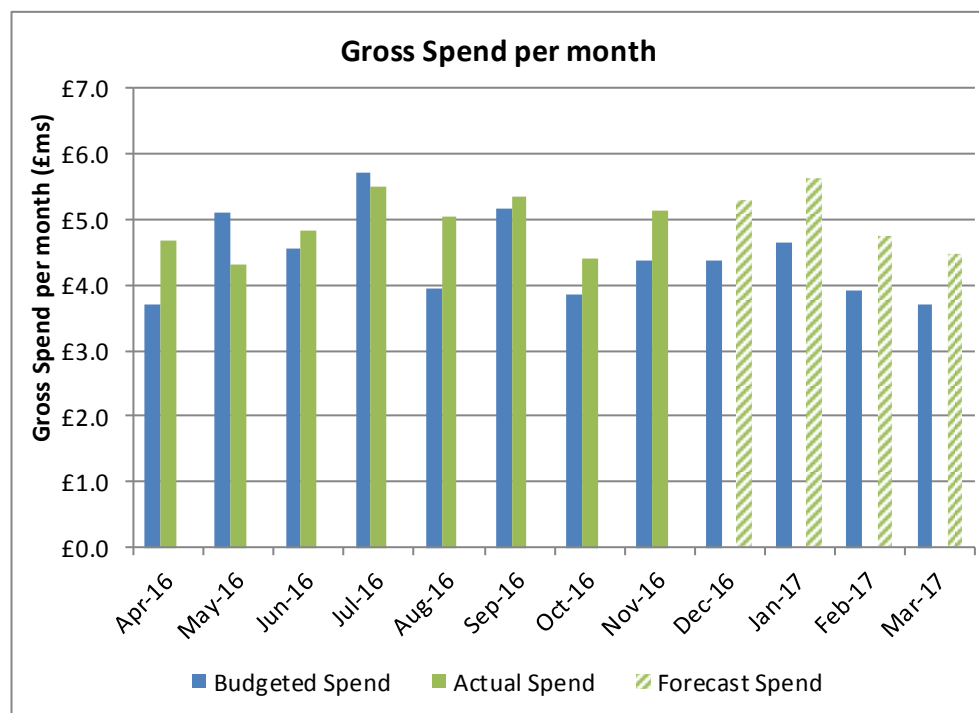
Appendix 2.4: Nursing & Residential Care - Older People (aged 65+) - Residential - Commissioned service

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	£59.4	£-29.2	£30.2	2,374
Variance	£6.3	£-1.4	£4.9	262

Position as at 30th Nov 2016	Gross £m	Client Number as at 30/11/2016
Budget: Spend/Activity Year to Date	£36.5	2,117
Actual: Spend/Activity Year to Date	£39.3	2,338
Variance as at 30th Nov 2016	£2.8	221

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£6.3m is due to higher than anticipated demand (+£6.0m) and higher unit cost (+£0.3m). This is partially offset by higher than expected service user contributions (-£1.4m) linked to the higher demand (-£2.7m) and a lower average contribution per service user (+£1.3m) leading to a net forecast pressure of +£4.9m.



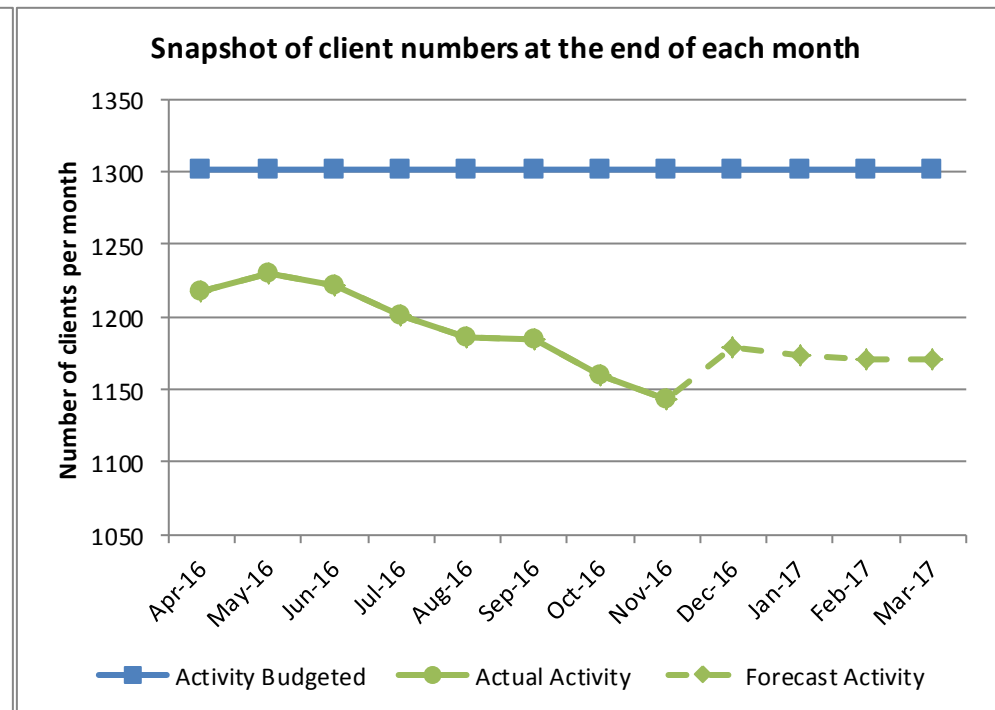
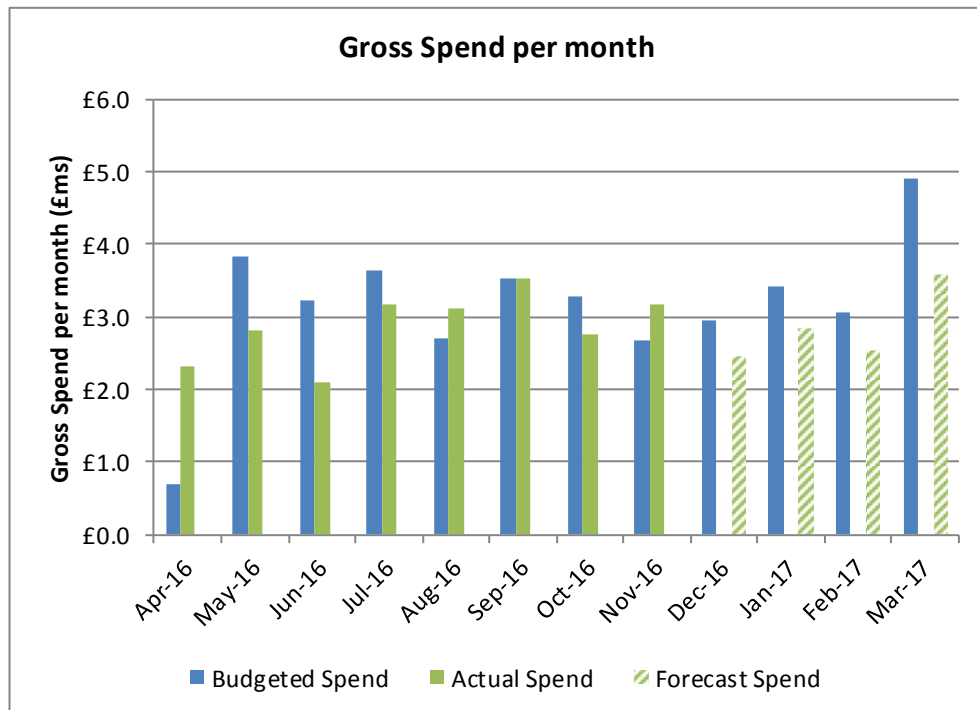
Appendix 2.5: Nursing & Residential Care - Older People (aged 65+) - Nursing

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	£34.3	-£13.0	£21.3	1,170
Variance	-£3.6	£1.6	-£2.0	-131

Position as at 30th Nov 2016	Gross £m	Client Number as at 30/11/2016
Budget: Spend/Activity Year to Date	£23.6	1,301
Actual: Spend/Activity Year to Date	£22.9	1,143
Variance as at 30th Nov 2016	-£0.7	-158

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast underspend of -£3.6m is due to lower than anticipated demand (-£2.8m) and lower unit cost (-£0.2m), along with non-activity variance against health commissioned beds (-£0.6m) which have been decommissioned this year. There is currently a £1.6m shortfall in service user contributions, due to the lower demand (+£1.0m) and a lower average contribution per service user (+£0.6m) leading to a net forecast underspend of -£2.0m.



