By:	Cabinet Member for Finance, John Simmonds Corporate Director of Finance, Andy Wood Corporate Directors
To:	**CABINET – 11 December 2017**
Subject:	**REVENUE & CAPITAL BUDGET MONITORING – SEPTEMBER 2017-18**
Classification:	Unrestricted

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1. SUMMARY

1.1 This report provides the budget monitoring position up to 30 September 2017-18 for both revenue and capital budgets, including an update on key activity data for our highest risk budgets.

1.2 The format of this report is:

- This covering summary report which provides a high level financial summary and highlights only the most significant issues, as determined by Corporate Directors.
- Appendix 1 – a high level breakdown of the directorate monitoring positions;
- Appendix 2 – activity information for our highest risk budgets;
- Appendix 3 – details of the Asylum service forecast and key activity information including grant rates compared to actual forecast unit costs;
- Appendix 4 – details of the movement in Reserves;

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 2017-18, as any residual pressures rolled forward into 2018-19 will only compound an already extremely challenging 2018-19 budget position. This forecast revenue pressure of £8.330m (after Corporate Director adjustments) is still very concerning and needs to be managed down to at least a balanced position.

1.4 The forecast revenue pressure (before Corporate Director adjustments) is £13.785m, which is a slight increase of +£0.168m from the previous reported position. The predominant reasons for the increase are due to Education and Young People, Specialist Children's Services and Adult Social Care and Health. The Corporate Director adjustments totalling -£5.455m have brought the forecast position down to £8.330m.

1.5 It is encouraging that the revenue forecast position (after Corporate Director adjustments) has reduced by -£2.896m. However, these Corporate Director adjustments need to be realised and the remaining pressure managed down to a balanced position.

1.6 There is a reported variance of -£31.691m on the 2017-18 capital budget (excluding schools and PFI). This is a movement of -£4.883m from the previous month.

2. RECOMMENDATIONS

Cabinet is asked to:

i) **Note** the forecast revenue budget monitoring position for 2017-18 and capital budget monitoring position for 2017-18 to 2019-20, and that the forecast pressure on the revenue budget needs to be eliminated as we progress through the year.

ii) **Agree** the changes to the capital programme as detailed in section 5.4.

3. SUMMARISED REVENUE MONITORING POSITION

3.1 Overall the net projected revenue variance for the Council after Corporate Directors adjustments is £8.330m. Details of the Corporate Director adjustments are provided below in sections 3.4. The main reasons for the movement this month are provided in section 3.3 below.

Currently there have been no requests for roll forwards. However, it is highly likely that there will be some slippage on the spending of the Adult Social Care Sustainability budget. All of any identified slippage/re-phasing will need to be rolled forward into next year, so will not affect the bottom line forecast variance shown in table 1. The position by directorate, together with the movement from the last report, is shown in table 1 below.

3.2 Table 1: Directorate **revenue** position

Directorate	Budget	Net Forecast Variance *	Corporate Director adjustment	Revised Net Variance	Last Reported position	Movement
	£m	£m	£m	£m	£m	£m
Children, Young People & Education - Education & Young People	58.792	2.753	-1.361	1.392	2.495	-1.103
Children, Young People & Education - Specialist Children's Services	112.732	2.685	-0.440	2.245	1.698	0.548
Children, Young People & Education - Asylum	0.550	4.109	-0.150	3.959	3.914	0.045
Sub Total Children, Young People & Education	*172.074*	*9.548*	*-1.951*	*7.597*	*8.107*	*-0.511*
Adult Social Care & Health - Disabled Children Services	20.754	0.220		0.220	0.679	-0.460
Adult Social Care & Health - Adults	396.298	4.410	-3.168	1.242	3.036	-1.793
Sub Total Adult Social Care & Health	*417.052*	*4.630*	*-3.168*	*1.462*	*3.715*	*-2.253*
Growth, Environment & Transport	166.756	0.629	-0.336	0.293	0.561	-0.268
Strategic & Corporate Services - Excluding Public Health	71.175	0.497		0.497	0.297	0.199
Strategic & Corporate Services - Public Health	-0.011	0.000		0.000	0.000	0.000
Sub Total Strategic & Corporate Services	*71.163*	*0.497*	*0.000*	*0.497*	*0.297*	*0.199*
Financing Items	111.009	-1.518		-1.518	-1.455	-0.063
TOTAL (excl Schools)	**938.054**	**13.785**	**-5.455**	**8.330**	**11.226**	**-2.896**
Schools (CYP&E Directorate)	*0.000*	*15.544*		*15.544*	*15.425*	*0.119*
TOTAL	**938.054**	**29.329**	**-5.455**	**23.874**	**26.651**	**-2.778**

Variance from above (excl schools)					**8.330**	**11.226**	**-2.896**
Roll forwards	- committed				0.000		0.000
	- re-phased				0.000		0.000
	- bids				0.000		0.000
Total roll forward requirements					0.000	0.000	0.000
(-ve Uncommitted balance / (+ve) Deficit					**8.330**	**11.226**	**-2.896**

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

3.3 The main reasons for the movement of -£2.896m (after Corporate Director adjustments) since the last report are:

3.3.1 Children, Young People and Education – 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 decrease of -£1.103m since the August monitoring position. A pressure on school transport services is offset by the Corporate Director adjustment reflecting the following:

- The receipt of the School Improvement Monitoring & Brokering Grant recently confirmed by the Department of Education of -£0.716m;
- The delays in the full implementation of the Health & Wellbeing Contract by the provider leading to a one-off underspend of -£0.245m against Early Help & Prevention for Children and Families;
- The expectation there will be a general reduction in forecast over the coming months of an additional -£0.400m, in part this will be from efficiency savings within Adult Education and additional income from EduKent Services.

3.3.2 Children, Young People and Education – Specialist Children's Services:

The current forecast variance represents an increase of +£0.48m (after the Corporate Director adjustment) since the August report. The Corporate Director adjustment has been made to reflect more up to date information received after the submission of manager forecasts. The movement from the August report is due to various movements across services, the most significant being an increase in the Children's Assessment Staffing forecast, as a result of additional area staffing to meet current demand.

3.3.3 Children, Young People and Education – Asylum Services:

The current forecast variance represents an increase of +£0.045m since the August report. Placement costs for care leavers have been higher than expected. Work is ongoing to reduce the costs of the 18+ service and a Corporate Director adjustment of -£0.150m has been made to reflect the anticipated outcome of this work.

3.3.4 Adult Social Care and Health

The overall movement for the Directorate since the August monitoring round is -£2.253m (after the Corporate Director Adjustment); -£1.793m of which relates to 'Adult Health & Social Care – Adults' and -£0.460m of which relates to 'Adult Health & Social Care – Disabled Children Services (0-18)'. Paragraphs 3.35 to 3.3.6 below provide a detailed explanation of the movement.

3.3.5 Adult Social Care and Health – Disabled Children Services:

The pressure on Disabled Children Service has reduced by -£0.460m since the August exception report, as a result of a reduction in residential care placements and the staffing forecast following a review.

3.3.6 Adult Social Care and Health – Adults:

The pressure on 'Adults Social Care – Adults' has decreased since August by -£1.793m. This includes Corporate Director adjustments of -£3.168m to reflect updates received after the submission of forecasts by managers.

The main movements in the variance relate to: an overall net increase in Nursing and Residential Care across all client groups of +£0.909m; an increase in Assessment Services – Adults Social Care Staffing of +£0.589m; an increase in the forecast for Social Support – Carers – Commissioned service of +£0.209m and an increase in Supported Living - Physical Disability (aged 18-64) - Commissioned service of +£0.199m. This is offset by: a reduction within Other Adult Services of -£1.782m which is mainly due to Corporate Director adjustments for a £1.3m one off use of reserves to offset unachievable transformation savings and a £0.5m slippage on the use of sustainability funding; an increase in Non-residential Charging Income across all client groups of -£0.419m; a reduction in the forecast for Domiciliary Care – Older People and Physical Disability of -£0.674m; a reduction in the forecast for social support – information & early intervention of -£0.195m; a reduction in Day Care forecasts across all client groups of -£0.276m; and a reduction in the forecast for Social Support – Social Isolation of -£0.106m.

3.3.7 Growth, Environment and Transport:

The current forecast outturn is a +£0.293m pressure after the Corporate Director Adjustment of -£0.336m set out below; this is an improvement of -£0.268m since last month.

There has been a reduction in Other Highways Maintenance & Management of -£0.265m primarily resulting from increases in income from developers, street works and the Kent Permit scheme along with other small movements.

Public Protection and Enforcement budgets have also reduced by -£0.200m, primarily due to the Medical Examiner service not being introduced in line with the initial time frame. This means that the majority of this budget will be unspent this year.

Increases in Waste recycling costs, primarily through additional composted waste, have added +£0.187m to the forecast. The Corporate Director adjustment -£0.336m has reduced by +£0.064m as a number of the management actions are now included in the forecast position, with new actions identified. Other small movements make up the remaining movement of -£0.054m.

3.3.8 Strategic and Corporate Services:

The overall forecast has increased by +£0.199m since the August monitoring report. This is due to an increase of +£0.2m in the corporate aspirational savings target for Asset Utilisation. The Directorate controllable budgets have an increase of +£0.1m within Corporate Landlord costs, which is off-set by a decrease of

-£0.1m in Strategic Commissioning arising from an increase in staffing vacancies being held pending a restructure.

3.3.9 Financing Items

There is a £0.063 increase in the underspend this month. This is due to a slight increase in the level of contribution from Commercial Services.

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

3.4.1 <u>Children, Young People and Education – Education & Young People's Services:</u>

3.4.1.1 The forecast variance of +£1.4m after the Corporate Director adjustment (excluding schools and before roll forward requirements) is made up of a number of service lines, the most significant are as follows:

3.4.1.2 There is a forecast underspend of -£0.7m on Early Help & Prevention for Children and Families. An underspend on externally commissioned services -£0.7m due to delays in the start of a new Health and Wellbeing contracts along with higher than expected troubled families grant.

3.4.1.3 There is a forecast pressure of +£0.6m within Early Years Education & Childcare which predominately relates to a shortfall on their general service income target. The EY&C unit are aiming to generate income from private, voluntary and independent nurseries through their Threads to Success scheme. It is hoped that a review of the product pricing will lead to increased demand and an increase in income generation. It is our intention to take action to reduce costs if this increased demand is not forthcoming.

3.4.1.4 There is a forecast underspend of -£0.4m on Other Services for Young People & School Related Services, the most significant variances being:

- +£0.2m ISSK pressure. The target saving of £0.2m is yet to be secured against this service and will depend on the outcome of the recent consultation on the restructure of this service, current vacancies are helping to deliver this saving but this is offset by an expected shortfall income from schools based on current activity.
- -£0.3m underspend on School Improvement Service. There is an expected shortfall against the income targets of approximately +£0.8m based on current trends, however this is offset by a greater levels of savings from the restructure than originally expected and the receipt of an additional grant from the Department of Education.

The balance of -£0.3m is formed from a number of small underspends across other services due to overachievement of their income targets and current staffing vacancies.

3.4.1.5 There is a forecast pressure of +£1.0m on Other Schools' Related costs. +£0.6m of this relates to revenue maintenance costs that are in excess of the grant funding available. These costs, which are administered by colleagues within GEN2 on behalf of the Directorate, cover both planned maintenance agreements and subsequent resultant work and fall under the TFM contracts. The Directorate is also considering options for introducing greater controls to prevent future pressure on this budget. The balance of +£0.3m is mainly due to the expectation that the higher than budgeted demand from schools for the payment of excepted items (such as maternity leave) will continue for the remainder of the financial year.

3.4.1.6 Initial indications based on early September pupil numbers suggest there will be a forecast pressure of +£0.3m across Pupil & Student Transport Services. A pressure on Special Education Needs Transport of +£0.9m resulting from higher than expected pupil numbers and cost of journeys; along with +£0.2m pressure on home to college transport is been partially offset by -£0.8m underspend on mainstream home to school transport due to lower pupil numbers. This is an initial forecast and next month we will be in a position to provide an updated position based on final September pupil numbers.

