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To: Corporate Board – 6 March 2017  
Cabinet – 27 March 2017

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

Classification: Unrestricted

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## 1. SUMMARY

- 1.1 This report provides the budget monitoring position up to 31st January 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
- 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 £0.224m (after Corporate Director adjustments), increasing to £2.714m 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 with our campaign to urge budget managers to be less guarded with their forecasting and question every pound of spend. As a result, the residual position is once again showing an improvement this month. All current anticipated management action is now included in the Corporate Directors adjustments reflected in this report. The only other potential outstanding adjustment relates to Asylum, so assuming that we receive funding from the Home Office to offset the Asylum pressure, **and this is still by no means certain**, then the overall position would reduce by a further £1.679m from £2.714m to £1.035m. This compares to a residual pressure reflected in section 1.4 of the December monitoring report of £3.353m, so an underlying improvement of £2.318m this month. This predominately relates to improved positions within: Financing Items due to additional investment income, a further forecast reduction in the Carbon Reduction Levy, and additional Government funding and retained business rates levy; Education & Young People's Services directorate, specifically SEN Home to School Transport and a number of other small movements; Strategic & Corporate Services directorate, particularly Legal Services, and within Growth, Environment & Transport directorate. This further improvement in the position is extremely encouraging. However, if we are to be in a position to roll forward funds into 2017-18 to meet our commitments detailed in section 4, then we still have a modest way to go.
- 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. 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 final two 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. However, based on this latest position I am now more optimistic that we may actually be able to achieve our 17<sup>th</sup> consecutive year of containing revenue spend within the budgeted level (excluding schools), a position that previously looked extremely unlikely. This continues to be our aim.
- 1.7 The remainder of this report focusses on the underlying £2.714m forecast overspend.

## 2. RECOMMENDATIONS

**Cabinet** is asked to:

- Note** the forecast revenue budget monitoring position for 2016-17, 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 final stages of the financial year.
- 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 £0.426m. Corporate Directors have adjusted this position by -£0.202m, leaving a residual pressure of £0.224m. After allowing for roll forward requirements, the position increases to a pressure of £2.714m. Details of the Corporate Director adjustments and roll forward requirements are provided below in sections 3.3/3.4 and 4. respectively. This forecast position, after roll forward requirements, represents a movement of -£2.504m from the December 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 £2.714m 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	0.953		0.953	1.465	-0.512
Social Care, Health & Wellbeing - Specialist Children's Services	128.428	5.261	-0.367	4.894	4.941	-0.047
Social Care, Health & Wellbeing - Asylum	0.550	1.679		1.679	1.865	-0.186
<i>Sub Total SCH&amp;W - Specialist Children's Services</i>	<i>128.978</i>	<i>6.940</i>	<i>-0.367</i>	<i>6.573</i>	<i>6.806</i>	<i>-0.233</i>
Social Care, Health & Wellbeing - Adults	369.965	-2.026	0.165	-1.861	-1.887	0.026
Social Care, Health & Wellbeing - Public Health	0.000	0.000		0.000	0.000	0.000
Growth, Environment & Transport	167.192	-0.485		-0.485	-0.247	-0.237
Strategic & Corporate Services	70.708	-0.628		-0.628	-0.100	-0.528
Financing Items	117.855	-4.329		-4.329	-3.245	-1.084
<b>TOTAL (excl Schools)</b>	<b>920.588</b>	<b>0.426</b>	<b>-0.202</b>	<b>0.224</b>	<b>2.791</b>	<b>-2.567</b>
<i>Schools (E&amp;YP Directorate)</i>	<i>0.000</i>	<i>20.857</i>		<i>20.857</i>	<i>22.277</i>	<i>-1.420</i>
<b>TOTAL</b>	<b>920.588</b>	<b>21.283</b>	<b>-0.202</b>	<b>21.081</b>	<b>25.069</b>	<b>-3.987</b>
<b>Variance from above (excl schools)</b>				<b>0.224</b>	<b>2.791</b>	<b>-2.567</b>
Roll forwards - committed				1.594	1.592	0.002
- re-phased				0.832	0.771	0.061
- bids				0.064	0.064	0.000
Total roll forward requirements				2.490	2.427	0.063
<b>(-ve Uncommitted balance / (+ve) Deficit</b>				<b>2.714</b>	<b>5.218</b>	<b>-2.504</b>

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

Table 1b: Directorate revenue position after roll forwards:

Directorate	Variance	Roll Forwards		Revised Variance	Corporate Director adjustment	Variance after roll fws & CD adj
		committed	un-committed			
	£m	£m	£m	£m	£m	£m
Education & Young People's Services	0.953		0.832	1.784		1.784
Social Care, Health & Wellbeing - Specialist Children's Services	5.261	0.094		5.356	-0.367	4.989
Social Care, Health & Wellbeing - Asylum	1.679			1.679		1.679
<i>Sub Total SCH&amp;W - Specialist Children's Services</i>	<i>6.940</i>	<i>0.094</i>	<i>0.000</i>	<i>7.034</i>	<i>-0.367</i>	<i>6.667</i>
Social Care, Health & Wellbeing - Adults	-2.026	1.500		-0.526	0.165	-0.361
Social Care, Health & Wellbeing - Public Health	0.000			0.000		0.000
Growth, Environment & Transport	-0.485		0.064	-0.421		-0.421
Strategic & Corporate Services	-0.628			-0.628		-0.628
Financing Items	-4.329			-4.329		-4.329
<b>TOTAL (excl Schools)</b>	<b>0.426</b>	<b>1.594</b>	<b>0.896</b>	<b>2.916</b>	<b>-0.202</b>	<b>2.714</b>

3.3 The main reasons for the movement since the last report of -£2.567m before roll forward requirements, and -£2.504m after roll forward requirements, 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 -£0.512m this month. This is a net movement figure and reflects a decrease in the forecast pressure for SEN Home to School

Transport of -£0.159m, together with smaller reductions in forecasts across a number of lines.

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

There is a reduction in the position of (-£0.047m) this month as shown in table 1a above. This reduction comprises of a number of small reductions totalling (-£0.138m) across services for Children in Care; Social Work staffing (-£0.073); Adoption and Other Permanent Care arrangements (-£0.165m); offset by a small net increase across a number of other services (+£0.022m). The Corporate Director adjustment has moved by (+£0.308m) this month from (-£0.675m) to (-£0.367m), reflecting management action that has been achieved. It is still anticipated that the management action will continue during February and March to achieve the forecast position.

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

The current forecast pressure of £1.679m represents a further reduction of -£0.186m since December.

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

The pressure on Adults Social Care has increased slightly this month by (+£0.026m) which includes the removal of the Corporate Director adjustment from the previous month relating to lower demand than anticipated in volume-based contracts with organisations providing services to carers (+£0.178m), which is now reflected in the budget manager forecasts, and the inclusion of a Corporate Director adjustment this month of (+£0.165m), which relates to transformation savings on Learning Disability (LD), which have recently slipped into 2017-18. Although there is little overall movement in the remaining variance in January (-£0.317m), there have been a number of small movements, the most significant being: Adaptive and Assistive Technology (+£0.244m); LD Supported Living Commissioned service (+£0.216m); LD Residential care (+£0.215m); Physical Disability (PD) Direct Payments (-£0.200m); PD Residential (-£0.205m); Older People (OP) Direct Payments (+£0.177m); Mental Health Residential Care (+£0.139m); Day Care across all client groups (-£0.174m); Commissioned Social Support for Carers (-£0.117m); Adult's Assessment & Safeguarding Staffing (-£0.105m); OP Commissioned residential services (-£0.110m); OP Nursing Care (-£0.099m); Strategic Management and Directorate Support (-£0.102m); Other Adult Services (-£0.097m); non-residential charging income (-£0.087m), and other net minor variations of (-£0.012m).

### 3.3.5 Social Care, Health & Wellbeing – Public Health:

There is an overall movement of -£0.443m since the last reported position in December, which is matched by a reduction in the transfer to the Public Health reserve; hence no movement is reflected in table 1. This is accounted for by a reduction in Commissioning for Quality & Innovation (CQUIN) incentive payments for Health Visitors; a further reduction in Stop Smoking services; further reduced activity on Sexual Health Services and a small net increase in sexual health property costs; and a recharge of salary costs to Children’s services.

### 3.3.6 Growth, Environment and Transport:

The current forecast outturn for the directorate is a -£0.485m underspend as per Table 1a, representing a movement of -£0.237m since the last report. The position reduces to -£0.420m (as per Table 1b) after taking into account £0.064m of roll-forward requirements (see section 4) as per last month.

There are four (almost compensating) variances in excess of £0.100m that explain -£0.078m of the movement, with the remaining -£0.159m explained by smaller movements (c.£0.050m) predominately in three other services: Economic Development & Other Community Services, Public Protection & Enforcement, and Environment.

The four significant movements are:

- (i) -£0.118m Treatment and Disposal of Residual Waste (lower tonnage forecast),
- (ii) +£0.158m Waste Processing (increased haulage costs),
- (iii) -£0.377m General Highways Maintenance and Emergency Response (predominantly due to increased staff capitalisation costs, due to a new methodology -£0.231m), and
- (iv) +£0.259m Other Highways Maintenance and Management, which includes two partially offsetting variances, both connected with the LED Conversion Programme: delivering the streetlight maintenance saving ahead of profile has resulted in an in-year -£0.154m underspend, but this is countered by a +£0.557m pressure on energy savings. The programme is due to deliver £5.2m of base savings (energy, maintenance etc) over the 4-year rollout period and this is still achievable, but slightly behind profile. The reasons are two-fold: a) the switch to convert residential areas before high speed roads/town centre (there are more residential lanterns but lower wattages); and b) due to a slower start than anticipated. By the end of March 59,000 of the c.70,000 residential lanterns are forecast to be converted, which is consistent with the expected 14 month roll out predicted in March 2016 (start date). The policy decision to return to full-night lighting in residential areas - once the lanterns have been converted - has also been a contributory factor and this pressure has been reflected in the 2017-18 budget.

Other movements each below £0.100m explain the remaining movement in Other Highways Maintenance and Management.

The above, together with the three smaller movements totalling -£0.159m alluded to above, explain the increased underspend of -£0.237 this month.

### 3.3.7 Strategic and Corporate Services:

The Directorate forecast (excluding the aspirational Asset Utilisation Corporate target) has moved by -£0.528m to an underspend of -£1.366m, whilst the position on Asset Utilisation remains unchanged at an overspend of +£0.738m. The sum of these movements is shown in table against the S&CS directorate as a total movement of -£0.528m to an overall underspend of -£0.628m.

The main movements for the Directorate controllable budgets are: -£0.361m for Legal Services (shown within 'Other Support to Front Line Services') where the pressure relating to the establishment of the new Legal Services company is now being funded from the one-off investment money set aside to establish the Company, reducing the pressure on the base revenue budget; -£0.052m improvement in position for Engagement, Organisation Design & Development division; -£0.061m S&CS Strategic Management & Directorate Support Budgets due to an underspend on the cost of historic early retirements.

### 3.3.8 Financing Items:

The underspend has increased this month by -£1.084m. This improvement relates to -£0.410m increase in investment income; -£0.131m anticipated business rates compensation grant reconciliation payment relating to 2015-16; -£0.096m expected increase in the retained business rates levy as a result of being in a pool with Kent District Councils; -£0.229m additional Education Services Grant; a forecast £0.2m

saving on carbon reduction commitment levy based on forecast lower emissions in the current year, together with -£0.018m of other small movements in variance.

### 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 +£0.953m (excluding schools and before roll forward requirements) is made up of a number of service lines as follows:

3.4.1.2 There is a forecast pressure on Pupil & Student Transport Services of £2.8m. 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 gross pressure (£2.6m) 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 continuing to investigate the reasons behind the higher price we are paying but believe this is in part due to the high volume of in year applications where additional transport arrangements have had to be arranged as well as a number of contracts which have been retendered and the market price has come in higher.

Included within the SEN Home to School Transport budget is an allocation for new developments to the IT system. This work has yet to be completed and a roll forward of £0.060m is requested to enable the work to be re-phased into 2017-18.

3.4.1.3 Early Help & Preventative Services is underspending £1.5m. This is primarily made up of two items. Firstly, Tackling Troubled Families has achieved additional income of £0.8m as a result of more successful Payment By Results submissions to the DCLG and is therefore requesting roll forward of this surplus into the next financial year in order to continue the scheme. In addition, an in-year allocation 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 £0.2m 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 -£0.2m on SEN & Psychology Services which is largely from additional income from schools and academies.

3.4.1.7 There is a forecast underspend of -£0.2m 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 Finally there is a forecast underspend of -£0.9m on EYPS Management & Support Services, of which £0.6m relates to Education Pensions as capitalisation costs are

lower than expected. In addition there is a forecast reduction in the bad debt provision required of £0.2m.

### 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 (+£5.3m) or (+£5.4m) including committed roll-forwards. A corporate director adjustment is proposed of -£0.4m 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 (+£3.5m). This includes pressures on residential care including secure accommodation (+£2.6m) and independent fostering (+£1.2m). There is also a pressure on Legal costs of (+£0.3m). These pressures are offset by an underspend on in-house fostering of (-£0.6m).

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. The number of children in residential placements has stabilised over this year (see Appendix 2.9), and shows a small reduction of placements in January. The numbers in IFA’s increased during the year, but have reduced again in the last four 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 (+£1.4m), which is due to increased numbers of orders being granted at court which are greater than the affordable level budgeted for (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 (+£0.5m) and Care Leavers (+£0.3m); offset by underspends on Safeguarding (-£0.4m), and Family Support (-£0.5m).

3.4.2.6 The pressure on Children’s Assessment Staffing (+£1.2m) 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, however the forecast spend on agency staff has reduced over the last couple of months.

3.4.2.7 -£0.5m of the reported underspend on SCHW Management & Support Services relates to Specialist Children’s Services.

3.4.2.8 There is a Corporate Director adjustment of (-£0.4m) reflecting that the extensive management action plan continues to be in place with the intention of both achieving a reduction in expenditure in the current year to reduce the pressure 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 reduced to (+£1.7m), which is in the main due to the fact that a greater number of young people have been transferred through the National Transfer Scheme (NTS) than we had anticipated last month. Whilst there is some reasonable expectation that the NTS 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 many 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 with over 100 having had 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. A meeting has taken place with the Home Office to discuss the current financial situation and funding arrangements for 2017-18, we are awaiting a decision on the current position.

### 3.4.4 Social Care, Health & Wellbeing – Adult Social Care

- 3.4.4.1 The forecast variance of (-£1.9m), including a Corporate Director adjustment of (+£0.2m), reflects total pressures of (+£8.6m) 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 (-£2.2m), preventative services (-£2.5m) along with the use of uncommitted monies (-£3.6m) to offset the rising costs of social care and the drawdown from the Bad Debt Provision (-£1.5m); and other support budgets (-£0.8m). The forecast variance reduces to -£0.5m (or -£0.4m including the Corporate Director adjustment) after allowing for the roll-forward of the £1.5m drawdown from the bad debt provision required to support the 2017-18 budget.
- 3.4.4.2 Mental Health direct services are forecasting a total pressure of +£2.9m. There are still significant pressures on Mental Health residential care and supported living services (+£2.6m & +£0.6m respectively) which are only partially offset by minor underspends on other community based services (-£0.3m). 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 (+£3.1m) including the Corporate Director Adjustment of (+£0.2m). Significant pressures continue in supported living commissioned externally (+£1.8m see appendix 2.2), residential care (+£2.7m see appendix 2.1) and day care services (+£0.3m). These are offset by underspends across other services, the most significant being shared lives services (-£1.0m), direct payments (-£0.2m see appendix 2.3), in-house supported living (-£0.2m) and other minor underspends of (-£0.1m). 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 (+£1.4m). The forecast does however assume that further savings of (-£0.3m) will be delivered this financial year.
- 3.4.4.4 Older People and Physical Disability residential and community direct services are forecasting a net pressure of (+£2.7m), which includes a number of offsetting variances. The most significant are outlined below: the actual pressure on commissioned domiciliary care services is (+£5.1m) of which, (+£4.1m) 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 (-£1.6m), along with underspends against direct payments of (-£2.7m). The overall pressure on residential & nursing care is now (+£1.9m), 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 the remaining 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 (-£7.6m). There is a 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 (-£2.4m) on social support services such as carers, information and early intervention and social isolation; Social Fund of (-£0.4m); uncommitted Care Act monies of (-£0.4m) and other minor underspends of (-£0.9m), together with the use of uncommitted monies of (-£3.6m) to offset the rising costs of social care and the drawdown of the Bad Debt Provision of (-£1.5m).

#### 3.4.5 Social Care, Health & Wellbeing – Public Health

3.4.5.1 The overall variance prior to any transfer to/from the Public Health reserve is a forecast underspend of -£1.7m.

3.4.5.2 There are pressures forecast on the following 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 (+£0.3m) due to the costs of additional Tier 3 Weight Management and Dietetics activity. These pressures have been more than offset by underspends in: Targeting Health Inequalities (-£0.6m), which includes underspending resulting from the number of health checks being below the budgeted level and reduced spend on campaigns; Tobacco Control & Stop Smoking Services (-£0.5m) due to reduced prescribing costs; Sexual Health Services (-£0.7m) which primarily relates to unrealised creditors set up in 2015-16, reduced levels of activity, and slippage on premises conversion programme; Public Health Mental Health Adults (-£0.1m); and 0-5 years olds Health Visiting Service resulting from an agreed reduction in CQUIN incentive payments (-£0.2m). 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, is a forecast underspend of -£0.5m (prior month -£0.2m). This includes a number of compensating variances, and roll forward requirements, which are explained below:

3.4.6.2 The pressure against Young Persons Travel Pass (YPTP) relates to the saving of +£0.5m built into the 2016-17 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 +£1.5m (and activity of +9,584 tonnes) compared to budget, with a net movement of -1,317 tonnes this month.

- Waste Processing is responsible for +£0.8m (and activity of -3,170 tonnes) of this overspend (see Appendix 2.15).

The pressures are largely non-tonnage related but further explanations for the variance are detailed in Appendix 2.15.

- The Treatment and Disposal of Residual Waste budget is now showing a net pressure of +£0.9m (and activity of +12,754 tonnes - see Appendix 2.14 for further details).
- There is an underspend of -£0.2m on Waste Management, explaining how the pressure on the Waste Service remains at +£1.5m overall.

The Corporate Director adjustment of -£0.025m has been removed this month and is now part of the Waste forecast. The service is of course subject to fluctuating, and unfortunately, increasing tonnage levels but continues to deliver contract efficiencies.

3.4.6.4 Economic Development and Other Community Services is now forecasting a small overspend of +£0.1m, despite the +£0.5m pressure of the 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 further improvement is evident this month.

3.4.6.5 The pressure on the Coroners service of +£0.4m (increased activity and unbudgeted staff costs) is now almost entirely offset by underspends within Trading Standards, meaning that Public Protection & Enforcement budget line is now balanced.

3.4.6.6 The +£0.5m 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. This has been reduced from +£0.9m mainly due to the increase in capitalised staff costs (see 3.3.6).

3.4.6.7 To offset the above pressure, and to reduce the forecast overspend on the directorate as a whole, Other Highways Maintenance & Management is forecasting an underspend of -£1.2m. This is primarily due to significant 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 above pressures. This has been offset by the delay in achieving energy cost savings as originally profiled (see 3.3.6).

3.4.6.8 The other primary underspends in the directorate relate to Libraries, Registration and Archives (LRA) -£0.7m, Concessionary Fares (ENCTS) -£0.3m, Environment -£0.3m, Subsidised Bus Services -£0.1m, Planning & Transport Strategy & other related services -£0.2m, 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, holding vacancies and release of surplus reserve (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 Overall, the directorate has implemented management action throughout the year and is forecasting a healthy underspend position (-£0.5m), even allowing for a small number of roll forward bids (detailed in section 4), which is a significant improvement on the +£1.5m overspend position forecast over the summer months.

### 3.4.7 Strategic and Corporate Services

3.4.7.1 The overall variance reflected in appendix 1 against the directorate is now an underspend of -£0.6m which is made up of an underspend for the S&CS Directorate itself of -£1.3m off-set by +£0.7m relating to the Corporate aspirational savings target for Asset Utilisation, held within the Corporate Landlord budgets, 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 -£1.3m relates to -£0.5m 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; -£0.2m 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; +£0.1m Legal Services primarily due to staff turnover and reduced demand which is impacting income generation; -£0.1m Democratic Services relating to staffing and unbudgeted income opportunities); -£0.1m Infrastructure controllable budgets; -£0.1m Contact Centre, Digital Web Services & Gateways relating primarily to re-phased project work within Gateways; and -£0.1m S&CS Management & Support Services relating to the ending of some historic early retirement instalment costs.

### 3.4.8 Financing Items

The financing items budgets are currently forecast to underspend by £4.3m, 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 -£2.4m.
- 3.4.8.2 A forecast underspend of -£1.1m on the net debt charges budget, mainly due to lower than budgeted interest costs and higher interest receipts and dividends, 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 -£0.5m forecast saving on carbon reduction commitment levy due to forecast lower carbon emissions in the current year and finalisation of the emissions for last year.
- 3.4.8.5 A -£0.1m underspend is forecast as a result of lower than budgeted external audit fees.
- 3.4.8.6 A +£0.9m shortfall in the dividend form Commercial Services (further details are provided in section 3.6 below).

### 3.5 **Schools delegated budgets:**

The schools delegated budget is currently forecast to overspend by £20.857m 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;
- +£4.513m use of schools unallocated reserves to offset pressures on High Needs and Early Years education;

- +£2.338m use of schools unallocated reserves to fund in year schools related pressures.
- +£11.787m use of schools reserves for the remaining Kent schools according to their nine month monitoring returns.

As a result, schools reserves are forecast to reduce from £46.361m to £25.504m.

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

<b>Dividends/Contributions (£m)</b>	Budget	Forecast	From trading surplus	from reserves
Commercial Services	8.700	7.850	5.699	2.151
GEN2	0.542	0.542	0.542	0.000

Commercial Services are forecasting a shortfall in the dividend of £0.85m, which is primarily due to a significant decline in market conditions in the Education sector, compounded by unseasonal weather conditions up to December impacting on the profits of LASER.

## 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
Re-phasing of Tackling Troubled Families (EYP directorate)		0.772
Re-phasing of essential home to school transport software development (EYP directorate)		0.060
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)	0.094	
Adult Social Care review of bad debt provision – saving required to support the 2017-18 budget as reflected in the draft 2017-20 MTFP (SCHW – Adults)	1.500	
Strategic Planning/Transport Planning Projects including Lower Thames Crossing, Strategic Environmental Assessment, Local Transport Plan 4; National Government schemes such as Operation Stack lorry area and Aviation policy and additional consultancy resource for business case development to improve our chances of securing funding for infrastructure projects (GET directorate)		0.064
	<b>1.594</b>	<b>0.896</b>

## 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 -£54.416m on the 2016-17 capital budget (excluding schools and PFI). This is a movement of -£21.354m from the previously reported position and is made up of -£0.450m real variance and -£53.966m 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	-22.218	-0.821	-21.397	-0.842	-12.779	0.021	-8.618
Social Care, Health & Wellbeing - Specialist Children's Services	0.109	0.048	0.073	-0.025	0.040	-0.025	0.033	0.000
Social Care, Health & Wellbeing - Adults	6.499	-3.608	1.007	-4.615	1.166	-4.615	-0.159	0.000
Social Care, Health & Wellbeing - Public Health	0.360	-0.360	0.000	-0.360	0.000	-0.360	0.000	0.000
Growth, Environment & Transport	135.314	-23.249	-0.807	-22.442	3.450	-16.288	-4.257	-6.154
Strategic & Corporate Services	20.382	-5.029	0.098	-5.127	-0.082	-2.727	0.180	-2.400
Financing Items	0.000				0.000	0.000	0.000	0.000
<b>TOTAL</b>	<b>307.758</b>	<b>-54.416</b>	<b>-0.450</b>	<b>-53.966</b>	<b>3.732</b>	<b>-36.794</b>	<b>-4.182</b>	<b>-17.172</b>

### 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: Real movement of +£0.150m relating to an SAI project. This is to be funded from the Modernisation Programme.
- Modernisation Programme: Real movement of -£0.150m, contribution to an SAI project in the Annual Planned Enhancement Programme.
- Basic Need: Rephasing movement of -£6.926m, There are two secondary school expansions in Dartford that have encountered delays in obtaining planning approval when anticipated. Subsequently, this has meant that construction activities have not commenced and anticipated spend for 2016-17 has reduced against forecast. In addition, one primary school expansion in Sevenoaks was refused at Planning Committee which has meant expenditure is not in line with forecast. However, an alternative option is being considered and a temporary arrangement is being instigated so that children have the necessary accommodation to be educated.

#### **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**

- Home Support Fund & Equipment: Real movement of -£0.159m, due to a reduction in the forecast for the year.

## **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**

- Integrated Transport: Real movement of +£0.165m. The underspend was being held to cover pressures elsewhere in the programme but this is no longer needed so the underspend has been reduced and the budget rephased to meet 2017-18 priorities.
- M20 Junction 4 Eastern Over Bridge: Real movement of +£0.510m – this reflects anticipated external funding from Highways England to cover the additional resurfacing works requested as part of the wider scheme.
- Maidstone Integrated Transport: Real movement of -£0.445m. This reflects a reduction in the number of schemes being delivered under this programme of works and the level of developer contributions has reduced accordingly.

The following movements in real variances relate to cash limit changes requested in previous reports, and which are now reflected in the working budget in table 3:

-£5.800m Highway Major Enhancement  
+£0.854m East Kent Access Phase 2  
+£0.633m Kent Thameside Strategic Transport Programme  
-£0.935m A226 St Clements Way  
+£0.263m Westwood Relief Strategy – Poorhole Lane  
+£0.217m Victoria Way

### **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**

- Discovery Park Enterprise Zone: Movement of -£1.250m rephasing. A delay in finalising the multi-partner legal agreement has led to a delay in the defrayment of funds.

The following movements in real variances relate to cash limit changes requested in previous reports:

-£7.055m Kent & Medway Business Fund  
+£0.993m Escalate  
+£3.941m Regional Growth Fund – Expansion East Kent County Council  
+£2.530m TIGER

## **Strategic & Corporate Services**

- New Ways of Working: Rephasing movement of -£2.400m. This is due to revised start dates for two major building refurbishments due to value engineering and other contractual negotiations.

## 6.4 CAPITAL BUDGET PROPOSED CASH LIMIT CHANGES

Project	Directorate	Amount £m	Year	Funding	Reason
Maidstone Integrated Transport	GET	-£0.445 -£0.835 -£0.020	16-17 17-18* 18-19*	Dev conts	Reduction in developer contributions
LIVE Margate	SCS	+£0.060	16-17	External other	Additional external funding received

\* The narrative in 6.3 only refers to 2016-17 whereas this table reflects the impact over the whole programme period.

## 7. CONCLUSIONS

7.1 It is extremely encouraging that the revenue position after all expected adjustments has improved quite significantly this month from +£3.353m to +£1.035m, which predominately relates to improvements within Financing Items and Education & Young People's Services, Strategic & Corporate Services and Growth, Environment & Transport directorates. However, we cannot be complacent as there is still a moderate way to go to deliver a balanced budget by year end and fund our roll forward commitments. 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 final stages of the year, if further pressures are identified, it is now unlikely that alternative saving plans can be developed and implemented quickly enough to impact significantly in this financial year. It is however our expectation that the forecast pressure will continue to reduce as the impact of management action implemented earlier in the year continues to take effect. In addition, senior management continue to take the actions listed in paragraph 1.5 and are looking for further opportunities to bring resolve this situation. The objective remains, and will do so throughout the remainder of this financial year, to eliminate this forecast overspend with minimal impact on front-line services. 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. However, based on this latest forecast position, it is now looking as if achieving our 17<sup>th</sup> consecutive year of containing revenue spend within the budgeted level (excluding schools) may be within our grasp after all, a position that previously looked extremely unlikely. Although this remains our aim, Cabinet need to be aware that this is still by no means certain.

## 8. RECOMMENDATIONS

**Cabinet** is asked to:

- 8.1 **Note** the forecast revenue budget monitoring position for 2016-17, 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 final stages of the financial year.
- 8.2 **Agree** the changes to the capital programme as detailed in section 6.4.

## 9. BACKGROUND DOCUMENTS

- 9.1 As there was no suitable Cabinet meeting for the December 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 January monitoring report reflects the movement from the position shown in the attached December monitoring paper.