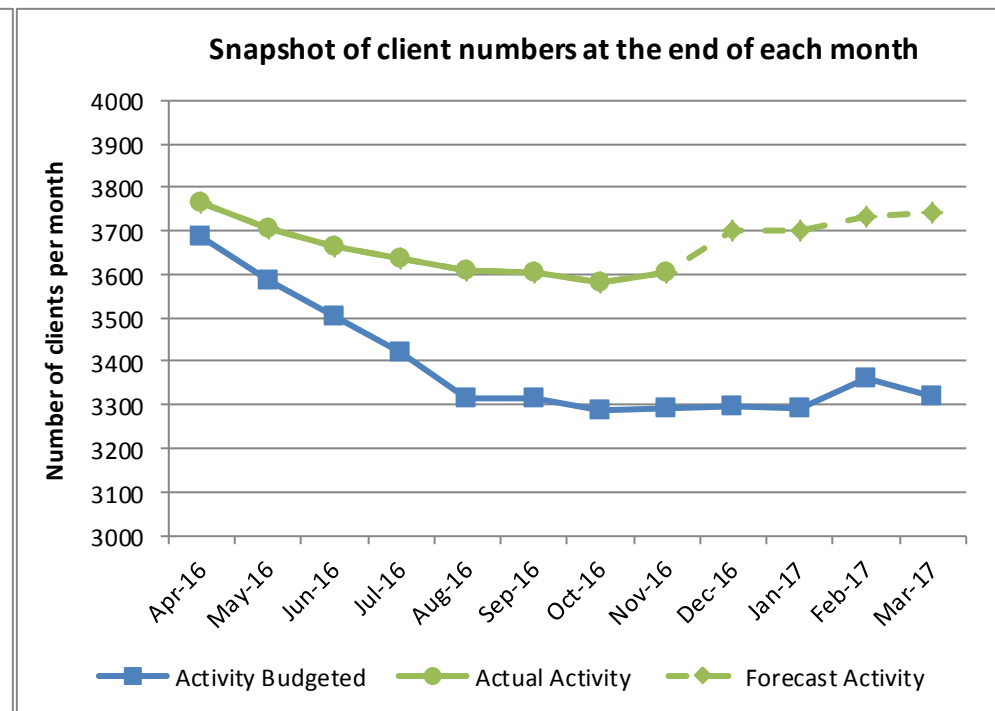
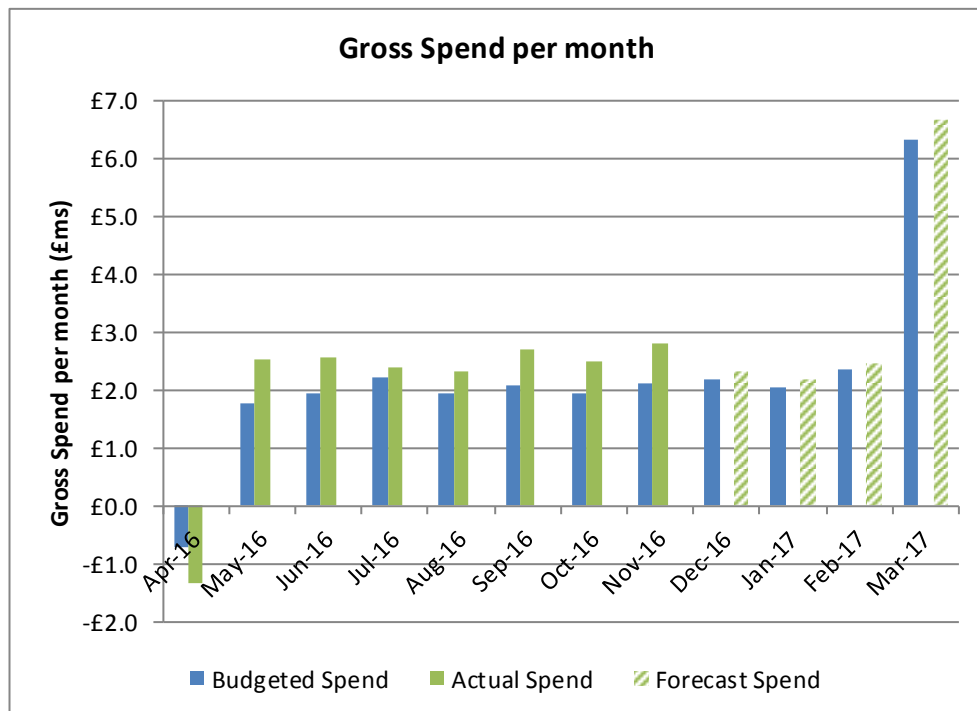
Appendix 2.6: Domiciliary Care - Older People (aged 65+) - Commissioned service

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	£30.0	-£10.2	£19.9	3,742
Variance	£3.9	£0.0	£3.9	421

Position as at 30th Nov 2016	Gross £m	Client Number as at 30/11/2016
Budget: Spend/Activity Year to Date	£13.3	3,292
Actual: Spend/Activity Year to Date	£16.5	3,605
Variance as at 30th Nov 2016	£3.2	313

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£3.9m 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 (+£0.3m). Additional extra care support has led to a pressure of +£0.7m, leading to a net forecast pressure of +£3.9m.



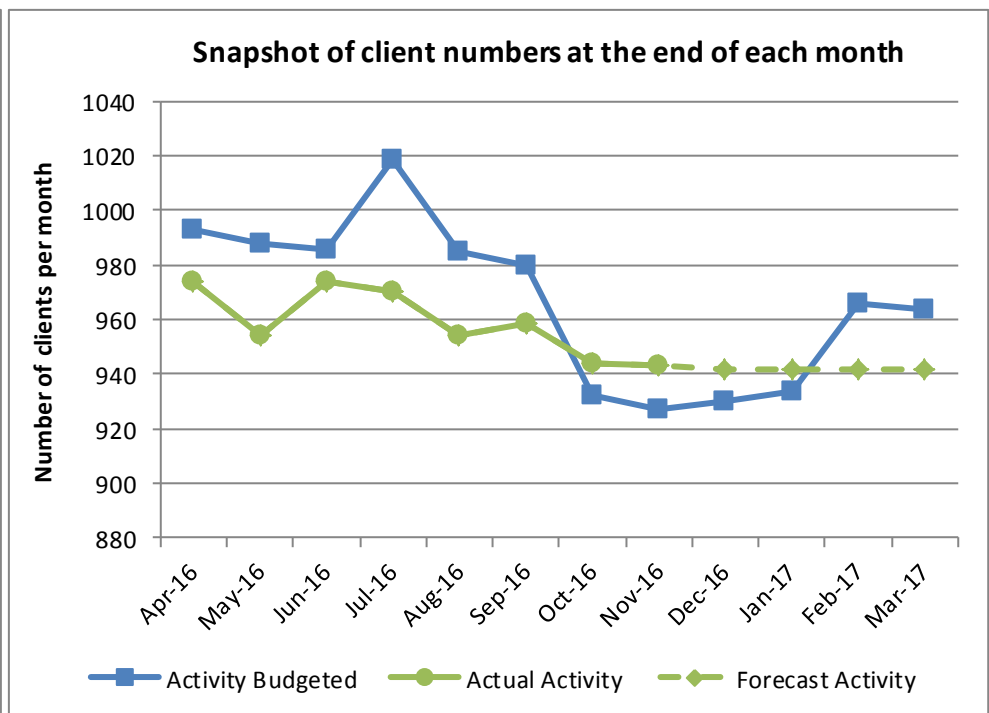
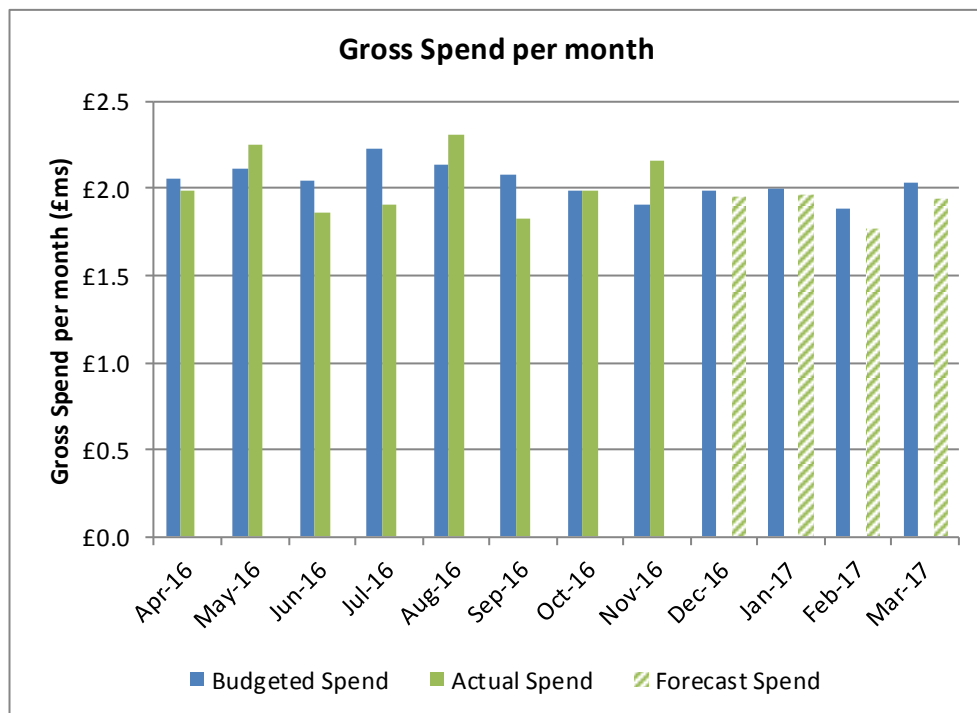
Appendix 2.7: Children in Care (Looked After) - Fostering - In house service