3.4.1.7 The Youth and Offending Services is forecasting a +£0.1m pressure which is formed from -£0.2m underspend on the commissioning of external youth services following recent retender exercise offset by +£0.3m shortfall in income generated from outdoor education facilities.

3.4.1.8 There is a forecast pressure of +£0.1m on Adult Education and Employment Services for Vulnerable Adults. The pressure on Community, Learning & Skills (CLS) resulting from no longer being the training provider of choice for Business Administration apprenticeships for internal KCC apprentices, is expected to be offset other management action within the service.

3.4.1.9 Finally, there is a forecast pressure of +£0.7m on CYPE Management & Support Services, this is formed from a number of distinct variances, the most significant being:

- +£0.6m pressure relating to Edukent Services. EduKent provide the single point of contact for all traded services with schools and academies and have in the past been funded from the DSG reserve. This is no longer possible and other options are being investigated to provide a long term solution to the funding of this unit. EduKent has funded the billing admin costs for other KCC school traded services such as Invicta Law, GEN2 and Schools Personnel Services (SPS) & Education Information Systems (EIS) within the Business Services Centre. These costs will have to be allocated to the other KCC companies. At present all these costs are held within CYPE Directorate.
- +£0.4m pressure resulting from former CYPE directorates share of savings for both spans and layers and tactical procurement. At this stage the directorate is exploring ways in which these savings could be realised.
- -£0.5m underspend on Education Pension costs based on current activity.

The balance of +£0.1m is formed from a number of smaller compensating variances.

3.4.2 Children, Young People and Education – Specialist Children's Services

3.4.2.1 The overall forecast position for Specialist Children's Services (excluding Asylum) is a pressure of +£2.2m after the Corporate Director adjustment.

3.4.2.2 Within Children's Assessment Staffing, a net +£1.6m pressure is forecast as the service continues to have a number of vacant posts filled by agency workers along with some additional supernumerary agency workers above establishment to cope with a post Ofsted rise in workload demand. This increased number of referrals has also led to a pressure on the Central Referral Unit. Although the service is currently striving to manage demand within their existing resource, there remains a risk that the forecast could rise further in future months, if the increase demand continues and longer term social work support is required.

3.4.2.3 The pressure on Family Support & Other Children Services +£0.5m is mainly due to the ongoing pressure on Care Leaver Services from 2016-17 of +£0.2m, along with increased spend on Safeguarding Children +£0.1m, Commissioned services +£0.1m and Section 17 +£0.1m.

3.4.2.4 A pressure of +£0.2m the Adoption & Other Permanent Children's Arrangements service is formed from a number of compensating variances: a pressure of +£0.4m arising from the current number of Special Guardianship Orders is partially offset by an underspend of -£0.2m due to a reduction in the number of adoption payments, along with the estimated impact of the new financial mean-testing process of -£0.1m. A further pressure of +£0.1m has resulted from the need to secure adoption placements from other local authorities/voluntary organisations where Kent's pool of adopters are not suitable.

3.4.2.5 There is also a pressure of +£0.1m on management support services mainly resulting from Specialist Children's Services share of savings (both spans and layers and tactical procurement) that were initially parked and have recently been allocated to services. There are no immediate plans to deliver this saving this year therefore a pressure is being reported.

3.4.2.6 There is a minor variance for Children in Care (looked after) services -£0.1m but this is formed from a number of compensating variances across the various services including; fostering arising from the recent increase in the number of independent fostering placements of +£0.5m; in-house fostering placements -£0.3m and supported accommodation for 16-17 year olds -£0.3m.

3.4.3 <u>Children, Young People and Education – Specialist Children's Services – Asylum</u>

3.4.3.1 The current predicted pressure on the Asylum Service is £4.0m. This assumes the 2017-18 Unaccompanied Asylum Seeker Children (UASC) and Care Leavers grant rates will remain the same as in 2016-17, as recently confirmed by the Home Office.

3.4.3.2 This position therefore assumes that we will have a shortfall on eligible UASC's (aged under 18) of approximately +£0.5m, Care Leavers (aged 18+) of +£2.3m, and ineligible costs of +£0.3m, the remaining +£0.9m pressure relates to the hosting of the reception centre and duty process for the National Transfer Scheme (NTS).

3.4.3.3 The forecast pressure on the Asylum Service for 2017-18 is greater than 2016-17 due to the age of the children being supported. The UASC grant rate paid by the Home Office reduces once the child turns 16 years old therefore leading to an increasing pressure as the child gets older if the cost of support is not reduced, which is not always possible for the current UASC. Most of the current UASC (irrespective of age) are in higher cost placements due to the fact that they arrived before the age of 16, so had to be placed in fostering placements, which is where they have chosen to remain. In addition, fostering placements made from 2015 onwards were with independent fostering providers with the higher costs that this entails and that attempts to move any individual who is settled in this placement is likely to result in legal challenge. However, where possible, UASC are being moved to lower cost supported lodging placements when turning 16 and this is reflected in a reduction in costs for this month's forecast.

3.4.3.4 The shortfall in the grant rate to support Care Leavers is not dissimilar to previous years, but the overall pressure is greater due to higher numbers of young people.

However, it is anticipated the overall pressure on Care Leavers should reduce in future months as the Home Office have, as promised, now processed the 100+ outstanding claims on the 18+ UASC care leavers. Going forward this will have a positive impact as it will reduce the number of cases where we have to fully fund accommodation costs and subsistence. Work is progressing to ensure care leavers are applying for both job seekers allowance and housing benefit where eligible to do so and the forecast has been updated in anticipation of the resulting cost reductions.

3.4.3.5 As we have no agreement on the funding of the hosting of the NTS and reception centre, we can only assume at this stage that we will receive the daily grant rate for those young people we are supporting for a few weeks leading up to their dispersal.

3.4.3.6 Discussions are ongoing with the Home Office regarding Kent's financial position and a meeting took place with the Minister at the end of October to discuss the challenges Kent face. We await the outcome of that meeting.

3.4.4 <u>Adult Social Care and Health</u>

3.4.4.1 The overall forecast variance for the Directorate is an overspend of £4.6m; £4.4m of which relates to 'Adult Health & Social Care – Adults' and +£0.2m of which relates to 'Adult Health & Social Care – Disabled Children Services (0-18)'. A Corporate Director adjustment of -£3.2m against 'Adult Health & Social Care – Adults' has been proposed, which would take the Directorate overspend down to £1.4m (£1.2m relating to Adults and £0.2m relating to Disabled Children Services).

3.4.5 <u>Adult Social Care and Health – Disabled Children Services</u>

3.4.5.1 Disabled Children Services are forecasting a net pressure of +£0.2m, the most significant variances being:

- The +£0.8m variance for Children in Care (looked after) services is due to a pressure on residential care commissioned from external providers of +£1.1m offset by underspends on fostering services of -£0.2m and -£0.1m in-house residential respite services.
- The -£0.5m variance for Family Support & Other Children Services is mainly due to underspends on both direct payments of -£0.2m and day care services of -£0.1m, along with minor other variances on Commissioning and Section 17.
- The +£0.1m pressure on assessment staffing resulting from the service being fully recruited with no expected vacancies at this time, partially offset by underspends on the sensory of -£0.1m and equipment services of -£0.1m.

3.4.6 <u>Adult Social Care and Health – Adults</u>

3.4.6.1 The forecast variance for 'Adult Health & Social Care – Adults' is +£4.4m, however a Corporate Director adjustment of -£3.2m is proposed, which takes the forecast variance to +£1.2m. The Corporate Director adjustment comprises:

- -£0.8m – Adjustment to assumptions on future activity trend's on Older People's residential and community services.
- -£1.3m one-off use of reserves to offset unachievable transformation savings
- -£0.5m slippage on use of sustainability funding.
- -£0.4m inclusion of War Pensions Disregard funding to offset reduced income.

- -£0.2m lower than anticipated spend relating to a number of projects with voluntary.
- -£0.1m additional use of reserves to cover additional one-off management support costs.

It is hoped that as the year progresses the impact of Adult Social Care allocation and its investment will reduce the remaining variance further. In addition, the forecast still assumes that unreleased Winter Pressures money will be fully spent during the winter months.

3.4.6.2 Within the overall variance of +£4.4m there are pressures of +£7.7m resulting from direct provision of services to clients across adult social care, and a forecast underspend of -£3.4m against adult and older people preventative and other services. There is also a pressure on staffing and management and support services of +£0.1m.

This overspend position reflects activity data to date in the 2017-18 financial year and we will continue to refine the forecast alongside activity trends over the coming months.

3.4.6.5 Learning Disability services are forecasting a net pressure of +£1.6m, which includes a number of offsetting variances. The most significant variances relate to:

- Nursing & Residential Care - Learning Disability (aged 18+) +£1.8m pressure (more information is provided in appendix 2.1).
- Supported Living - Learning Disability (aged 18+) - Other Commissioned Supported Living arrangements +£1.1m pressure (more information is provided in appendix 2.2).
- Supported Living - Learning Disability (aged 18+) - Shared Lives Scheme -£1.1m underspend, this is due to activity being less than budgeted.
- Supported Living - Learning Disability (aged 18+) - In house service -£0.1m underspend.
- Direct Payments - Learning Disability (aged 18+) +£0.1m pressure (more information is provided in appendix 2.3).
- Day Care – Learning Disability (aged 18+) – Commissioned service -£0.3m.
- Domiciliary Care – Learning Disability (aged 18+) +£0.1m pressure.

3.4.6.6 Mental Health services are forecasting a net pressure of +£1.9m, which comprises of a number of offsetting variances. The most significant of which relate to:

- Supported Living - Mental Health (aged 18+) - Commissioned service underspend of -£0.3m which is due to -£0.6m relating to delays in commencing the Your Life Your Home scheme, reflecting £0.4m of red rated savings when netted against increase on Residential Care and +£0.3m which is due to activity being higher than budgeted.
- Nursing & Residential Care - Mental Health (aged 18+) +£2.3m. This variance is predominantly due to +£1.0m relating to delays in commencing the Your Life Your Home, reflecting £0.4m of red savings when netted against reduction on Supported Living and +£1.3m which is due to activity being higher than budgeted.

3.4.6.7 Older People and Physical Disability services are forecasting a net pressure of +£4.2m, which includes a number of offsetting variances. The most significant variances relate to:

- Nursing and residential care +£5.0m pressure which includes +£3.4m relating to Older People Commissioned Residential services (more information is provided in appendix 2.4), +£1.6m relating to Older People Nursing (more information is provided in appendix 2.5), +£0.1m relating to Older People In-house Residential services and -£0.1m relating to Physical Disability Nursing and Residential care services.
- There is a forecast over recovery of non-residential charging income of -£1.6m, based on the year-to-date income received, which is linked to services on the following community service lines: Domiciliary care services +£0.8m pressure of which +£0.2m relates to Older People Commissioned Services and links with appendix 2.6, Supported Living +£0.6m and Day Care -£0.4m.

The Older People and Physical Disability forecast 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.

3.4.6.8 Within ‘Adult & Older People Preventative & Other Services’ there is a forecast net variance of -£3.4m, comprising a number of offsetting variances. Because of slippage on some of the transformation savings, at this stage it is felt prudent to reflect +£1.7m as a pressure. However, Corporate Director Adjustments detailed at the start of this section are intended to offset this. A further pressure of +£0.7m relates to slippage on Housing Related Support savings. In addition, there is a further variance of +£0.2m on Other Adult Services, relating to tiers and spans saving across the authority of +£0.2m and other savings of +£0.2m that are both not forecast to be achieved, this is offset -£0.2m underspend on meals. These pressures are offset by: forecast underspends of -£1.6m in social support services, such as those for carers (in-house and commissioned), information & early intervention and social isolation; -£1.5m underspend on equipment against the adaptive & assistive technology budget; -£2.4m variance on centrally held funds including sustainability funding to cover costs already recognised in the forecast position and -£0.2m for the Social Fund.