## 10. 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
<b><u>Education &amp; Young People</u></b>					
Early Help & Prevention for Children and Families	29.3	-10.3	19.1	-1.5	-0.1
Early Years Education & Childcare	64.1	-62.8	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	-0.2	-0.1
Other Services for Young People & School Related Services	17.6	-13.2	4.4	-0.2	0.0
Pupil & Student Transport Services**	34.2	-3.7	30.5	2.8	-0.2
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	0.0
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	-0.9	-0.1
<b>Sub Total E&amp;YP directorate</b>	<b>272.4</b>	<b>-206.5</b>	<b>65.9</b>	<b>1.0</b>	<b>-0.5</b>
<b><u>Social Care, Health &amp; Wellbeing</u></b>					
Learning Disability Adult Services**	156.9	-12.4	144.5	3.0	0.2
Physical Disability Adult Services	36.2	-4.2	32.0	-1.1	-0.4
Mental Health Adult Services	13.8	-1.7	12.2	2.9	0.1
Older People Adult Services**	169.5	-81.9	87.6	3.8	-0.1
Adult & Older People Preventative & Other Services	66.1	-20.8	45.3	-7.6	0.0
Adult's Assessment & Safeguarding Staffing	43.8	-6.3	37.5	-2.2	-0.1
Children in Care (Looked After) Services**	59.8	-7.5	52.3	3.5	-0.1
Adoption & Other Permanent Children's Arrangements	11.6	-0.1	11.5	1.1	-0.2
Family Support & Other Children Services	25.1	-6.8	18.2	-0.1	0.0
Asylum Seekers**	46.5	-46.0	0.6	1.7	-0.2
Children's Assessment Staffing**	51.5	-9.7	41.8	1.2	-0.1
Public Health	78.7	-77.4	1.3	-1.7	-0.4
<i>Transfer to/from Public Health Reserve</i>	-1.3	0.0	-1.3	1.7	0.4
SCH&W Management & Support Services	16.7	-1.1	15.6	-1.2	-0.1
<b>Sub Total SCH&amp;W directorate</b>	<b>774.9</b>	<b>-276.0</b>	<b>498.9</b>	<b>4.9</b>	<b>-0.9</b>

## Appendix 1

	Cash Limit			Variance	Movement
	Gross	Income	Net	Net	Net
	£m	£m	£m	£m	£m
<b>Growth, Environment &amp; Transport</b>					
Libraries Registrations & Archives	16.9	-6.0	11.0	-0.7	0.0
Environment	9.3	-5.4	3.9	-0.3	0.0
Economic Development and Other Community Services	9.1	-3.8	5.3	0.1	-0.1
General Highways Maintenance & Emergency Response	9.5	-0.5	9.0	0.5	-0.4
Other Highways Maintenance & Management	31.3	-8.1	23.2	-1.2	0.3
Public Protection & Enforcement	11.1	-2.1	8.9	0.0	-0.1
Planning & Transport Strategy and Other Related Services (inc School Crossing Patrols)	4.6	-0.7	3.9	-0.2	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	0.0
Young Person's Travel Pass	14.4	-6.1	8.3	0.5	0.0
Waste Management	2.1	0.0	2.0	-0.2	0.0
Waste Processing**	29.8	-1.4	28.4	0.8	0.2
Treatment and Disposal of Residual Waste**	36.2	0.0	36.2	0.9	-0.1
GE&T Management & Support Services	4.1	-0.1	4.0	-0.2	0.0
<b>Sub Total GE&amp;T directorate</b>	<b>203.7</b>	<b>-36.5</b>	<b>167.2</b>	<b>-0.5</b>	<b>-0.3</b>
<b>Strategic &amp; Corporate Services</b>					
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	80.3	-43.2	37.1	0.6	0.0
Finance & Procurement	17.1	-6.2	10.8	-0.5	0.0
Engagement, Organisation Design & Development (HR, Comms & Engagement)	10.6	-1.0	9.6	-0.3	-0.1
Other Support to Front Line Services	16.1	-11.1	5.1	-0.2	-0.3
S&CS Management & Support Services	2.8	-5.2	-2.4	-0.1	-0.1
<b>Sub Total S&amp;CS directorate</b>	<b>137.8</b>	<b>-67.0</b>	<b>70.7</b>	<b>-0.6</b>	<b>-0.5</b>
<b>Financing Items</b>	<b>135.0</b>	<b>-17.2</b>	<b>117.9</b>	<b>-4.3</b>	<b>-0.2</b>
<b>TOTAL KCC (Excluding Schools)</b>	<b>1,523.8</b>	<b>-603.2</b>	<b>920.6</b>	<b>0.5</b>	<b>-2.4</b>

\*\*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.*

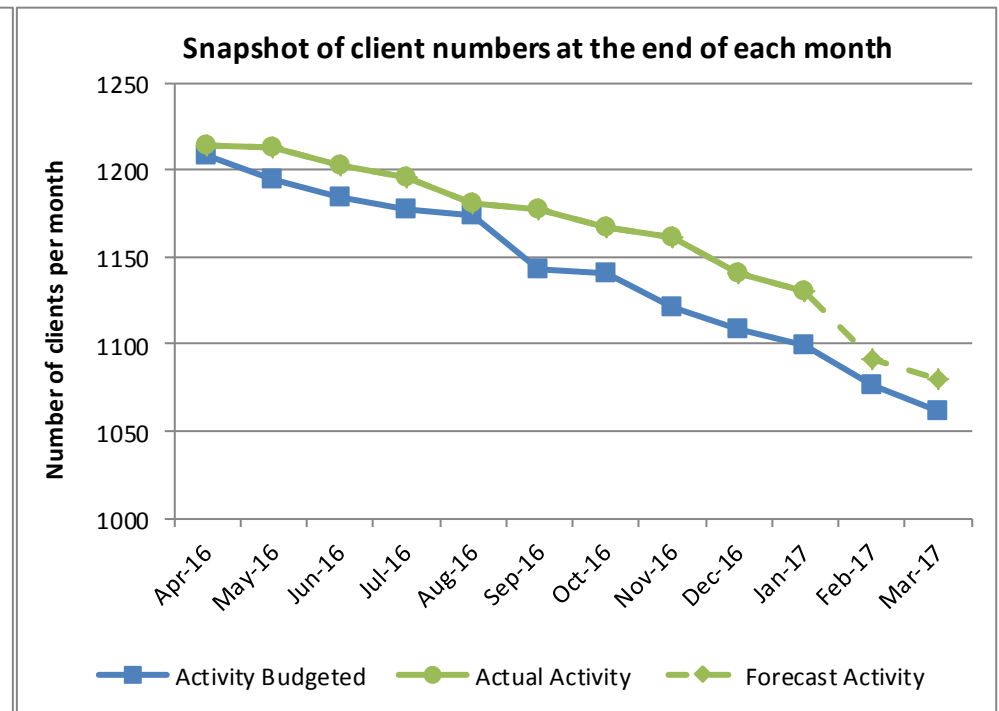
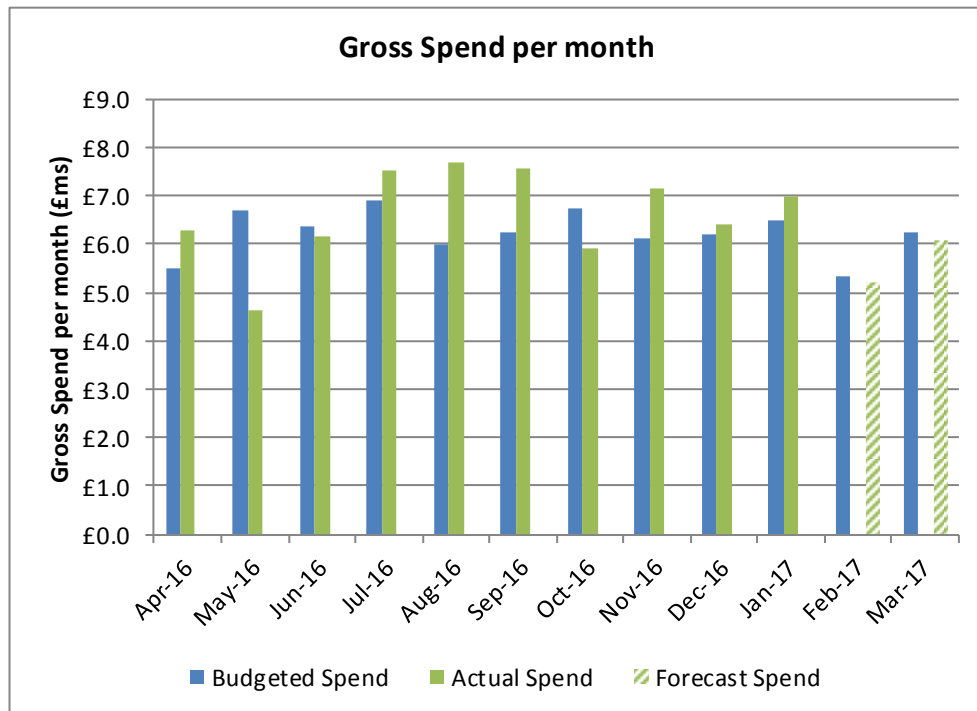
## Appendix 2.1: Nursing & Residential Care - Learning Disability (aged 18+)

<b>2016-17 Total Forecast</b>	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£74.9	-£6.1	£68.8	1,062
Forecast	£77.6	-£6.1	£71.5	1,080
Variance	£2.7	-£0.0	£2.7	18

<b>Position as at 31st Jan 2017</b>	Gross £m	Client Number as at 31/01/2017
Budget: Spend/Activity Year to Date	£63.4	1,099
Actual: Spend/Activity Year to Date	£66.4	1,130
Variance as at 31st Jan 2017	£3.0	31

### **MAIN REASONS FOR FORECAST VARIANCE:**

The gross forecast overspend of £2.7m is due to higher than anticipated demand (+£2.5m) and higher unit cost (+£0.6m), along with an allowance for net unrealised creditors based on previous years experience (-£0.4m). This leads to a net forecast overspend of £2.7m.



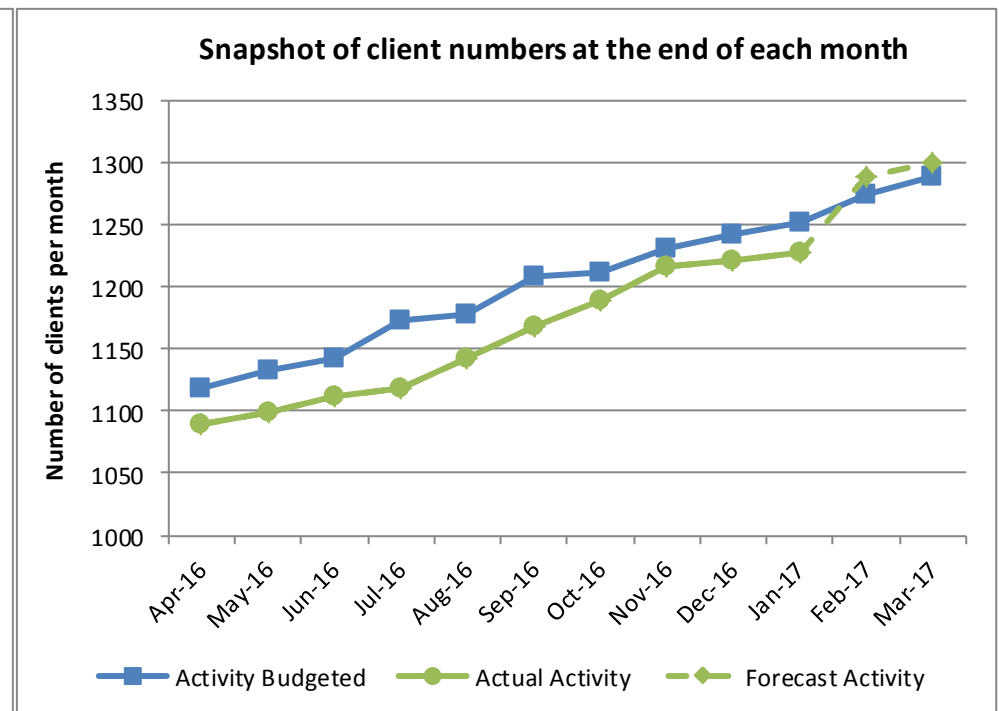
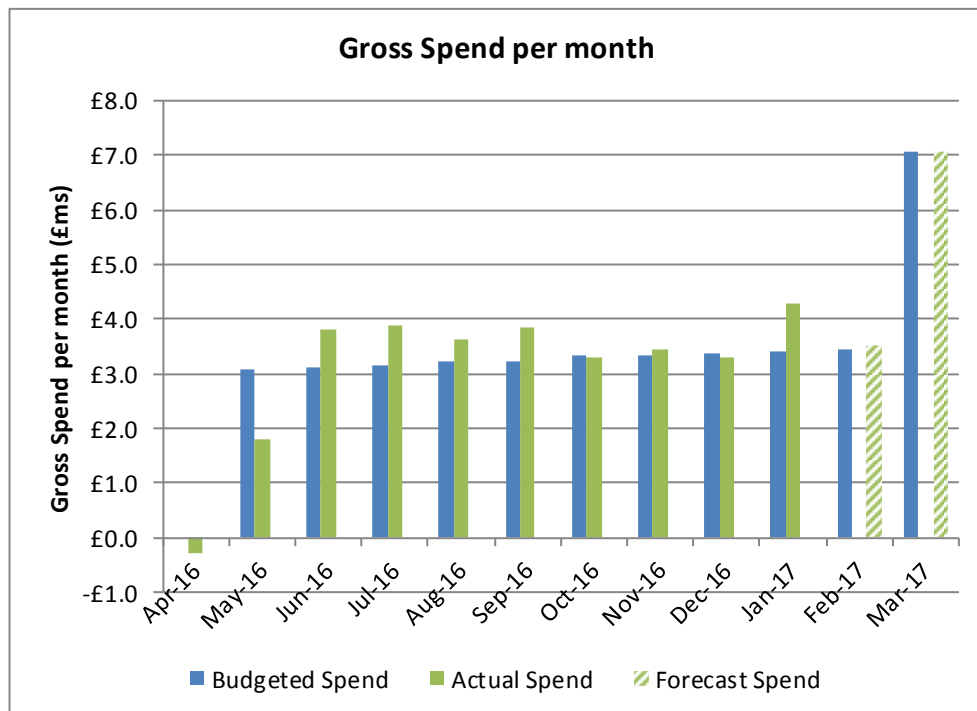
## Appendix 2.2: Supported Living - Learning Disability (aged 18+) - Other Commissioned Supported Living arrangements

<b>2016-17 Total Forecast</b>	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£39.7	-£0.2	£39.5	1,288
Forecast	£41.5	-£0.2	£41.3	1,300
Variance	£1.8	£0.0	£1.8	12

<b>Position as at 31st Jan 2017</b>	Gross £m	Client Number as at 31/01/2017
Budget: Spend/Activity Year to Date	£29.2	1,252
Actual: Spend/Activity Year to Date	£31.0	1,228
Variance as at 31st Jan 2017	£1.7	-24

### **MAIN REASONS FOR FORECAST VARIANCE:**

The forecast pressure of +£1.8m is due to higher than anticipated demand (+£3.1m) 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 +£0.2m leads to an overall net variance of +£1.8m.



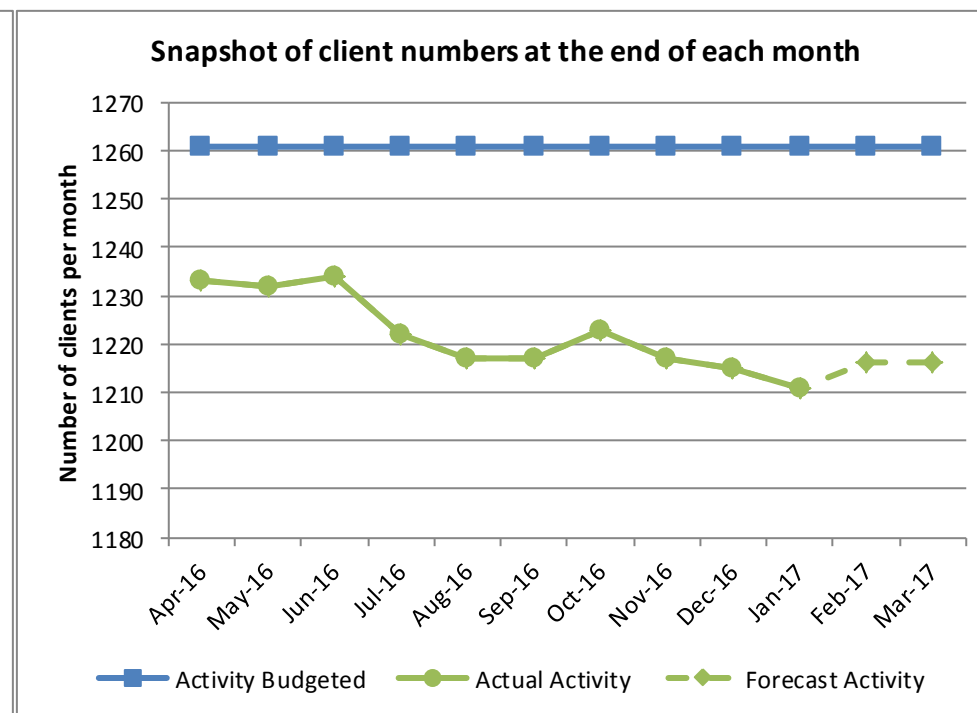
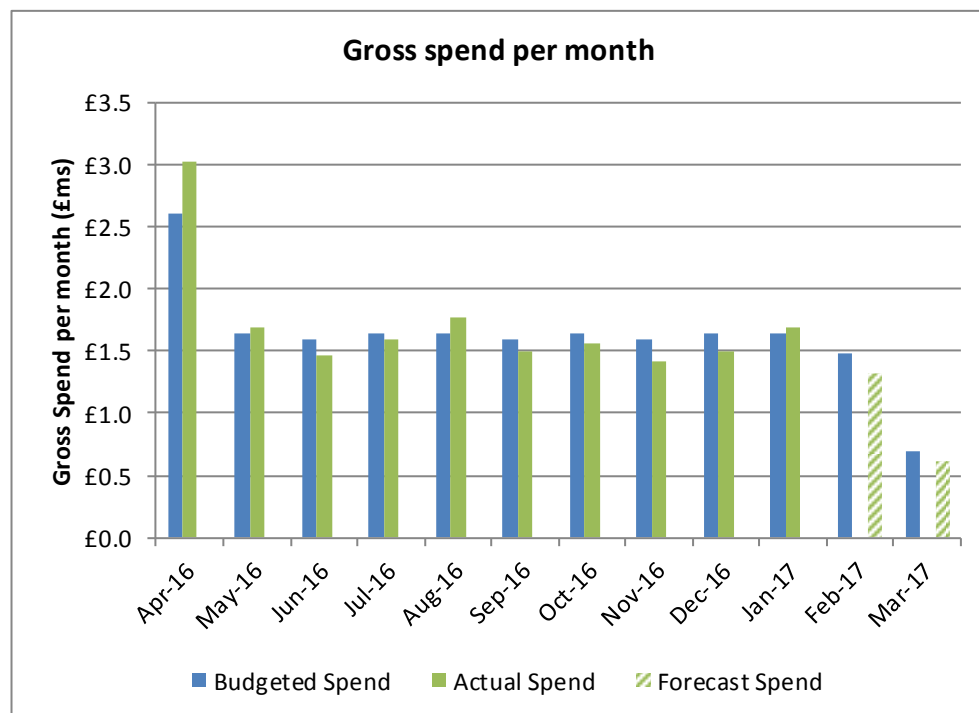
### Appendix 2.3: Direct Payments - Learning Disability (aged 18+)

<b>2016-17 Total Forecast</b>	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£19.4	-£1.0	£18.5	1,261
Forecast	£19.1	-£0.9	£18.2	1,216
Variance	-£0.3	£0.0	-£0.2	-45

<b>Position as at 31st Jan 2017</b>	Gross £m	Client Number as at 31/01/2017
Budget: Spend/Activity Year to Date	£17.2	1,261
Actual: Spend/Activity Year to Date	£17.2	1,211
Variance as at 31st Jan 2017	£0.0	-50

#### **MAIN REASONS FOR FORECAST VARIANCE:**

The gross forecast underspend of -£0.3m can be partly attributed to lower than anticipated demand (-£0.7m) and higher unit cost (+£0.4m). In addition one-off direct payments (+£1.0m) 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 (-£1.3m).



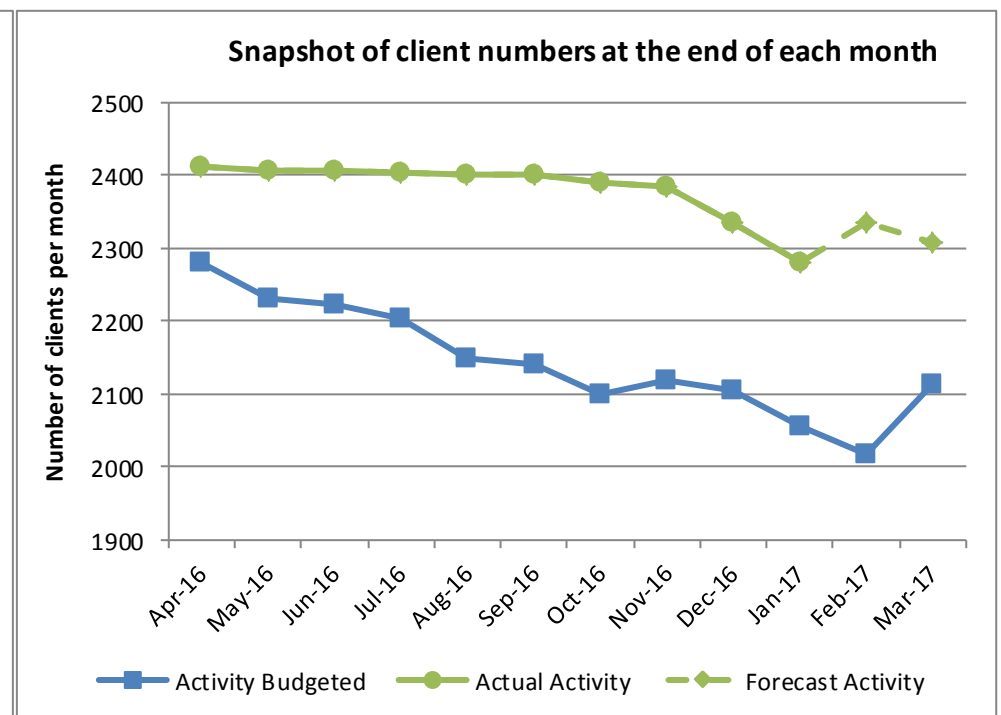
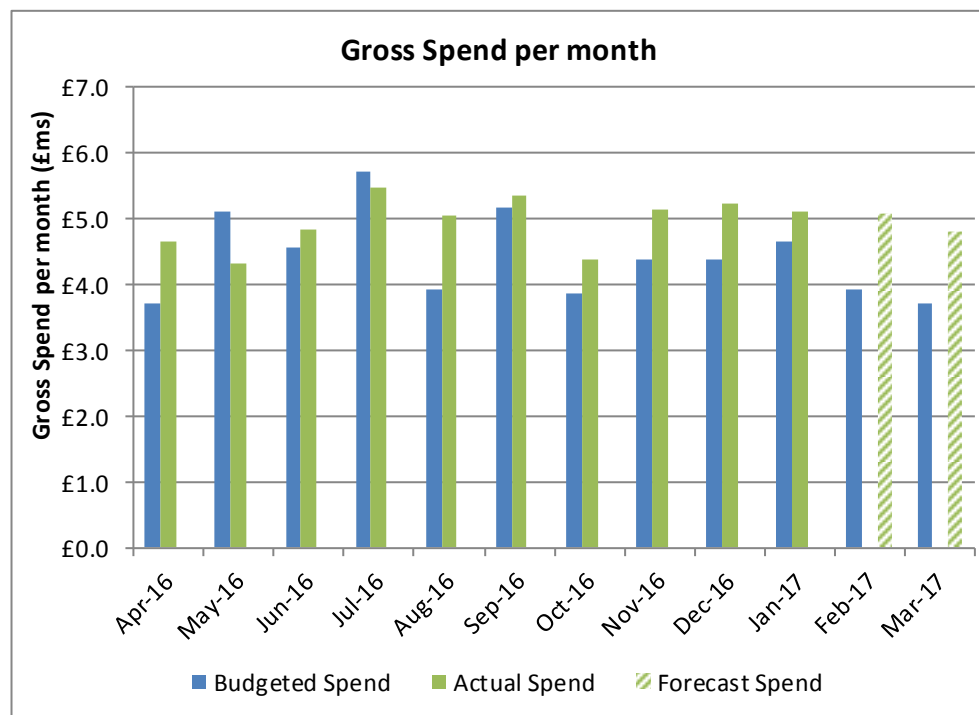
## Appendix 2.4: Nursing & Residential Care - Older People (aged 65+) - Residential - Commissioned service

<b>2016-17 Total Forecast</b>	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£53.1	£-27.8	£25.4	2,112
Forecast	£59.5	£-29.6	£29.9	2,307
Variance	£6.4	£-1.9	£4.5	195

<b>Position as at 31st Jan 2017</b>	Gross £m	Client Number as at 31/01/2017
Budget: Spend/Activity Year to Date	£45.5	2,055
Actual: Spend/Activity Year to Date	£49.6	2,279
Variance as at 31st Jan 2017	£4.1	224

### **MAIN REASONS FOR FORECAST VARIANCE:**

The gross forecast pressure of +£6.4m is due to higher than anticipated demand (+£5.1m) and higher unit cost (+£1.0m) and net old year spend of £0.2m. This is partially offset by higher than expected service user contributions (-£1.9m) linked to the higher demand (-£2.4m) and a lower average contribution per service user (+£0.5m) leading to a net forecast pressure of +£4.5m.



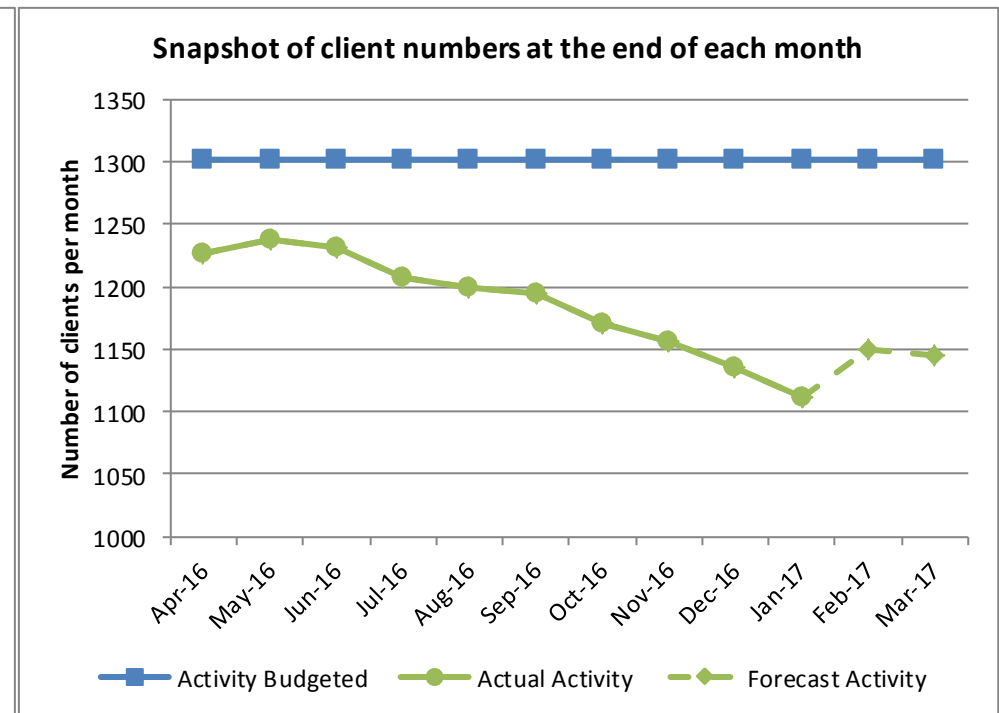
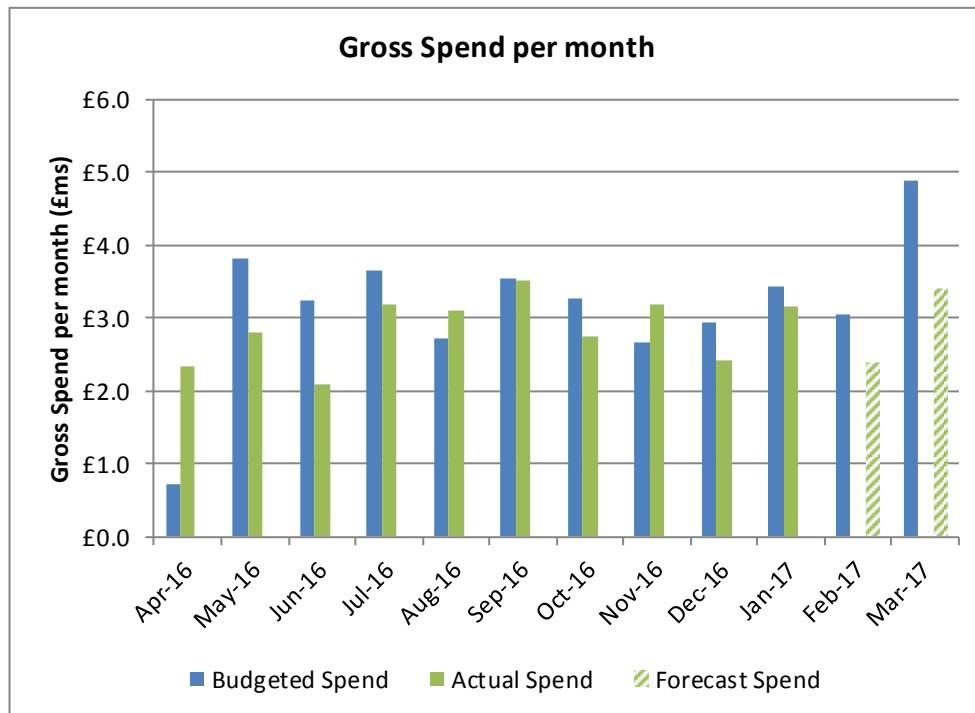
## Appendix 2.5: Nursing & Residential Care - Older People (aged 65+) - Nursing

<b>2016-17 Total Forecast</b>	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	-£13.2	£21.1	1,145
Variance	-£3.7	£1.5	-£2.2	-156

<b>Position as at 31st Jan 2017</b>	Gross £m	Client Number as at 31/01/2017
Budget: Spend/Activity Year to Date	£30.0	1,301
Actual: Spend/Activity Year to Date	£28.5	1,112
Variance as at 31st Jan 2017	-£1.5	-189

### **MAIN REASONS FOR FORECAST VARIANCE:**

The gross forecast underspend of -£3.7m is due to lower than anticipated demand (-£3.0m) 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 (+£1.1m) and a lower average contribution per service user (+£0.4m) leading to a net forecast underspend of -£2.2m.