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	£23.9	-£0.2	£23.7	942
Variance	-£0.6	£0.3	-£0.3	-22

Position as at 30th Nov 2016	Gross £m	Client Number as at 30/11/2016
Budget: Spend/Activity Year to Date	£16.5	927
Actual: Spend/Activity Year to Date	£16.3	943
Variance as at 30th Nov 2016	-£0.3	16

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast underspend of -£0.6m is due to lower than anticipated demand (-£0.2m) 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 +£0.3m 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 -£0.3m.



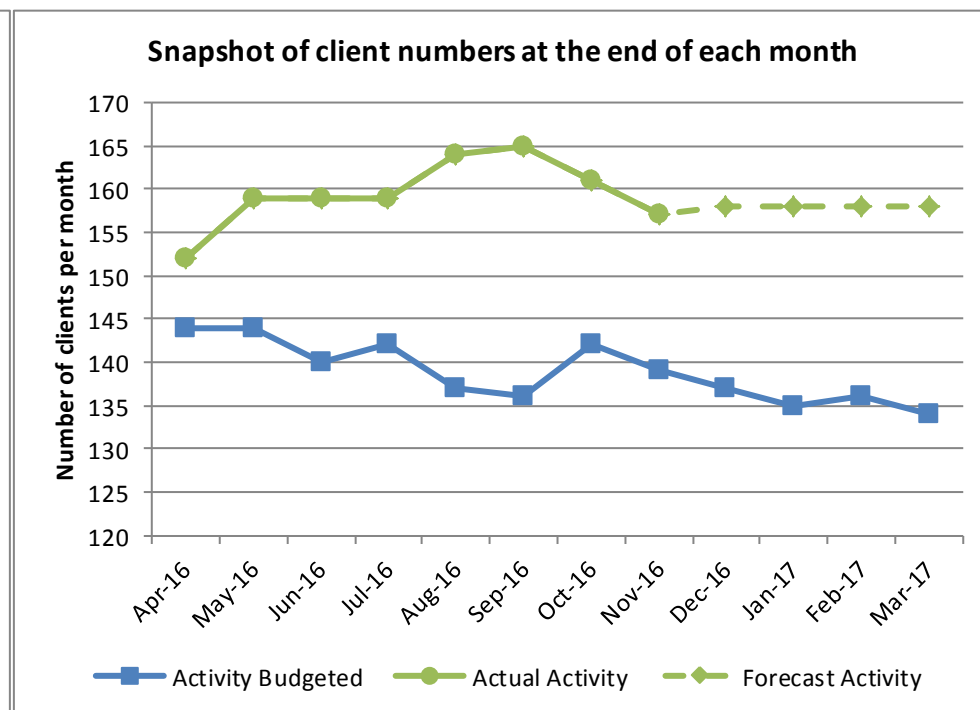
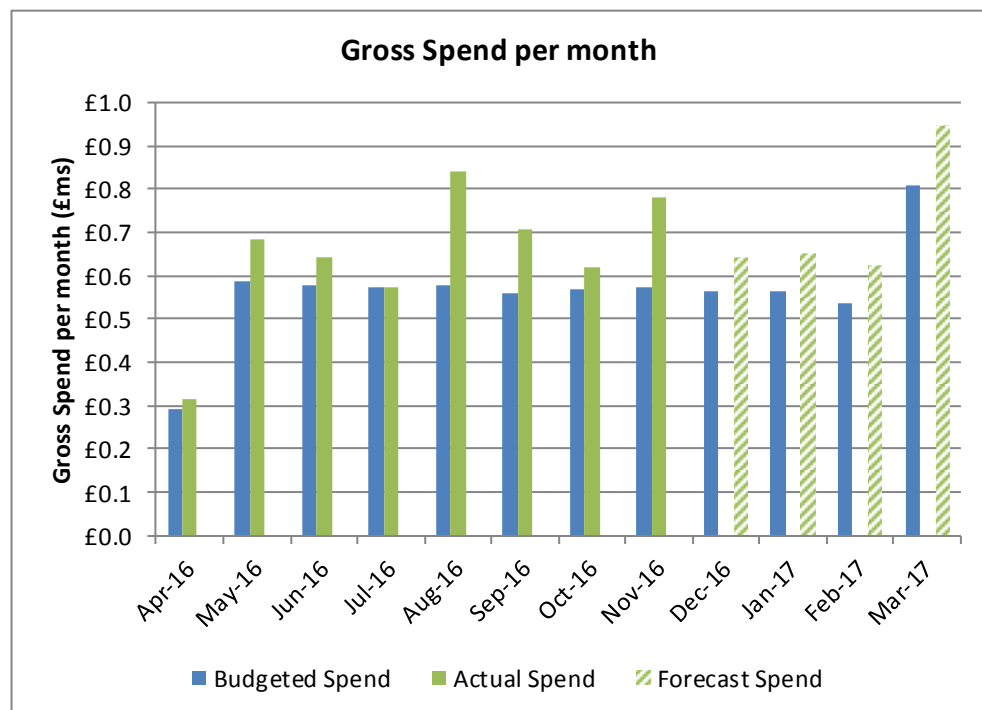
Appendix 2.8: Children in Care (Looked After) - Fostering - Commissioned from Independent Fostering Agencies

2016-17 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£6.8	£0.0	£6.8	134
Forecast	£8.0	£0.0	£8.0	158
Variance	£1.2	£0.0	£1.2	24

Position as at 30th Nov 2016	Gross £m	Client Number as at 30/11/2016
Budget: Spend/Activity Year to Date	£4.3	139
Actual: Spend/Activity Year to Date	£5.2	157
Variance as at 30th Nov 2016	£0.8	18

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£1.2m is due to higher than anticipated demand (+£1.0m) and higher unit cost (+£0.2m).