3.4.8 Growth, Environment and Transport

3.4.8.1 The overall position for the Directorate, before Corporate Director Adjustments, is a forecast pressure of +£0.6m (+£1.0m last month), with forecast pressures of +£1.0m being partially offset by forecast underspends of -£0.4m.

3.4.8.2 The main pressures previously reported to Cabinet remain: General Highways Maintenance & Emergency Response, Other Highways Maintenance & Management and GET Management & Support Services budgets are showing +£0.2m, +£0.4m and +£0.4m respectively. Within the latter is a +£0.3m pressure arising from Streetlight Energy. In addition there continues to be a pressure resulting from an increased levy on all Driver Diversion courses from 1st September 2017 and a significant forecast reduction in the number of course attendees against budget; this is currently +£0.3m. The forecast pressure against the GE&T Management & Support Services budget is due to the impact of staffing and procurement savings that have yet to be fully implemented.

3.4.8.3 Public Protection and Enforcement is now forecasting a net underspend of -£0.030m as the -£0.200m underspend against Medical Examiners more than offsets the previously reported pressures

3.4.8.4 Waste is forecasting an overall underspend of -£0.1m, comprising the following: Treatment and Disposal of Residual Waste is forecasting a small pressure +£0.1m with a price pressure being offset by additional trade waste income (as can be seen in Appendix 2.14) and savings from redirecting Waste Treatment Final Disposal contracts into Waste to Energy at a cheaper rate. Waste Processing is forecasting an underspend of -£0.1m. Savings within the soil and hard-core budget and Materials Recycling Facilities budgets are partly offset by increased composting and reduced income (see Appendix 2.15).

3.4.8.5 All other GET budgets are forecasting a combined underspend of -£0.2m, of which -£0.1m relates to Subsidised Bus Services

3.4.8.6 Although the financial position continues to improve a forecast pressure remains and so a Corporate Director adjustment of -£0.3m has been included; this reduces the forecast pressure of +£0.6m down to +£0.3m. Further management action, currently being identified, will be reflected through the monitoring report in subsequent months, with a view to achieving a balanced position overall by the end of the year

3.4.9 Strategic and Corporate Services – Public Health

3.4.9.1 It should be noted that this is the first month that the Public Health Division is being reported within the Strategic & Corporate Services Directorate, reporting to the Strategic Commissioner. Public Health was formerly reported within Adult Social Care & Health. Public Health is currently a ring-fenced grant and that any variance throughout the year and at the end of the financial year, is moved to a reserve. There is therefore no impact on the overall Directorate variance.

3.4.10 Strategic and Corporate Services

3.4.10.1 The overall variance reflected in appendix 1 against the directorate is an overspend of +£0.5m which is made up of a break even position for the S&CS Directorate itself, increased by +£0.5m 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. It should be noted that this in-year overspend is due to the delayed implementation of some plans, resulting in the £0.5m delivery slipping to 2018-19. Work is now on-going on the 2018-19 savings target of an additional -£0.65m saving which, to be deliverable from 1st April 2018, requires early identification of plans.

3.4.10.2 The directorate break even position includes variances of +£0.2m for the Contact Centre & Digital Web Services budget set in 2015 using a transformation plan suggested by Agilisys, predicting that the number of calls and average call duration would fall significantly. Although the call volumes and times have reduced, this is not in line with the original budgeted plan, hence resulting in a budget pressure. The commissioners of this service, together with Agilisys, are working with directorate services to get these figures reduced further; -£0.2m on Engagement, Organisation Design & Development relating primarily to staffing vacancies; -£0.1m for Finance arising from lower salary costs following a major restructure; -£0.3m for Strategic Commissioning due to staffing vacancies being held vacant pending restructure; +£0.4m Infrastructure controllable budgets, arising mostly from backdated Kier costs and minor variances across all areas of Property and ICT commissioning budgets.

3.4.11 Financing Items

The Financing Items budgets are currently forecast to underspend by £1.5m, which is due to:

3.4.11.1 Additional Government funding compared to our assumptions at the time of setting the budget, together with additional retained business rates relief relating to Dover Enterprise Zone for 2015-16 and 2016-17, result in a forecast underspend of £0.8m.

3.4.11.2 The Cabinet decision in June not to make the budgeted £3.9m contribution to General Reserves in light of our reduced level of risk following our success in delivering an underspend in 2016-17, and the announcement in the Chancellor's Spring Budget of the additional social care funding. Instead £3m is being spent on pothole repairs and the remaining £0.9m is declared as an underspend to go towards offsetting the pressures reported elsewhere in this report.

3.4.11.3 A £1.9m decrease partly due to a deferment of Minimum Revenue Provision (MRP) and partly due to re-phasing of the 2016-17 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.

3.4.11.4 A £0.1m underspend on Carbon Reduction Commitment reflecting finalisation of our carbon emissions for 2016-17 and our estimated carbon emissions for the current year.

3.4.11.5 However, these underspends are partially offset by the following:

- A forecast shortfall of £1.7m in the contribution from Commercial Services, £1m of which reflects trading conditions in the Education supplies business, Recruitment business and Landscapes business. In particular the Education (KCS) and Recruitment businesses have been significantly impacted by cuts in spend from its predominantly public sector customer base. The Education (KCS) business however is still forecasting a contribution 10% greater than previous year, despite the deterioration in the market of between 8-10%, due to efficiencies being delivered. The overall £1m down grade is in line with the demand risks highlighted at budget setting stage. £0.7m of the contribution was to be met from a drawdown of Commercial Services reserves it was agreed by the Shareholder Board in July 2017 that this was no longer sustainable for the CS group and this contribution has been removed for 2017-18; and
- £0.5m unallocated saving relating to the anticipated amalgamation of business support in the old SCHW directorate is unachievable in the current year following the decision to create the new Strategic Commissioning Division within S&CS directorate. Some of the services that were due to be amalgamated are now in different directorates. However, it is expected that savings will be delivered from the creation of the new Strategic Commissioning Division but these will not be realised until 2018-19.

3.5 **Schools delegated budgets:**

The schools delegated budget reserves are currently forecast to end the financial year in surplus by £12.8m, compared to £28.3m at the start of the financial year. This is made up of a forecast surplus of £32.4m on individual maintained school balances, and a deficit on the central schools reserve of £19.6m. The table below provides the detailed movements on each reserve:

	Individual School Reserves (£m)	**Central Schools Reserve (£m)**	**Total School Reserves (£m)**
Balance bfwd	30.171	(1.830)	28.340
Forecast movement in reserves:			
Academy conversions and closing school deficits	2.230	(4.580)	(2.350)
Contribution to schools broadband		(1.000)	(1.000)
School Growth		(1.000)	(1.000)
High Needs (Mainstream & Independent)		(8.700)	(8.700)
Various		(0.569)	(0.569)
Overspend on Central DSG budgets		(1.925)	(1.925)
Forecast reserve balance	**32.400**	**(19.604)**	**12.797**

Note: a negative figure indicates a draw down from reserves/deficit

The schools delegated budget is currently showing pressure of £15.544m which is the sum of the figures highlighted above.

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

Dividends/Contributions (£m)	Budget	Forecast	From trading surplus	from reserves
Commercial Services	6.800	5.063	5.063	
GEN2	0.620	0.620	0.620	
Invicta Law	1.057	1.057	1.057	

4. REVENUE BUDGET VIREMENTS/CHANGES TO BUDGETS

4.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered “technical adjustments” i.e. where there is no change in policy, including the allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.

5. SUMMARISED CAPITAL MONITORING POSITION

5.1 There is a reported variance of -£31.691m on the 2017-18 capital budget (excluding schools and PFI). This is a movement of -£4.883m from the previous month and is made up of £4.301m real movement and -£9.184m rephasing movement. Headline variances are detailed below by Directorate.

5.2 Table 3: Directorate **capital** position

Directorate	2017-18 Working budget	2017-18 Variance	Real variance	Re-phasing variance	Last reported position		Movement	
					Real	Rephasing	Real	Rephasing
	£m	£m	£m	£m	£m	£m	£m	£m
Children, Young People & Education	112.902	-7.745	0.263	-8.008	-3.484	-8.337	3.747	0.329
Adult, Social Care & Health	8.383	-1.224	-0.114	-1.110	-0.145	-1.110	0.031	0.000
Growth, Environment & Transport	132.630	-18.924	-4.874	-14.050	-4.914	-7.158	0.040	-6.892
Strategic & Corporate Services	20.963	-3.798	2.931	-6.729	2.448	-4.108	0.483	-2.621
TOTAL	**274.878**	**-31.691**	**-1.794**	**-29.897**	**-6.095**	**-20.713**	**4.301**	**-9.184**

5.3 **Capital budget monitoring headlines**

The real variances over £0.100m and rephasing variances over £1.000m are as follows:

Children, Young People and Education

- Annual Planned Enhancement Programme: -£1.993m rephasing movement. From indicative timescales provided by the design consultants, it is anticipated that a number of projects will now complete in the following financial year. These timescales are reflective of tendering work periods, asbestos and difficulties obtaining access to specific sites within non-operational periods.
- Basic Need: +£1.782m rephasing movement. Approval has now been given for the delivery of secondary school expansions by September 2018. Projects have been commissioned and some costs will be incurred earlier than previously forecast.

Adult, Social Care and Health

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

Growth, Environment & Transport

Highways, Transportation & Waste

- Westwood Relief Strategy: -£1.000m real movement. This scheme is no longer progressing and cash limit adjustments have been requested to remove this from the programme.
- A28 Chart Road: Rephasing movement of -£2.827m. The rephasing is due to delays in signing the S106 agreement, which reduced the level of advanced works that could be completed and had a knock on effect on the Compulsory Purchase Order process.

- Maidstone Integrated Transport: -£1.506m rephasing movement, to allow for additional engagement and utility diversionary work to be undertaken prior to the commencement of the project.

- Integrated Transport: -£0.254m real movement. The forecast has reduced due to several small externally funded schemes not progressing this year, hence reducing the overspend on this project.

- M20 Junction 4 Eastern Overbridge: -£0.109m real movement. Works relating to the Integrated Transport Crash Remedial Measures scheme have been correctly transferred, negating the overspend on this project.

Environment, Planning and Enforcement and Libraries, Registration and Archives

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

Economic Development

- Kent Empty Property Initiative – No Use Empty: -£1.000m rephasing movement, to allow for projects which are soon to be approved but have staged payments so funds will not be fully defrayed this financial year.

Strategic & Corporate Services

- Property Investment & Acquisition Fund: -£2.221m rephasing movement. Opportunities for the fund have been identified but transactions are unlikely to complete in the current financial year.

5.4 **Cash Limit Adjustments**

For information

Directorate	Project	Amount £m	Year	Funding	Reason
GET	Westwood Relief Strategy	-£1.0 -£1.0 -£3.9	17-18 17-18 18-19	Grant Dev Conts Grant	Scheme not progressing

6. CONCLUSIONS

6.1 After the concerning revenue pressure in August of £11m, the pressure has reduced by £2.9m to £8.3m in September. The Corporate and Directorate Management teams are confident of a further significant reduction to this forecast without the need for blanket moratoria on spending.

7. RECOMMENDATIONS

Cabinet is asked to:

7.1 **Note** the forecast revenue budget monitoring position for 2017-18 and capital budget monitoring position for 2017-18 to 2019-20, and that the forecast pressure on the revenue budget needs to be eliminated as we progress through the year.