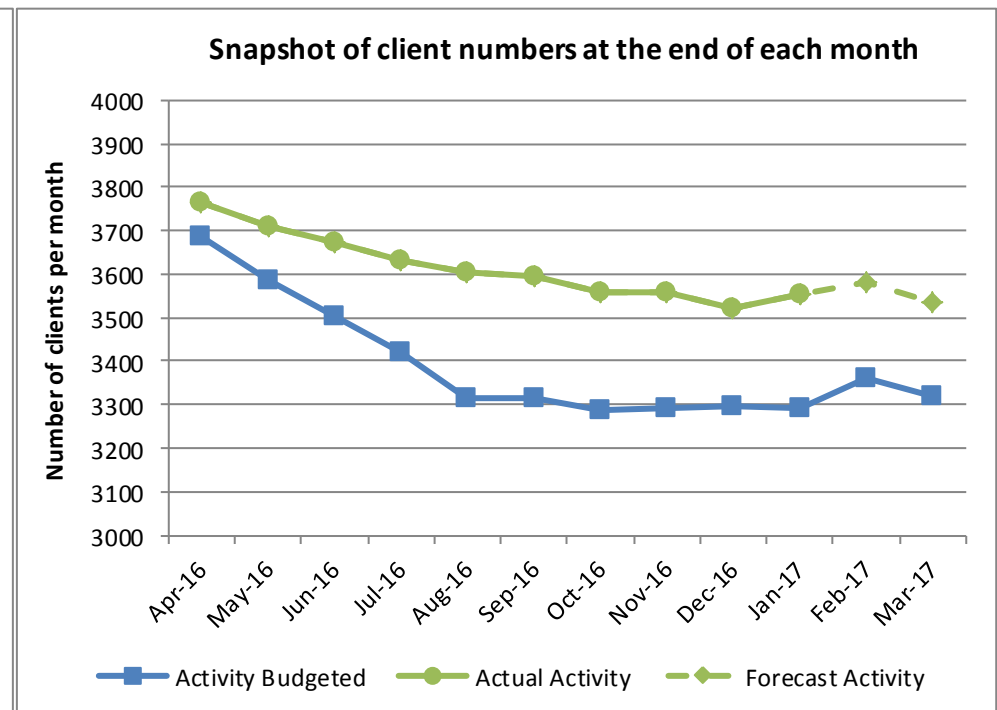
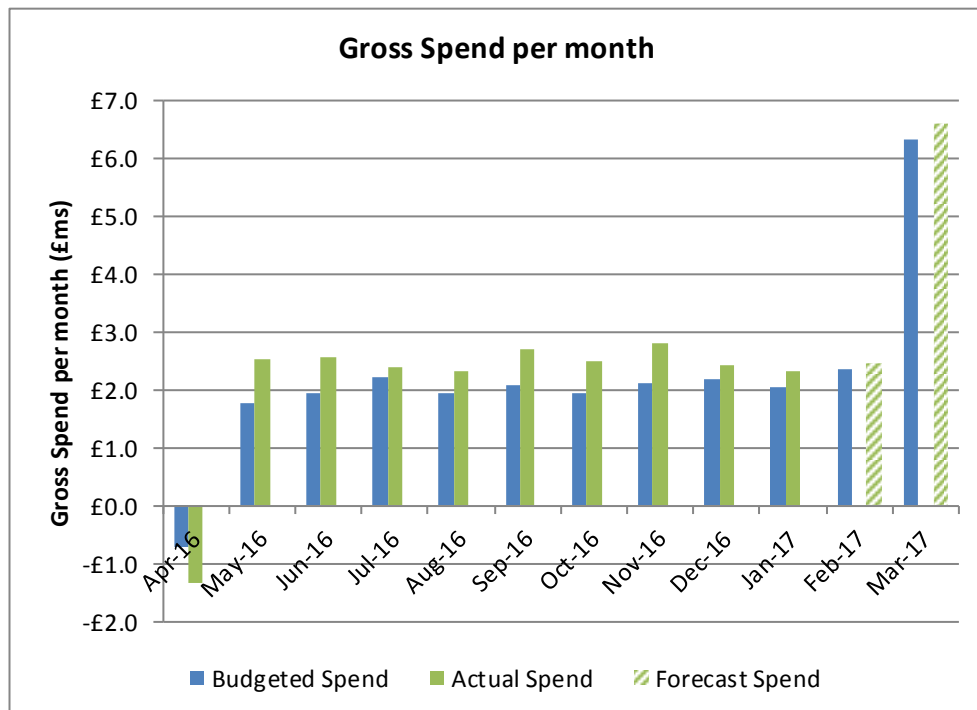
## Appendix 2.6: Domiciliary Care - Older People (aged 65+) - Commissioned service

<b>2016-17 Total Forecast</b>	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£26.2	-£10.2	£16.0	3,321
Forecast	£30.3	-£10.2	£20.1	3,534
Variance	£4.1	£0.0	£4.1	213

<b>Position as at 31st Jan 2017</b>	Gross £m	Client Number as at 31/01/2017
Budget: Spend/Activity Year to Date	£17.5	3,290
Actual: Spend/Activity Year to Date	£21.2	3,554
Variance as at 31st Jan 2017	£3.7	264

### **MAIN REASONS FOR FORECAST VARIANCE:**

The gross forecast pressure of +£4.1m is due to higher than anticipated demand (+£2.6m) 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 +£1.2m, leading to a net forecast pressure of +£4.1m.





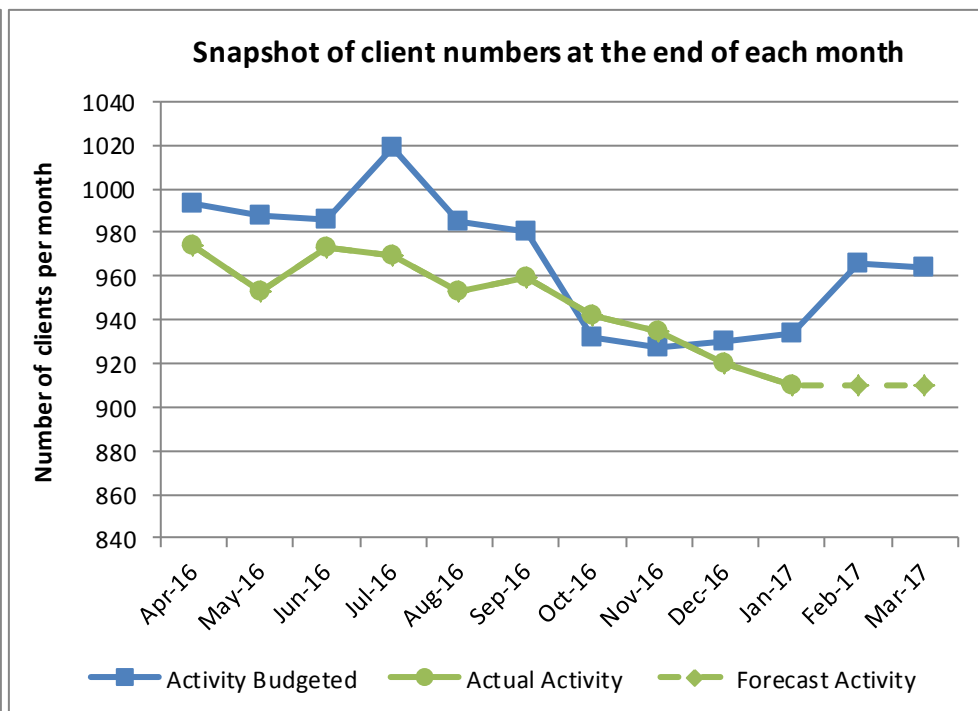
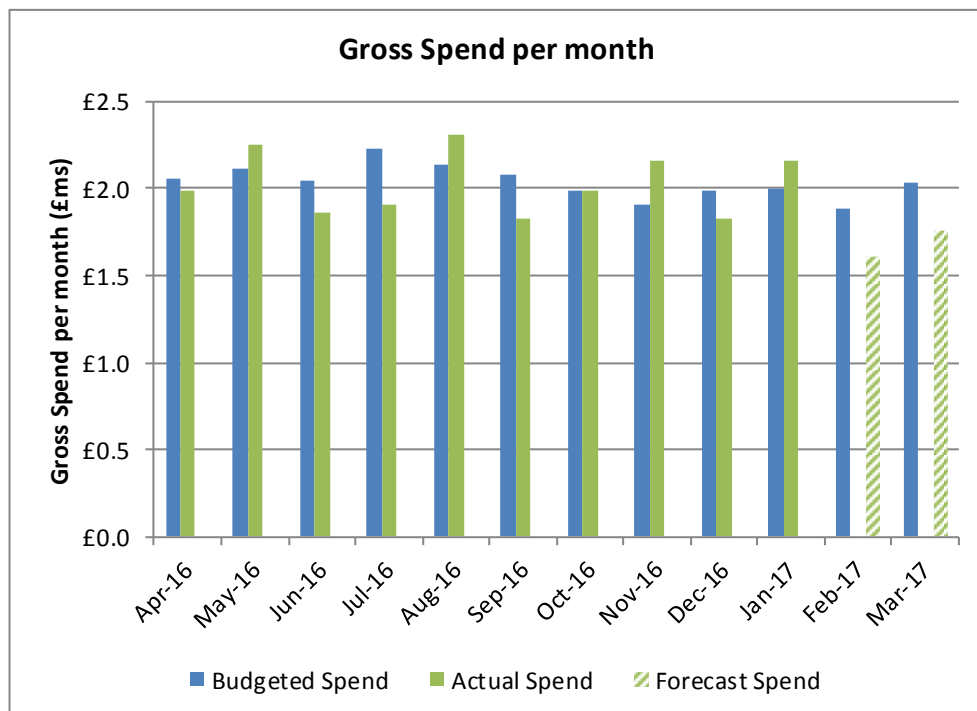
## Appendix 2.7: Children in Care (Looked After) - Fostering - In house service

<b>2016-17 Total Forecast</b>	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£24.4	-£0.5	£24.0	964
Forecast	£23.6	-£0.2	£23.4	910
Variance	-£0.8	£0.3	-£0.6	-54

<b>Position as at 31st Jan 2017</b>	Gross £m	Client Number as at 31/01/2017
Budget: Spend/Activity Year to Date	£20.5	934
Actual: Spend/Activity Year to Date	£20.3	910
Variance as at 31st Jan 2017	-£0.3	-24

### **MAIN REASONS FOR FORECAST VARIANCE:**

The gross forecast underspend of -£0.8m is due to lower than anticipated demand (-£0.4m) 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 -£0.6m.



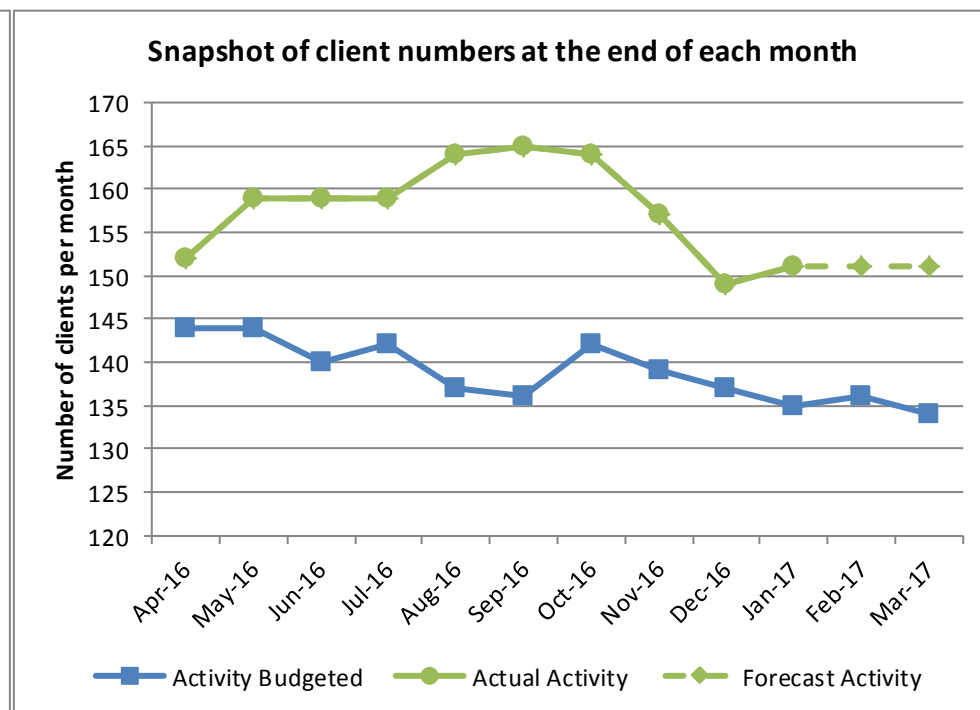
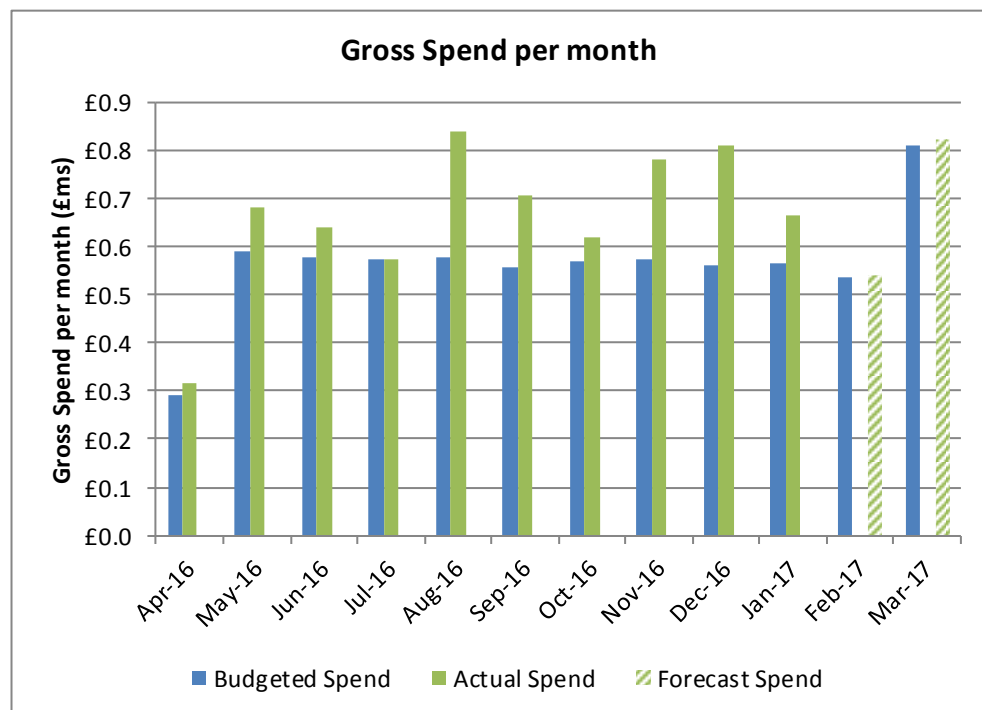
## Appendix 2.8: Children in Care (Looked After) - Fostering - Commissioned from Independent Fostering Agencies

<b>2016-17 Total Forecast</b>	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	151
Variance	£1.2	£0.0	£1.2	17

<b>Position as at 31st Jan 2017</b>	Gross £m	Client Number as at 31/01/2017
Budget: Spend/Activity Year to Date	£5.4	135
Actual: Spend/Activity Year to Date	£6.6	151
Variance as at 31st Jan 2017	£1.2	16

### MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£1.2m is due to higher than anticipated demand (+£0.9m) and higher unit cost (+£0.3m).



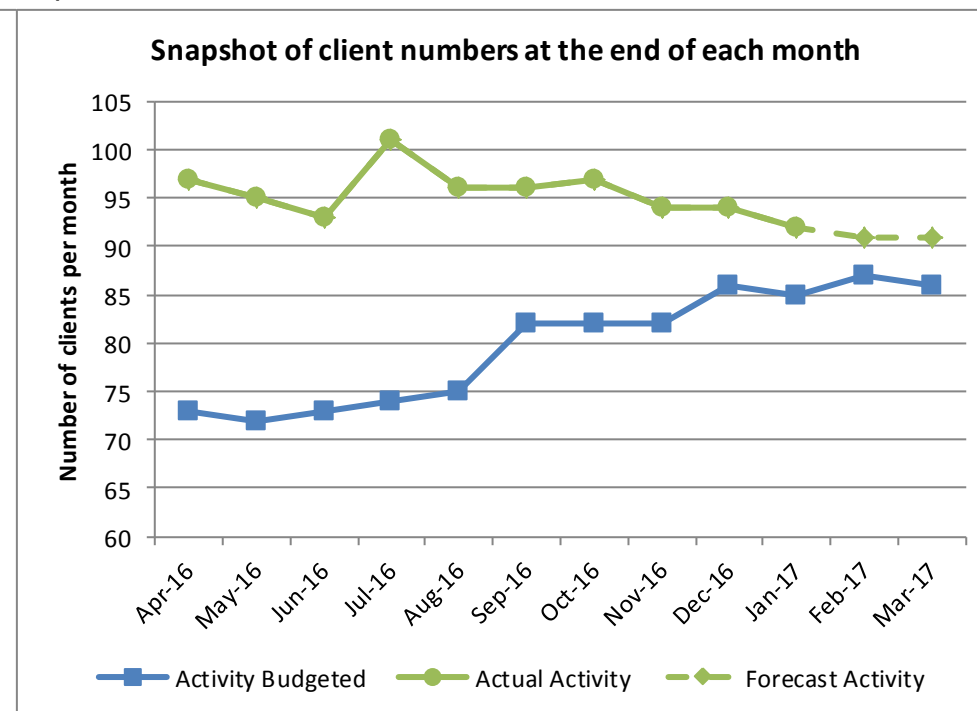
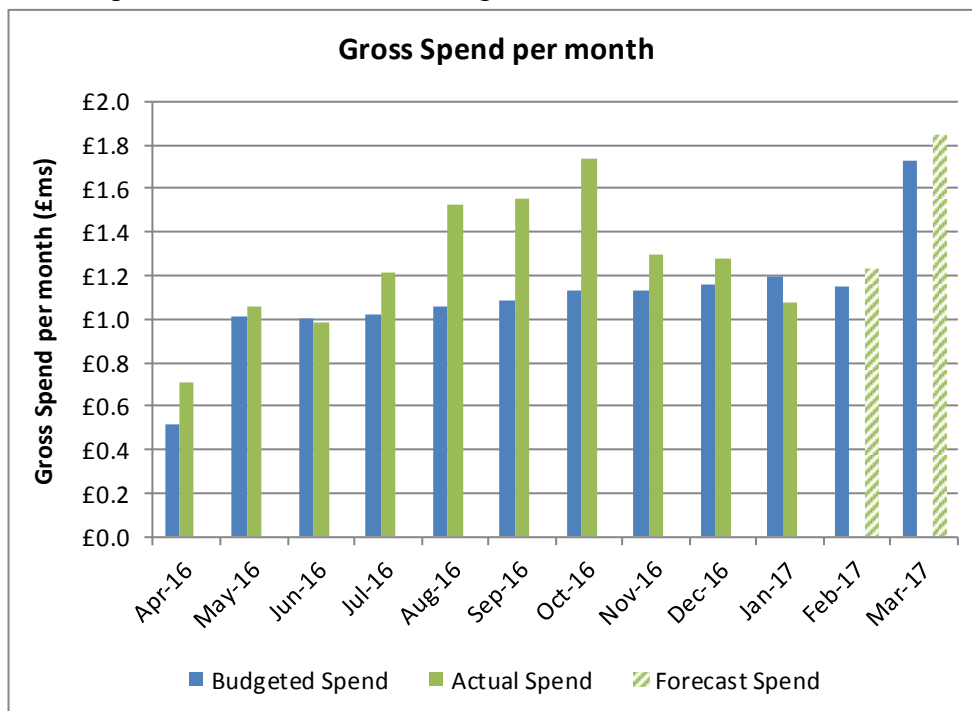
## Appendix 2.9: Children in Care (Looked After) - Residential Children's Services - Commissioned from Independent Sector

<b>2016-17 Total Forecast</b>	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£13.2	-£2.3	£10.9	86
Forecast	£15.5	-£2.1	£13.4	91
Variance	£2.3	£0.2	£2.6	5

<b>Position as at 31st Jan 2017</b>	Gross £m	Client Number as at 31/01/2017
Budget: Spend/Activity Year to Date	£10.3	85
Actual: Spend/Activity Year to Date	£12.4	92
Variance as at 31st Jan 2017	£2.1	7

### **MAIN REASONS FOR FORECAST VARIANCE:**

The gross forecast pressure of +£2.3m is due to higher than anticipated demand (+£2.2m) 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 +£0.2m 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 +£2.6m.



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

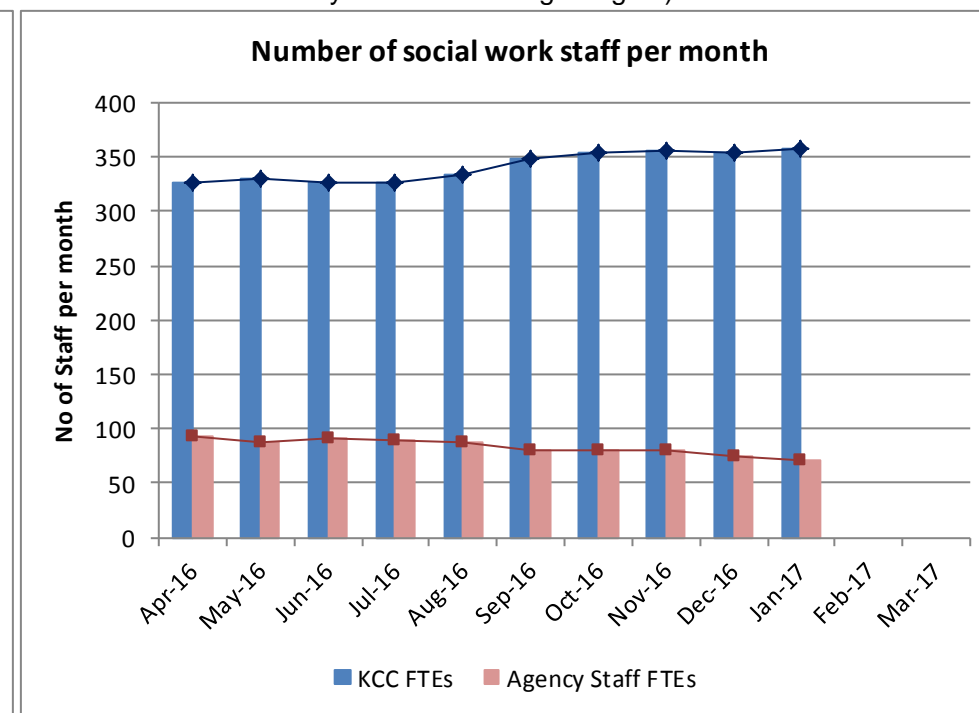
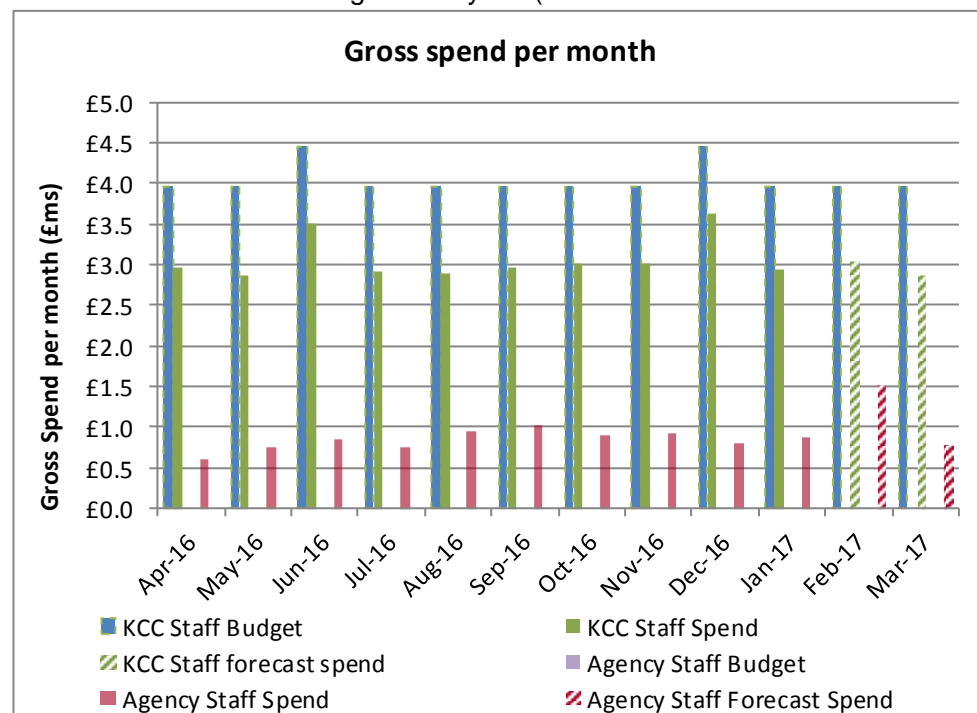
<b>2016-17 Forecast</b>	KCC £m	Agency £m	Gross £m
Budget	£48.5	£0.0	£48.5
Forecast	£36.6	£10.7	£47.3
Variance	-£11.9	£10.7	-£1.2

<b>as at 31/01/17</b>	KCC £m	Agency £m	Gross £m
YTD Budget	£40.6	£0.0	£40.6
YTD Spend	£30.7	£8.4	£39.1
YTD Variance	-£9.9	£8.4	-£1.4

<b>Staff numbers</b>	KCC FTEs	Agency Nos
as at 31/03/16	334.6	88.6
as at 31/01/17	356.6	70.0
YTD Movement	22.0	-18.6

### **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 £1.2m 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 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).

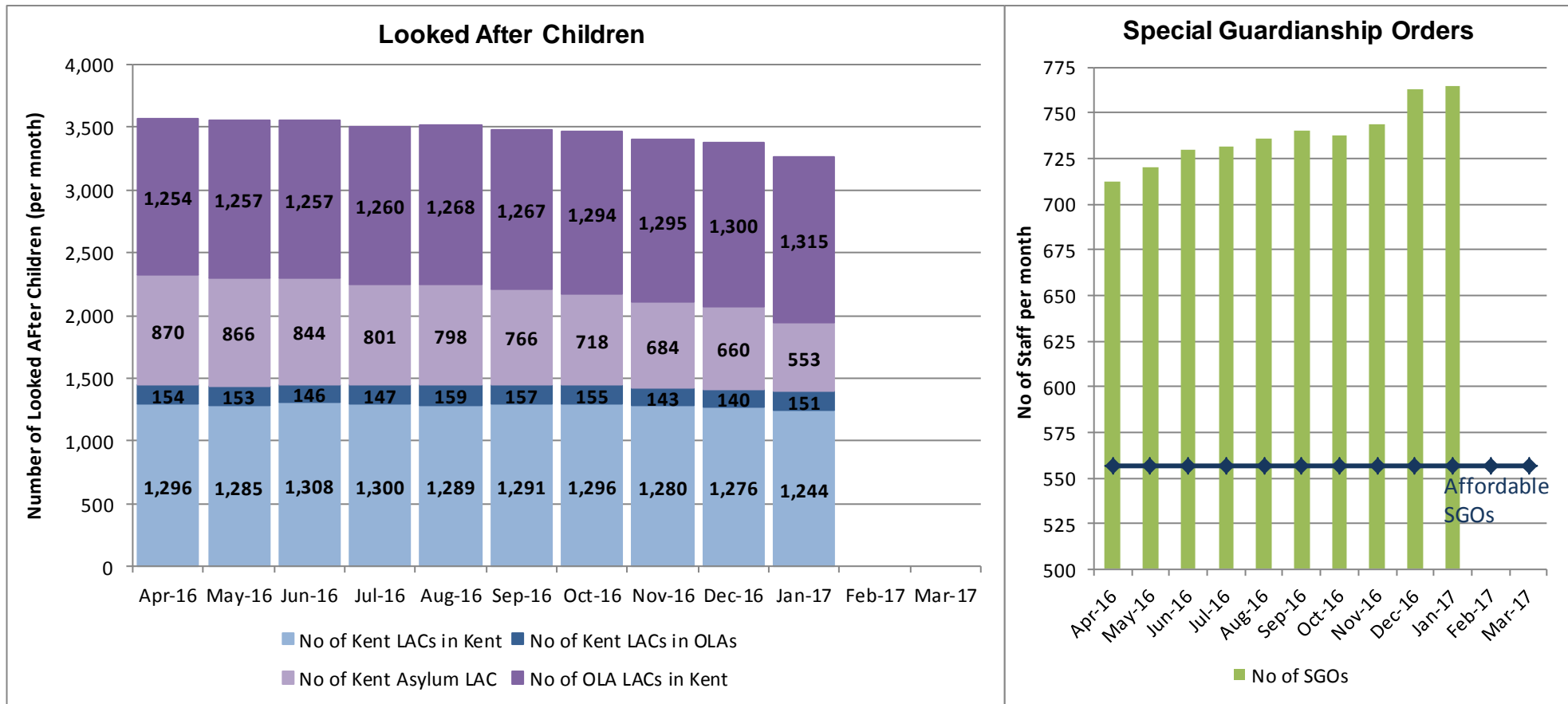


## Appendix 2.11: Number of Looked After Children and Number of Special Guardianship Orders (SGOs) with Costs

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.