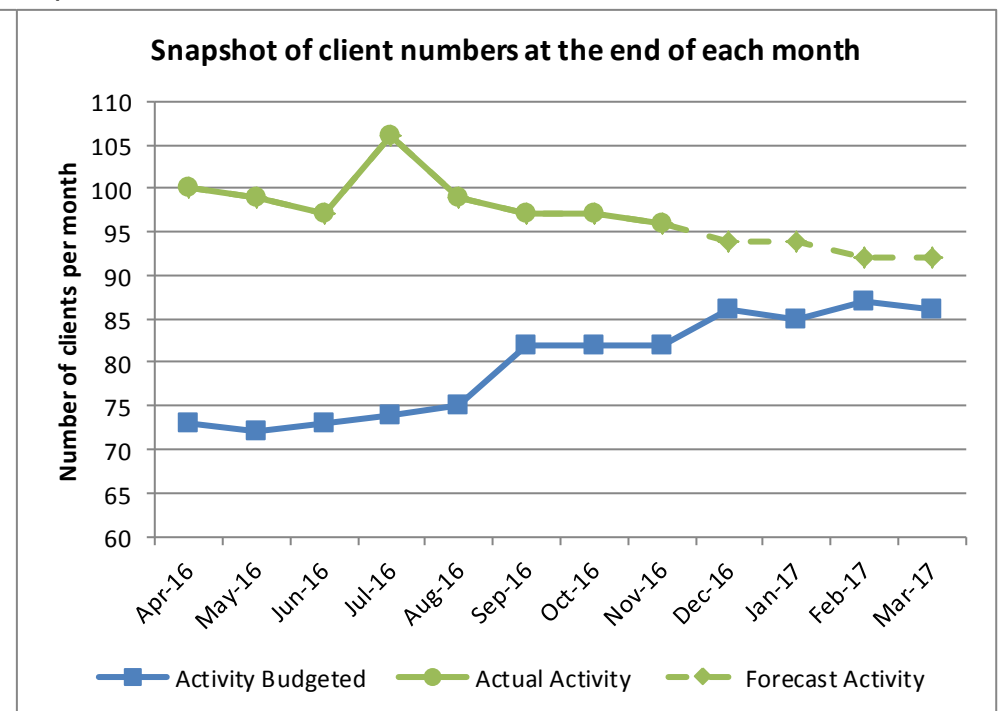
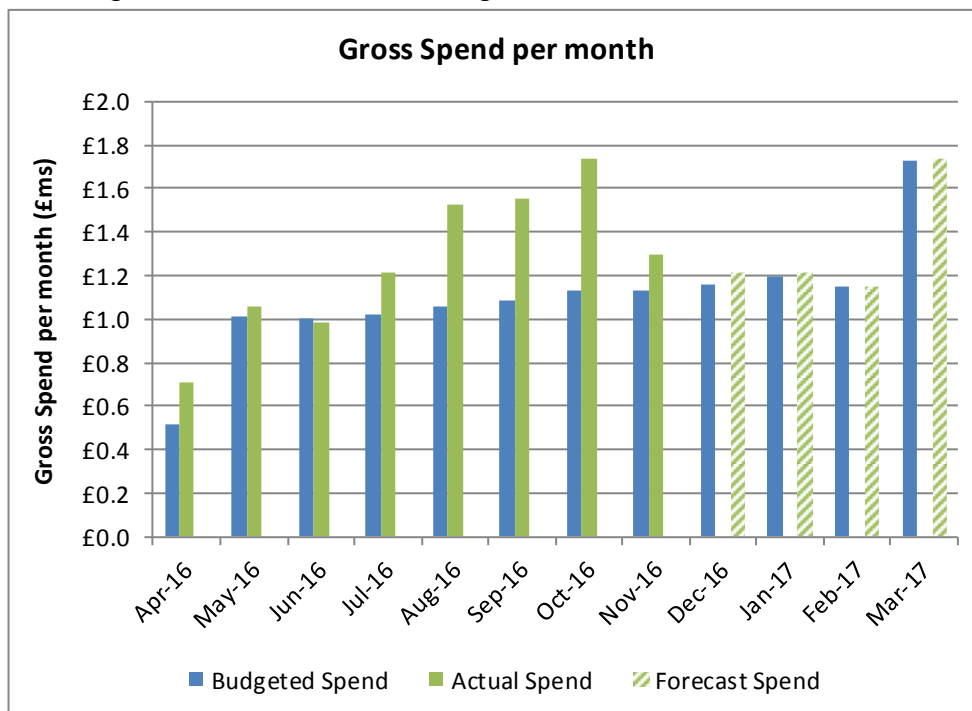
Appendix 2.9: Children in Care (Looked After) - Residential Children's Services - Commissioned from Independent Sector

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	£15.4	-£2.0	£13.4	92
Variance	£2.2	£0.3	£2.5	6

Position as at 30th Nov 2016	Gross £m	Client Number as at 30/11/2016
Budget: Spend/Activity Year to Date	£7.9	82
Actual: Spend/Activity Year to Date	£10.1	96
Variance as at 30th Nov 2016	£2.1	14

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£2.2m is due to higher than anticipated demand (+£2.0m) and higher unit cost (+£0.1m), along with an additional variance of +£0.1m 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 +£2.5m.



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

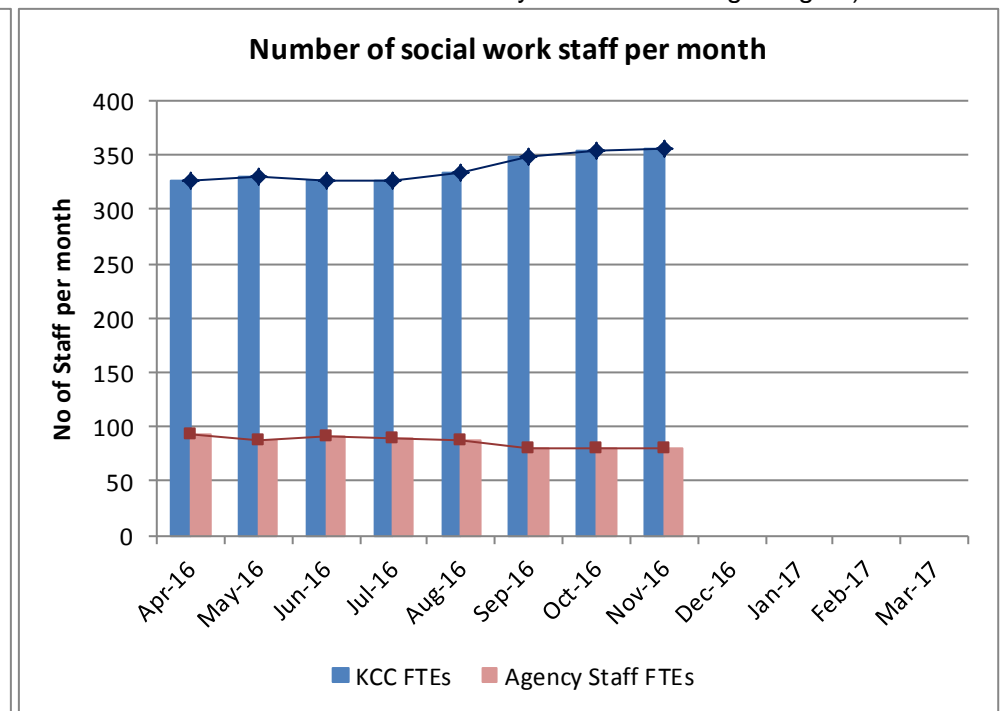
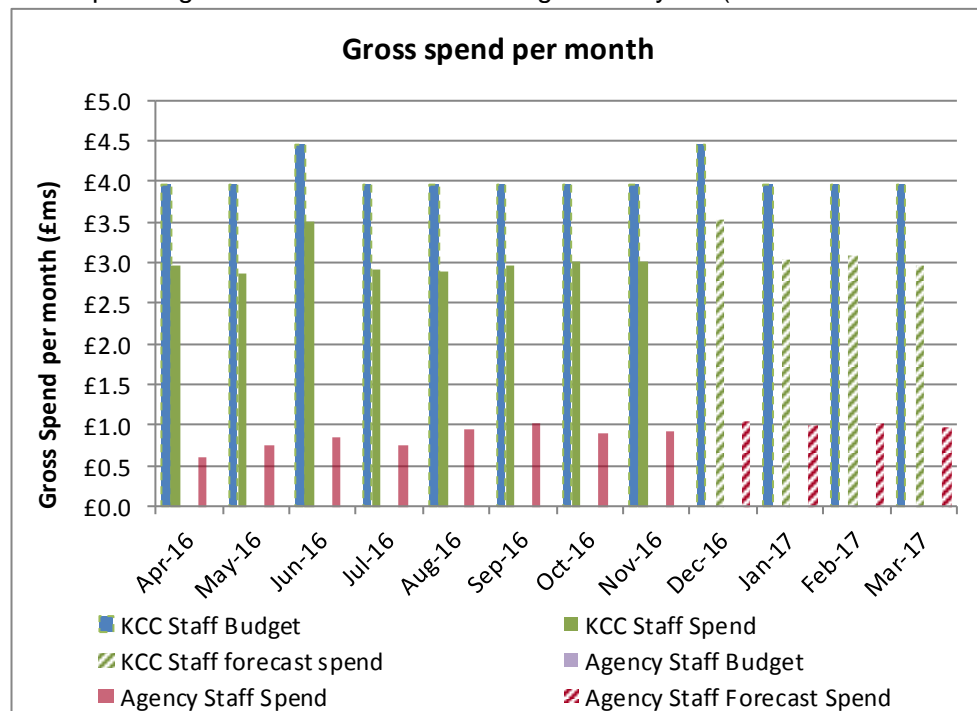
2016-17 Forecast	KCC £m	Agency £m	Gross £m
Budget	£48.5	£0.0	£48.5
Forecast	£36.8	£10.8	£47.5
Variance	-£11.7	£10.8	-£0.9

as at 30th Nov 2016	KCC £m	Agency £m	Gross £m
YTD Budget	£32.2	£0.0	£32.2
YTD Spend	£24.1	£6.8	£30.9
YTD Variance	-£8.0	£6.8	-£1.2

Staff numbers	KCC FTEs	Agency Nos
as at 31st Mar 2016	334.6	88.6
as at 30th Nov 2016	355.2	79.8
YTD Movement	20.6	-8.8

MAIN REASONS FOR FORECAST VARIANCE:

This measure focusses on the level of social workers & senior practitioners rather than the overall staffing level within this budget. The budget assumes that CSC Staffing will be met using salaried workers, so every agency worker (who are more expensive than salaried staff) results in a pressure on this budget. This measure shows the extent of the vacancies within CSC that are currently covered by agency workers which contributes to the £1.4m 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).