8. CONTACT DETAILS

Director:	Andy Wood Corporate Director of Finance & Procurement 03000 416854 andy.wood@kent.gov.uk
Report Authors:	Emma Feakins Chief Accountant 03000 416082 emma.feakins@kent.gov.uk Jo Lee/Julie Samson Capital Finance Manager 03000 416939 / 03000 416950 joanna.lee@kent.gov.uk julie.samson@kent.gov.uk

Appendix 1

Breakdown of Directorate Monitoring Position

	Cash Limit			Variance	Movement
	Gross	Income	Net	Net	Net
	£m	£m	£m	£m	£m
Children, Young People & Education					
Specialist Children's Services					
Children in Care (Looked After) Services - Non-Disabled Children**	52.9	-4.7	48.2	-0.1	-0.2
Adoption & Other Permanent Children's Care Arrangements	13.8	-0.1	13.7	0.3	0.3
Family Support & Other Children Services - Non-Disabled Children	14.5	-4.5	10.1	0.5	0.0
Asylum Seekers**	23.6	-23.1	0.6	4.1	0.2
Children's Assessment Staffing - Non-Disabled Children**	40.7	-3.1	37.6	1.9	0.9
Children's Management & Support Services	3.4	-0.2	3.2	0.1	0.0
Sub Total Specialist Children's Services	**149.0**	**-35.7**	**113.3**	**6.8**	**1.1**
Education & Young People's Services					
Early Help & Prevention for Children and Families	32.6	-17.6	15.0	-0.5	-0.1
Early Years Education & Childcare	74.4	-73.4	1.0	0.6	0.0
Attendance, Behaviour and Exclusion Services	5.0	-5.0	0.0	0.0	0.0
High Needs Education Budgets (excl. Schools & Pupil Referral Units)	35.2	-35.2	0.0	0.0	0.0
SEN & Psychology Services	19.9	-16.9	3.0	0.0	-0.1
Other Services for Young People & School Related Services	16.8	-13.6	3.2	0.4	-0.1
Pupil & Student Transport Services**	36.4	-3.7	32.6	0.3	0.4
Other Schools' Related Costs	34.0	-34.0	-0.1	1.0	-0.2
Youth and Offending Services	5.0	-3.8	1.2	0.1	0.1
Adult Education and Employments Services for Vulnerable Adults	13.5	-14.4	-0.9	0.1	-0.1
YP&E Management & Support Services	19.5	-15.9	3.6	0.7	-0.1
Sub Total Education & Young People's Services	**292.3**	**-233.5**	**58.8**	**2.8**	**-0.1**
Sub Total CYP&E directorate	**441.3**	**-269.2**	**172.1**	**9.5**	**1.0**
Adult Social Care & Health					
Additional Adult Social Care allocation	26.1	0.0	26.1	0.0	0.0
Learning Disability Adult Services**	163.9	-13.2	150.6	1.6	-0.2
Physical Disability Adult Services	36.0	-4.1	31.8	0.2	0.7
Mental Health Adult Services	16.1	-1.6	14.5	1.9	0.2
Older People Adult Services**	172.5	-91.5	81.0	4.0	0.7
Adult & Older People Preventative & Other Services	61.7	-16.5	45.2	-3.4	-2.2
Adult's Assessment & Safeguarding Staffing	43.5	-3.3	40.3	0.1	0.6
Children in Care (Looked After) Services - Disabled Children	10.5	-2.1	8.4	0.8	-0.2
Family Support & Other Children Services - Disabled Children	7.0	-0.3	6.7	-0.5	0.0
Family Support & Other Children Services - Non-Disabled Children	0.2	0.0	0.2	0.0	0.0
Children's Assessment Staffing - Disabled Children	5.5	-0.1	5.5	-0.1	-0.2
ASC&H Management & Support Services	7.1	-0.2	6.8	0.0	0.0
Sub Total ASC&H directorate	**550.0**	**-132.9**	**417.1**	**4.6**	**-0.6**

Appendix 1

Growth, Environment & Transport					
Libraries, Registration & Archives	16.2	-6.4	9.8	-0.1	0.0
Environment	10.4	-6.7	3.7	0.0	0.0
Economic Development & Other Community Services	10.1	-5.2	5.0	0.0	0.0
General Highways Maintenance & Emergency Response	11.5	-0.6	10.9	0.2	0.0
Other Highways Maintenance & Management	29.9	-8.5	21.4	0.4	-0.3
Public Protection & Enforcement	11.6	-2.2	9.4	0.0	-0.2
Planning & Transport Strategy and Other Related Services (inc School Crossing Patrols)	4.1	-0.6	3.5	0.0	0.0
Concessionary Fares	16.8	0.0	16.8	-0.1	0.0
Subsidised Bus Services	8.3	-2.1	6.2	-0.1	0.0
Young Person's Travel Pass	14.2	-5.8	8.4	0.0	0.1
Waste Management	1.9	0.0	1.9	0.0	-0.1
Waste Processing**	31.0	-1.9	29.2	-0.1	0.2
Treatment and Disposal of Residual Waste**	37.4	0.0	37.4	0.1	0.0
GE&T Management & Support Services	3.5	-0.1	3.4	0.4	0.0
Sub Total GE&T directorate	**206.8**	**-40.0**	**166.8**	**0.6**	**-0.3**
Strategic & Corporate Services					
Contact Centre, Digital Web Services & Gateways	4.9	-0.3	4.5	0.2	0.0
Local Democracy	4.1	0.0	4.1	0.0	0.0
Infrastructure (ICT & Property Services) & Business Services Centre	76.9	-41.6	35.3	0.9	0.4
Finance	15.6	-5.8	9.8	-0.1	0.0
Engagement, Organisation Design & Development (HR, Comms & Engagement)	9.4	-1.2	8.2	-0.2	0.0
Other Support to Front Line Services	6.5	-1.3	5.2	0.0	0.0
Adult & Older People Preventative & Other Services	0.7	0.0	0.7	0.0	0.0
Commissioning Management & Support Services	5.9	-0.2	5.7	-0.2	-0.1
S&CS Management & Support Services	2.9	-5.2	-2.4	0.0	0.0
Public Health	79.1	-76.2	2.9	-0.6	-0.4
Transfer to/from Public Health Reserve	-3.0	0.0	-3.0	0.6	0.4
Sub Total S&CS directorate	**203.1**	**-131.9**	**71.2**	**0.5**	**0.2**
Financing Items	**128.2**	**-17.2**	**111.0**	**-1.5**	**0.0**
TOTAL KCC (Excluding Schools)	**1,529.3**	**-591.3**	**938.1**	**13.8**	**0.2**

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

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

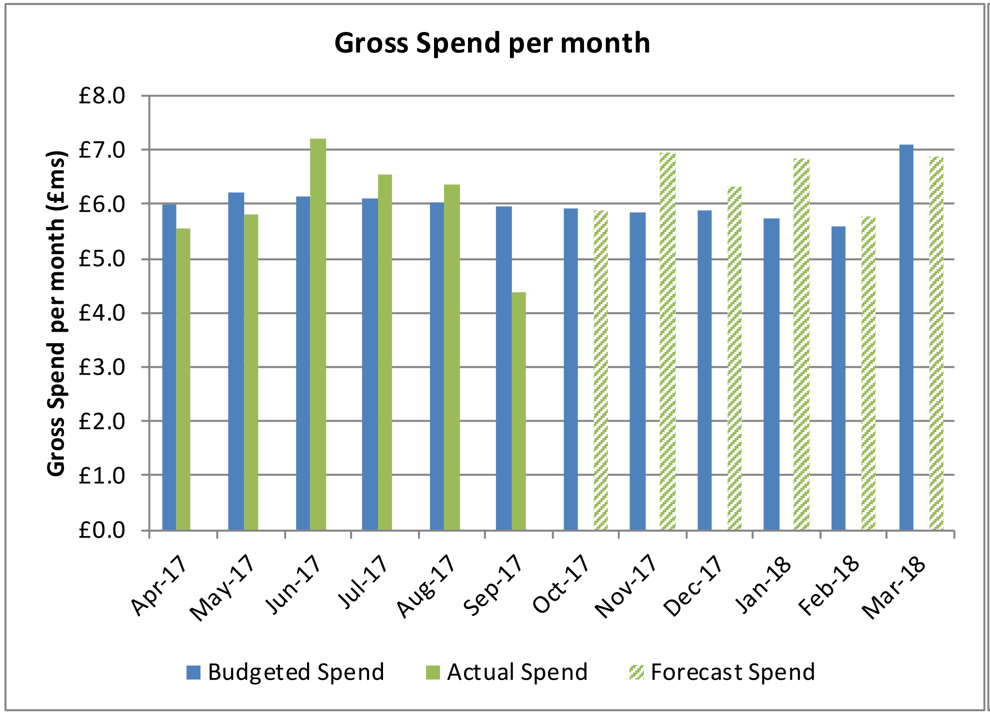
Appendix 2.1: Nursing & Residential Care - Learning Disability (aged 18+)

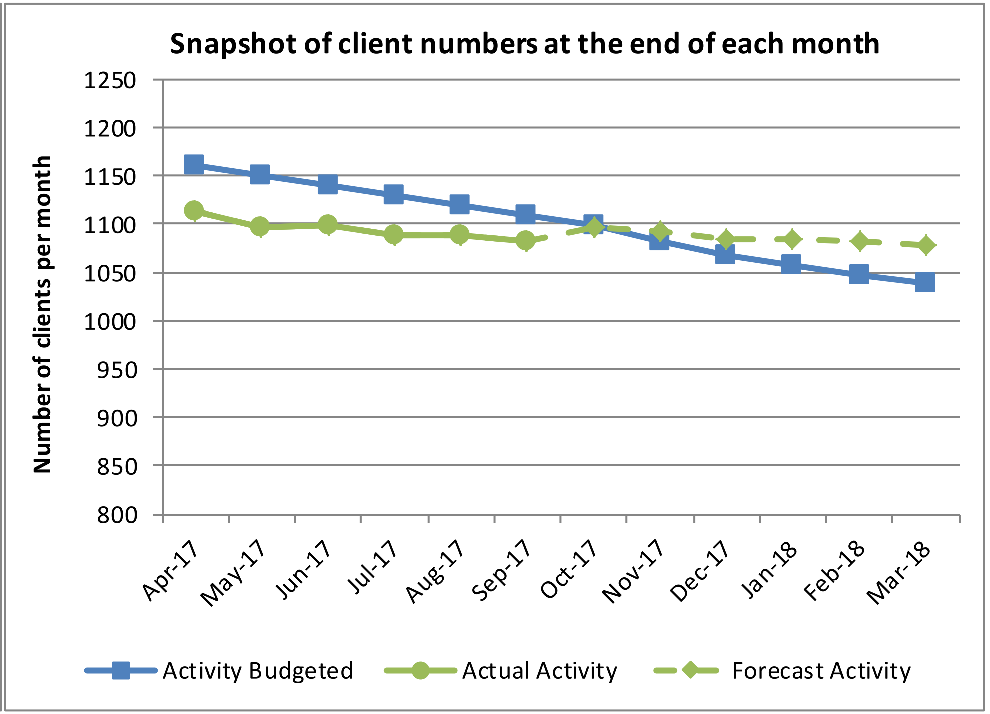
2017-18 Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£72.5	-£5.9	£66.6	1,038
Forecast	£74.4	-£6.0	£68.4	1,079
Variance	£1.9	-£0.1	£1.8	41

Position as at 30th September 2017	Gross £m	Client Number as at 30/09/2017
Budget: Spend/Activity Year to Date	£36.5	1,110
Actual: Spend/Activity Year to Date	£35.9	1,083
Variance as at 30th September 2017	-£0.6	-27

MAIN REASONS FOR VARIANCE:

The gross forecast pressure of +£1.9m is due to higher than anticipated demand (+£1.3m) and higher unit cost (+£0.9m), along with an additional variance of -£0.4m predominately due to net old year spend. This pressure is partly offset by greater than expected income of -£0.1m. This leads to a net forecast pressure of +£1.8m.