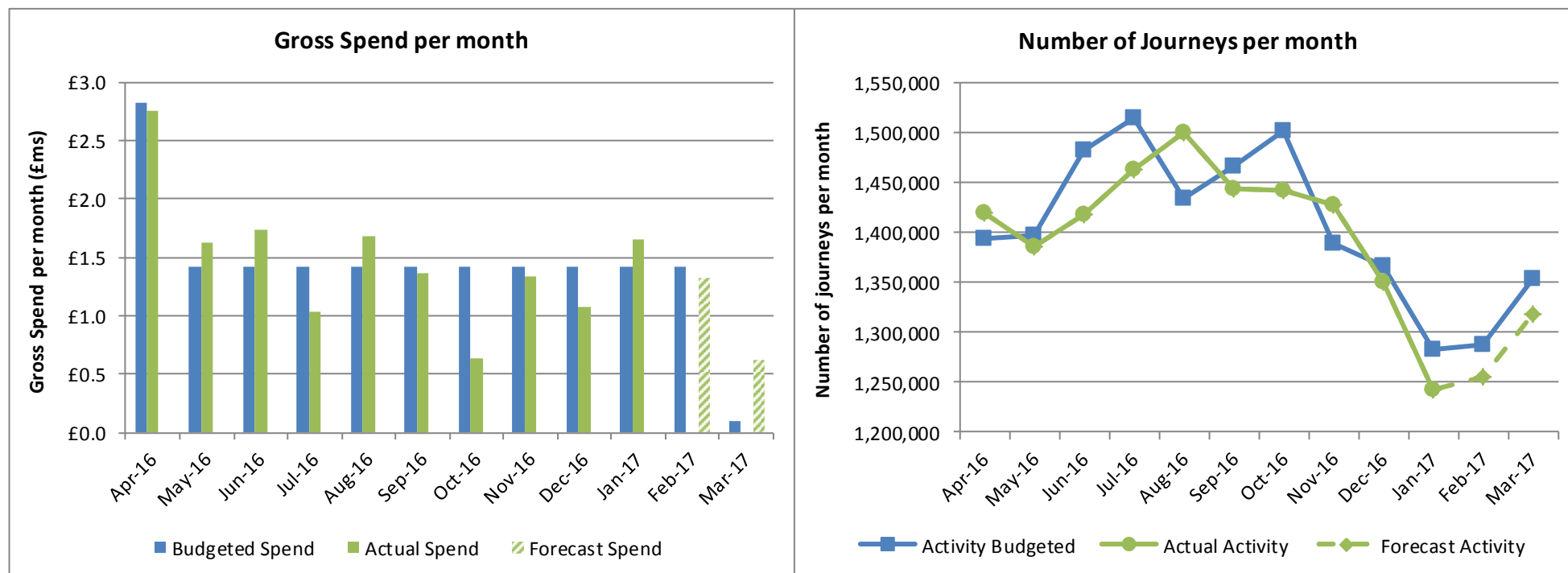
## Appendix 2.12: Transport Services - Concessionary fares

<b>2016-17 Total Forecast</b>	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	16,667,218
Variance	-£0.3	-£0.0	-£0.3	-200,186

<b>Position as at 31st Jan 2017</b>	Gross £m	No of journeys to 31/01/2017
Budget: Spend/Activity Year to Date	£15.6	14,226,302
Actual: Spend/Activity Year to Date	£14.9	14,093,723
Variance as at 31st Dec 2016	-£0.7	-132,579

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



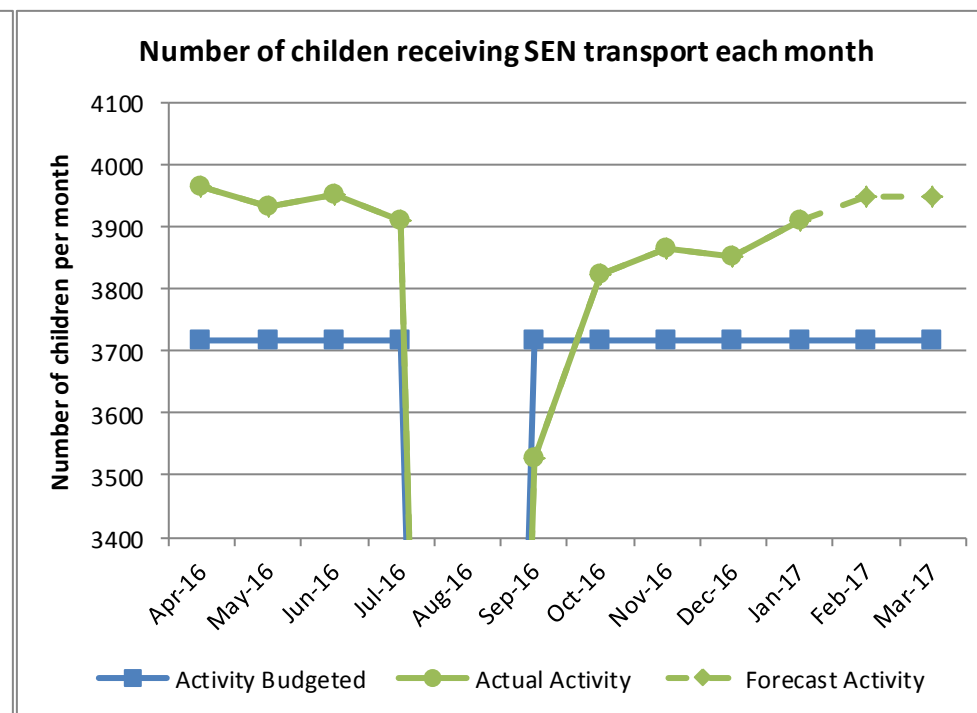
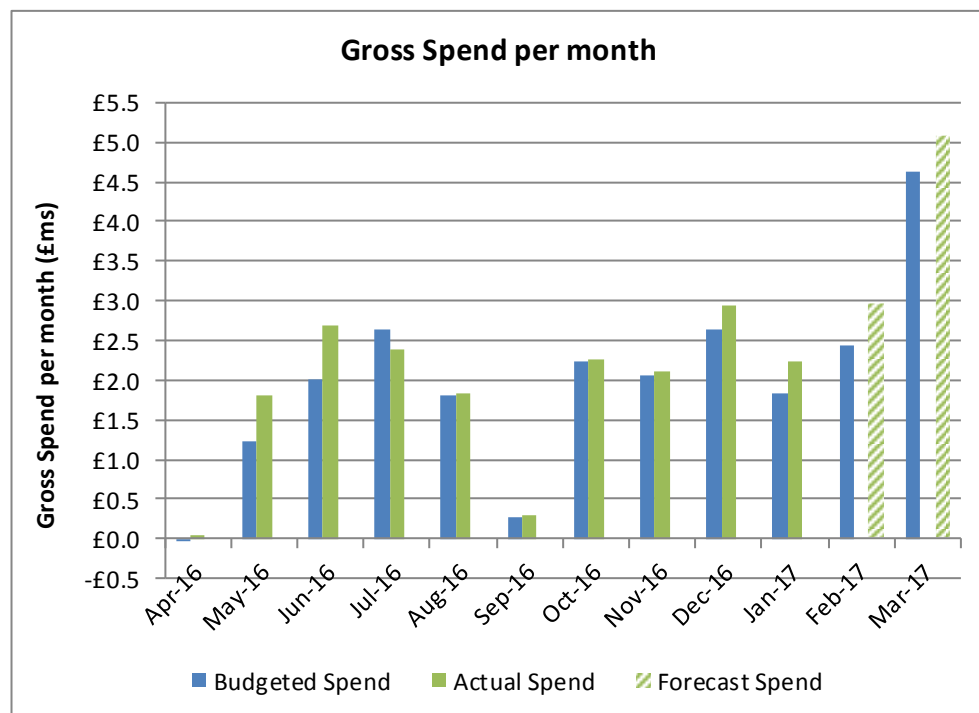
## Appendix 2.13: Transport Services - Home to School / College Transport (Special Education Needs)

<b>2016-17 Total Forecast</b>	Gross £m	Income £m	Net £m	No of pupils as at 31/03/2017
Budget	£23.8	-£0.8	£23.0	3,717
Forecast	£26.6	-£1.0	£25.6	3,950
Variance	£2.9	-£0.2	£2.6	233

<b>Position as at 31st Jan 2017</b>	Gross £m	No of pupils as at 31/01/2017
Budget: Spend/Activity Year to Date	£16.7	3,717
Actual: Spend/Activity Year to Date	£18.6	3,911
Variance as at 31st Jan 2017	£1.9	194

### **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 (+£0.9m) and higher unit cost (+£1.9m). 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, -£0.1m cessation of payment to PRUs, -£0.2m delay in implementation of new software system and -£0.1m other minor variances. In addition there is a -£0.2m income variance relating to increased recoupment income.



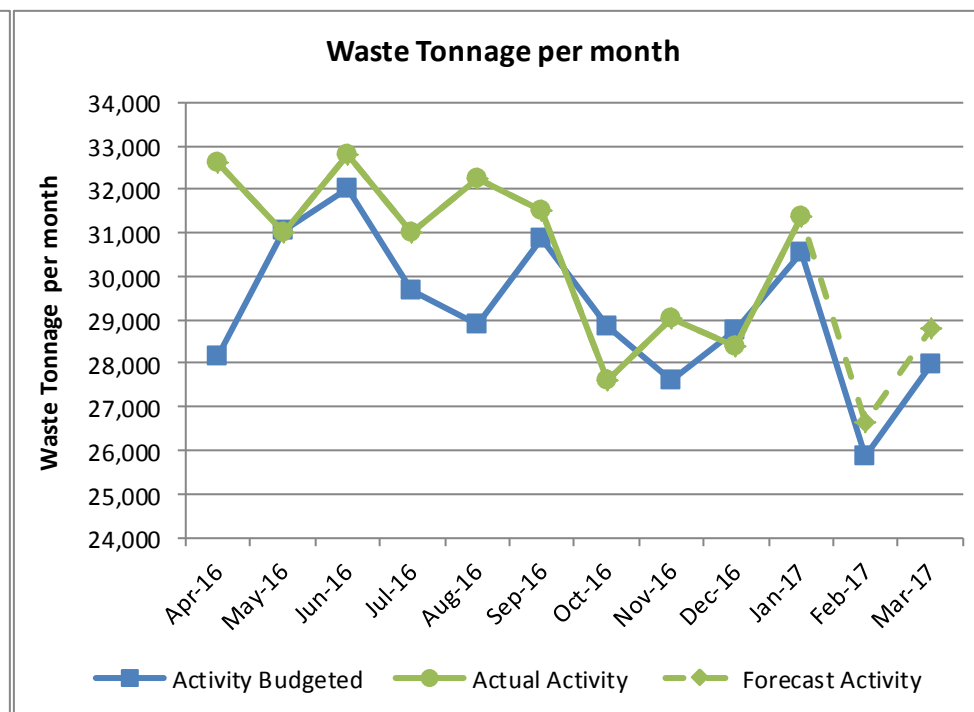
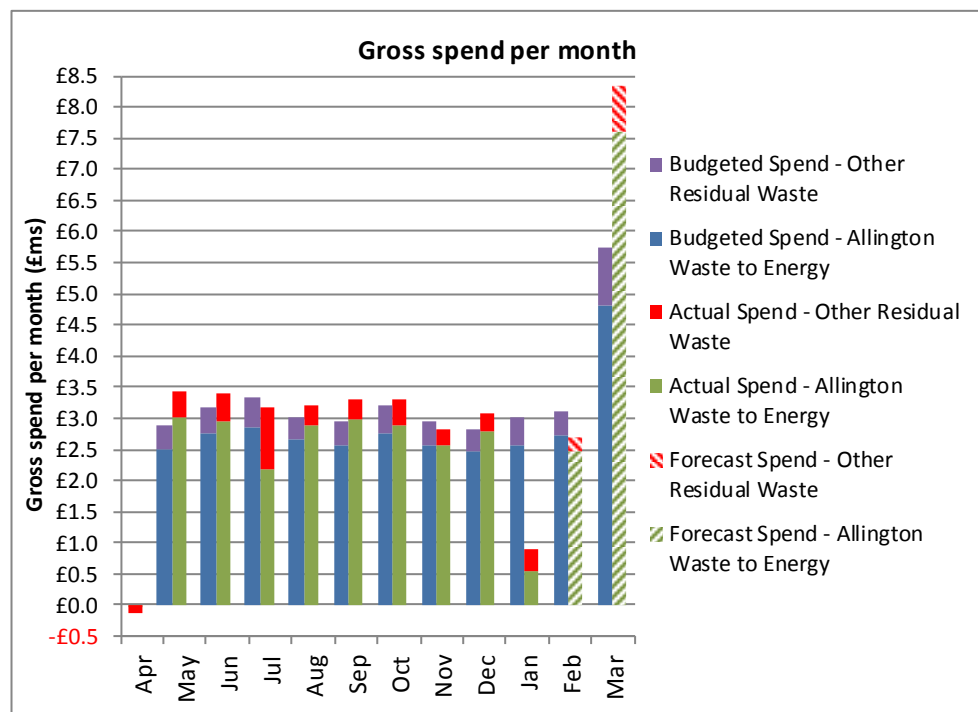
## Appendix 2.14: Treatment and disposal of residual waste

<b>2016-17 Total Forecast</b>	Gross £m	Income £m	Net £m	Waste Tonnage to 31/03/2017
Budget	£36.2	£0.0	£36.2	350,200
Forecast	£37.5	-£0.4	£37.1	362,954
Variance	£1.3	-£0.4	£0.9	12,754

<b>Position as at 31st Jan 2017</b>	Gross £m	Waste Tonnage to 31/01/2017
Budget: Spend/Activity Year to Date	£27.3	296,389
Actual: Spend/Activity Year to Date	£26.4	307,512
Variance as at 31st Jan 2017	-£0.9	11,123

### MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£1.3m is due to higher than anticipated demand (+£1.3m), 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 (-£0.4m), from trade waste tonnes, leading to a net pressure of +£0.9m. The forecast is based on actual activity for April to December, with estimates for the remaining months; the division has recently received figures for January (included within graph below).





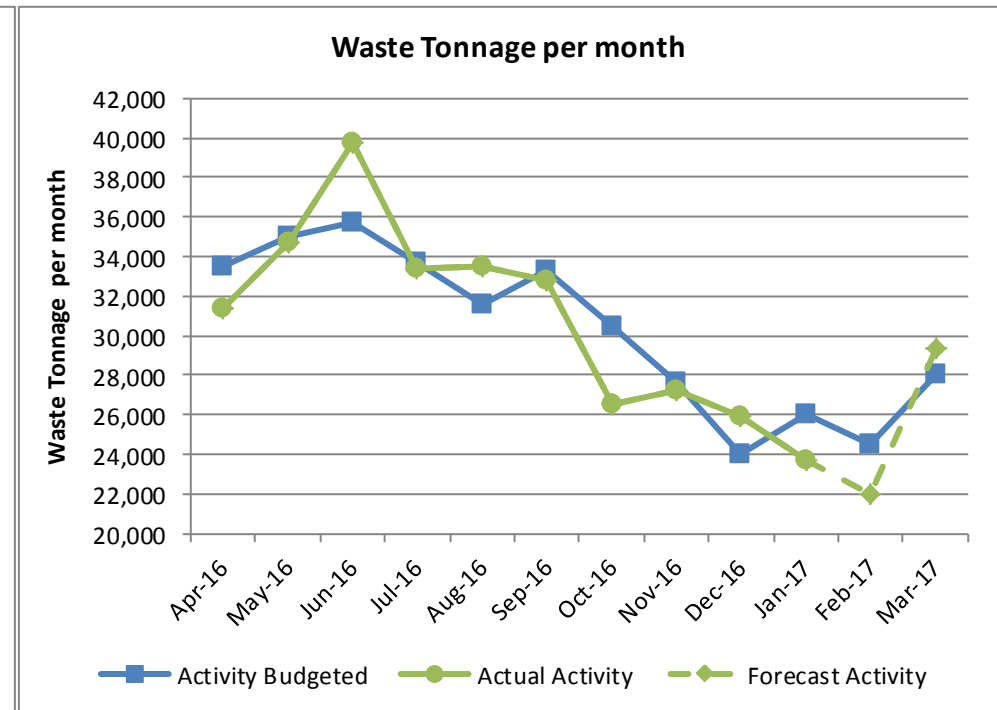
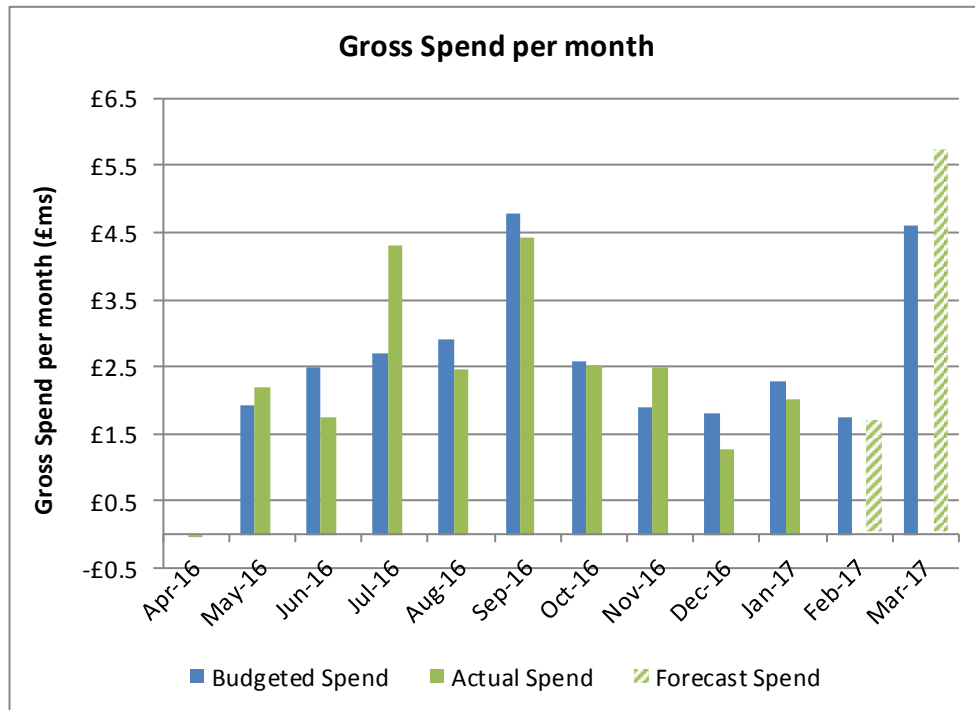
## Appendix 2.15: Waste Processing

<b>2016-17 Total Forecast</b>	Gross £m	Income £m	Net £m	Waste Tonnage to 31/03/2017
Budget	£29.8	-£1.4	£28.4	363,500
Forecast	£30.8	-£1.6	£29.2	360,330
Variance	£1.0	-£0.2	£0.8	-3,170

<b>Position as at 31st Jan 2017</b>	Gross £m	Waste Tonnage to 31/01/2017
Budget: Spend/Activity Year to Date	£23.4	310,995
Actual: Spend/Activity Year to Date	£23.4	308,997
Variance as at 31st Jan 2017	£0.0	-1,998

### **MAIN REASONS FOR FORECAST VARIANCE:**

The gross forecast pressure of +£1.0m is due higher than anticipated demand (+£0.2m) primarily for composting; the re-procurement of the dry recyclables contract (+£0.4m); 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 Income (-£0.2m) primarily from paper and card, reduces this to a net forecast pressure of +£0.8m. The forecast is based on actual activity to December, with estimates for the remaining months; the division has recently received figures for January (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)

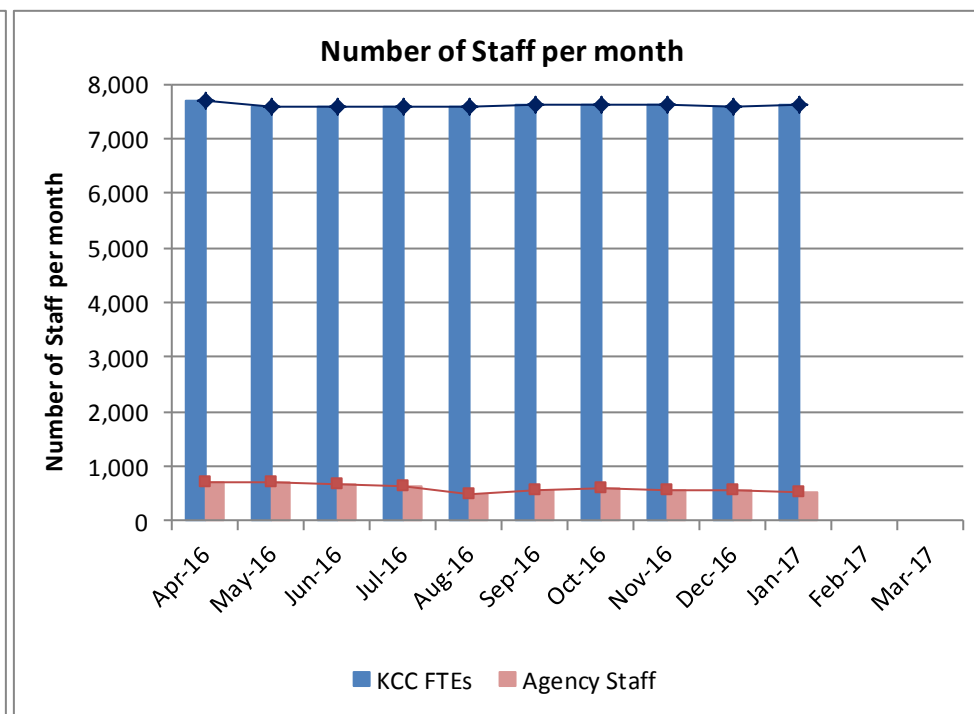
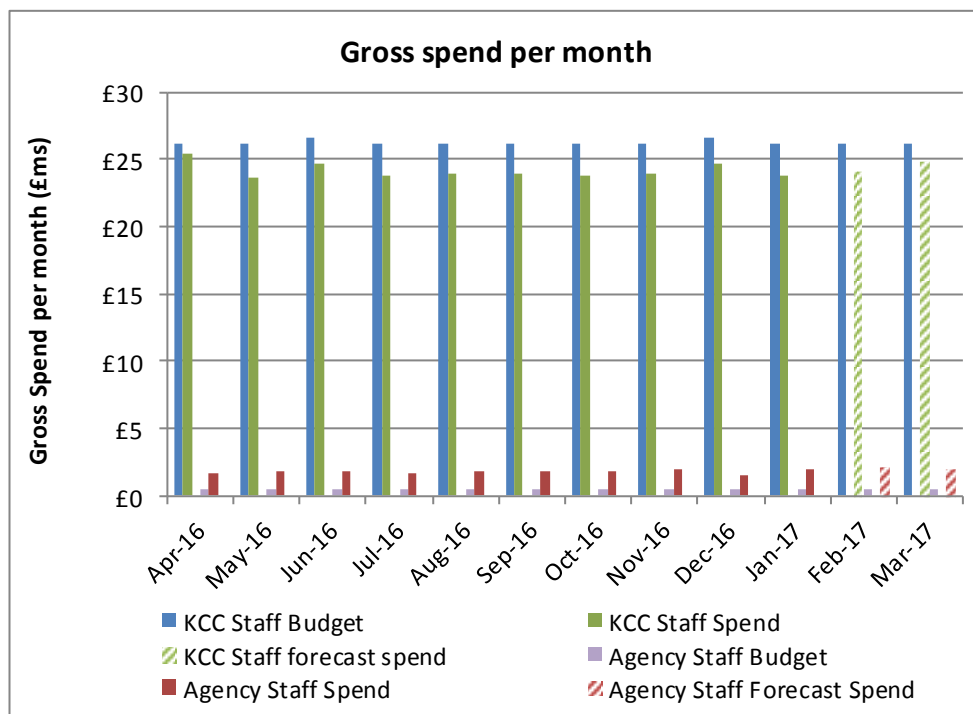
<b>2016-17 Forecast</b>	KCC £m	Agency £m	Gross £m
Budget	£314.1	£5.9	£320.0
Forecast	£290.6	£22.5	£313.1
Variance	-£23.5	£16.6	-£6.9

<b>as at 31 Jan 2017</b>	KCC £m	Agency £m	Gross £m
YTD Budget	£261.9	£4.9	£266.8
YTD Spend	£241.4	£18.0	£259.5
YTD Variance	-£20.5	£13.1	-£7.4

<b>Staff numbers</b>	KCC FTEs	Agency Nos
as at 31 Mar 2016	7,719.59	671
as at 31 Jan 2017	7,633.03	540
YTD Movement	-86.56	-131

### **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

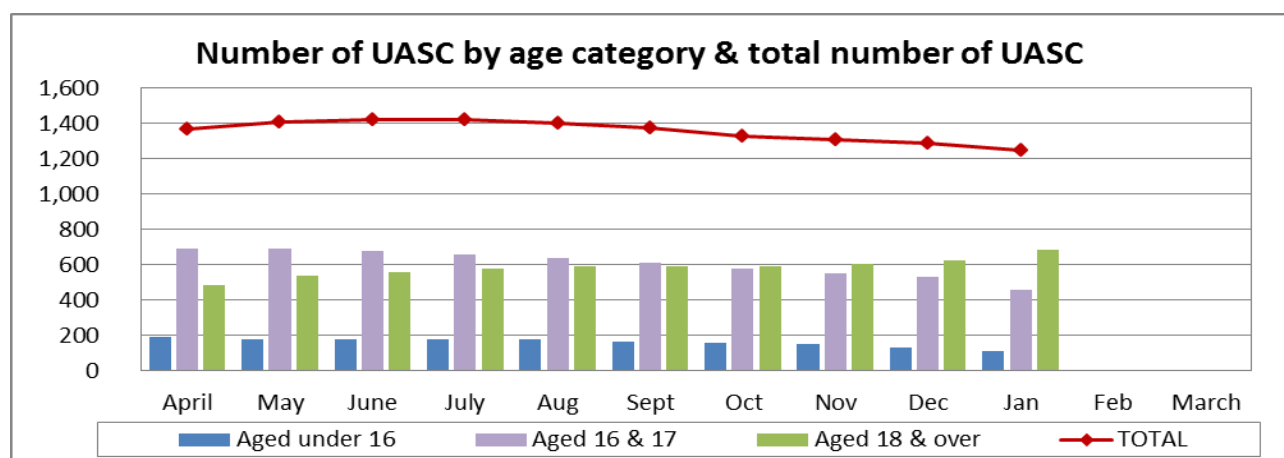
The current position is a forecast overspend of £1.7m as detailed below:

	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	-6.2	5.5	-0.7
Aged 16 & 17	25.0	-25.0	0.0	-4.9	5.9	1.0
Aged 18 & over (care leavers)	8.4	-7.9	0.6	-1.7	3.1	1.4
	<b>46.5</b>	<b>-46.0</b>	<b>0.6</b>	<b>-12.8</b>	<b>14.5</b>	<b>1.7</b>

The following tables exclude individuals being reunited with family under the Dublin III regulation who are awaiting pick up by relatives and are not Asylum seekers (so are not eligible under grant rules), but we are recharging for the time they use the Authority's services, so the authority should not face net costs.

#### 2. Number of UASC & Care Leavers by age category

	Aged under 16	Aged 16 & 17	Aged 18 & over	TOTAL
April	191	689	486	<b>1,366</b>
May	181	691	539	<b>1,411</b>
June	182	679	561	<b>1,422</b>
July	182	660	577	<b>1,419</b>
Aug	176	638	590	<b>1,404</b>
Sept	167	613	594	<b>1,374</b>
Oct	157	577	595	<b>1,329</b>
Nov	149	555	606	<b>1,310</b>
Dec	134	532	623	<b>1,289</b>
Jan	111	456	684	<b>1,251</b>
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.