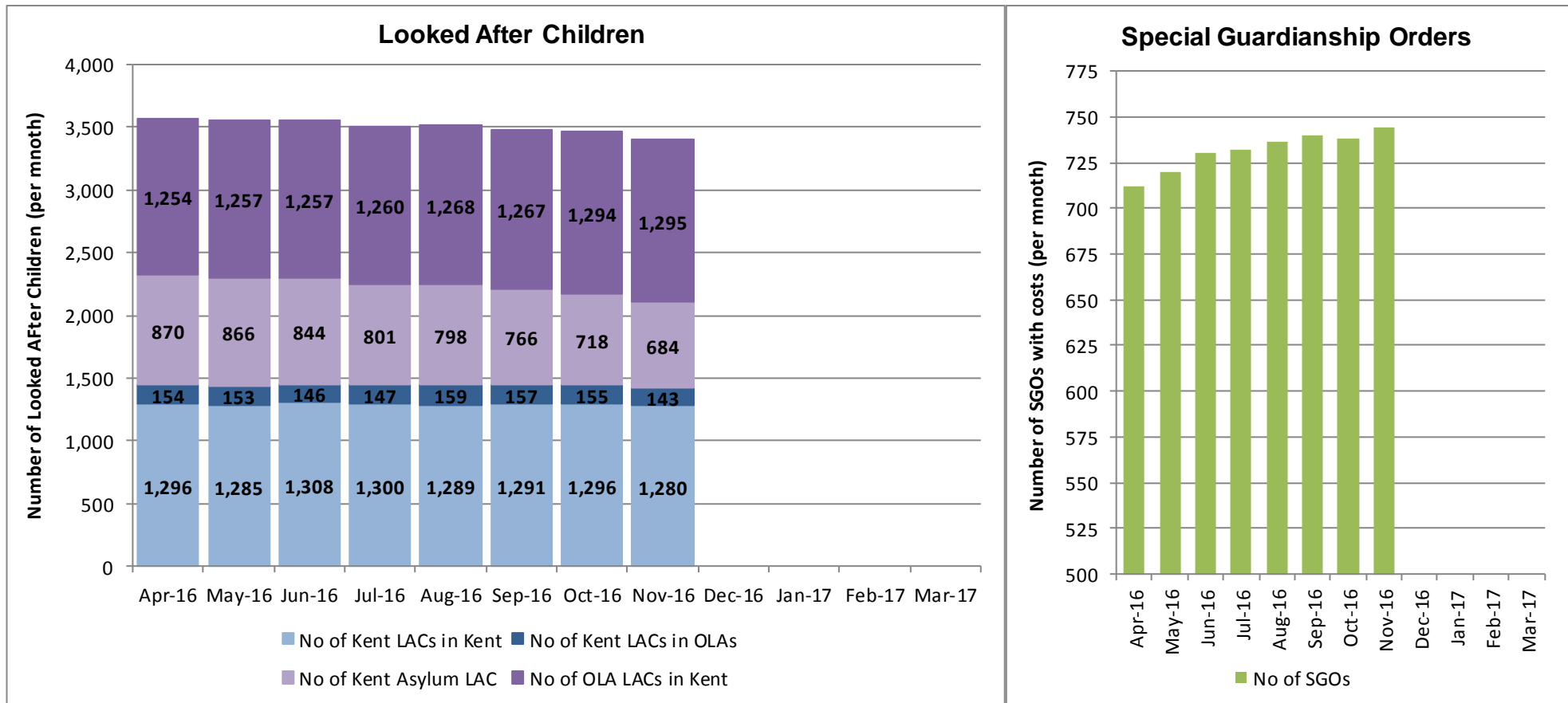


Appendix 2.11: Number of Looked After Children and Number of Special Guardianship Orders (SGOs) with Costs

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 **53%** 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.



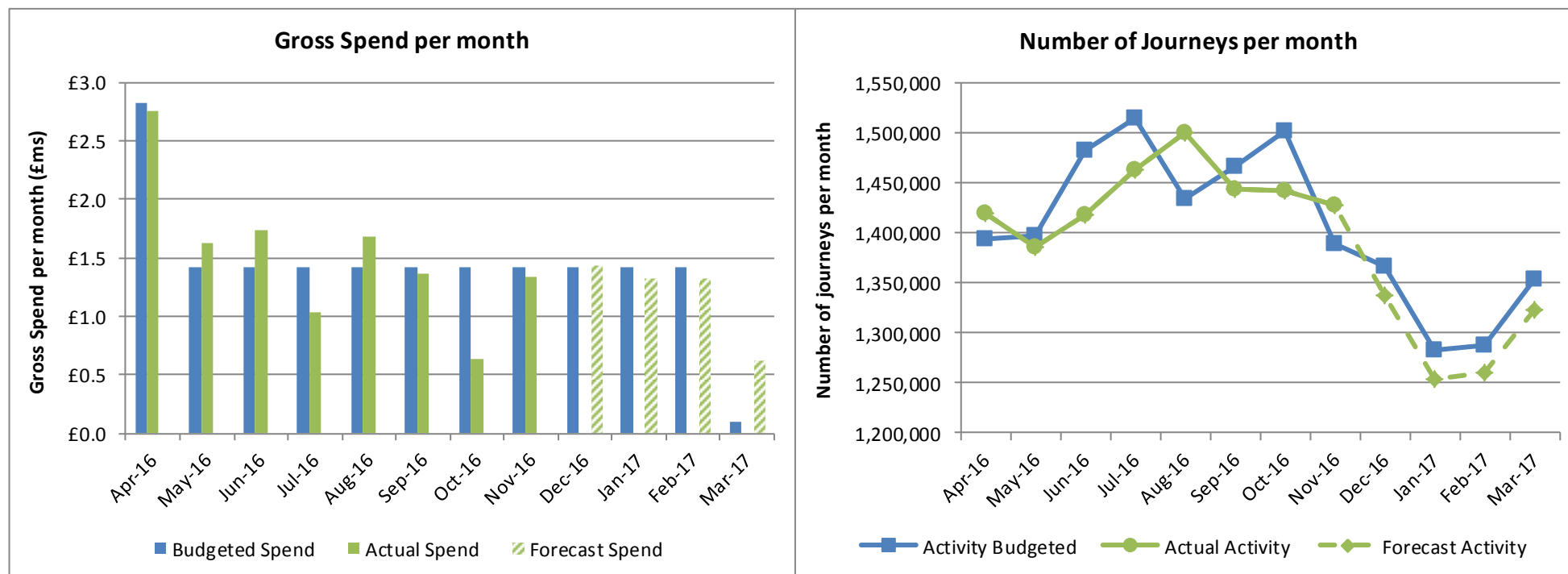
Appendix 2.12: Transport Services - Concessionary fares

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	16,675,275
Variance	-£0.3	-£0.0	-£0.3	-192,129

Position as at 30th Nov 2016	Gross £m	No of journeys to 30/11/2016
Budget: Spend/Activity Year to Date	£12.8	11,577,309
Actual: Spend/Activity Year to Date	£12.2	11,499,795
Variance as at 30th Nov 2016	-£0.6	-77,514

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 October, with estimates for the remaining months; the unit has received draft actuals for November (included within graph below). Estimates for the remaining months will continue to be reviewed over the course of the year.