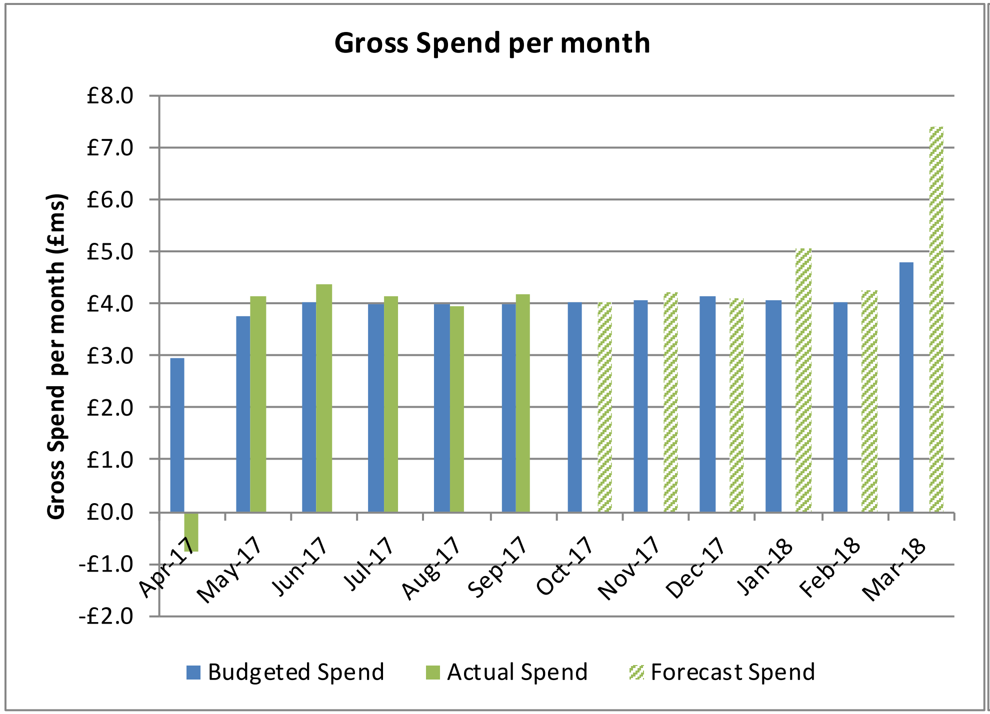
Appendix 2.2: Supported Living - Learning Disability (aged 18+) - Other Commissioned Supported Living arrangements

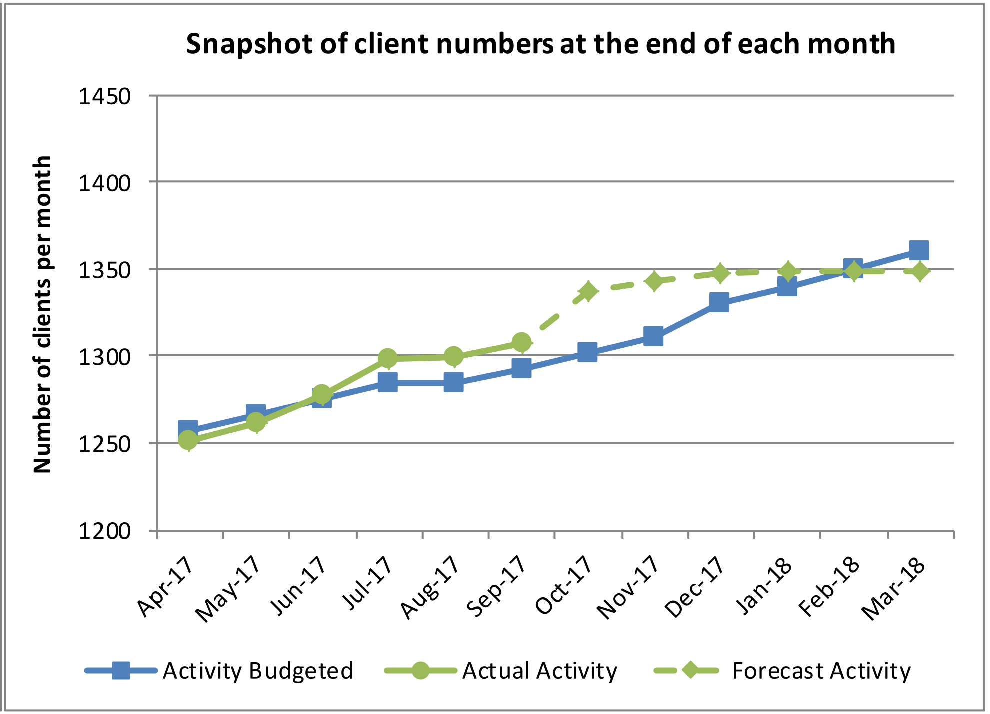
2017-18 Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£47.9	-£0.2	£47.7	1,360
Forecast	£49.0	-£0.2	£48.8	1,349
Variance	£1.1	£0.0	£1.1	-11

Position as at 30th September 2017	Gross £m	Client Number as at 30/09/2017
Budget: Spend/Activity Year to Date	£22.8	1,293
Actual: Spend/Activity Year to Date	£20.0	1,308
Variance as at 30th September 2017	-£2.7	15

MAIN REASONS FOR VARIANCE:

The gross forecast pressure of +£1.1m is due to higher than anticipated demand in hours (+£3.7m) and lower unit cost (-£0.6m), along with an additional variance of -£2.0m predominately due to a transfer from reserves and release of unrealised creditors. This leads to a net forecast pressure of +£1.1m.





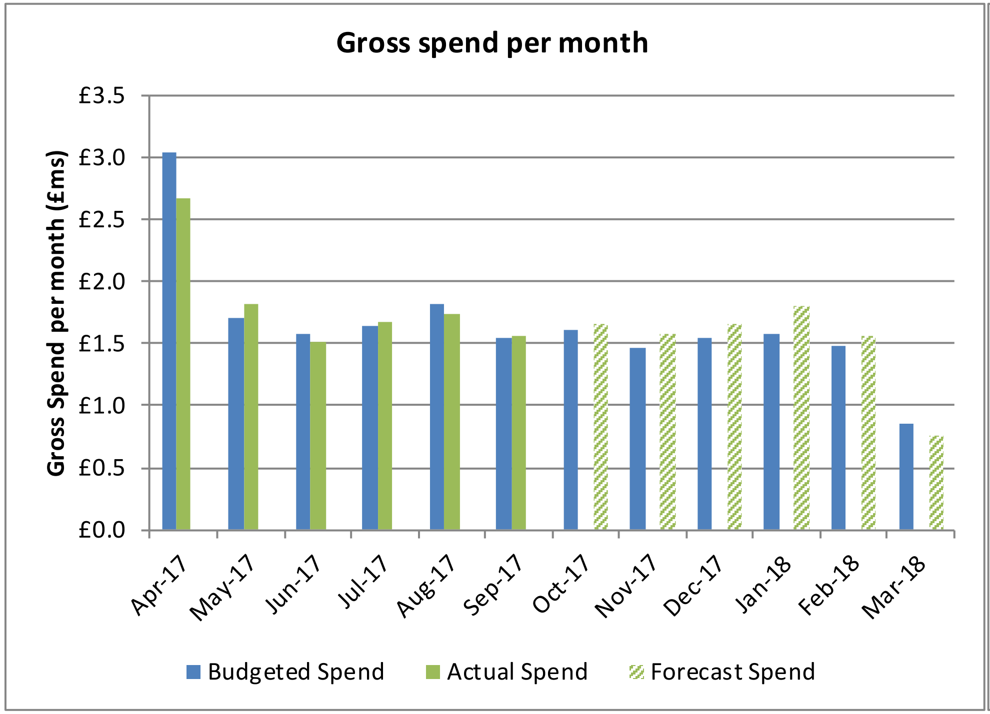
Appendix 2.3: Direct Payments - Learning Disability (aged 18+)

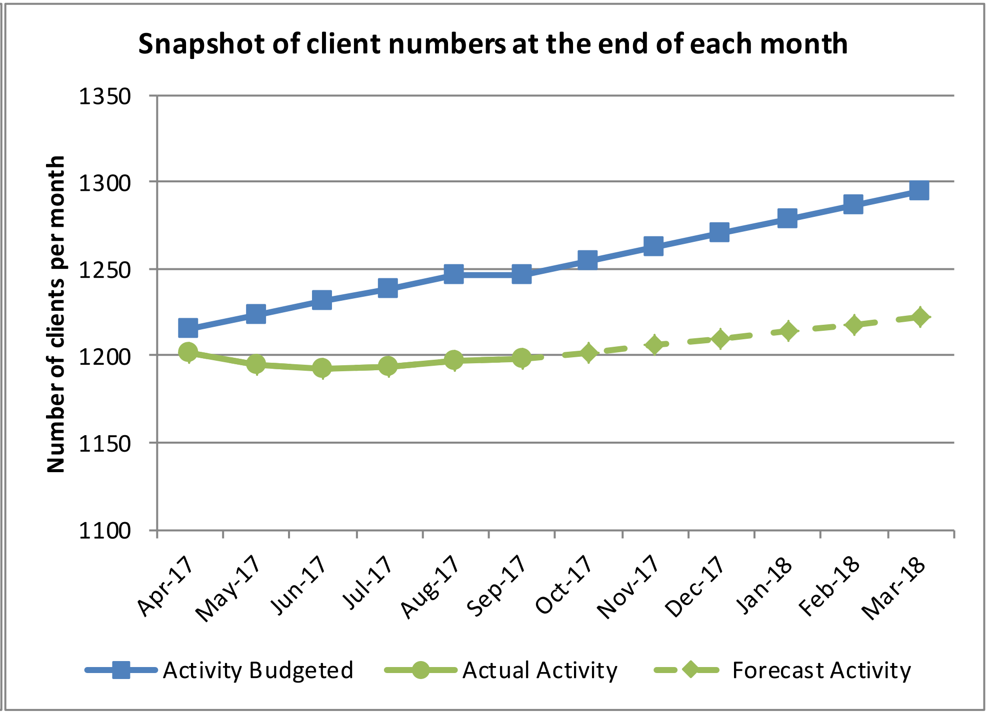
2017-18 Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£19.8	-£0.8	£19.0	1,295
Forecast	£19.9	-£0.8	£19.1	1,222
Variance	£0.1	£0.0	£0.1	-73

Position as at 30st September 2017	Gross £m	Client Number as at 30/09/2017
Budget: Spend/Activity Year to Date	£11.3	1,247
Actual: Spend/Activity Year to Date	£11.0	1,198
Variance as at 30th Septmeber 2017	-£0.3	-49

MAIN REASONS FOR VARIANCE:

The gross forecast pressure of +£0.1m is due to a non activity variance, where one off payments have exceeded recovery of surplus funds for direct payments.