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

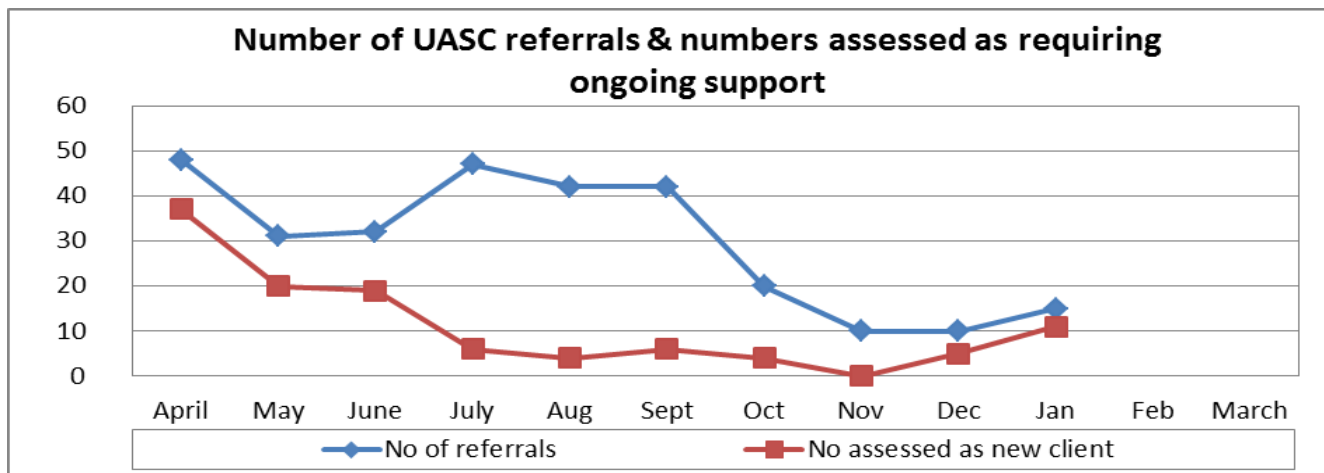
	Eligible Clients	of which AREs	Ineligible Clients	of which AREs	Total Clients	Total AREs
April	1,158	7	208	56	1,366	63
May	1,171	7	240	51	1,411	58
June	1,181	12	241	45	1,422	57
July	1,187	12	232	47	1,419	59
Aug	1,156	19	248	42	1,404	61
Sept	1,134	19	240	40	1,374	59
Oct	1,083	16	246	38	1,329	54
Nov	1,067	15	243	36	1,310	51
Dec	1,046	14	243	32	1,289	46
Jan	1,030	14	221	34	1,251	48
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.

**4. 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	4	10%
Sept	42	6	14%
Oct	20	4	20%
Nov	10	0	0%
Dec	10	5	50%
Jan	15	11	73%
Feb			
March			
<b>TOTAL</b>	<b>297</b>	<b>112</b>	<b>38%</b>



## 5. 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	7		7
Jan	9	4	13
Feb			0
March			0
<b>TOTAL</b>	<b>146</b>	<b>52</b>	<b>198</b>

The 146 new arrivals that have been dispersed since July are included within the referrals in table 4. 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.

**BACKGROUND PAPER – DECEMBER MONITORING REPORT**

By: Deputy Leader & Cabinet Member for Finance & Procurement, John Simmonds  
Corporate Director of Finance & Procurement, Andy Wood  
Corporate Directors

To: Corporate Directors & Cabinet Members (to distribute off-line as no suitable Cabinet meeting)

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

Classification: Unrestricted

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**1. SUMMARY**

- 1.1 This report provides the budget monitoring position up to 31st December 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
  - Appendix 4 – quarter 3 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 challenging 2017-18 budget position. This forecast revenue pressure of £2.791m (after Corporate Director adjustments), increasing to £5.218m 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 with our campaign to urge budget managers to be less guarded with their forecasting and question every pound of spend. As a result, the residual position is once again showing an improvement this month. All current anticipated management action is now included in the Corporate Directors adjustments reflected in this report. The only other 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 £1.865m from £5.218m to £3.353m. This compares to a residual pressure reflected in section 1.4 of the November monitoring report of £4.090m, so an underlying improvement of £0.737m this month. This predominately relates to improved positions within Adult Social Care, specifically nursing and residential care and support for carers, and within Strategic & Corporate Services directorate, particularly Finance & Procurement, Gateways, and Infrastructure & Business Services Centre. This further improvement in the position is once again very encouraging, but although we continue to move in the right direction, we still remain a long way short of achieving a balanced position. This situation is exacerbated further by the need to roll forward funds into 2017-18 to meet our commitments detailed in section 4.

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- 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 £5.218m forecast overspend.

## 2. RECOMMENDATIONS

**Cabinet** is asked to:

- ii) **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 remainder of the financial year.
- ii) **Agree** the changes to the capital programme as detailed in section 6.4.
- iii) **Note** the quarter 3 monitoring of the prudential indicators as detailed 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 £2.819m. Corporate Directors have adjusted this position by -£0.028m, leaving a residual pressure of £2.791m. After allowing for roll forward requirements, the position increases to a pressure of £5.218m. 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 -£0.799m from the November 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 £5.218m forecast pressure. The position by directorate, together with the movement from the last report, is shown in table 1 below.

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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	1.465		1.465	1.434	0.031
Social Care, Health & Wellbeing - Specialist Children's Services	128.428	5.616	-0.675	4.941	4.943	-0.002
Social Care, Health & Wellbeing - Asylum	0.550	1.865		1.865	1.927	-0.062
<i>Sub Total SCH&amp;W - Specialist Children's Services</i>	<i>128.978</i>	<i>7.481</i>	<i>-0.675</i>	<i>6.806</i>	<i>6.870</i>	<i>-0.064</i>
Social Care, Health & Wellbeing - Adults	369.965	-1.709	-0.178	-1.887	0.169	-2.056
Social Care, Health & Wellbeing - Public Health	0.000	0.000		0.000	0.000	0.000
Growth, Environment & Transport	166.892	-0.222	-0.025	-0.247	-0.183	-0.064
Strategic & Corporate Services	70.708	-0.100		-0.100	0.139	-0.239
Financing Items	117.655	-4.095	0.850	-3.245	-3.271	0.026
<b>TOTAL (excl Schools)</b>	<b>920.088</b>	<b>2.819</b>	<b>-0.028</b>	<b>2.791</b>	<b>5.158</b>	<b>-2.367</b>
<i>Schools (E&amp;YP Directorate)</i>	<i>0.000</i>	<i>22.277</i>		<i>22.277</i>	<i>22.277</i>	<i>0.000</i>
<b>TOTAL</b>	<b>920.088</b>	<b>25.097</b>	<b>-0.028</b>	<b>25.069</b>	<b>27.436</b>	<b>-2.367</b>
<b>Variance from above (excl schools)</b>				<b>2.791</b>	<b>5.158</b>	<b>-2.367</b>
Roll forwards - committed				1.592	0.088	1.504
- re-phased				0.771	0.771	0.000
- bids				0.064	0.000	0.064
Total roll forward requirements				2.427	0.859	1.568
<b>(-ve Uncommitted balance / (+ve) Deficit</b>				<b>5.218</b>	<b>6.017</b>	<b>-0.799</b>

\* 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			
Education & Young People's Services	1.465		0.771	2.236		2.236
Social Care, Health & Wellbeing - Specialist Children's Services	5.616	0.092		5.708	-0.675	5.033
Social Care, Health & Wellbeing - Asylum	1.865			1.865		1.865
<i>Sub Total SCH&amp;W - Specialist Children's Services</i>	<i>7.481</i>	<i>0.092</i>	<i>0.000</i>	<i>7.573</i>	<i>-0.675</i>	<i>6.898</i>
Social Care, Health & Wellbeing - Adults	-1.709	1.500		-0.209	-0.178	-0.387
Social Care, Health & Wellbeing - Public Health	0.000			0.000		0.000
Growth, Environment & Transport	-0.222		0.064	-0.158	-0.025	-0.183
Strategic & Corporate Services	-0.100			-0.100		-0.100
Financing Items	-4.095			-4.095	0.850	-3.245
<b>TOTAL (excl Schools)</b>	<b>2.819</b>	<b>1.592</b>	<b>0.835</b>	<b>5.246</b>	<b>-0.028</b>	<b>5.218</b>

3.3 The main reasons for the movement since the last report of -£2.367m before roll forward requirements, and -£0.799m after roll forward requirements, 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 small increase of £0.031m this month. This is a net movement figure and reflects an increase in the



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forecast pressure for SEN Home to School Transport of £0.15m, which is largely offset by a reduction in the forecast for Kent 16+ Travel Card of £0.1m.

### **3.3.2 Social Care, Health & Wellbeing – Specialist Children’s Services:**

There is an overall small reduction in the position of -£0.002m this month as shown in table 1a above. This reduction comprises increases on the Residential budget (+£0.157m), Adoption and Special Guardianships (+£0.163m) and Legal Charges (+£0.086m), offset by net reductions in Fostering (-£0.189m), Social Work staffing (-£0.128m) and Strategic Management and Directorate Support (-£0.090m) as well as a number of small movements across a number of services of -£0.022m. The Corporate Director adjustment has moved by just +£0.021m this month from -£0.696 to -£0.675m, reflecting management action that has been achieved. It is anticipated that there will be a greater level of achievement in January, as there has been a reduction in the early part of the month of some children in care placements.

### **3.3.3 Social Care, Health & Wellbeing – Specialist Children’s Services – Asylum:**

The current forecast pressure of £1.865m represents a further reduction of -£0.062m since November.

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

The pressure on Adults Social Care has reduced this month by -£2.056m, which includes a Corporate Director adjustment of -£0.178m relating to lower demand than anticipated in volume-based contracts with organisations providing services to carers. Of the remaining -£1.878m improvement, the most significant movement relates to drawing down the Bad Debt provision (-£1.500m) for Social Care, following a review of the level of social care debt and what is felt an appropriate level of provision. The impact of this review is reflected in the draft 2017-18 budget and therefore this £1.5m is required to roll forward to support the 2017-18 budget proposals. The remaining -£0.378m movement comprises a number of small movements, the most significant being an overall net reduction in Nursing and Residential Care across all clients groups of -£0.512m, offset by an increase on Learning Disability Supported living of +£0.359m. There are also small movements in Supported Living (across all client groups) (-£0.225m), Adaptive and Assistive Technology (+£0.236m), Housing Related Support (+£0.227m), Social Support – commissioned services for carers (-£0.263m) and assessment staffing (-£0.192m).

### **3.3.5 Social Care, Health & Wellbeing – Public Health:**

There is an overall movement of -£0.404m since the last reported position in December, which is matched by a reduction in the transfer to the Public Health reserve; hence no movement is reflected in table 1. This is accounted for by a reduction in prescribing costs for Drug & Alcohol services, and Stop Smoking services, reduced activity on Sexual Health Services, plus some other smaller movements.

### **3.3.6 Growth, Environment and Transport:**

The current forecast outturn for the directorate is a -£0.247m underspend, representing a movement of -£0.064m since the last report; it includes a number of compensating variances. The underspend is net of the Corporate Director adjustment of -£0.025m (previously -£0.100m) relating to the impact of the new contract terms within the Waste Service. This will be shown within the monitoring forecast next month.

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There are three primary reasons for the movement: (i) -£0.150m within Libraries, Registration and Archives (predominantly release of surplus reserve), (ii) +£0.128m Waste Processing and (iii) +£0.134m General Highways Maintenance and Emergency Response where safety critical works and inspections continue to increase.

The above, together with the +£0.075m movement in Corporate Director adjustment explains an adverse movement of +£0.187m. A number of other minor movements totalling -£0.251m across a range of directorate budgets, each amounting to less than £0.100m, more than offset the adverse movement.

The forecast also includes -£0.064m of roll forward bids (see section 4 for details).

### **3.3.7 Strategic and Corporate Services:**

The Directorate forecast (excluding the Asset Utilisation target) has moved by -£0.239m to an underspend of -£0.838m, whilst the position on Asset Utilisation remains unchanged at an overspend of +£0.738m. The sum of these movements is shown in table against the S&CS directorate as a total movement of -£0.239m to an overall underspend of -£0.100m.

The main movements for the Directorate controllable budgets are: -£0.095m for Contact Centre & Gateways where planned expenditure on project work within Gateways has re-phased to 2017-18; -£0.054m improvement in position for Infrastructure which includes Business Services Centre; -£0.076m Finance & Procurement further staffing efficiencies and income.

### **3.3.8 Financing Items:**

The underspend has reduced marginally this month by £0.026m. This is made up of an improvement in the position of -£0.824m offset by a Corporate Director adjustment of +£0.850m.

The improvement in the position relates to £0.3m additional business rates compensation grant; £0.2m additional Education Services Grant based on the assumed number of schools converting to academy status this financial year; a forecast £0.3m saving on carbon reduction commitment levy due to forecast lower emissions in the current year and finalisation of the emissions for last year, together with £0.024m of other small variances, predominately an increase in the underspending on net debt charges. However, this is more than offset by a +£0.850m Corporate Director adjustment relating to recent notification of a shortfall in the expected dividend from Commercial Services.

## **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 £1.465m before a Corporate Director adjustment (excluding schools and before roll forward requirements) is made up of 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 (£2.8m) 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

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continuing to investigate the reasons behind the higher price we are paying but believe this is in part due to the high volume of in year applications where additional transport arrangements have had to be arranged as well as a number of contracts which have been retendered and the market price has come in higher.

- 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 achieved additional income of £0.8m as a result of more successful Payment By Results submissions to the DCLG and is therefore requesting roll forward of this surplus into the next financial year in order to continue the scheme. In addition, an in-year allocation 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 £0.2m 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 Finally there is a forecast underspend of -£0.8m 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 (+£2.6m) and independent fostering (+£1.2m). There is also a pressure on Legal costs of +£0.3m. These pressures are offset by an underspend on in-house fostering of -£0.5m.
- 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 continued to show reductions in the last three months (as seen in Appendix 2.8).

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- 3.4.2.4 There is a pressure on Adoption & Other Permanent Children's Arrangements (+£1.3m) mostly relating to special guardianship orders (+£1.6m), which is due to increased numbers of orders being granted at court which are greater than the affordable level budgeted for (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 (+£1.3m) 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 -£0.5m of the reported underspend on SCHW Management & Support Services relates to Specialist Children's Services.
- 3.4.2.8 There is a Corporate Director adjustment of -£0.7m reflecting that the extensive management action plan continues to be 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 remains at £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 with over 100 having had 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. A number of meetings are taking place with the Home Office to discuss the current financial situation and funding arrangements for 2017-18.
- 3.4.4 Social Care, Health & Wellbeing – Adult Social Care
- 3.4.4.1 The forecast variance of -£1.9m, including a Corporate Director adjustment of -£0.2m, 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 -£2.1m, preventative services (-£2.5m) along with the use of one off monies (-£3.6m) to offset the rising costs of social care, the drawdown from the Bad Debt Provision (-£1.5m) and other support budgets (-£0.7m). The forecast variance reduces to -£0.4m after allowing for the roll-forward of the £1.5m drawdown from the bad debt provision required to support the 2017-18 budget.

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- 3.4.4.2 Mental Health direct services are forecasting a total pressure of +£2.8m. There are still significant pressures on Mental Health residential care and supported living services (+£2.5m & +£0.6m respectively) which are only partially offset by minor underspends on other community based services (-£0.3m). 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 +£2.7m. Significant pressures continue in supported living commissioned externally (+£1.6m see appendix 2.2), residential care (+£2.5m 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 (-£1.0m), 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 savings of (-£0.7m) will be delivered this financial year.
- 3.4.4.4 Older People and Physical Disability residential and community direct services are forecasting a net pressure of (+£3.2m), which includes a number of offsetting variances. The most significant are outlined below: the actual pressure on commissioned domiciliary care services is (+£5.1m) of which, (+£4.1m) 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 (-£2.6m). The overall pressure on residential & nursing care is now (+£2.3m), 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 (-£7.6m). There is a pressure on the equipment budget of (+£0.7m) resulting from higher than anticipated demand; re-phasing of some of the savings on housing related support (+£0.6m), offset by forecast underspends (-£2.4m) 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 (-£3.6m) to offset the rising costs of social care and the drawdown of the Bad Debt Provision of (-£1.5m).

### 3.4.5 Social Care, Health & Wellbeing – Public Health

- 3.4.5.1 The overall variance prior to any transfer to/from the Public Health reserve is a forecast underspend of -£1.3m.
- 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 (+£0.3m) due to the costs of additional Tier 3 Weight Management and Dietetics activity. These pressures have been more than offset by underspends in: Targeting Health Inequalities (-£0.6m), which includes underspending resulting from the number of health checks being below the budgeted level and reduced

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spend on campaigns; Tobacco Control & Stop Smoking Services (-£0.4m) reduced prescribing costs; and Sexual Health Services (-£0.6m) which primarily relate to unrealised creditors set up in 2015-16, reduced levels of activity, 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.

### 3.4.6 Growth, Environment and Transport

3.4.6.1 The overall variance for the Directorate, before Corporate Director adjustments, is a forecast underspend of -£0.2m. This includes a number of compensating variances, as well as roll forward commitments.

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 +£1.5m (and activity of +10,901 tonnes) compared to budget, with a net movement of +1,065 tonnes this month.

- Waste Processing is responsible for +£0.7m (and activity of -2,999 tonnes) of this overspend (see Appendix 2.15).

The pressures are largely non-tonnage related. But this month, tonnages have increased slightly by +564 tonnes, causing a +£0.1m adverse movement. 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 +13,900 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 +£1.5m, a +£0.1m adverse movement.

A Corporate Director adjustment of -£0.025m (prior month -£0.1m) has been reflected to part mitigate pressures on the Waste Service as a whole, with the service continuing to implement management action to mitigate the forecast overspend and review its contracts over the coming months. The service is of course subject to fluctuating, and unfortunately, increasing tonnage levels.

3.4.6.4 Economic Development and Other Community Services is forecasting a pressure of just below +£0.1m, 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 +£0.4m (increased activity and unbudgeted staff costs) has again increased this month, with a partially offsetting underspend within Trading Standards, meaning that Public Protection & Enforcement budget line remains at +£0.1m overall.

3.4.6.6 The +£0.9m 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, and has again risen this month.

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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 -£1.5m, 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 above pressures.

3.4.6.8 The other primary underspends in the directorate relate to Libraries, Registration and Archives -£0.7m, Concessionary Fares (ENCTS) -£0.3m, Environment -£0.2m, Subsidised Bus Services -£0.1m, Planning & Transport Strategy & other related services -£0.2m, 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, holding vacancies and release of surplus reserve (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 Overall, the directorate has implemented management action throughout the year and is forecasting a small underspend position (-£0.2m), even allowing for a small number of roll forward bids (detailed in section 4).

### 3.4.7 Strategic and Corporate Services

3.4.7.1 The overall variance reflected in appendix 1 against the directorate is a small underspend of -£0.1m which is made up of an underspend for the S&CS Directorate itself of -£0.8m off-set by +£0.7m relating to the Corporate aspirational savings target for Asset Utilisation, held within the Corporate Landlord budgets, 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 -£0.8m relates to -£0.4m 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; +£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); -£0.1m Infrastructure controllable budgets, consisting of an underspend within Corporate Landlord of -£0.2m relating to in-year rates rebates, partially off-set by an overspend of +£0.1m within the Business Services Centre caused by a reduction in demand from Service Directorates for ICT project support; -£0.1m Contact Centre, Digital Web Services & Gateways relating primarily to re-phased project work within Gateways.

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### 3.4.8 Financing Items

The financing items budgets are currently forecast to underspend by £3.2m, 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 -£2m.
- 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 -£0.3m forecast saving on carbon reduction commitment levy due to forecast lower carbon emissions in the current year and finalisation of the emissions for last year.
- 3.4.8.5 A -£0.1m underspend is forecast as a result of lower than budgeted external audit fees.
- 3.4.8.6 A +£0.9m shortfall in the dividend form Commercial Services (further details are provided in section 3.6 below).

### 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**

<b>Dividends/Contributions (£m)</b>	Budget	Forecast	From trading surplus	from reserves
Commercial Services	8.700	7.850	5.699	2.151
GEN2	0.542	0.542	0.542	0.000

Commercial Services are now forecasting a shortfall in the dividend of £0.85m, which is primarily due to a significant decline in market conditions in the Education sector, compounded by unseasonal weather conditions up to December impacting on the profits of LASER.



**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)	0.092	
Adult Social Care review of bad debt provision – saving required to support the 2017-18 budget as reflected in the draft 2017-20 MTFP (SCHW – Adults)	1.500	
Strategic Planning/Transport Planning Projects including Lower Thames Crossing, Strategic Environmental Assessment, Local Transport Plan 4; National Government schemes such as Operation Stack lorry area and Aviation policy and additional consultancy resource for business case development to improve our chances of securing funding for infrastructure projects (GET directorate)		0.064

**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 -£33.062m on the 2016-17 capital budget (excluding schools and PFI). This is a movement of -£5.021m from the previously reported position and is made up of +£3.732m real variance and -£36.794m 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	-13.621	-0.842	-12.779	-0.842	-8.271	0.000	-4.508
Social Care, Health & Wellbeing - Specialist Children's Services	0.109	0.015	0.040	-0.025	0.040	0.000	0.000	-0.025
Social Care, Health & Wellbeing - Adults	6.499	-3.449	1.166	-4.615	0.488	-4.615	0.678	0.000
Social Care, Health & Wellbeing - Public Health	0.360	-0.360	0.000	-0.360	0.000	-0.275	0.000	-0.085
Growth, Environment & Transport	130.955	-12.838	3.450	-16.288	3.831	-15.811	-0.381	-0.477
Strategic & Corporate Services	20.502	-2.809	-0.082	-2.727	-0.082	-2.504	0.000	-0.223
Financing Items	0.000				0.000	0.000	0.000	0.000
<b>TOTAL</b>	<b>303.519</b>	<b>-33.062</b>	<b>3.732</b>	<b>-36.794</b>	<b>3.435</b>	<b>-31.476</b>	<b>0.297</b>	<b>-5.318</b>

**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: Movement of -£2.400m rephasing. This is due to Portal House being delivered in two phases to allow the school to continue to function whilst construction takes place.
- Priority School Build Programme: Movement of -£2.000m rephasing. The Education Funding Agency (EFA) has not completed projects to their original timescales. These delays have resulted in KCC not having to repay costs to the EFA in line with the original timetable.

**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**

- Housing and Technology Fund: Real movement of +£0.559m, due to additional grant funding to be received from the Housing and Technology Fund for two projects.

**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**

- Integrated Transport: Movement of -£0.143m real variance. The increased underspend is on Public Transport works and is proposed to be used to help offset the overspend on waste.
- Swale Transfer Station: Movement of +£0.169m real variance. The underspend on this project has decreased by £0.169m, largely due to the project nearing completion and the residual costs and compensation events being finalised.
- The overspend position on Richborough land fill site remains at +£0.706m. After using available underspends from elsewhere in the programme, there remains a residual gap of £0.273m. This will be funded from within the division, and other spend re-prioritised, if further cost savings/management action cannot be identified.

**Environment, Planning and Enforcement and Libraries, Registration and Archives**

- Libraries Radio Frequency Identification Technologies Solution: Movement of -£0.150m real underspend. The total project cost has reduced due to a more favorable procurement outcome.

**Economic Development**

- Kent Empty Property Initiative – No Use Empty: Movement of -£0.285m real variance. This relates to a cash limit change that was requested in a previous report, to reflect additional partner contributions to cover additional demand for the scheme.

**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**

<b>Project</b>	<b>Directorate</b>	<b>Amount £m</b>	<b>Year</b>	<b>Funding</b>	<b>Reason</b>
Corporate Property Strategic Capital	S&CS	-0.120	16-17	Grant	To reflect use of grant within revenue.
Kent & Medway Business Fund	GET	+0.096	16-17	Capital receipt – loan repayment	Additional amount to be moved from Regional Growth Fund.
Regional Growth Fund	GET	-0.096	16-17	Capital receipt – loan repayment	Additional amount to be moved into the Kent & Medway Business Fund.

**7. CONCLUSIONS**

7.1 It is encouraging that the revenue position after all expected adjustments has improved again this month from +£4.090m to +£3.353m, which predominately relates to improvements within Adult Social Care and a range of budgets within S&CS directorate. However, we cannot be complacent as there is still a long way to go to deliver a balanced budget by year end and fund our roll forward commitments. 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 remainder of the year, if further pressures are identified, it is now unlikely that alternative saving plans can be developed and implemented quickly enough to impact significantly in this financial year. It is however our expectation that the forecast pressure will continue to reduce as the impact of management action implemented earlier in the year continues to take effect, but it is questionable at this point in the year, whether this 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.
- 8.3 **Note** the quarter 3 monitoring of the prudential indicators as detailed in appendix 4.

## 9. CONTACT DETAILS

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Report Authors:	Chris Headey Central Co-ordination Manager, Revenue Finance 03000 416228 <a href="mailto:chris.headey@kent.gov.uk">chris.headey@kent.gov.uk</a>  Jo Lee/Julie Samson Capital Finance Manager 03000 416939 / 03000 416950 <a href="mailto:joanna.lee@kent.gov.uk">joanna.lee@kent.gov.uk</a> <a href="mailto:julie.samson@kent.gov.uk">julie.samson@kent.gov.uk</a>

**Breakdown of Directorate Monitoring Position**

	Cash Limit			Variance	Movement
	Gross	Income	Net	Net	Net
	£m	£m	£m	£m	£m
<b>Education &amp; Young People</b>					
Early Help & Prevention for Children and Families	29.3	-10.3	19.1	-1.4	-0.1
Early Years Education & Childcare	64.1	-62.8	1.3	0.2	-0.1
Attendance, Behaviour and Exclusion Services	5.1	-4.9	0.1	0.0	0.0
High Needs Education Budgets (excl. Schools & Pupil Referral Units)	31.2	-31.2	0.0	0.0	0.0
SEN & Psychology Services	18.0	-14.7	3.3	-0.1	0.1
Other Services for Young People & School Related Services	17.6	-13.2	4.4	-0.1	0.0
Pupil & Student Transport Services**	34.2	-3.7	30.5	3.0	0.1
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	0.0
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	-0.8	-0.3
<b>Sub Total E&amp;YP directorate</b>	<b>272.4</b>	<b>-206.5</b>	<b>65.9</b>	<b>1.5</b>	<b>-0.3</b>
<b>Social Care, Health &amp; Wellbeing</b>					
Learning Disability Adult Services**	156.9	-12.4	144.5	2.7	0.1
Physical Disability Adult Services	36.2	-4.2	32.0	-0.7	-0.2
Mental Health Adult Services	13.8	-1.7	12.2	2.8	0.1
Older People Adult Services**	169.5	-81.9	87.6	3.9	-0.3
Adult & Older People Preventative & Other Services	66.2	-20.8	45.3	-7.6	-1.3
Adult's Assessment & Safeguarding Staffing	43.8	-6.3	37.5	-2.1	-0.2
Children in Care (Looked After) Services**	59.5	-7.2	52.3	3.6	0.0
Adoption & Other Permanent Children's Arrangements	11.6	-0.1	11.5	1.3	0.2
Family Support & Other Children Services	25.1	-6.8	18.2	-0.1	0.0
Asylum Seekers**	46.5	-46.0	0.6	1.9	-0.1
Children's Assessment Staffing**	51.5	-9.7	41.8	1.3	-0.1
Public Health	78.7	-77.4	1.3	-1.3	-0.4
<i>Transfer to/from Public Health Reserve</i>	-1.3	0.0	-1.3	1.3	0.4
SCH&W Management & Support Services	16.7	-1.1	15.6	-1.2	-0.2
<b>Sub Total SCH&amp;W directorate</b>	<b>774.5</b>	<b>-275.6</b>	<b>498.9</b>	<b>5.8</b>	<b>-2.0</b>

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**Appendix 1**

	Cash Limit			Variance	Movement
	Gross	Income	Net	Net	Net
	£m	£m	£m	£m	£m
<b>Growth, Environment &amp; Transport</b>					
Libraries Registrations & Archives	16.9	-6.0	11.0	-0.7	-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	0.1	-0.1
General Highways Maintenance & Emergency Response	9.2	-0.5	8.7	0.9	0.1
Other Highways Maintenance & Management	31.3	-8.1	23.2	-1.5	-0.1
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	-0.2	-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	0.0
Young Person's Travel Pass	14.4	-6.1	8.3	0.5	0.0
Waste Management	2.1	0.0	2.0	-0.2	0.0
Waste Processing**	29.8	-1.4	28.4	0.7	0.1
Treatment and Disposal of Residual Waste**	36.2	0.0	36.2	1.0	0.0
GE&T Management & Support Services	4.1	-0.1	4.0	-0.2	0.0
<b>Sub Total GE&amp;T directorate</b>	<b>203.4</b>	<b>-36.5</b>	<b>166.9</b>	<b>-0.2</b>	<b>-0.1</b>
<b>Strategic &amp; Corporate Services</b>					
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	80.3	-43.2	37.1	0.6	-0.1
Finance & Procurement	17.1	-6.2	10.8	-0.4	-0.1
Engagement, Organisation Design & Development (HR, Comms & Engagement)	10.6	-1.0	9.6	-0.3	0.0
Other Support to Front Line Services	16.1	-11.1	5.1	0.1	0.0
S&CS Management & Support Services	2.8	-5.2	-2.4	0.0	0.0
<b>Sub Total S&amp;CS directorate</b>	<b>137.8</b>	<b>-67.0</b>	<b>70.7</b>	<b>-0.1</b>	<b>-0.2</b>
<b>Financing Items</b>	<b>134.8</b>	<b>-17.2</b>	<b>117.7</b>	<b>-4.1</b>	<b>-0.8</b>
<b>TOTAL KCC (Excluding Schools)</b>	<b>1,522.9</b>	<b>-602.8</b>	<b>920.1</b>	<b>2.8</b>	<b>-3.5</b>