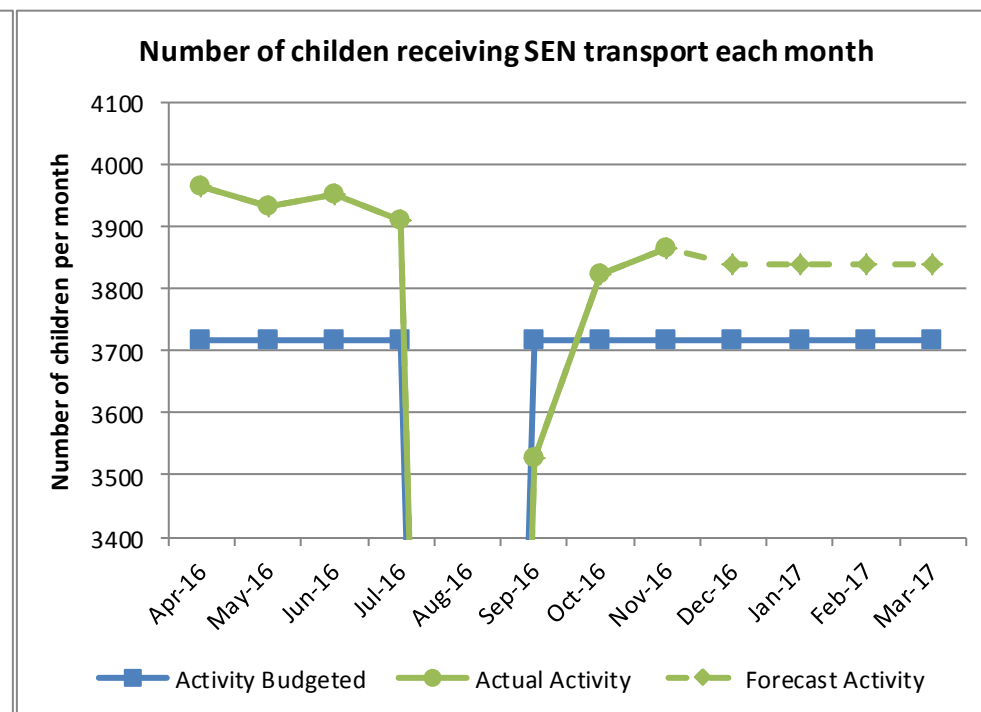
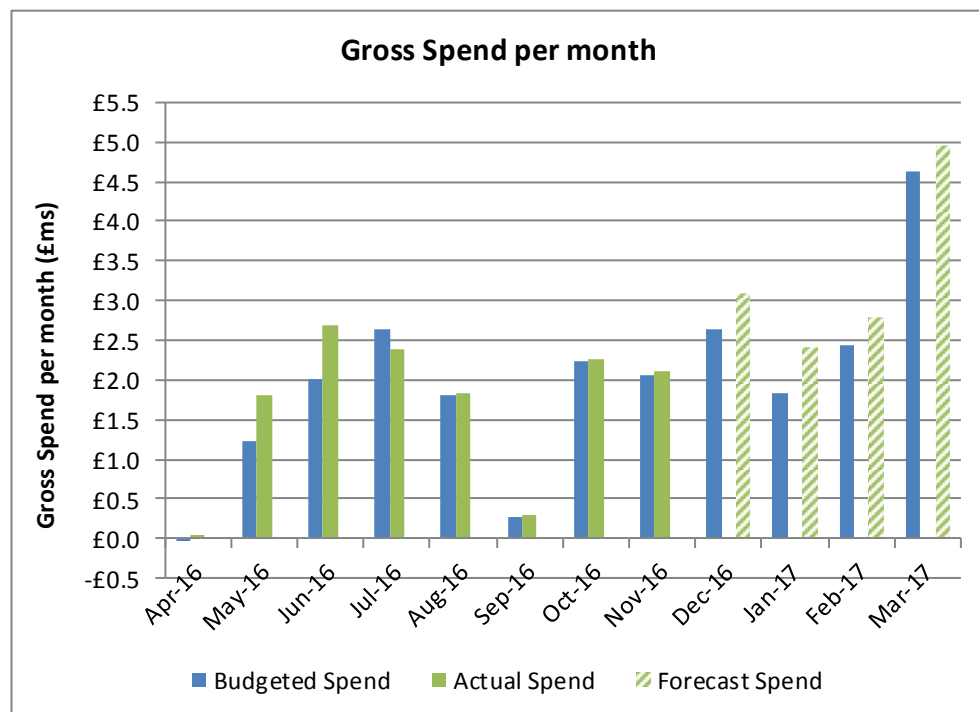
Appendix 2.13: Transport Services - Home to School / College Transport (Special Education Needs)

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	£26.7	-£1.0	£25.6	3,838
Variance	£2.9	-£0.2	£2.7	121

Position as at 30th Nov 2016	Gross £m	No of pupils as at 30/11/2016
Budget: Spend/Activity Year to Date	£10.2	3,716
Actual: Spend/Activity Year to Date	£13.4	3,864
Variance as at 30th Nov 2016	£3.3	148

MAIN REASONS FOR FORECAST VARIANCE:

Within SEN Home to School Transport the gross forecast pressure of +£2.9m is due to higher than anticipated demand (+£0.7m) and higher unit cost (+£2.0m). There are additional pressures of +£0.6m 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 -£0.1m.



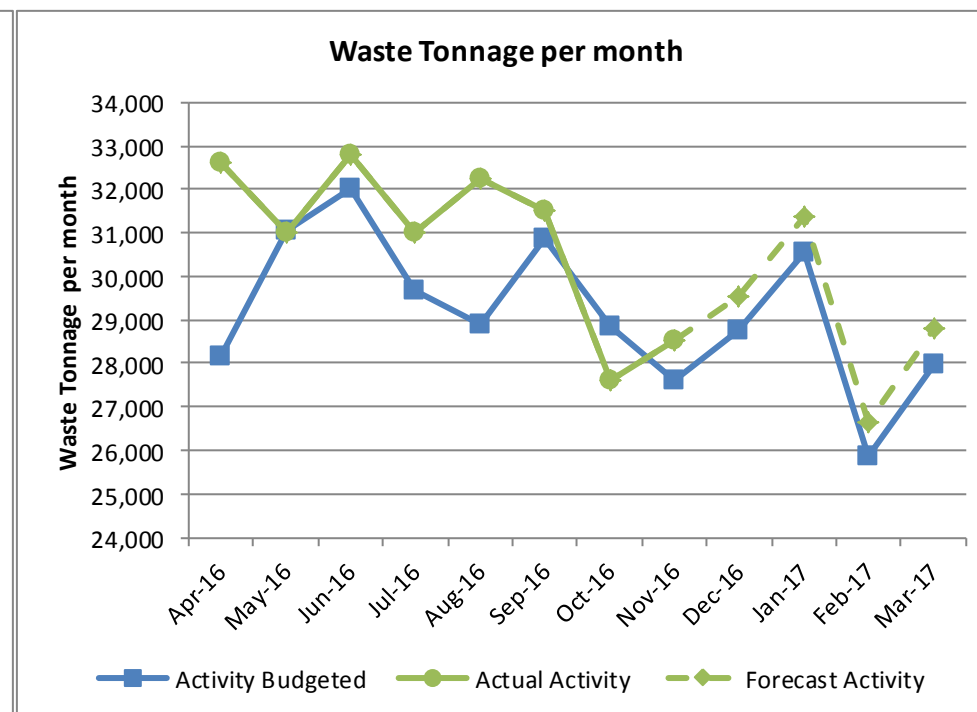
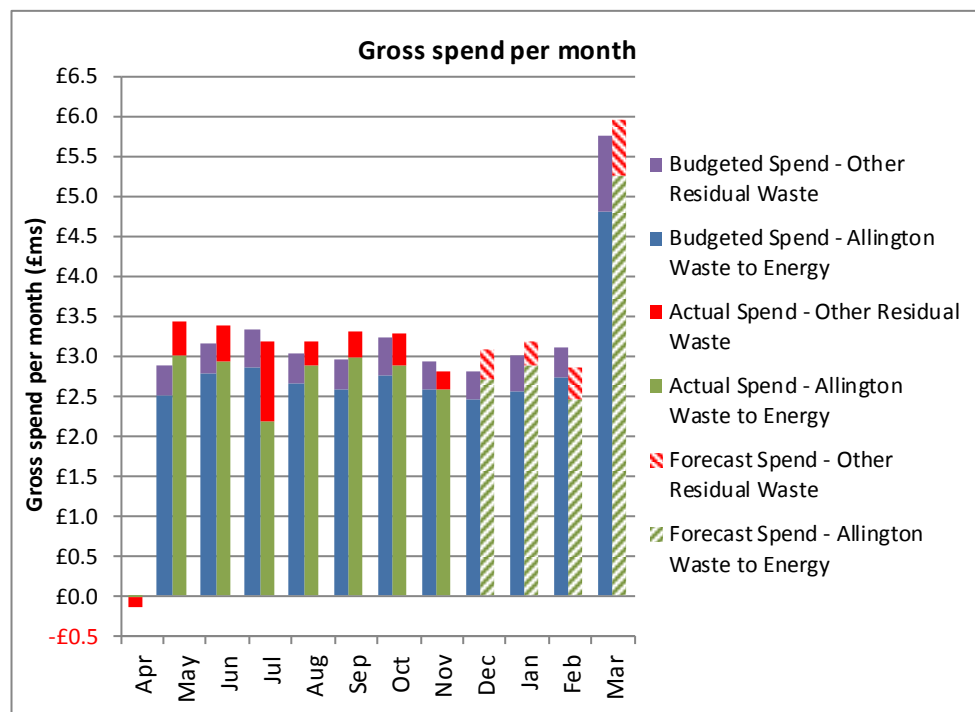
Appendix 2.14: Treatment and disposal of residual waste

2016-17 Total Forecast	Gross £m	Income £m	Net £m	Waste Tonnage to 31/03/2017
Budget	£36.2	£0.0	£36.2	350,200
Forecast	£37.5	-£0.3	£37.2	363,599
Variance	£1.4	-£0.3	£1.0	13,399

Position as at 30th Nov 2016	Gross £m	Waste Tonnage to 30/11/2016
Budget: Spend/Activity Year to Date	£21.5	237,081
Actual: Spend/Activity Year to Date	£22.5	247,244
Variance as at 30th Nov 2016	£1.0	10,163

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£1.4m 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, a lower unit cost (-£0.1m), and 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 +£1.0m. The forecast is based on actual activity for April to October, with estimates for the remaining months; the division has recently received figures for November (included within graph below).