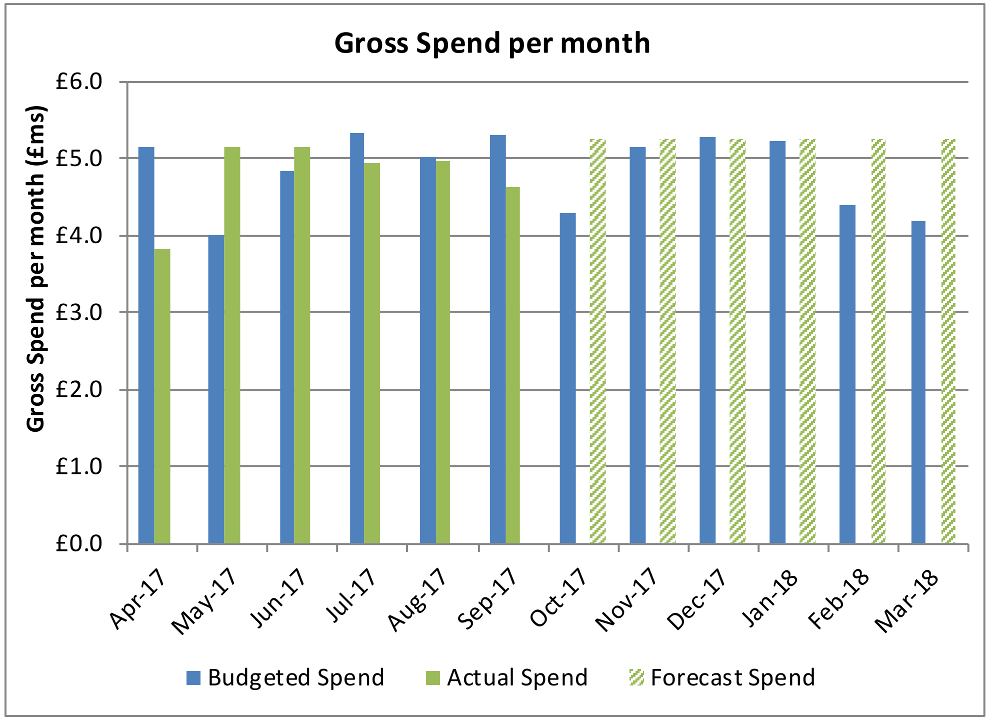
Appendix 2.4: Nursing & Residential Care - Older People (aged 65+) - Residential - Commissioned service

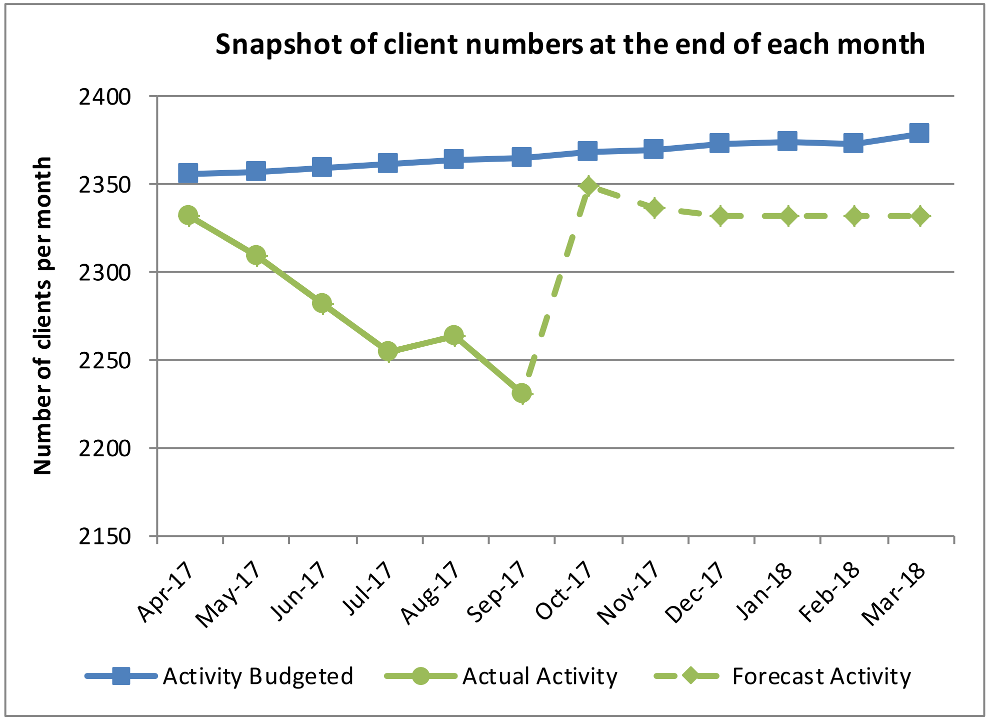
2017-18 Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£58.1	-£35.2	£23.0	2,378
Forecast	£60.1	-£33.8	£26.3	2,332
Variance	£2.0	£1.4	£3.4	-46

Position as at 30th Sept 2017	Gross £m	Client Number as at 30/09/2017
Budget: Spend/Activity Year to Date	£29.6	2,365
Actual: Spend/Activity Year to Date	£28.6	2,230
Variance as at 30th September 2017	-£1.0	-135

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast a pressure of +£2.0m is due to higher than anticipated demand (+£0.5m) and a higher unit cost (+£1.5m). This pressure is further increased by lower than expected income of +£1.4m due to higher than anticipated service user contributions linked to the higher demand (-£0.2m) and a lower average contribution per service user (+£1.6m). This leads to a net forecast pressure of +£3.4m. There is a slight time delay before clients are included in the actual client count as contract details are finalised, accounting for the difference between forecast client count and the previous month's actual client count shown below.





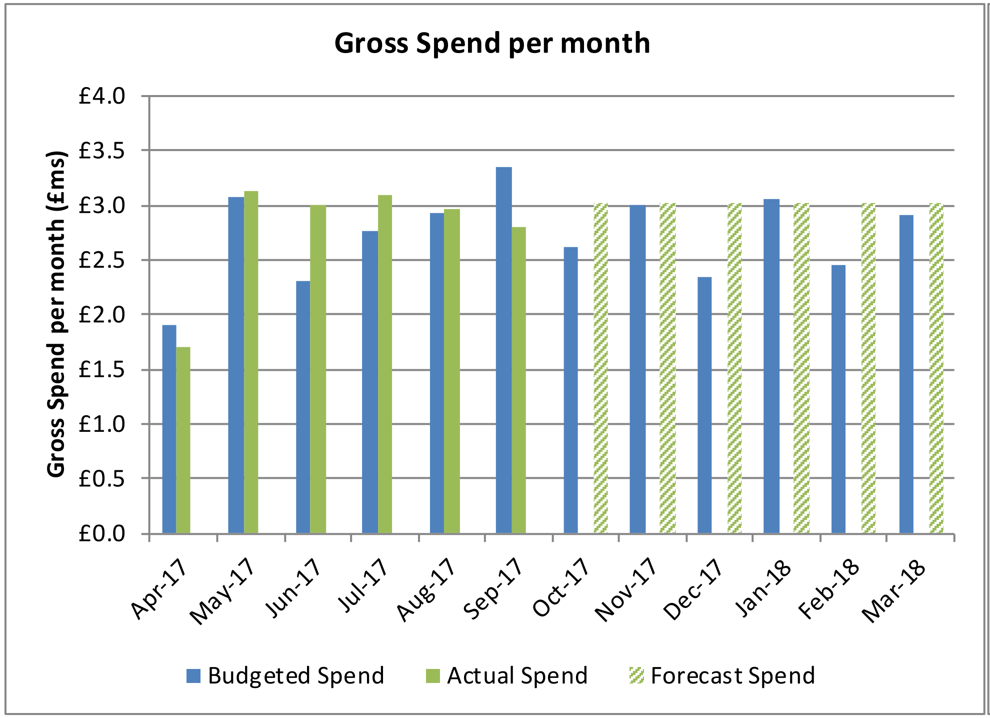
Appendix 2.5: Nursing & Residential Care - Older People (aged 65+) - Nursing

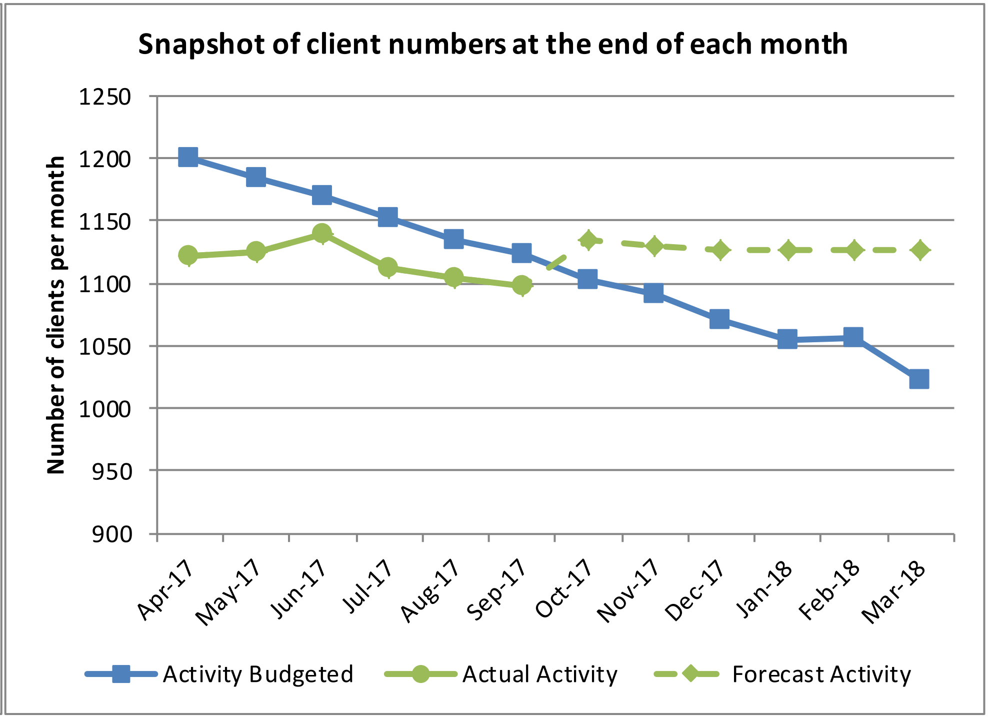
2017-18 Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£32.7	-£17.4	£15.3	1,023
Forecast	£34.8	-£17.9	£16.9	1,127
Variance	£2.1	-£0.5	£1.6	104

Position as at 30th Sept 2017	Gross £m	Client Number as at 30/09/2017
Budget: Spend/Activity Year to Date	£16.3	1,123
Actual: Spend/Activity Year to Date	£16.7	1,098
Variance as at 30th September 2017	£0.4	-25

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£2.1m is due to higher than anticipated demand (+£0.5m) and higher unit cost (+£1.4m), along with an additional variance of +£0.2m predominately due to net old year spend. This pressure is partly offset by greater than expected income of -£0.5m primarily due to higher than anticipated service user contributions linked to the higher demand (-£0.2m) and a higher average contribution per service user (-£0.3m). This leads to a net forecast pressure of +£1.6m.





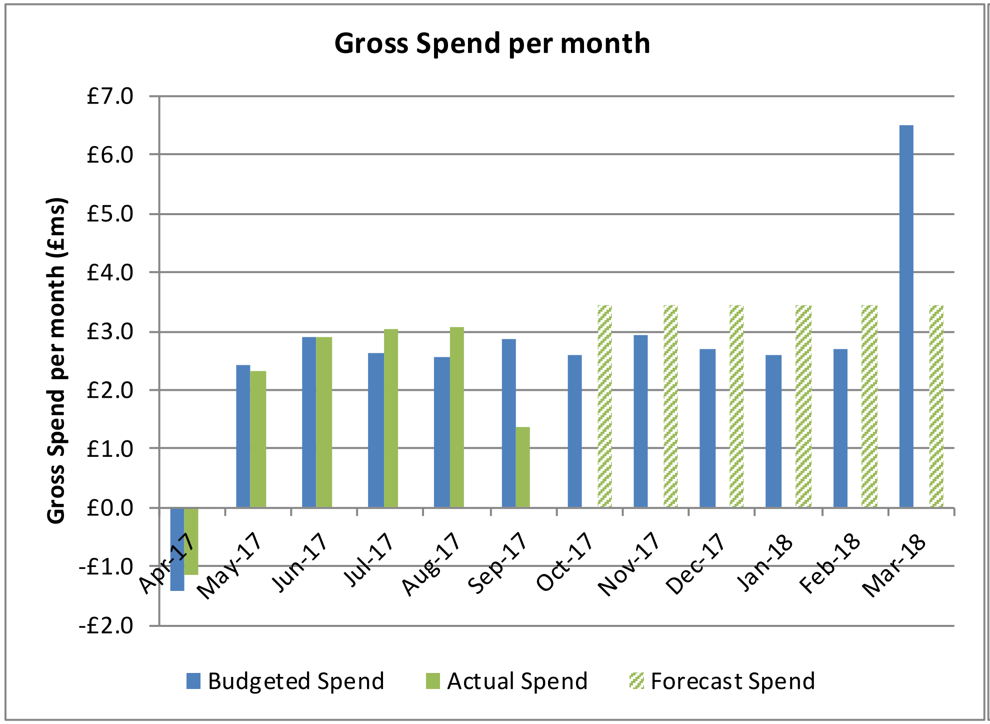
Appendix 2.6: Domiciliary Care - Older People (aged 65+) - Commissioned service