\*\*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.*

**BACKGROUND PAPER – DECEMBER MONITORING REPORT**

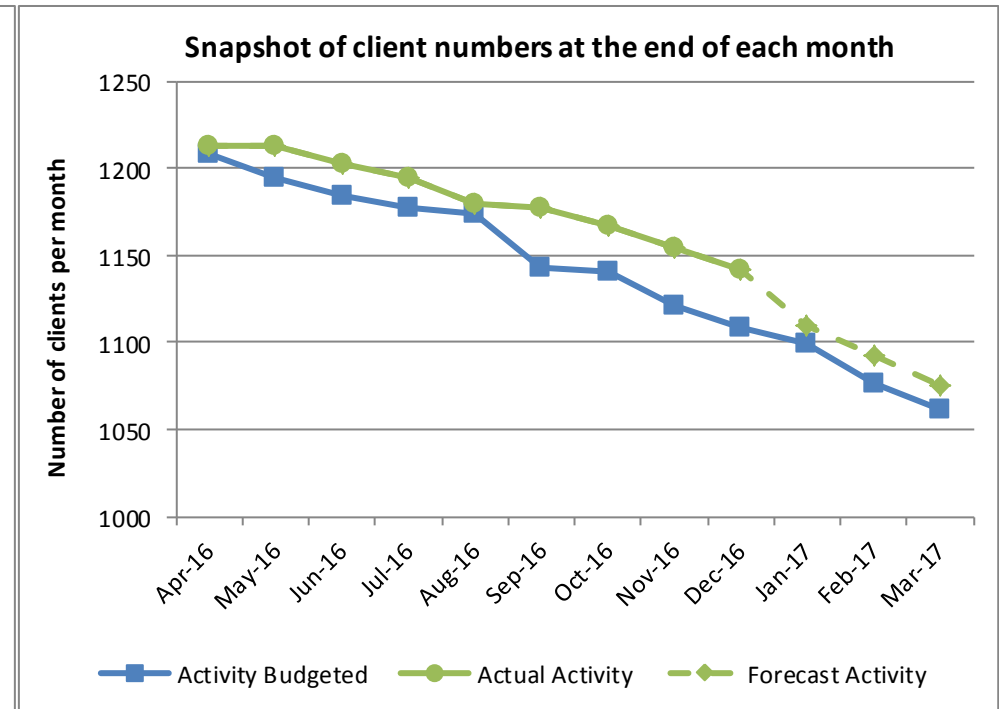
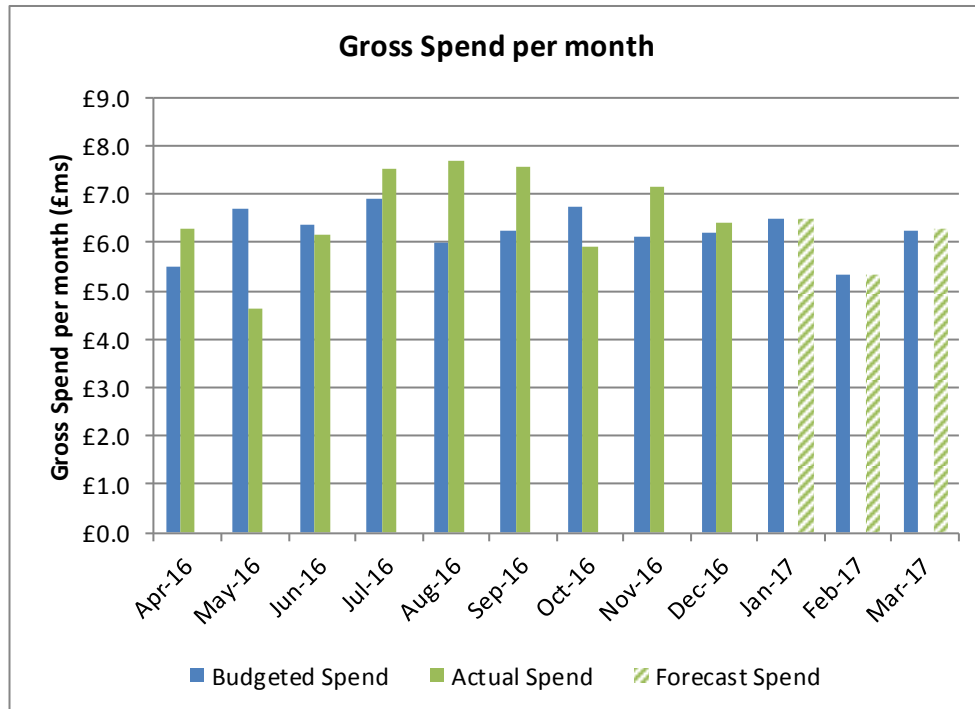
**Appendix 2.1: Nursing & Residential Care - Learning Disability (aged 18+)**

<b>2016-17 Total Forecast</b>	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£74.9	-£6.1	£68.8	1,062
Forecast	£77.4	-£6.1	£71.3	1,075
Variance	£2.5	-£0.0	£2.5	13

<b>Position as at 31st Dec 2016</b>	Gross £m	Client Number as at 31/12/2016
Budget: Spend/Activity Year to Date	£56.9	1,109
Actual: Spend/Activity Year to Date	£59.4	1,142
Variance as at 31st Dec 2016	£2.5	33

**MAIN REASONS FOR FORECAST VARIANCE:**

The gross forecast overspend of £2.5m is due to higher than anticipated demand (+£2.5m) and higher unit cost (+£0.4m), along with an allowance for net unrealised creditors based on previous years experience (-£0.4m). This leads to a net forecast overspend of £2.5m.



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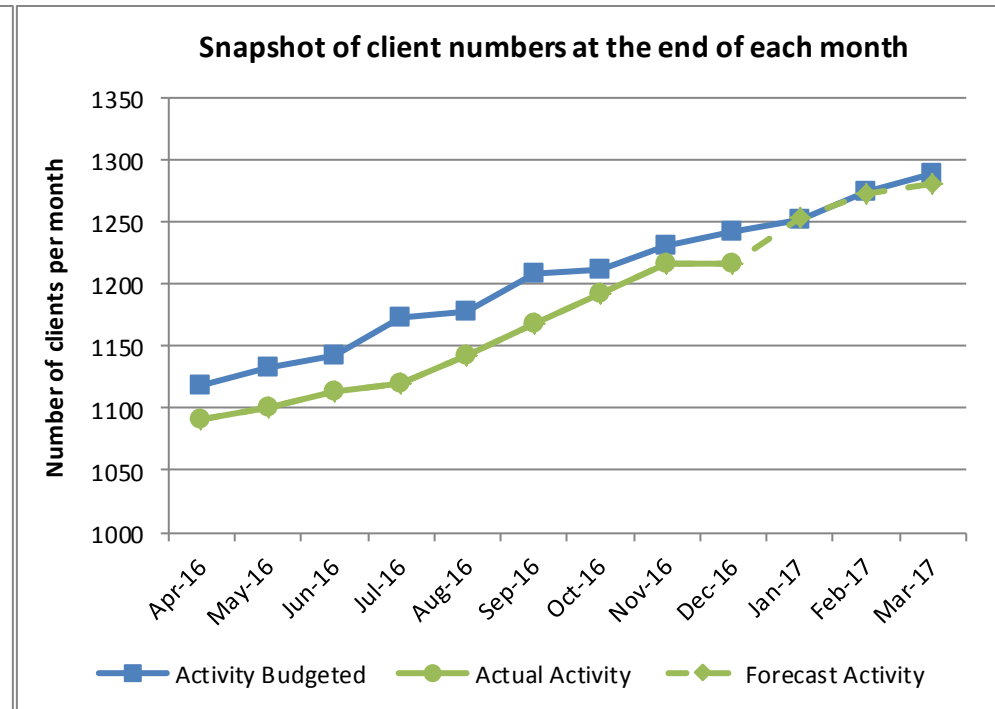
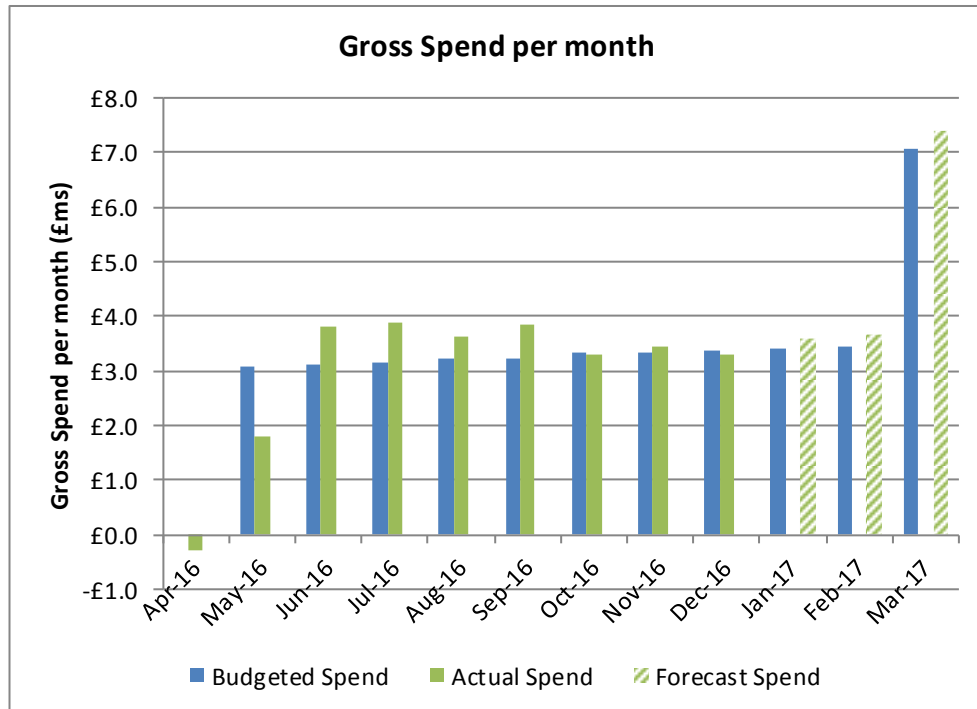
**Appendix 2.2: Supported Living - Learning Disability (aged 18+) - Other Commissioned Supported Living arrangements**

<b>2016-17 Total Forecast</b>	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£39.7	-£0.2	£39.5	1,288
Forecast	£41.3	-£0.2	£41.1	1,280
Variance	£1.6	£0.0	£1.6	-8

<b>Position as at 31st Dec 2016</b>	Gross £m	Client Number as at 31/12/2016
Budget: Spend/Activity Year to Date	£25.8	1,242
Actual: Spend/Activity Year to Date	£26.7	1,216
Variance as at 31st Dec 2016	£0.9	-26

**MAIN REASONS FOR FORECAST VARIANCE:**

The forecast pressure of +£1.6m is due to higher than anticipated demand (+£3.2m) 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 (-£1.0m) 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 +£1.6m.





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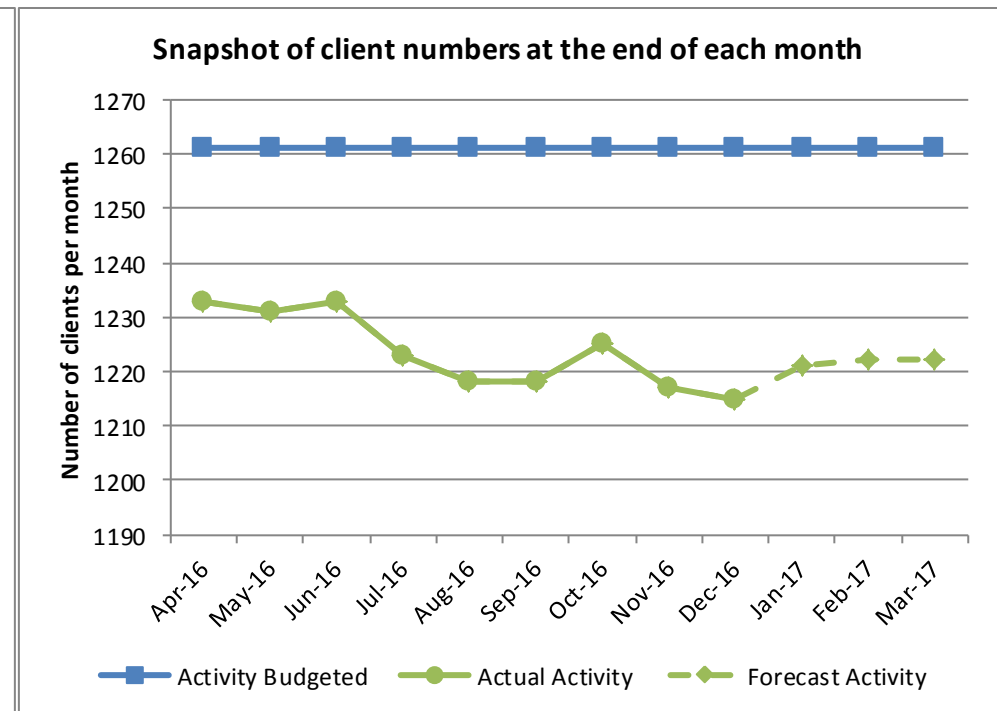
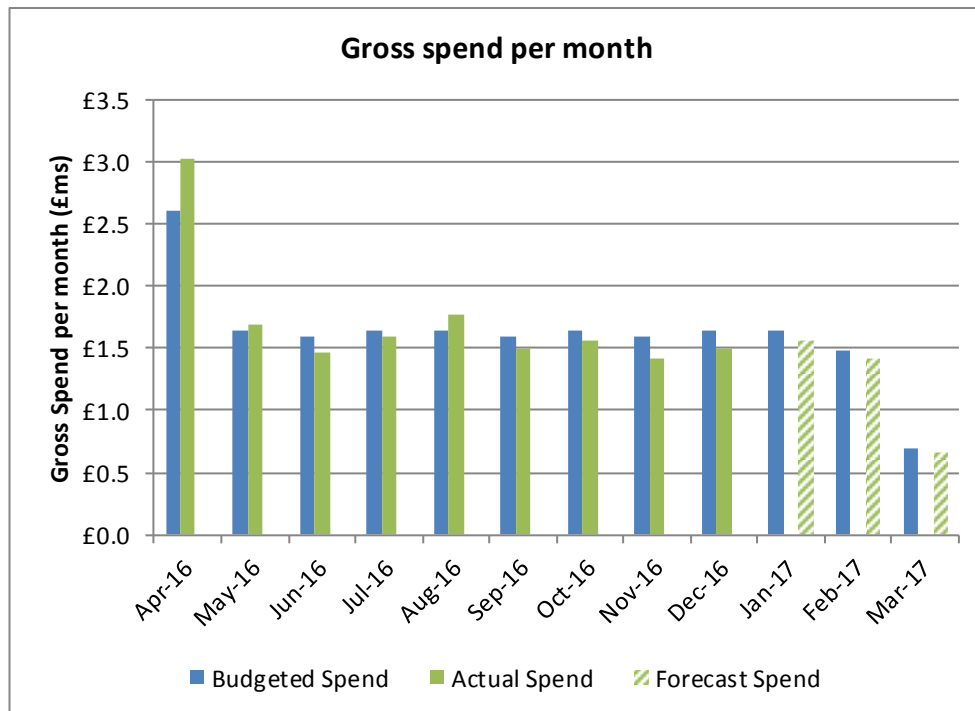
**Appendix 2.3: Direct Payments - Learning Disability (aged 18+)**

<b>2016-17 Total Forecast</b>	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£19.4	-£0.9	£18.5	1,261
Forecast	£19.1	-£0.9	£18.2	1,222
Variance	-£0.3	£0.0	-£0.2	-39

<b>Position as at 31st Dec 2016</b>	Gross £m	Client Number as at 31/12/2016
Budget: Spend/Activity Year to Date	£15.6	1,261
Actual: Spend/Activity Year to Date	£15.5	1,215
Variance as at 31st Dec 2016	-£0.1	-46

**MAIN REASONS FOR FORECAST VARIANCE:**

The gross forecast underspend of -£0.3m can be partly 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 (-£1.3m).



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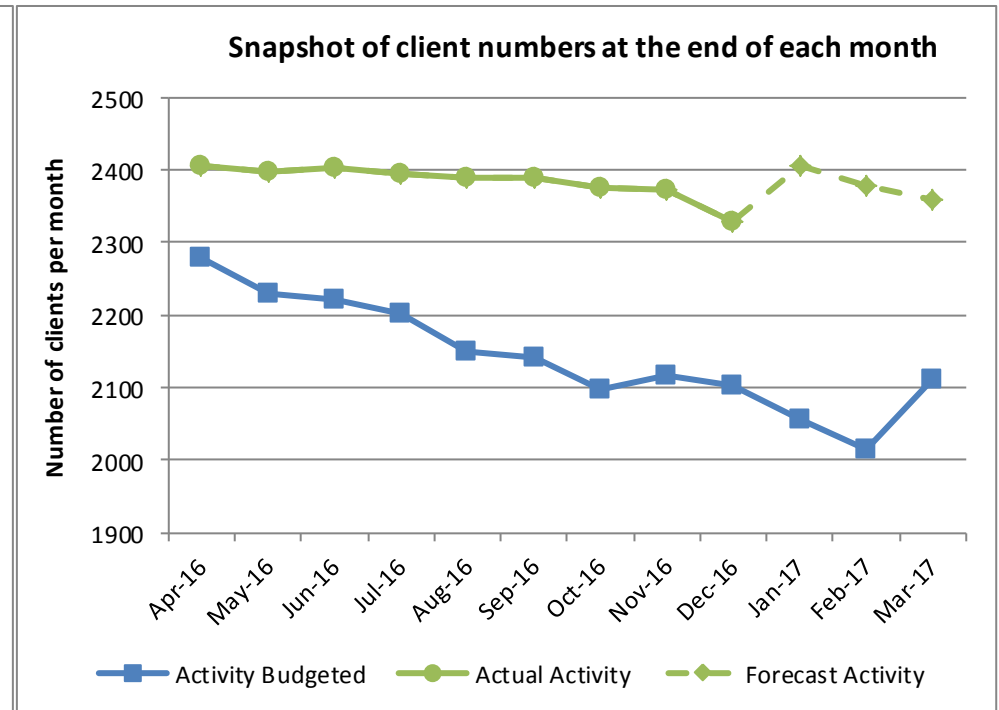
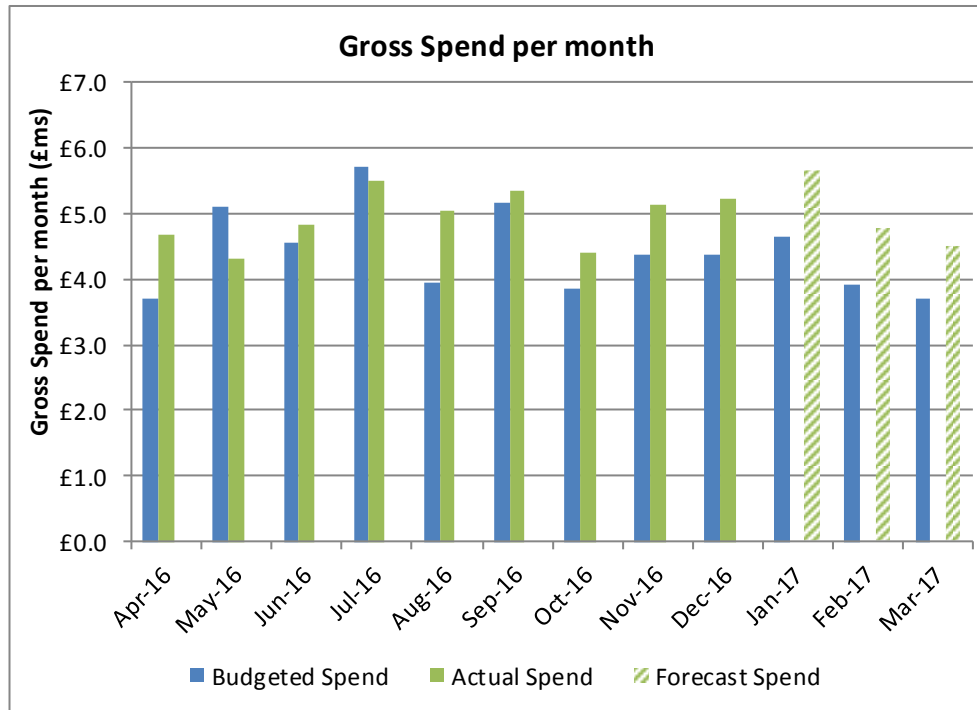
**Appendix 2.4: Nursing & Residential Care - Older People (aged 65+) - Residential - Commissioned service**

<b>2016-17 Total Forecast</b>	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	£-29.4	£30.0	2,359
Variance	£6.3	£-1.7	£4.6	247

<b>Position as at 31st Dec 2016</b>	Gross £m	Client Number as at 31/12/2016
Budget: Spend/Activity Year to Date	£40.8	2,104
Actual: Spend/Activity Year to Date	£44.5	2,329
Variance as at 31st Dec 2016	£3.7	225

**MAIN REASONS FOR FORECAST VARIANCE:**

The gross forecast pressure of +£6.3m is due to higher than anticipated demand (+£5.3m) and higher unit cost (+£0.8m) and net old year spend of £0.2m. This is partially offset by higher than expected service user contributions (-£1.7m) linked to the higher demand (-£2.4m) and a lower average contribution per service user (+£0.7m) leading to a net forecast pressure of +£4.6m.



**BACKGROUND PAPER – DECEMBER MONITORING REPORT**

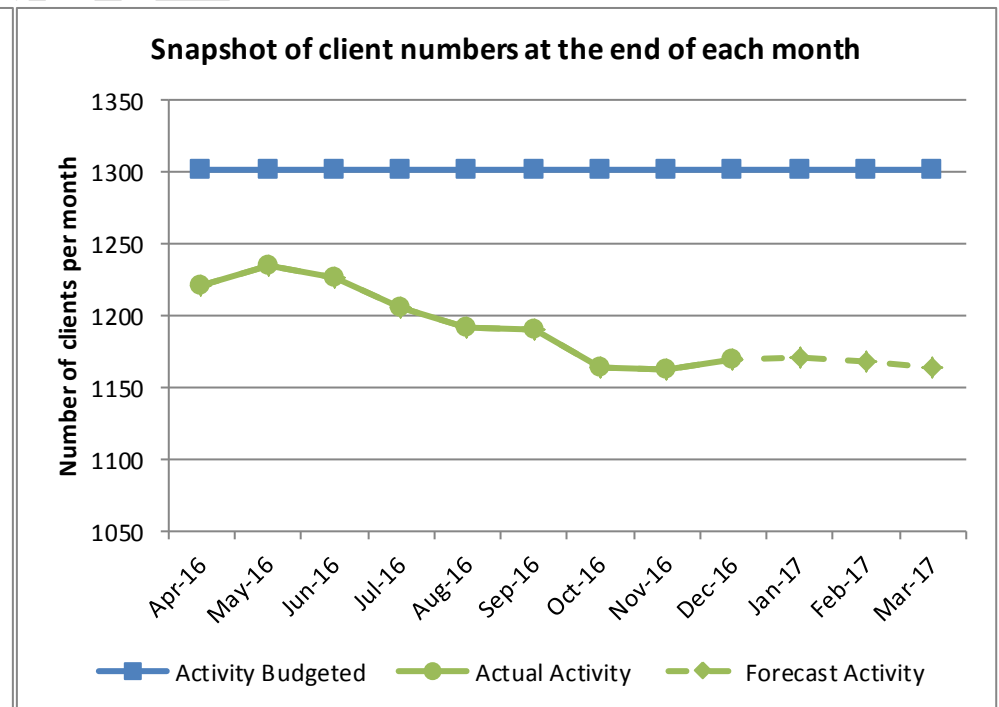
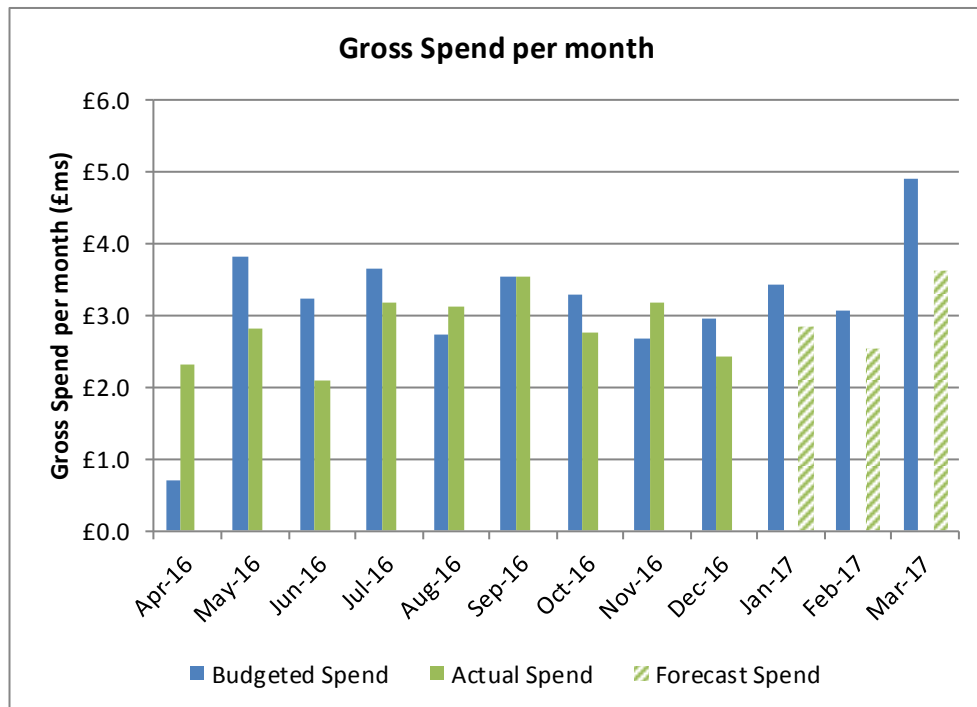
**Appendix 2.5: Nursing & Residential Care - Older People (aged 65+) - Nursing**

<b>2016-17 Total Forecast</b>	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	-£13.1	£21.2	1,164
Variance	-£3.6	£1.5	-£2.1	-137

<b>Position as at 31st Dec 2016</b>	Gross £m	Client Number as at 31/12/2016
Budget: Spend/Activity Year to Date	£26.6	1,301
Actual: Spend/Activity Year to Date	£25.4	1,169
Variance as at 31st Dec 2016	-£1.2	-132

**MAIN REASONS FOR FORECAST VARIANCE:**

The gross forecast underspend of -£3.6m is due to lower than anticipated demand (-£2.9m) 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 (+£1.1m) and a lower average contribution per service user (+£0.4m) leading to a net forecast underspend of -£2.1m.



**BACKGROUND PAPER – DECEMBER MONITORING REPORT**

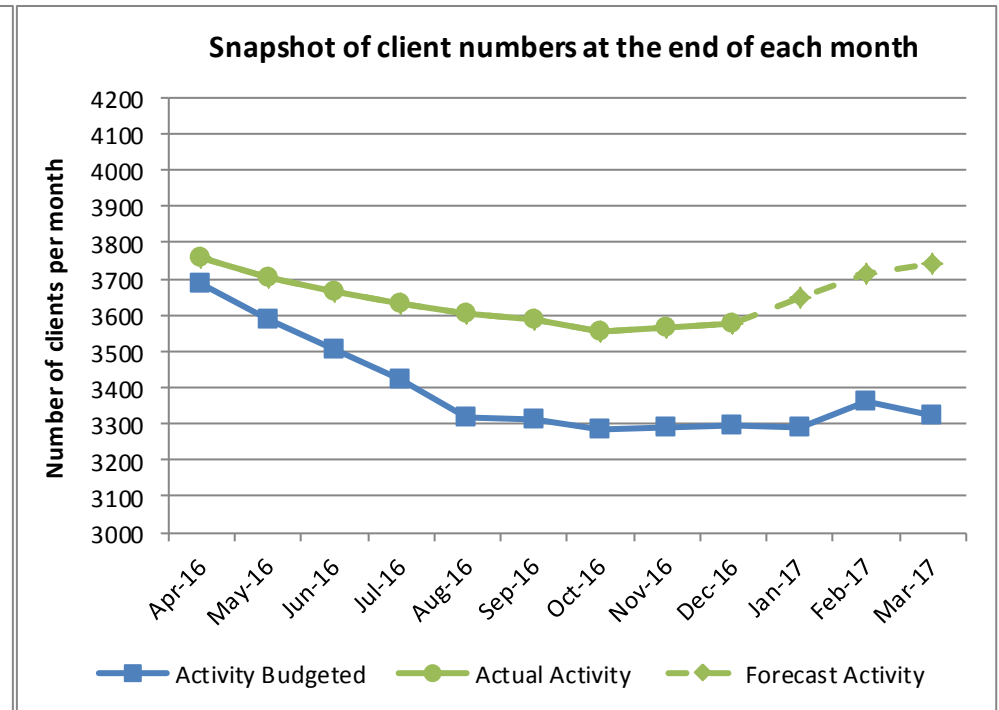
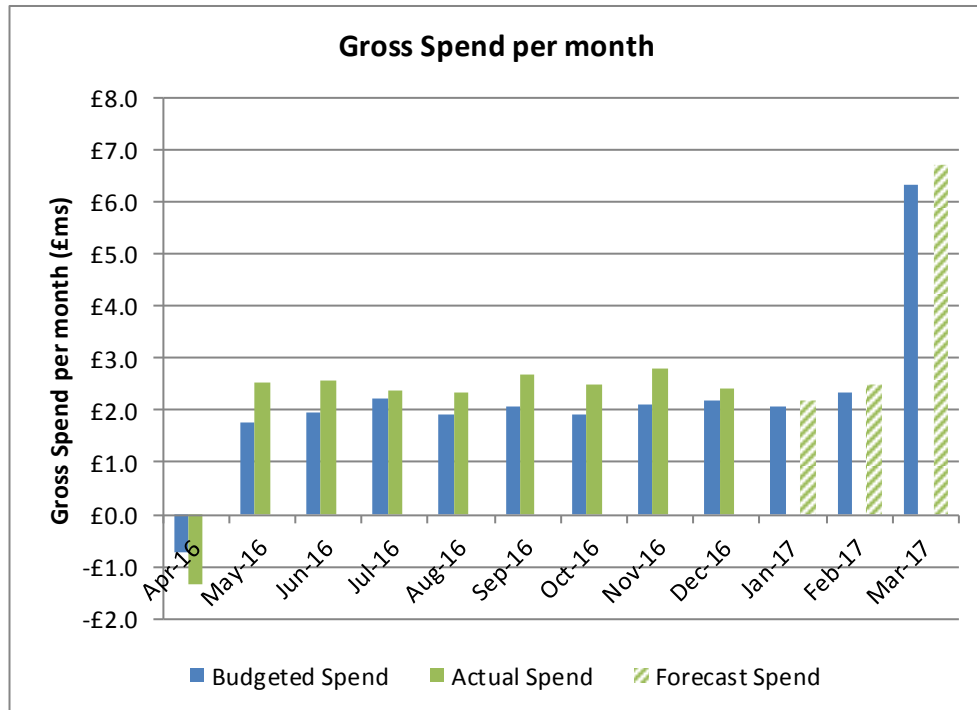
**Appendix 2.6: Domiciliary Care - Older People (aged 65+) - Commissioned service**

<b>2016-17 Total Forecast</b>	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£26.2	-£10.2	£16.0	3,321
Forecast	£30.3	-£10.2	£20.1	3,739
Variance	£4.1	-£0.0	£4.1	418

<b>Position as at 31st Dec 2016</b>	Gross £m	Client Number as at 31/12/2016
Budget: Spend/Activity Year to Date	£15.5	3,296
Actual: Spend/Activity Year to Date	£18.9	3,576
Variance as at 31st Dec 2016	£3.4	280

**MAIN REASONS FOR FORECAST VARIANCE:**

The gross forecast pressure of +£4.1m is due to higher than anticipated demand (+£2.7m) 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 +£1.2m, leading to a net forecast pressure of +£4.1m.