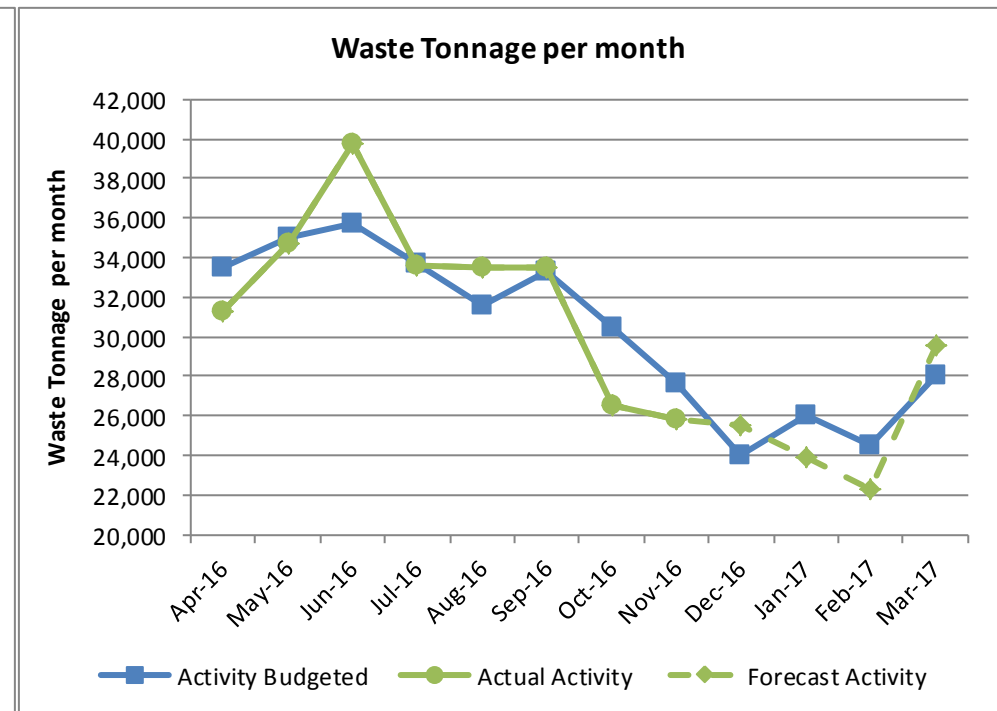
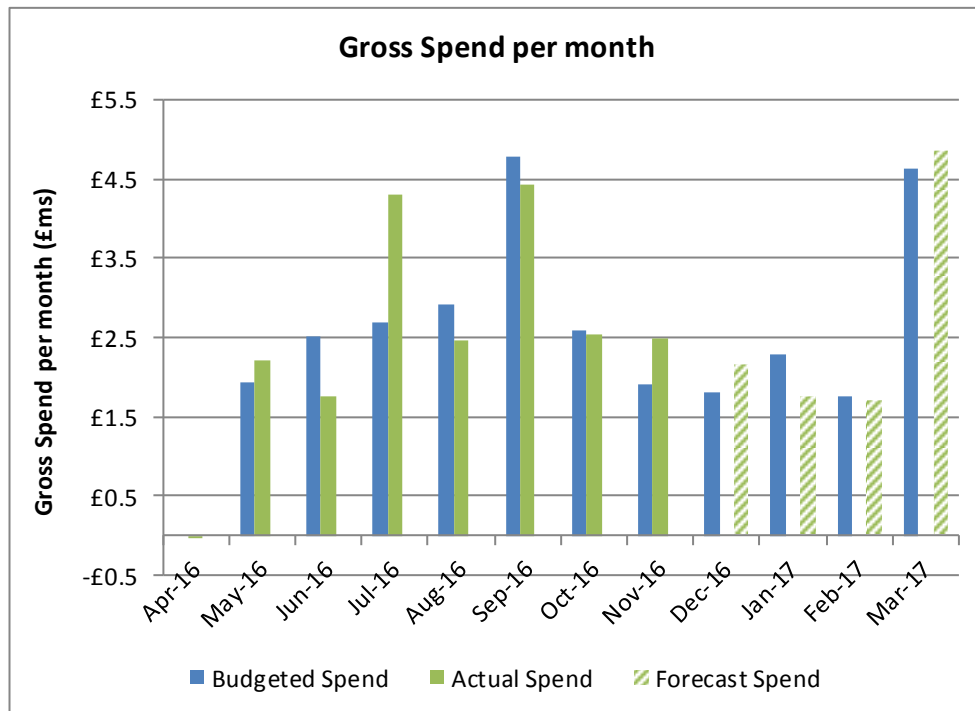
Appendix 2.15: Waste Processing

2016-17 Total Forecast	Gross £m	Income £m	Net £m	Waste Tonnage to 31/03/2017
Budget	£29.8	-£1.4	£28.4	363,500
Forecast	£30.6	-£1.6	£28.9	359,937
Variance	£0.8	-£0.2	£0.6	-3,563

Position as at 30th Nov 2016	Gross £m	Waste Tonnage to 30/11/2016
Budget: Spend/Activity Year to Date	£19.3	260,994
Actual: Spend/Activity Year to Date	£20.1	258,671
Variance as at 30th Nov 2016	£0.8	-2,323

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£0.8m is due higher than anticipated demand (+£0.2m) primarily for composting; the re-procurement of the dry recyclables contract (+£0.2m); increased tipping away payments (+£0.4m) 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 (-£0.2m) 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; the division has recently received figures for November (included within the graph below). Variations in tonnes 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)