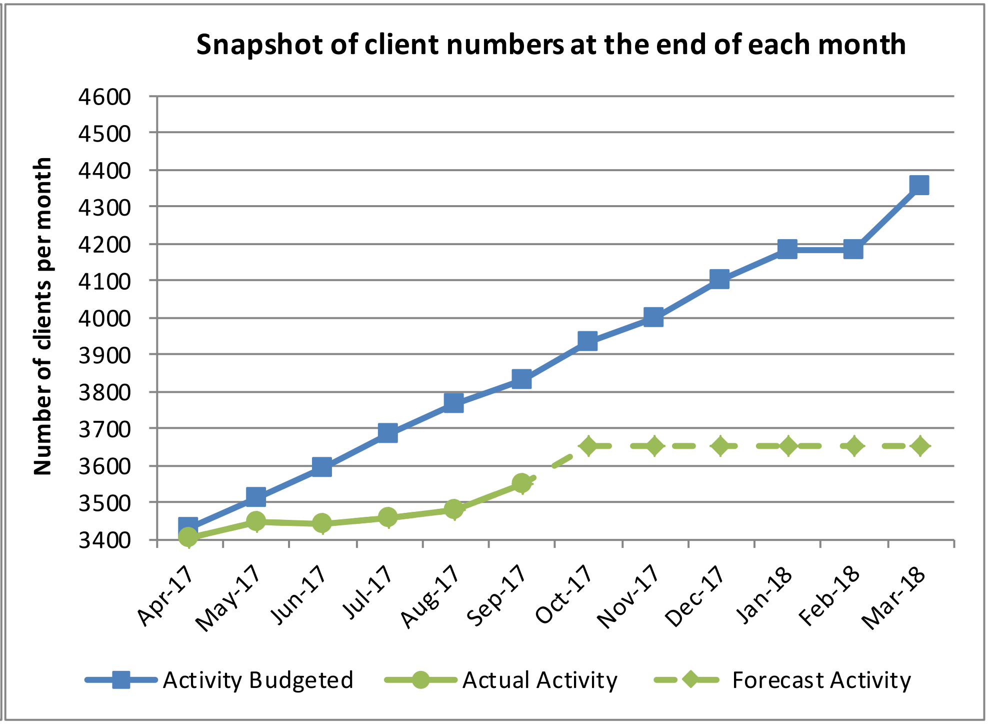
2017-18 Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£32.0	-£5.8	£26.2	4,353
Forecast	£32.2	-£5.8	£26.3	3,652
Variance	£0.2	£0.0	£0.2	-701

Position as at 30th Sept 2017	Gross £m	Client Number as at 30/09/2017
Budget: Spend/Activity Year to Date	£12.0	3,833
Actual: Spend/Activity Year to Date	£11.6	3,547
Variance as at 30th September 2017	-£0.4	-286

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£0.2m is due to lower than anticipated demand (-£0.8m) and higher unit cost (+£0.9m). This leads to a net forecast pressure of +£0.2m.





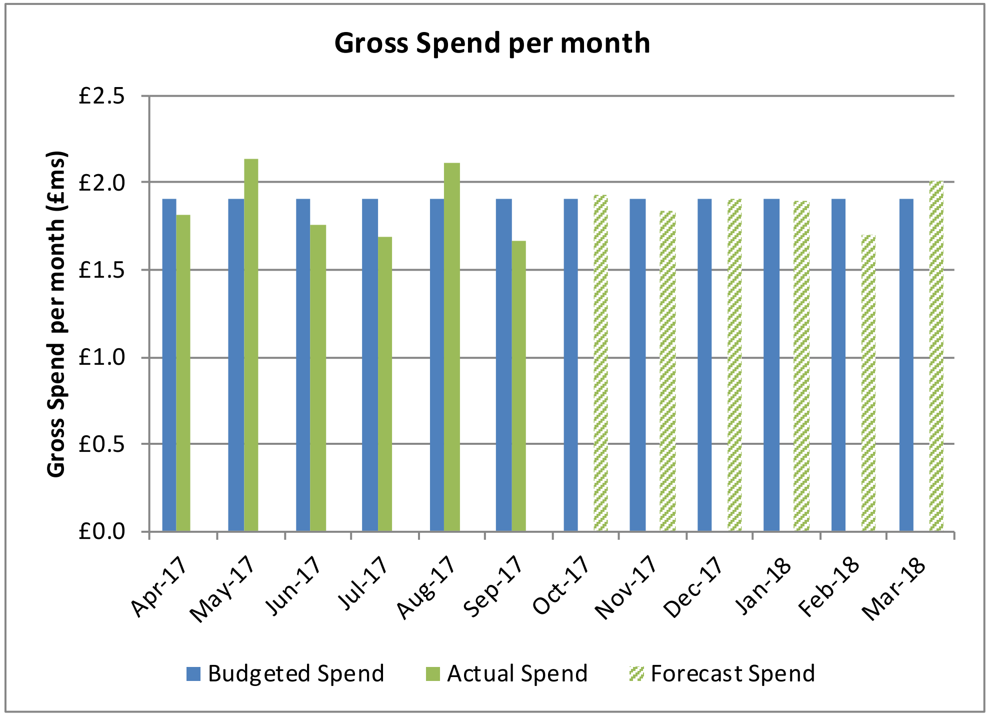
Appendix 2.7: Children in Care (Looked After) - Fostering - In house service

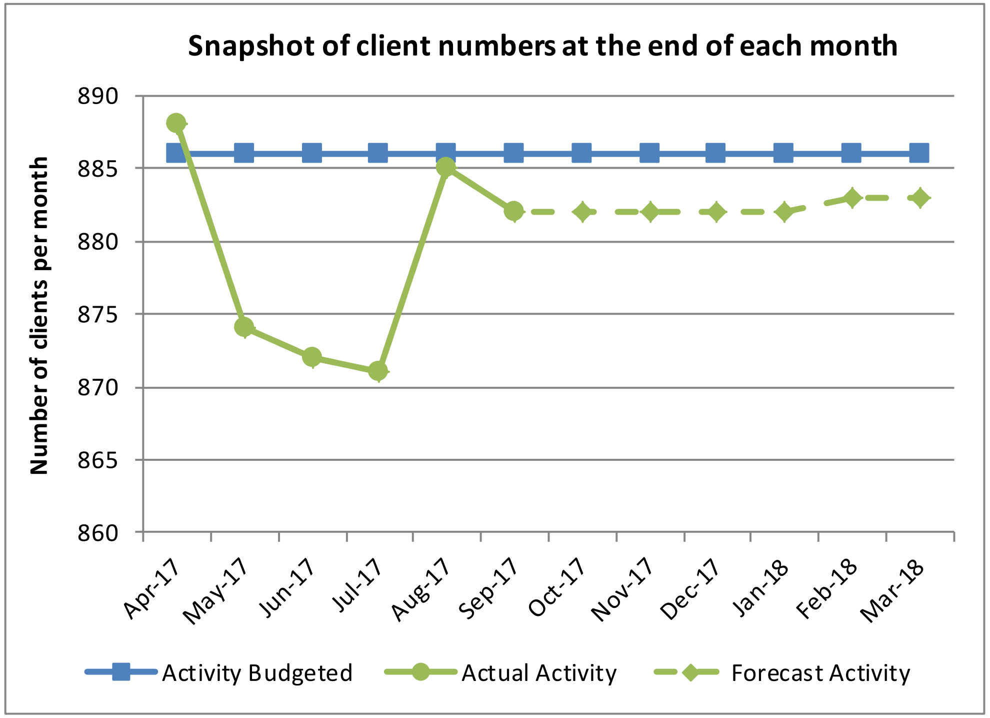
2017-18 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£22.8	-£0.3	£22.6	886
Forecast	£22.4	-£0.2	£22.3	883
Variance	-£0.4	£0.1	-£0.3	-3

Position as at 30th September 2017	Gross £m	Client Number as at 30/09/2017
Budget: Spend/Activity Year to Date	£11.4	886
Actual: Spend/Activity Year to Date	£11.2	882
Variance as at 30th September 2017	-£0.3	-4

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast underspend of -£0.4m is due to a combination of lower than anticipated demand (-£0.2m) and lower unit cost (-£0.3m) partially offset by other minor variances totalling +£0.1m on other In House Fostering related expenditure. This is combined with lower than expected income of +£0.1m to produce a net forecast underspend of -£0.3m.





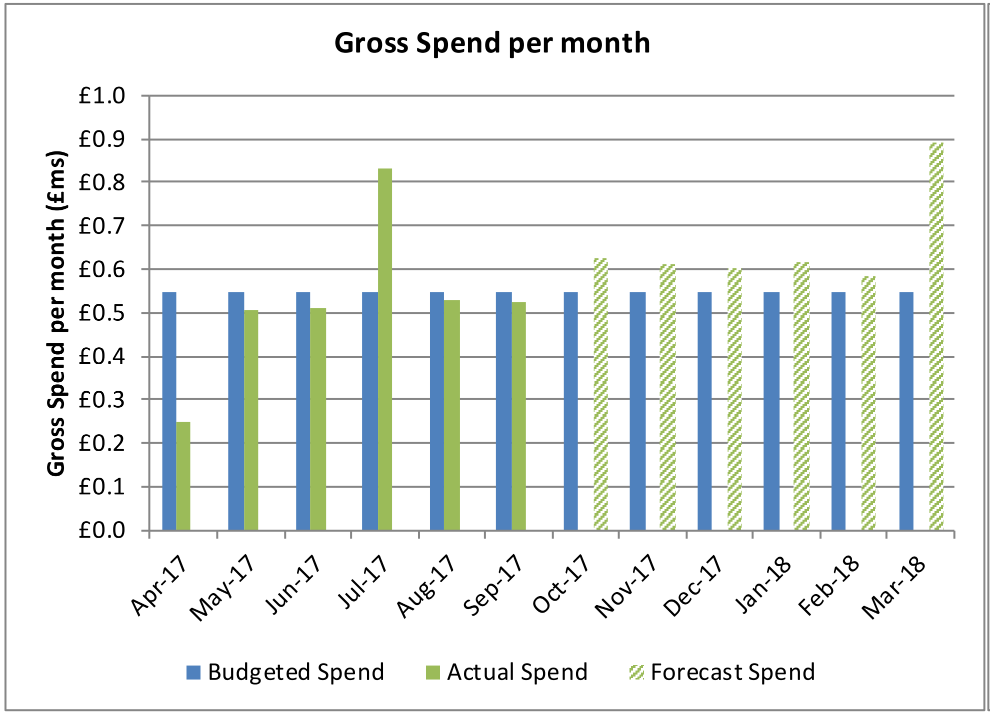
Appendix 2.8: Children in Care (Looked After) - Fostering - Commissioned from Independent Fostering Agencies

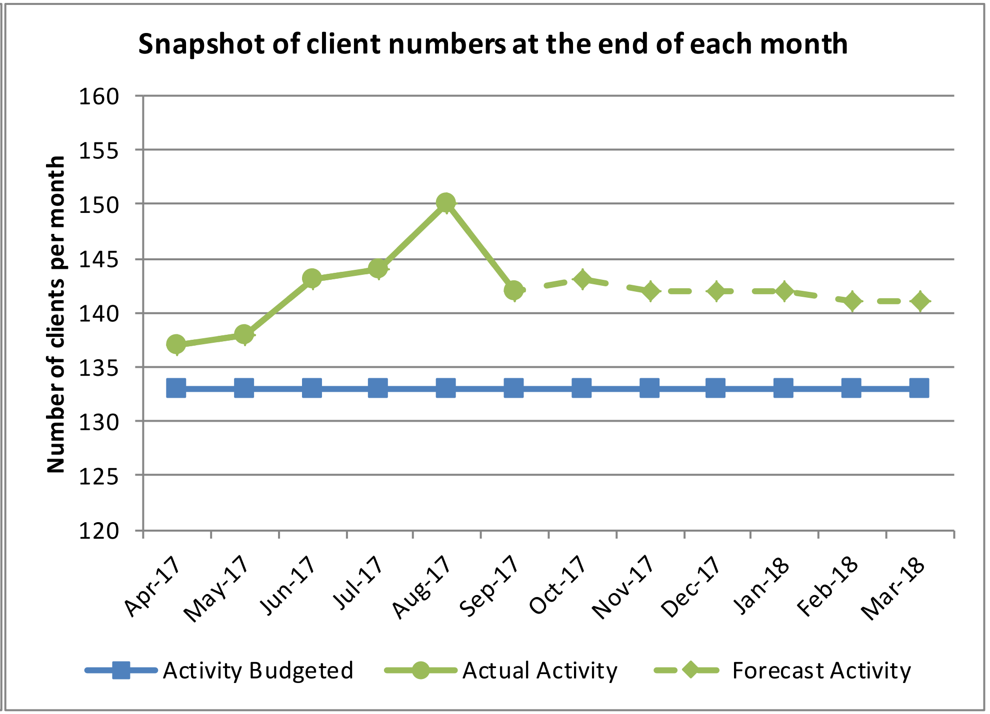
2017-18 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£6.6	£0.0	£6.6	133
Forecast	£7.1	£0.0	£7.1	141
Variance	£0.5	£0.0	£0.5	8

Position as at 30th September 2017	Gross £m	Client Number as at 30/09/2017
Budget: Spend/Activity Year to Date	£3.3	133
Actual: Spend/Activity Year to Date	£3.1	142
Variance as at 30th September 2017	-£0.1	9

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£0.5m is due to higher than anticipated demand (+£0.5m).