**BACKGROUND PAPER – DECEMBER MONITORING REPORT**

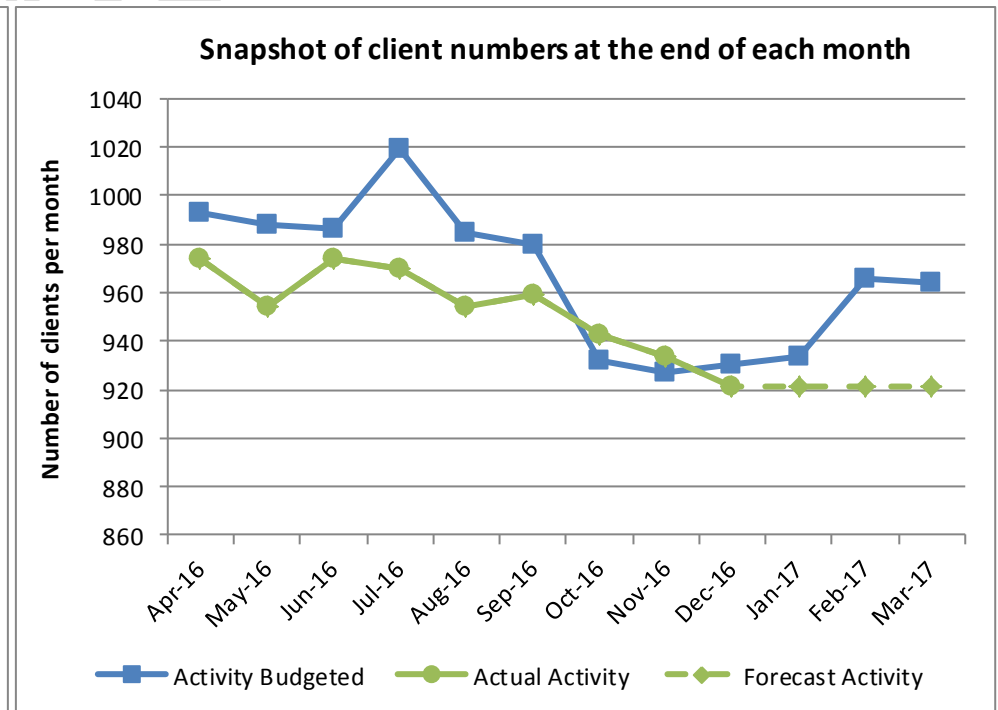
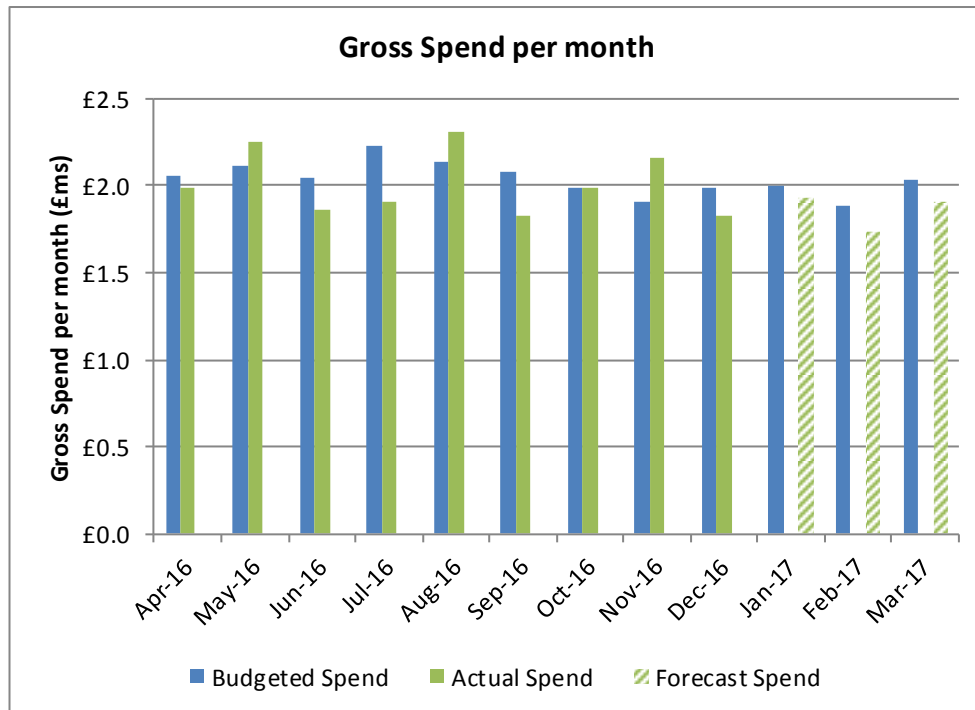
**Appendix 2.7: Children in Care (Looked After) - Fostering - In house service**

<b>2016-17 Total Forecast</b>	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£24.4	-£0.5	£24.0	964
Forecast	£23.7	-£0.2	£23.5	921
Variance	-£0.8	£0.3	-£0.5	-43

<b>Position as at 31st Dec 2016</b>	Gross £m	Client Number as at 31/12/2016
Budget: Spend/Activity Year to Date	£18.5	930
Actual: Spend/Activity Year to Date	£18.1	921
Variance as at 31st Dec 2016	-£0.4	-9

**MAIN REASONS FOR FORECAST VARIANCE:**

The gross forecast underspend of -£0.8m is due to lower than anticipated demand (-£0.4m) 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 -£0.5m.



**BACKGROUND PAPER – DECEMBER MONITORING REPORT**

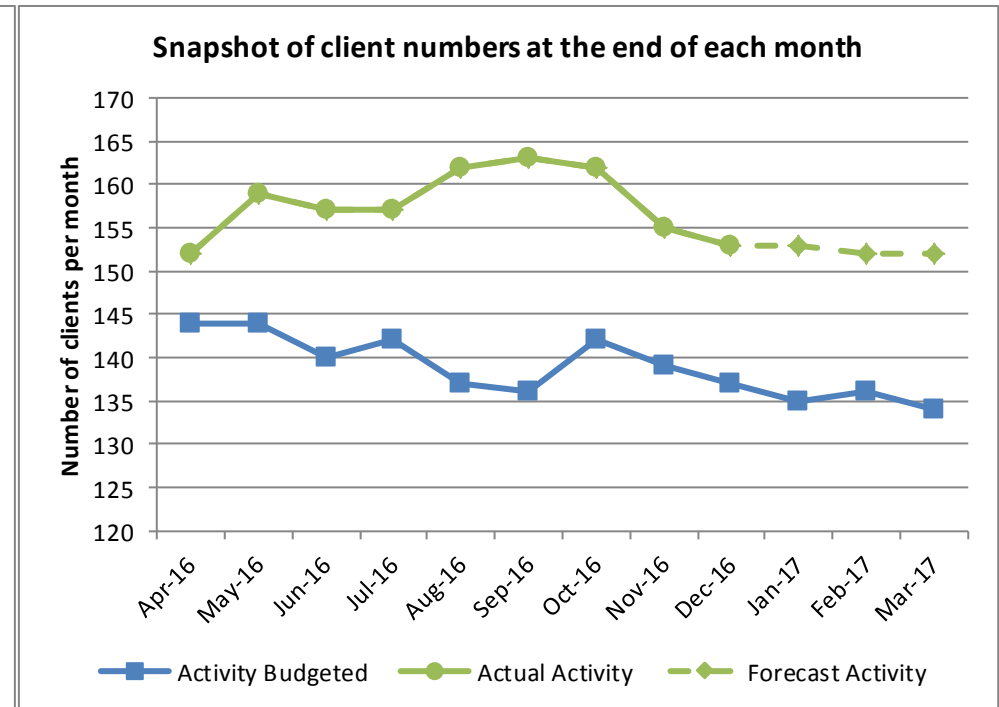
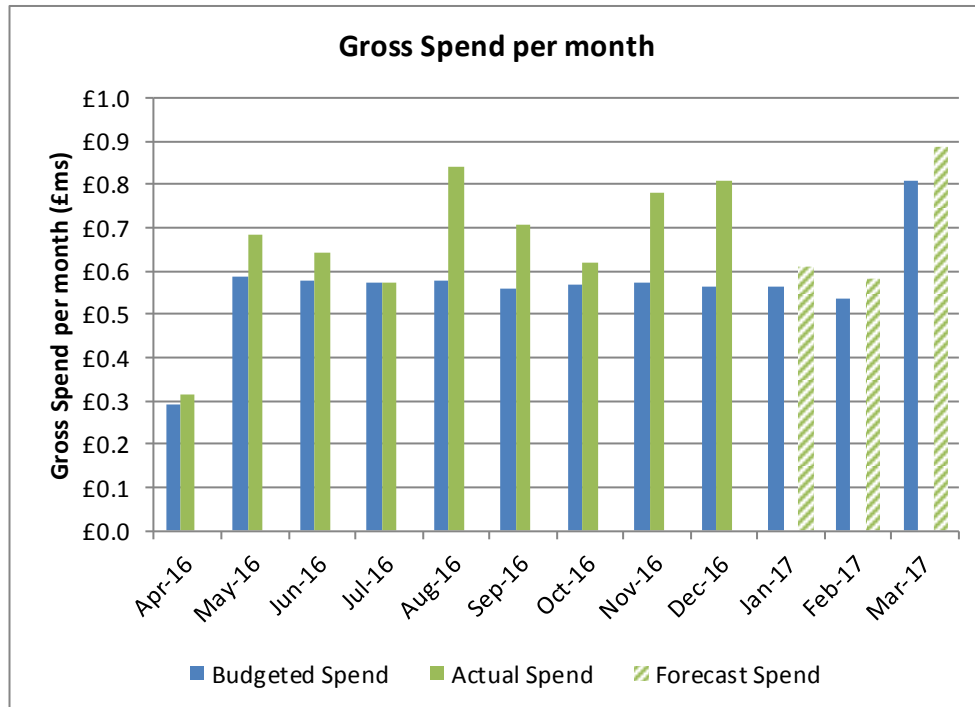
**Appendix 2.8: Children in Care (Looked After) - Fostering - Commissioned from Independent Fostering Agencies**

<b>2016-17 Total Forecast</b>	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	152
Variance	£1.3	£0.0	£1.3	18

<b>Position as at 31st Dec 2016</b>	Gross £m	Client Number as at 31/12/2016
Budget: Spend/Activity Year to Date	£4.9	137
Actual: Spend/Activity Year to Date	£6.0	153
Variance as at 31st Dec 2016	£1.1	16

**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 (+£0.3m).



**BACKGROUND PAPER – DECEMBER MONITORING REPORT**

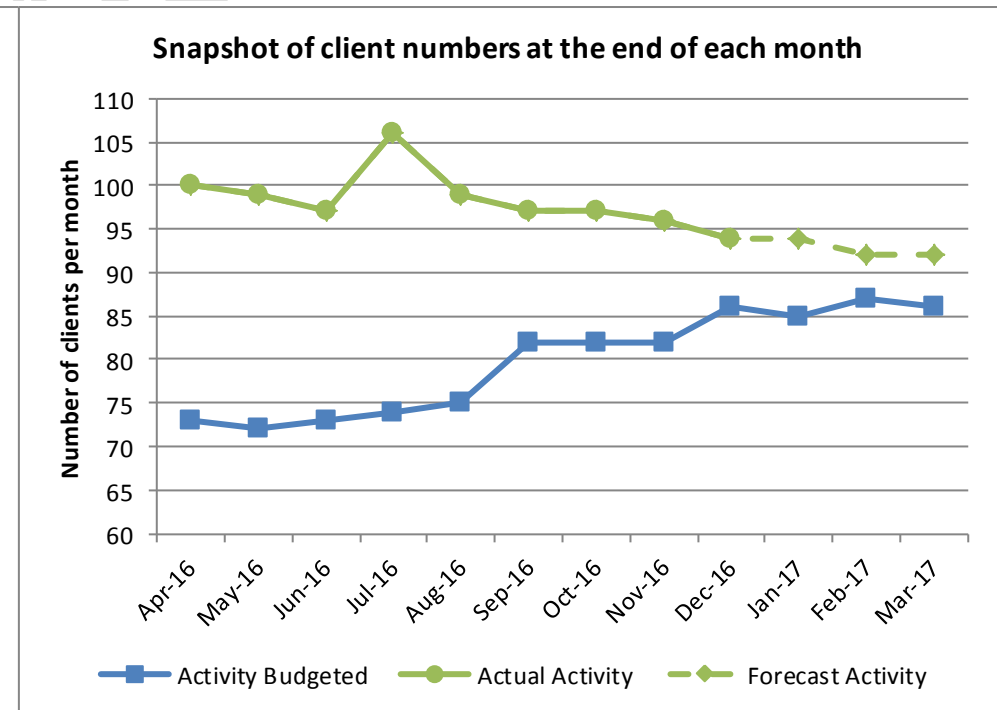
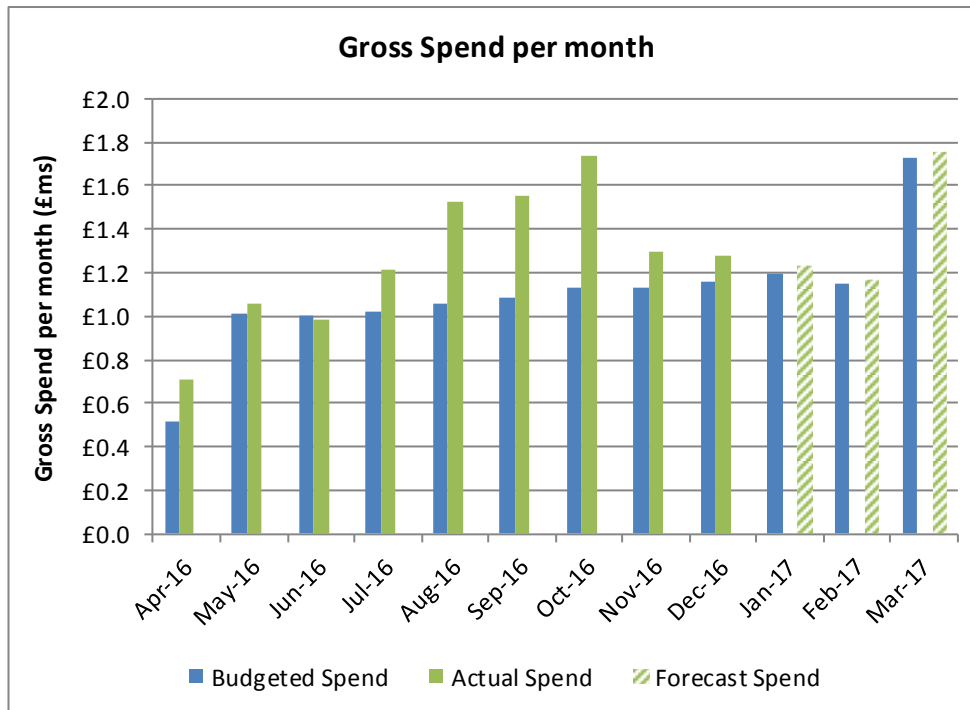
**Appendix 2.9: Children in Care (Looked After) - Residential Children's Services - Commissioned from Independent Sector**

<b>2016-17 Total Forecast</b>	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£13.2	-£2.3	£10.9	86
Forecast	£15.5	-£2.0	£13.5	92
Variance	£2.3	£0.3	£2.6	6

<b>Position as at 31st Dec 2016</b>	Gross £m	Client Number as at 31/12/2016
Budget: Spend/Activity Year to Date	£9.1	86
Actual: Spend/Activity Year to Date	£11.4	94
Variance as at 31st Dec 2016	£2.3	8

**MAIN REASONS FOR FORECAST VARIANCE:**

The gross forecast pressure of +£2.3m is due to higher than anticipated demand (+£2.0m) 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 +£0.3m 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.



**BACKGROUND PAPER – DECEMBER MONITORING REPORT**

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

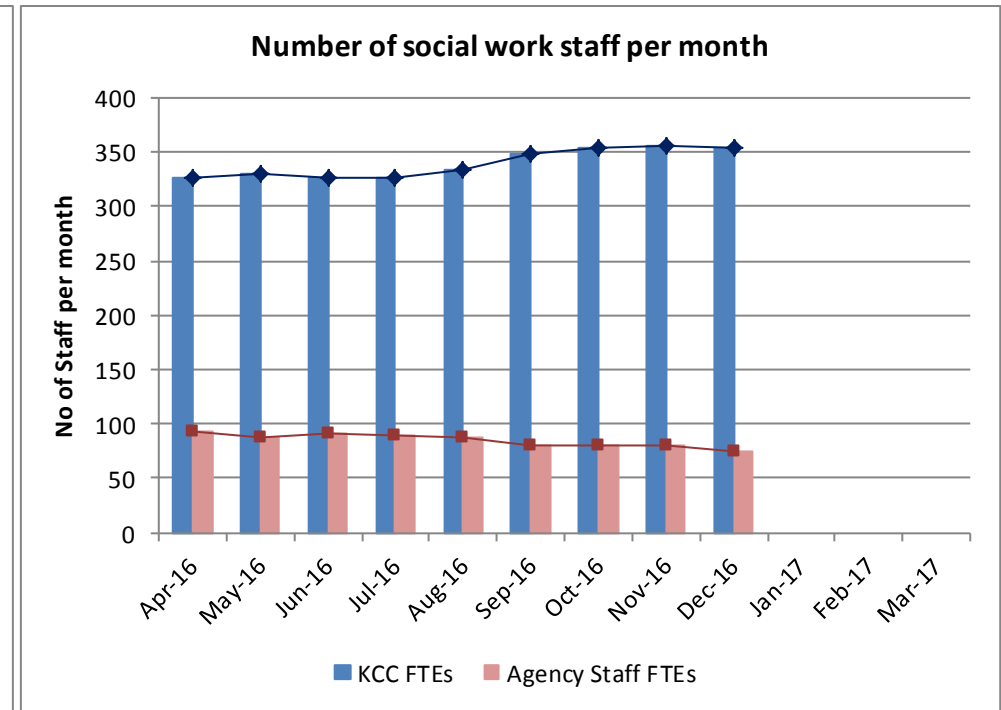
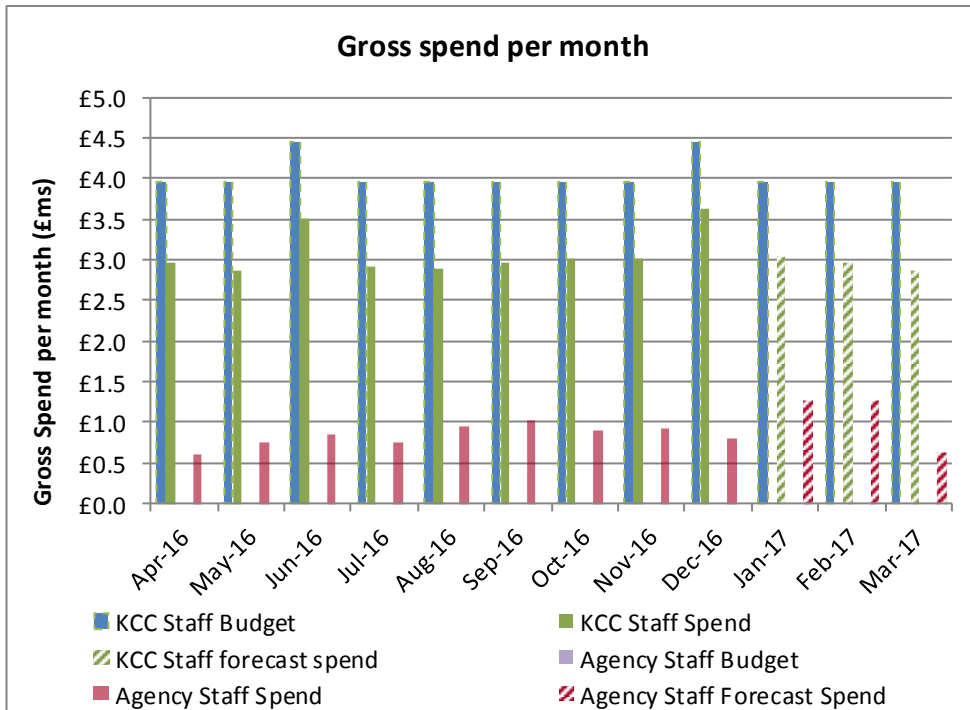
<b>2016-17 Forecast</b>	KCC £m	Agency £m	Gross £m
Budget	£48.5	£0.0	£48.5
Forecast	£36.6	£10.7	£47.4
Variance	-£11.8	£10.7	-£1.1

<b>as at 31/12/16</b>	KCC £m	Agency £m	Gross £m
YTD Budget	£36.6	£0.0	£36.6
YTD Spend	£27.8	£7.6	£35.3
YTD Variance	-£8.8	£7.6	-£1.3

<b>Staff numbers</b>	KCC FTEs	Agency Nos
as at 31/03/16	334.6	88.6
as at 31/12/16	353.9	75.4
YTD Movement	19.3	-13.2

**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 £1.3m 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 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).





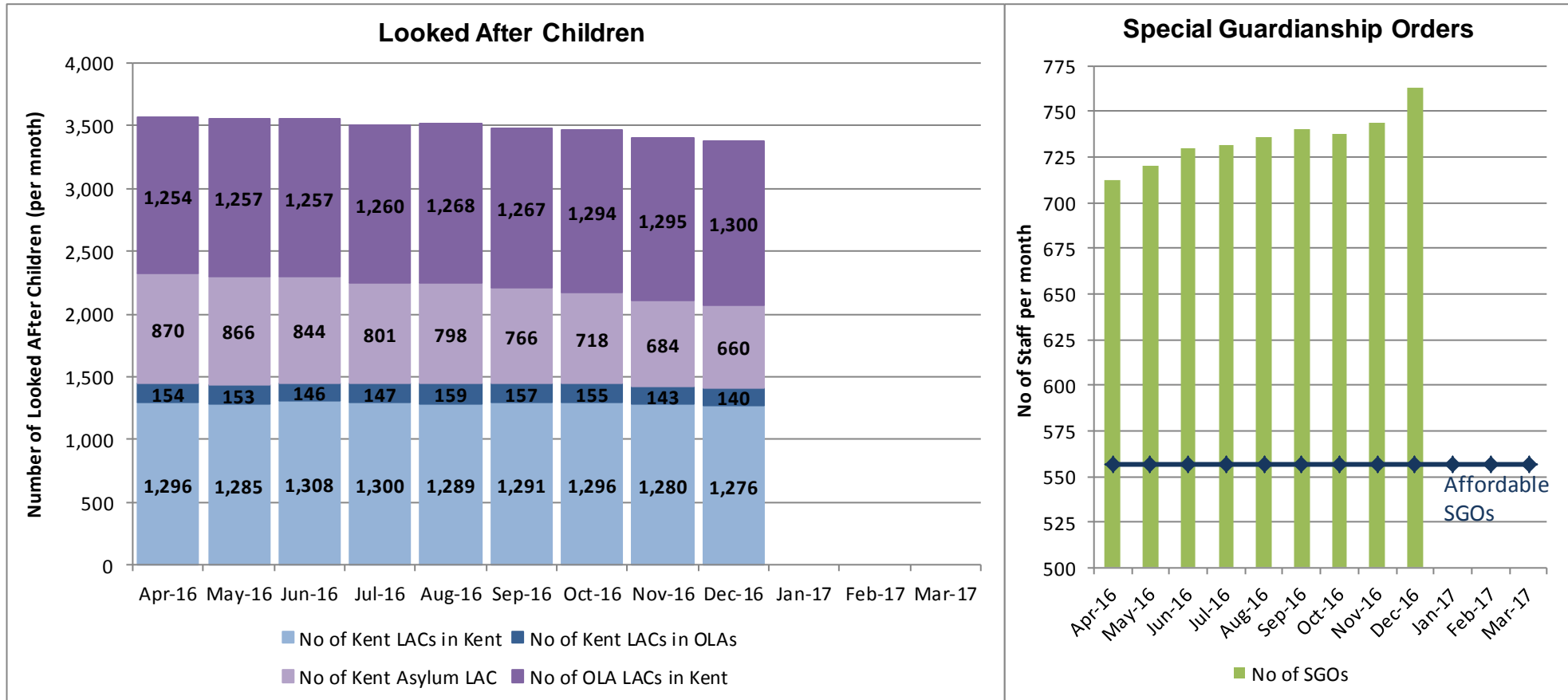
**BACKGROUND PAPER – DECEMBER MONITORING REPORT**

**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.



**BACKGROUND PAPER – DECEMBER MONITORING REPORT**

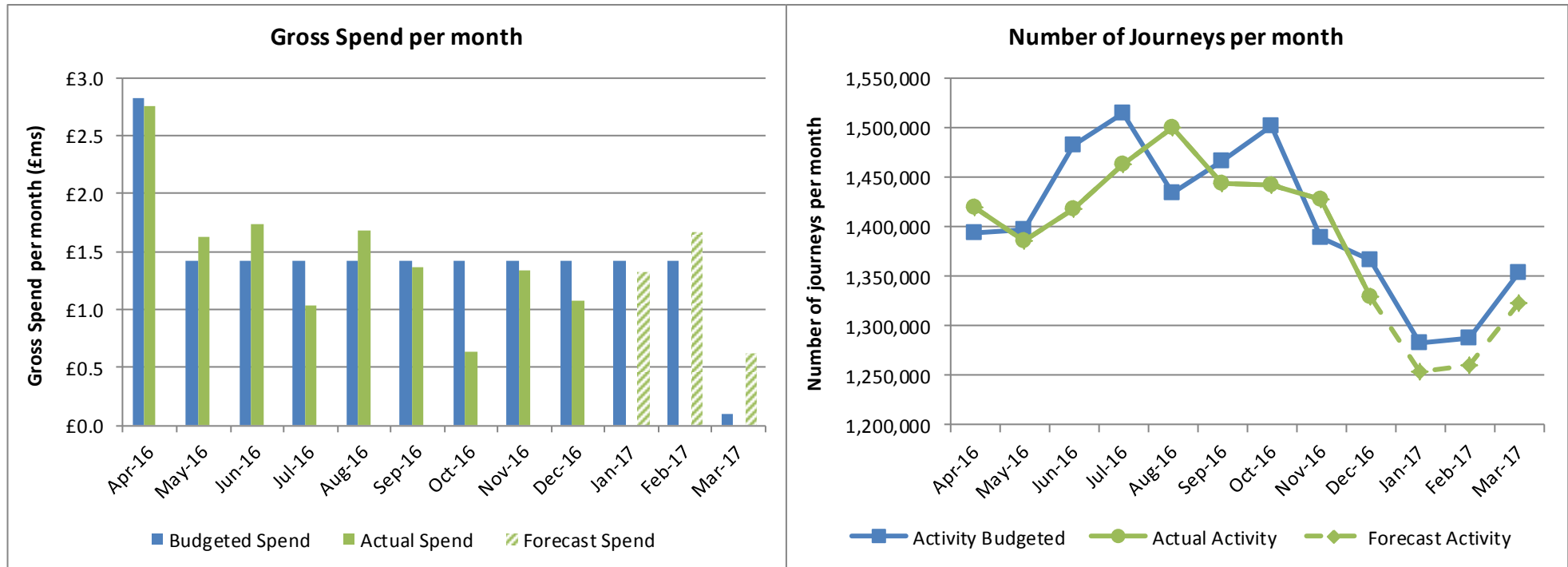
**Appendix 2.12: Transport Services - Concessionary fares**

<b>2016-17 Total Forecast</b>	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	16,667,218
Variance	-£0.3	-£0.0	-£0.3	-200,186

<b>Position as at 31st Dec 2016</b>	Gross £m	No of journeys to 31/12/2016
Budget: Spend/Activity Year to Date	£14.2	12,943,905
Actual: Spend/Activity Year to Date	£13.3	12,829,420
Variance as at 31st Dec 2016	-£0.9	-114,485