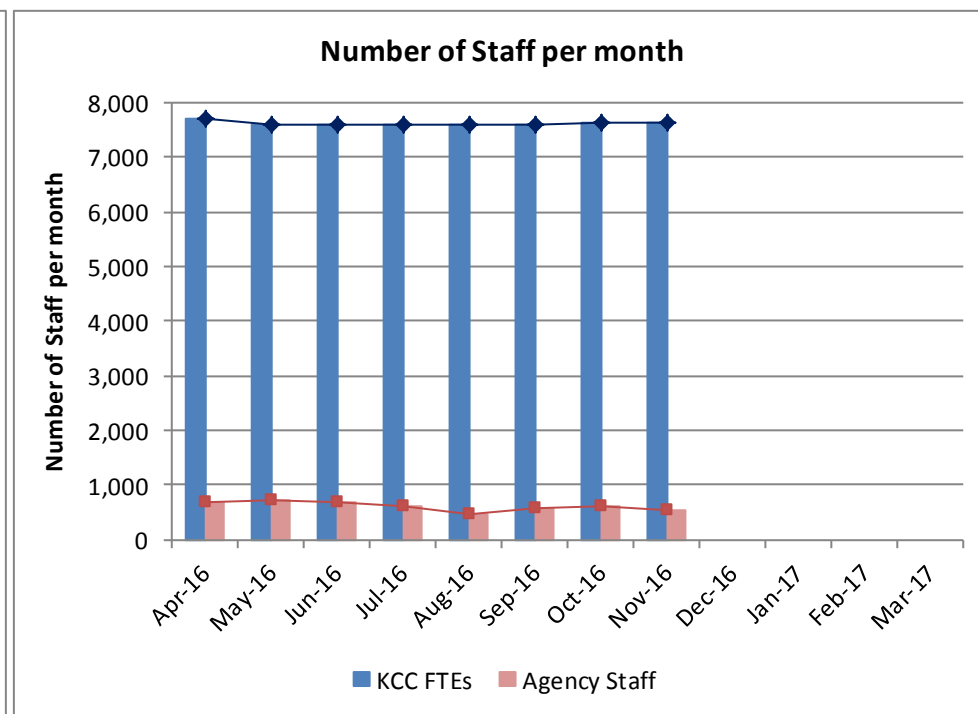
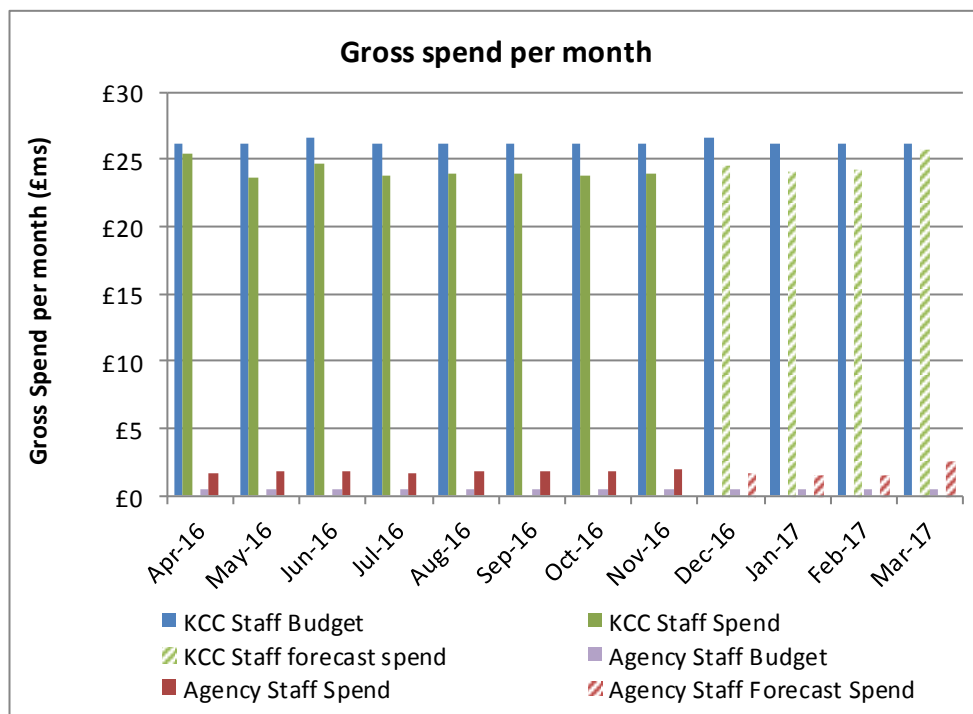
2016-17 Forecast	KCC £m	Agency £m	Gross £m
Budget	£314.1	£5.9	£320.0
Forecast	£291.9	£22.5	£314.4
Variance	-£22.1	£16.6	-£5.6

as at 30 Nov 2016	KCC £m	Agency £m	Gross £m
YTD Budget	£209.2	£3.9	£213.2
YTD Spend	£192.9	£14.5	£207.5
YTD Variance	-£16.3	£10.6	-£5.7

Staff numbers	KCC FTEs	Agency Nos
as at 31 Mar 2016	7,719.59	671
as at 30 Nov 2016	7,620.94	546
YTD Movement	-98.65	-125

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.



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

The current position is a forecast overspend of £1.9m 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	-6.0	5.2	-0.8
Aged 16 & 17	25.0	-25.0	0.0	-4.9	6.1	1.3
Aged 18 & over (care leavers)	8.4	-7.9	0.6	-1.5	3.0	1.5
	46.5	-46.0	0.6	-12.4	14.3	1.9

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

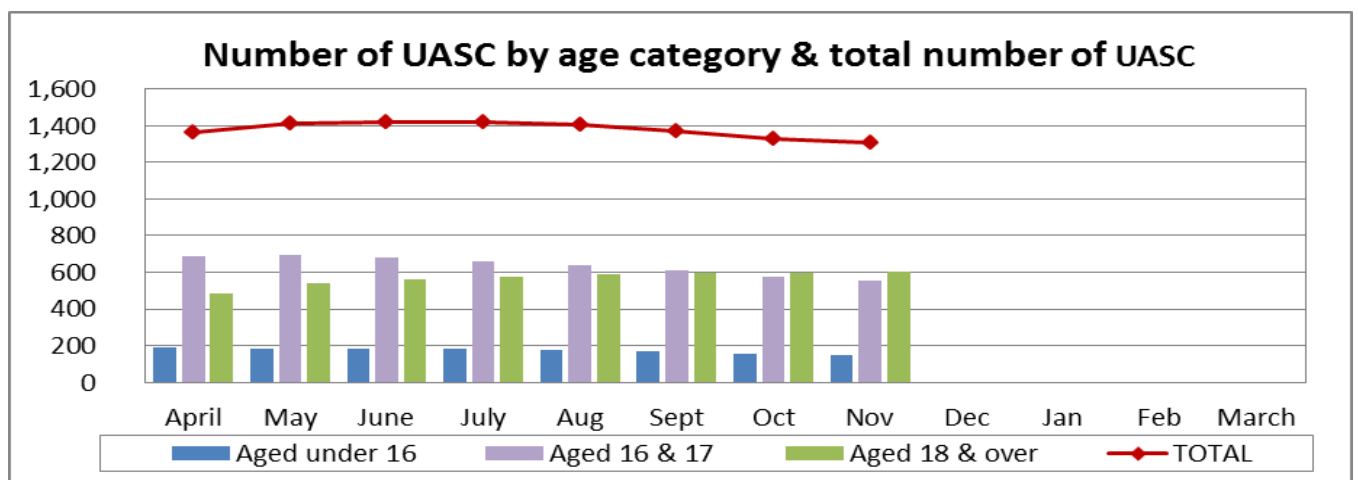
	Grant rate per week	Forecast Unit cost per week	Difference
Aged under 16	£1,050	£869	-£181
Aged 16 & 17	£700	£664	-£36
Aged 18 & over (care leavers)	£200	£228	£28

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	149	555	606	1,310
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

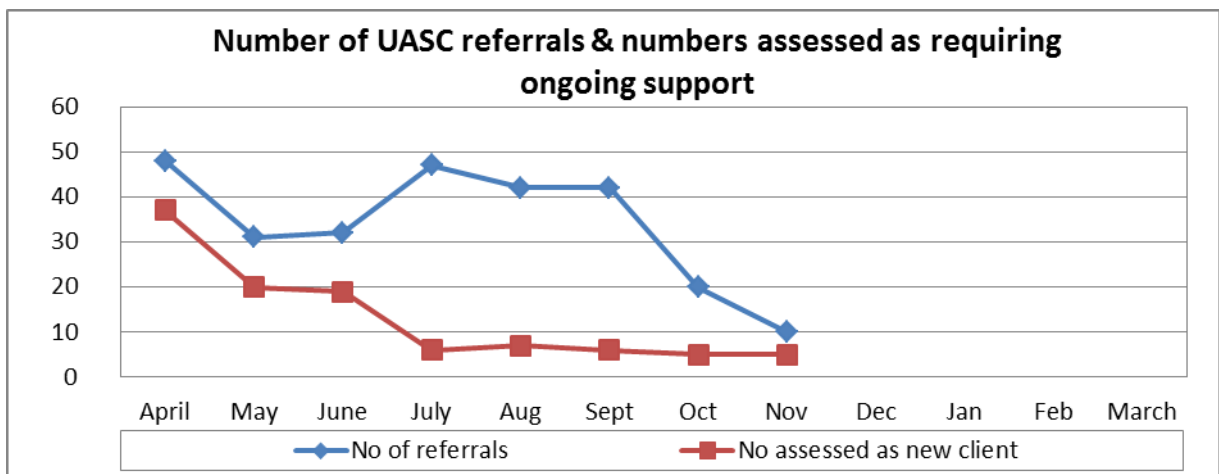
	Eligible Clients	of which AREs	Ineligible Clients	of which AREs	Total Clients	Total AREs
April	1,158	7	208	56	1,366	63
May	1,171	7	240	51	1,411	58
June	1,181	12	241	45	1,422	57
July	1,187	12	232	47	1,419	59
Aug	1,156	19	248	42	1,404	61
Sept	1,134	19	240	40	1,374	59
Oct	1,083	16	246	38	1,329	54
Nov	1,067	15	243	36	1,310	51
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	6	13%
Aug	42	7	17%
Sept	42	6	14%
Oct	20	5	25%
Nov	10	5	50%
Dec			
Jan			
Feb			
March			
TOTAL	272	105	39%



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	9	42
Oct	33		33
Nov	17	2	19
Dec			0
Jan			0
Feb			0
March			0
TOTAL	130	48	178

The 130 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.