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



**BACKGROUND PAPER – DECEMBER MONITORING REPORT**

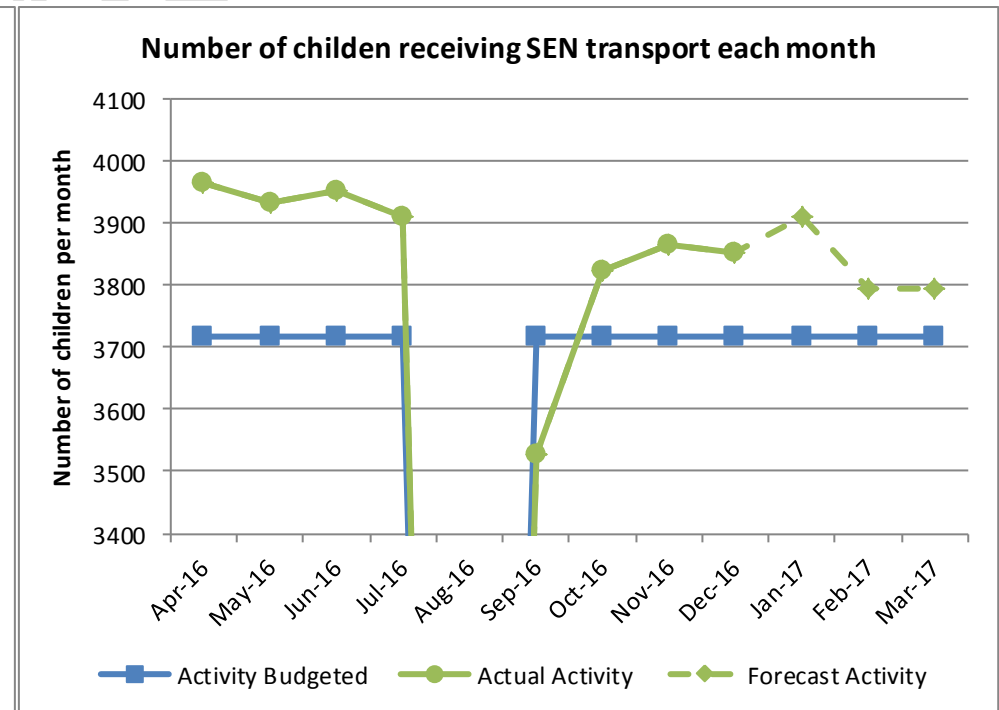
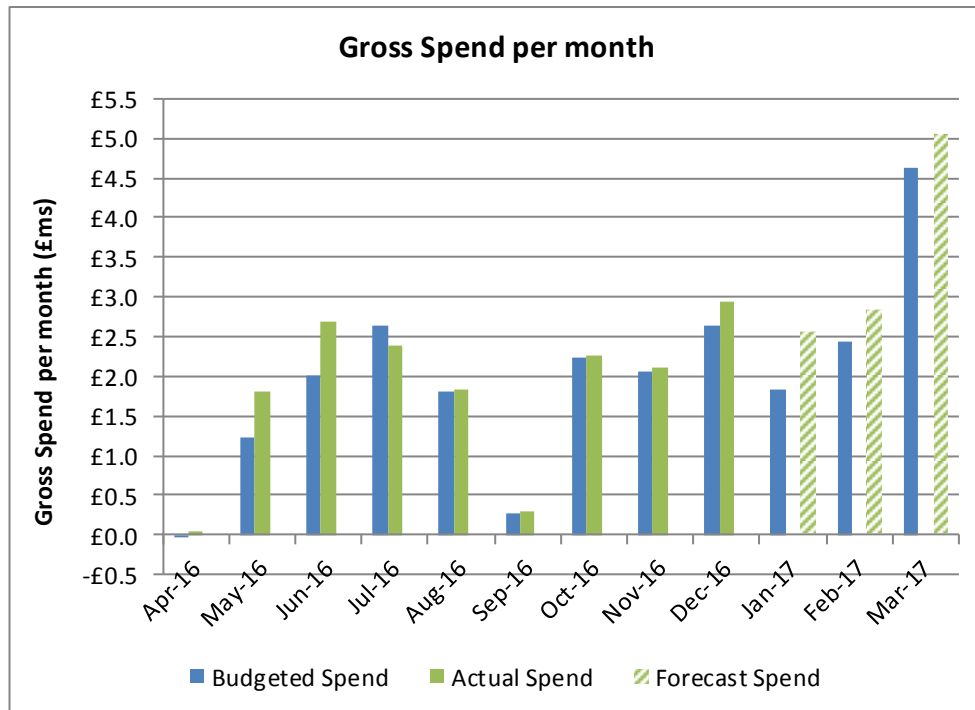
**Appendix 2.13: Transport Services - Home to School / College Transport (Special Education Needs)**

<b>2016-17 Total Forecast</b>	Gross £m	Income £m	Net £m	No of pupils as at 31/03/2017
Budget	£23.8	-£0.8	£23.0	3,717
Forecast	£26.8	-£1.0	£25.8	3,795
Variance	£3.0	-£0.2	£2.8	78

<b>Position as at 31st Dec 2016</b>	Gross £m	No of pupils as at 31/12/2016
Budget: Spend/Activity Year to Date	£14.9	3,717
Actual: Spend/Activity Year to Date	£16.4	3,852
Variance as at 31st Dec 2016	£1.5	135

**MAIN REASONS FOR FORECAST VARIANCE:**

Within SEN Home to School Transport the gross forecast pressure of +£3.0m is due to higher than anticipated demand (+£0.7m) and higher unit cost (+£2.1m). 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 and -£0.1m other minor variances.



**BACKGROUND PAPER – DECEMBER MONITORING REPORT**

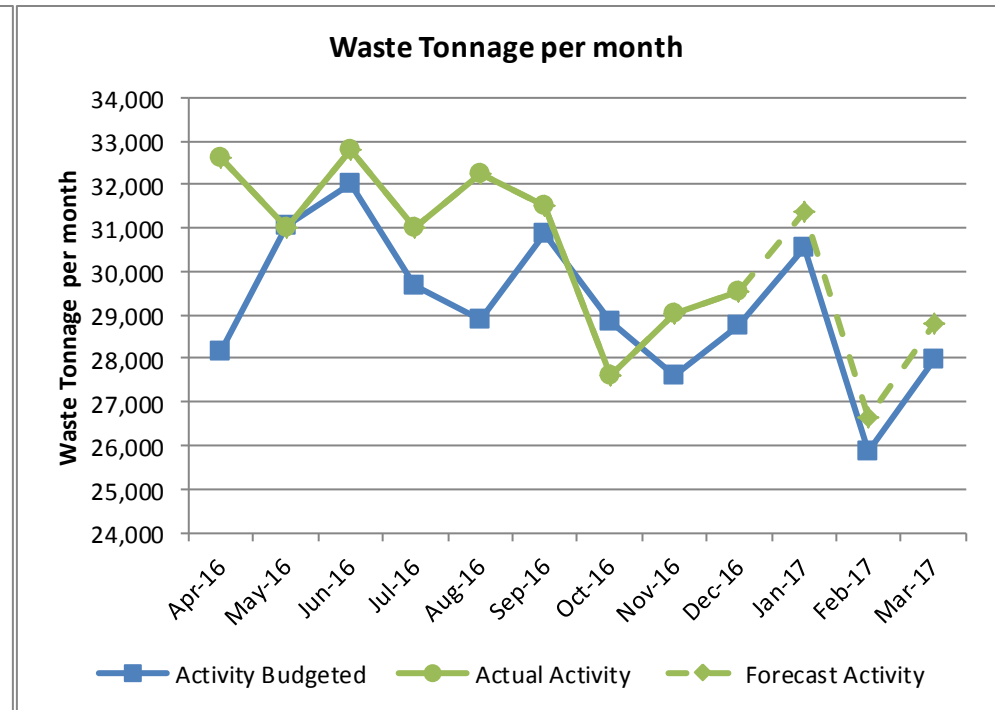
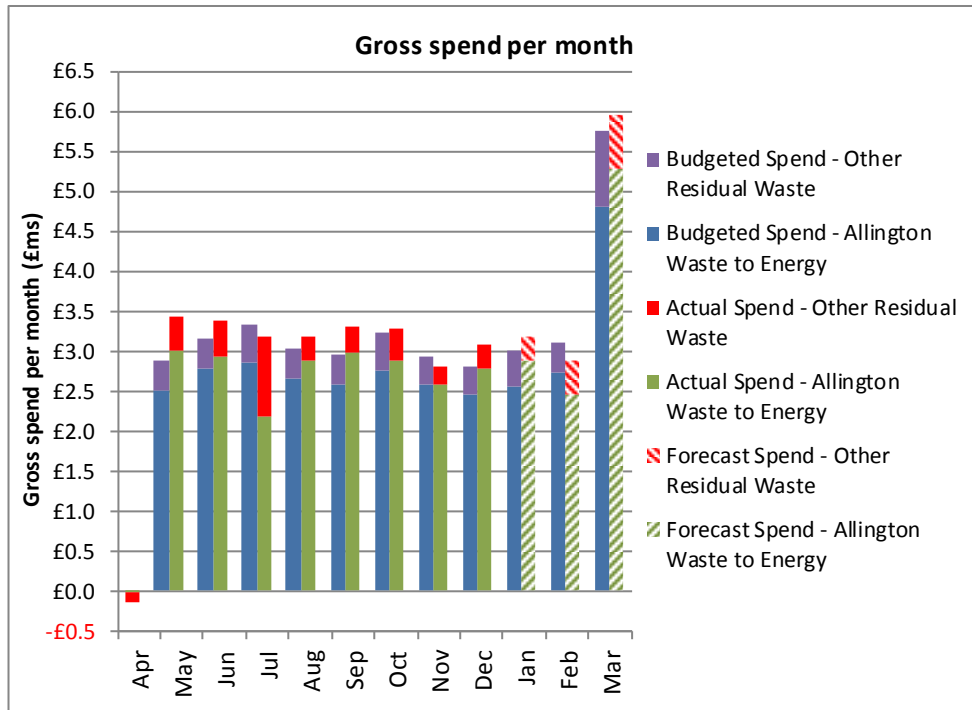
**Appendix 2.14: Treatment and disposal of residual waste**

<b>2016-17 Total Forecast</b>	Gross £m	Income £m	Net £m	Waste Tonnage to 31/03/2017
Budget	£36.2	£0.0	£36.2	350,200
Forecast	£37.6	-£0.4	£37.2	364,100
Variance	£1.4	-£0.4	£1.0	13,900

<b>Position as at 31st Dec 2016</b>	Gross £m	Waste Tonnage to 30/11/2016
Budget: Spend/Activity Year to Date	£24.3	265,822
Actual: Spend/Activity Year to Date	£25.5	277,289
Variance as at 31st Dec 2016	£1.2	11,467

**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 (-£0.4m), from trade waste tonnes, leading to a net pressure of +£1.0m. The forecast is based on actual activity for April to November, with estimates for the remaining months; the division has recently received figures for December (included within graph below).



**BACKGROUND PAPER – DECEMBER MONITORING REPORT**

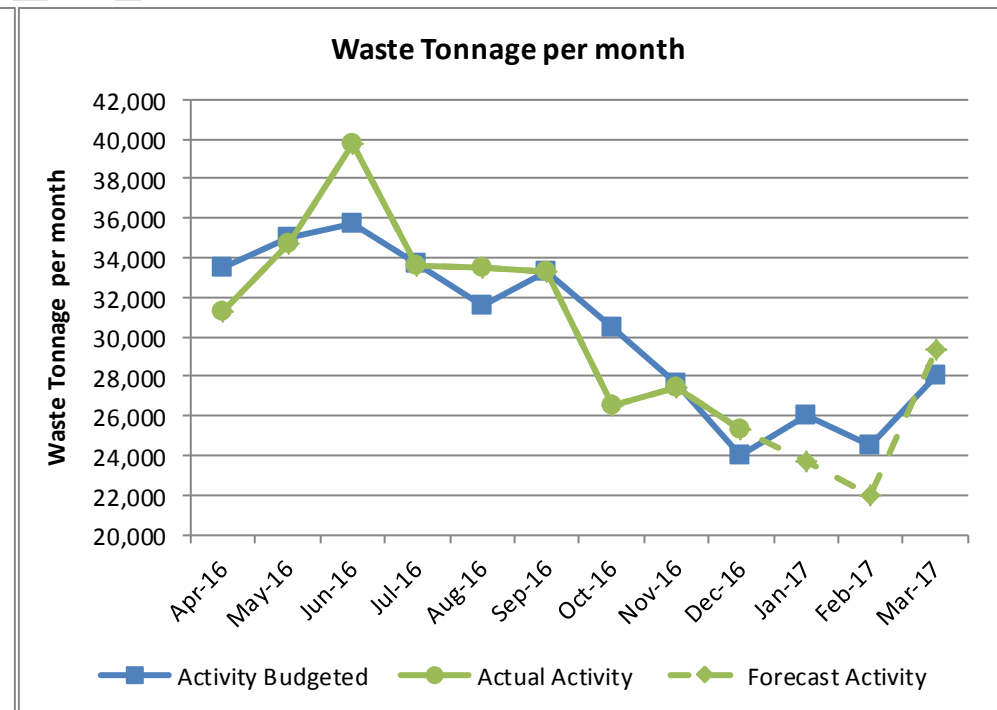
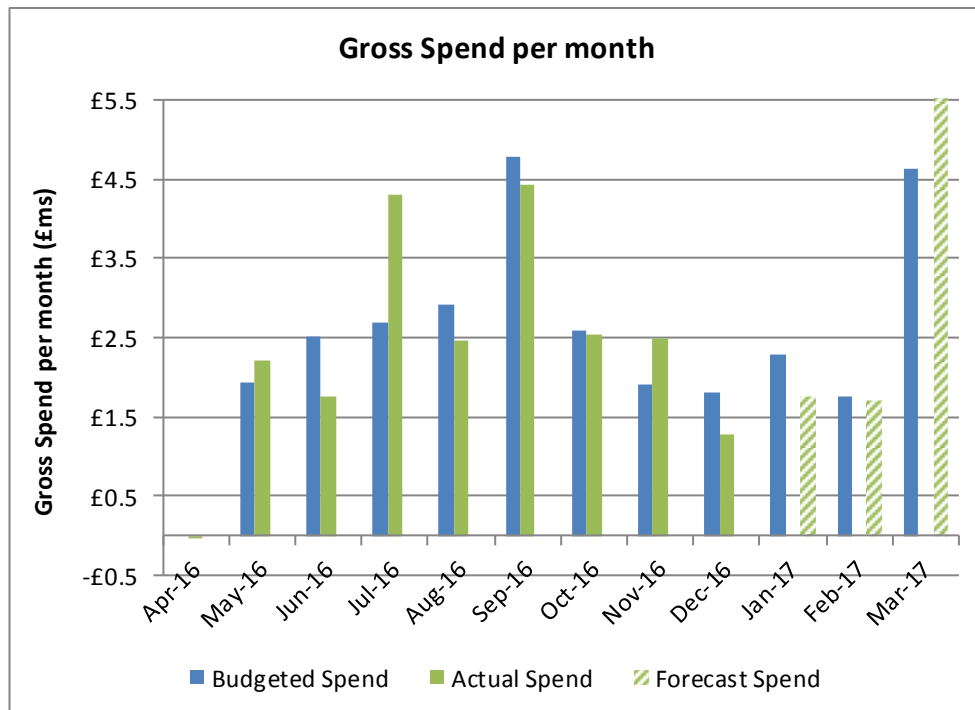
**Appendix 2.15: Waste Processing**

<b>2016-17 Total Forecast</b>	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	£29.1	360,501
Variance	£0.8	-£0.2	£0.7	-2,999

<b>Position as at 31st Dec 2016</b>	Gross £m	Waste Tonnage to 31/12/2016
Budget: Spend/Activity Year to Date	£21.1	284,958
Actual: Spend/Activity Year to Date	£21.4	285,501
Variance as at 31st Dec 2016	£0.3	543

**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 (+£0.3m); 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 (-£0.3m) make up the balance. Additional Income (-£0.2m) primarily from paper and card, reduces this to a net forecast pressure of +£0.7m. The forecast is based on actual activity to November, with estimates for the remaining months; the division has recently received figures for December (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.



**BACKGROUND PAPER – DECEMBER MONITORING REPORT**

**Appendix 2.16: All Staffing Budgets (excluding schools)**

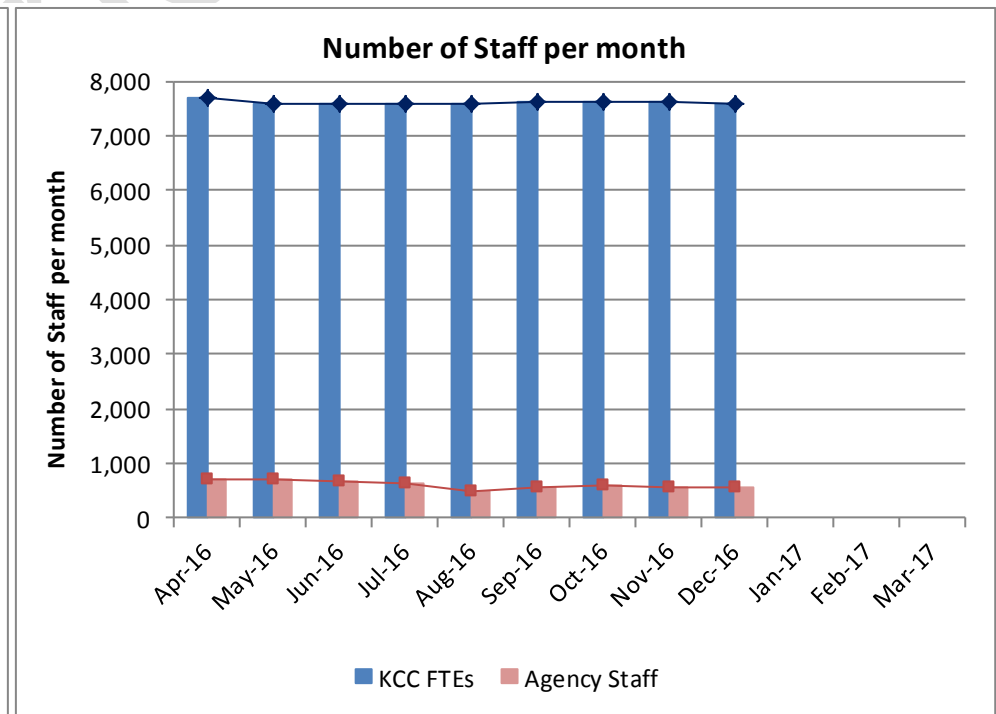
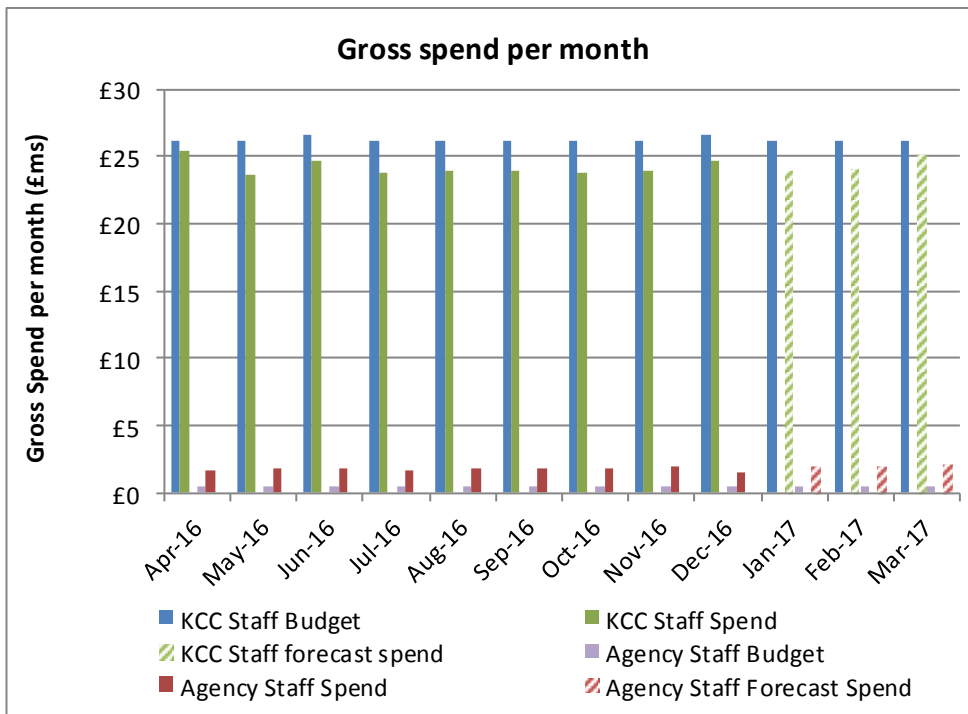
<b>2016-17 Forecast</b>	KCC £m	Agency £m	Gross £m
Budget	£314.1	£5.9	£320.0
Forecast	£291.2	£22.6	£313.8
Variance	-£22.9	£16.7	-£6.2

<b>as at 31 Dec 2016</b>	KCC £m	Agency £m	Gross £m
YTD Budget	£235.8	£4.4	£240.2
YTD Spend	£217.6	£16.1	£233.7
YTD Variance	-£18.2	£11.7	-£6.6

<b>Staff numbers</b>	KCC FTEs	Agency Nos
as at 31 Mar 2016	7,719.59	671
as at 31 Dec 2016	7,585.65	555
YTD Movement	-133.94	-116

**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**

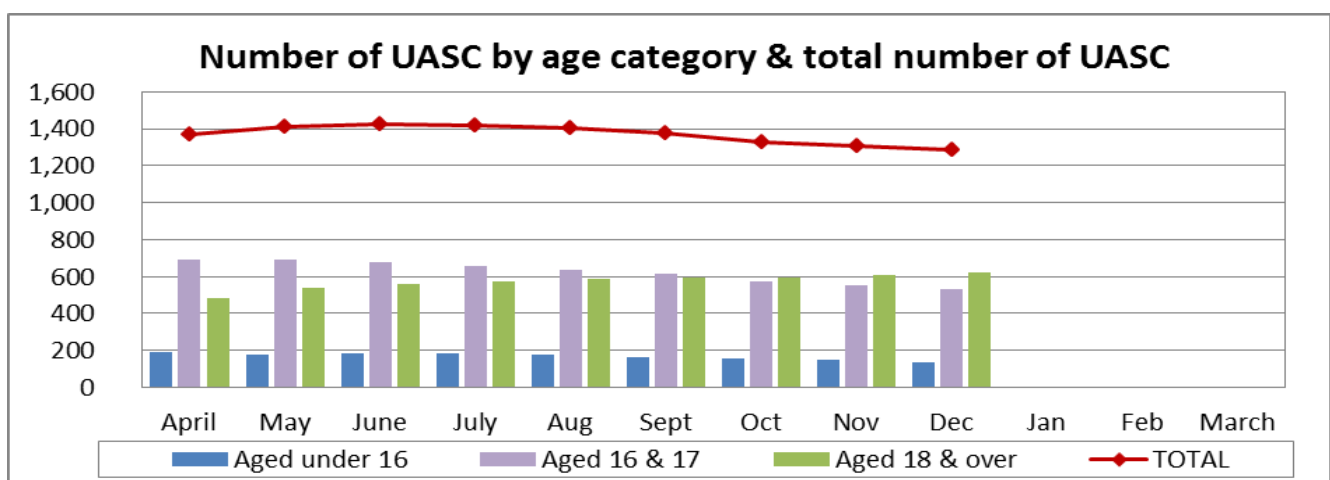
The current position is a forecast overspend of £1.9m as detailed below:

	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	-5.9	5.3	-0.7
Aged 16 & 17	25.0	-25.0	0.0	-5.0	6.0	1.0
Aged 18 & over (care leavers)	8.4	-7.9	0.6	-1.5	3.0	1.5
	<b>46.5</b>	<b>-46.0</b>	<b>0.6</b>	<b>-12.4</b>	<b>14.3</b>	<b>1.9</b>

The following tables exclude individuals being reunited with family under the Dublin III regulation who are awaiting pick up by relatives and are not Asylum seekers (so are not eligible under grant rules), but we are recharging for the time they use the Authority's services, so the authority should not face net costs.

**2. Number of UASC & Care Leavers by age category**

	Aged under 16	Aged 16 & 17	Aged 18 & over	<b>TOTAL</b>
April	191	689	486	<b>1,366</b>
May	181	691	539	<b>1,411</b>
June	182	679	561	<b>1,422</b>
July	182	660	577	<b>1,419</b>
Aug	176	638	590	<b>1,404</b>
Sept	167	613	594	<b>1,374</b>
Oct	157	577	595	<b>1,329</b>
Nov	149	555	606	<b>1,310</b>
Dec	134	532	623	<b>1,289</b>
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.

**BACKGROUND PAPER – DECEMBER MONITORING REPORT**

**3. 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	1,046	14	243	32	1,289	46
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.

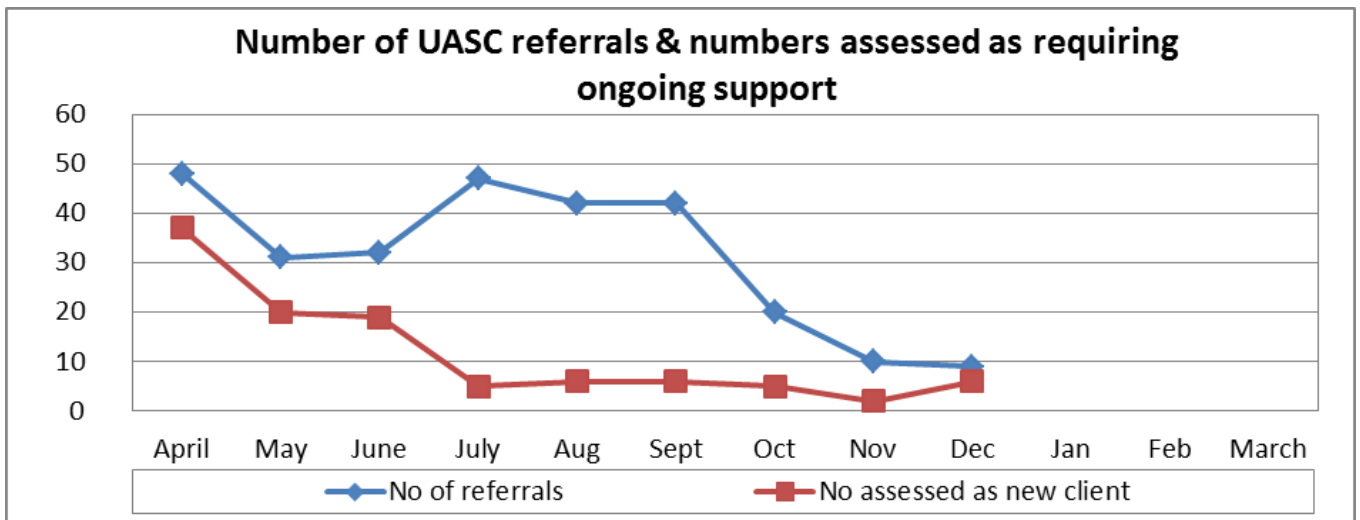
Ineligible clients are those who do not meet the Home Office grant rules criteria. For young people (under 18), this includes accompanied minors and long term absences (e.g. hospital or prison). For care leavers, there is an additional level of eligibility as the young person must have leave to remain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

**4. 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	6	14%
Oct	20	5	25%
Nov	10	2	20%
Dec	9	6	67%
Jan			
Feb			
March			
<b>TOTAL</b>	<b>281</b>	<b>106</b>	<b>38%</b>



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**5. 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	7		7
Jan			0
Feb			0
March			0
<b>TOTAL</b>	<b>137</b>	<b>48</b>	<b>185</b>

The 137 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.

**2016-17 December 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	£281.318m

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

	2015-16	2016-17	2016-17	2017-18	2018-19
	Actual	Original	Forecast	Forecast	Forecast
		Estimate	as at	as at	as at
	£m	£m	31-12-16	31-12-16	31-12-16
			£m	£m	£m
Capital Financing requirement	1,348.259	1,335.724	1,362.492	1,325.104	1,275.707
Annual increase/reduction in underlying need to	-34.597	-17.266	14.233	-37.388	-49.397

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	13.72%

**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	Position as
	Indicator	at
		31-12-16
	£m	£m
Borrowing	975	948
Other Long Term Liabilities	248	248
	<u>1,223</u>	<u>1,196</u>

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- 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 31-12-16
	£m	£m
Borrowing	1,015	985
Other Long Term Liabilities	<u>248</u>	<u>248</u>
	1,263	1,233

### 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 31-12-16	Authorised limit for total debt managed by KCC	Position as at 31-12-16
	£m	£m	£m	£m
Borrowing	1,015	948	1,055	985
Other long term liabilities	<u>248</u>	<u>248</u>	<u>248</u>	<u>248</u>
	1,263	1,196	1,303	1,233

### 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

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

	Upper limit	Lower limit	Position as at 31-12-16
	%	%	%
Under 12 months	10	0	3.92
12 months and within 24 months	10	0	4.73
24 months and within 5 years	15	0	6.22
5 years and within 10 years	15	0	9.85
10 years and within 20 years	20	5	8.68
20 years and within 30 years	20	5	18.18
30 years and within 40 years	25	10	17.82
40 years and within 50 years	30	10	18.85
50 years and within 60 years	30	10	11.73

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

Indicator	£230m
Actual	£178.3m