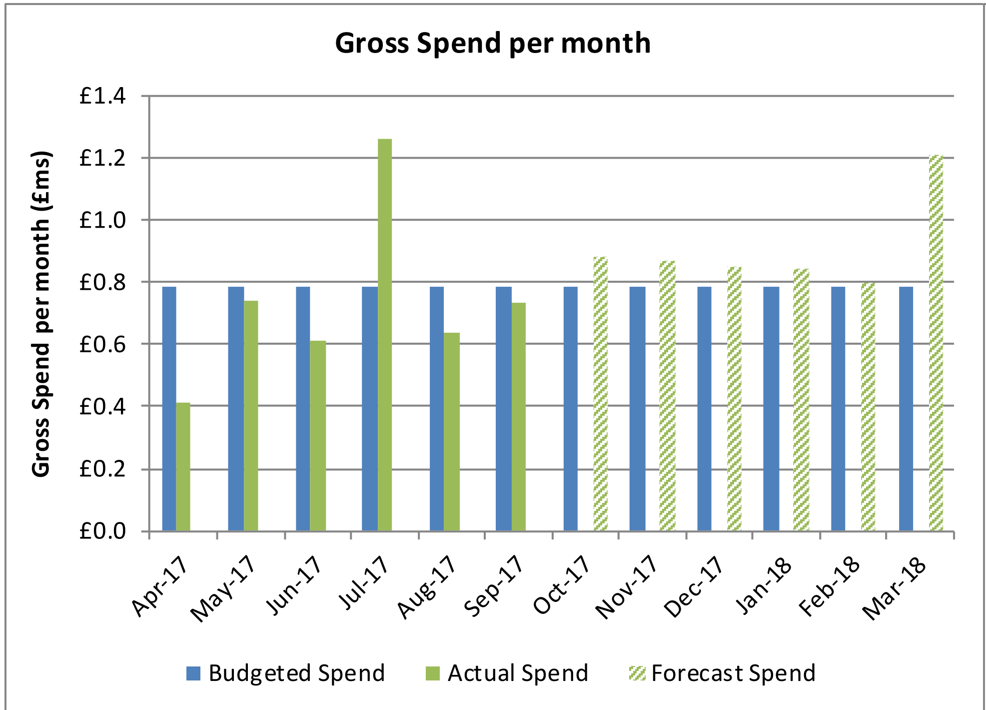
Appendix 2.9: Children in Care (Looked After) - Residential Children's Services - Commissioned from Independent Sector

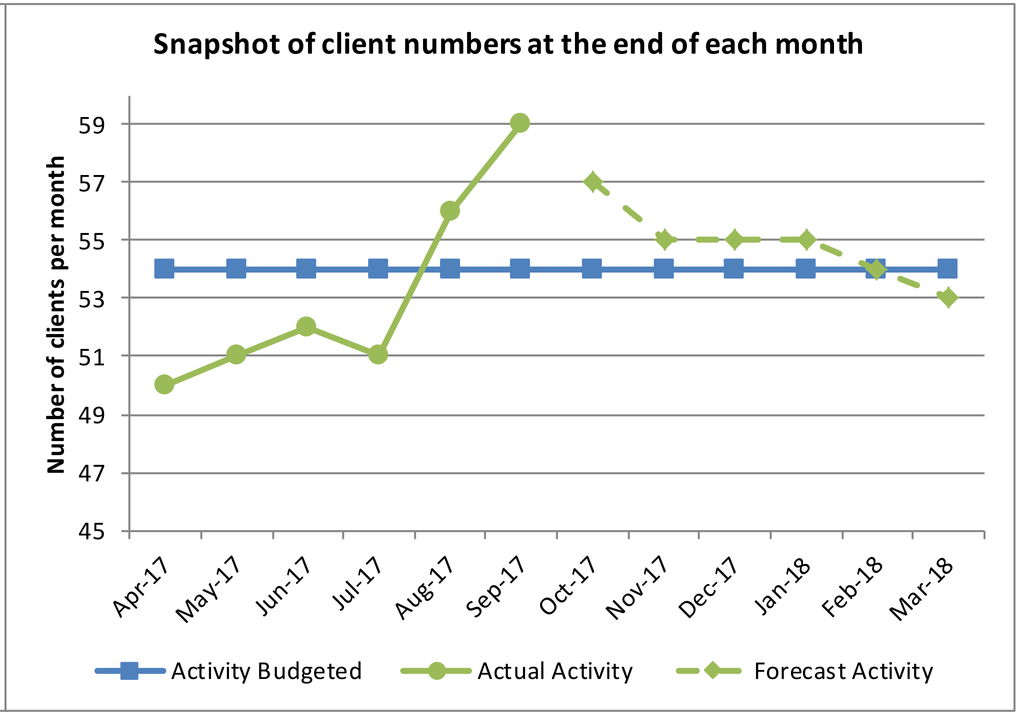
2017-18 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£9.4	-£0.6	£8.8	54
Forecast	£9.8	-£1.0	£8.8	53
Variance	£0.4	-£0.4	£0.0	-1

Position as at 30th September 2017	Gross £m	Client Number as at 30/09/2017
Budget: Spend/Activity Year to Date	£4.7	54
Actual: Spend/Activity Year to Date	£4.4	59
Variance as at 30th September 2017	-£0.3	5

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£0.4m is due to a combination of higher unit cost (+£0.2m) and greater than anticipated placements in Secure Accommodation (+0.2m). This pressure is partly offset by greater than expected income of -£0.4m, primarily due to greater contributions for care costs from Health & Education. This leads to a balanced forecast position.





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

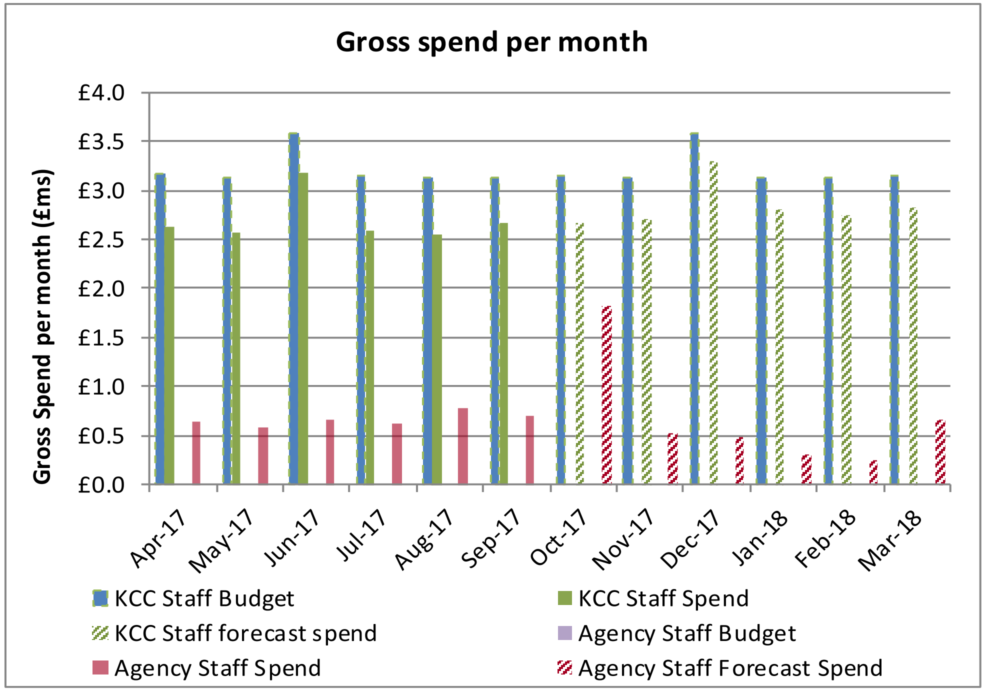
2017-18 Forecast	KCC £m	Agency £m	Gross £m
Budget	£38.6	£0.0	£38.6
Forecast	£32.9	£8.0	£40.9
Variance	-£5.7	£8.0	£2.3

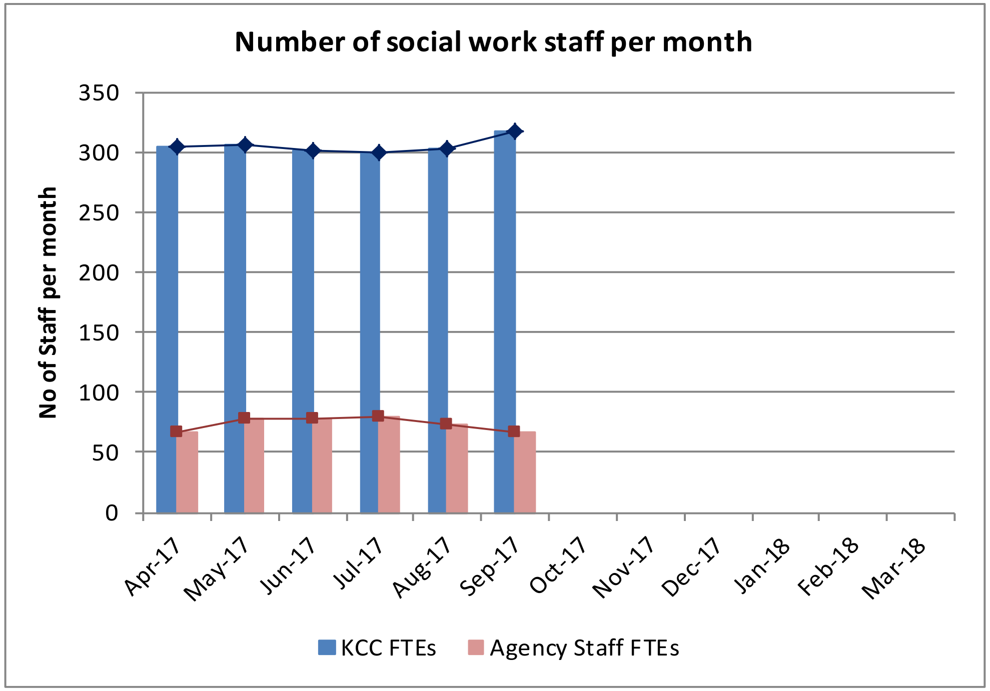
as at 30/09/17	KCC £m	Agency £m	Gross £m
YTD Budget	£19.3	£0.0	£19.3
YTD Spend	£16.2	£4.0	£20.2
YTD Variance	-£3.1	£4.0	£0.8

Staff numbers	KCC FTEs	Agency Nos
as at 31/03/17	307.0	65.4
as at 30/09/17	318.0	67.4
YTD Movement	11.1	2.0

MAIN REASONS FOR FORECAST VARIANCE:

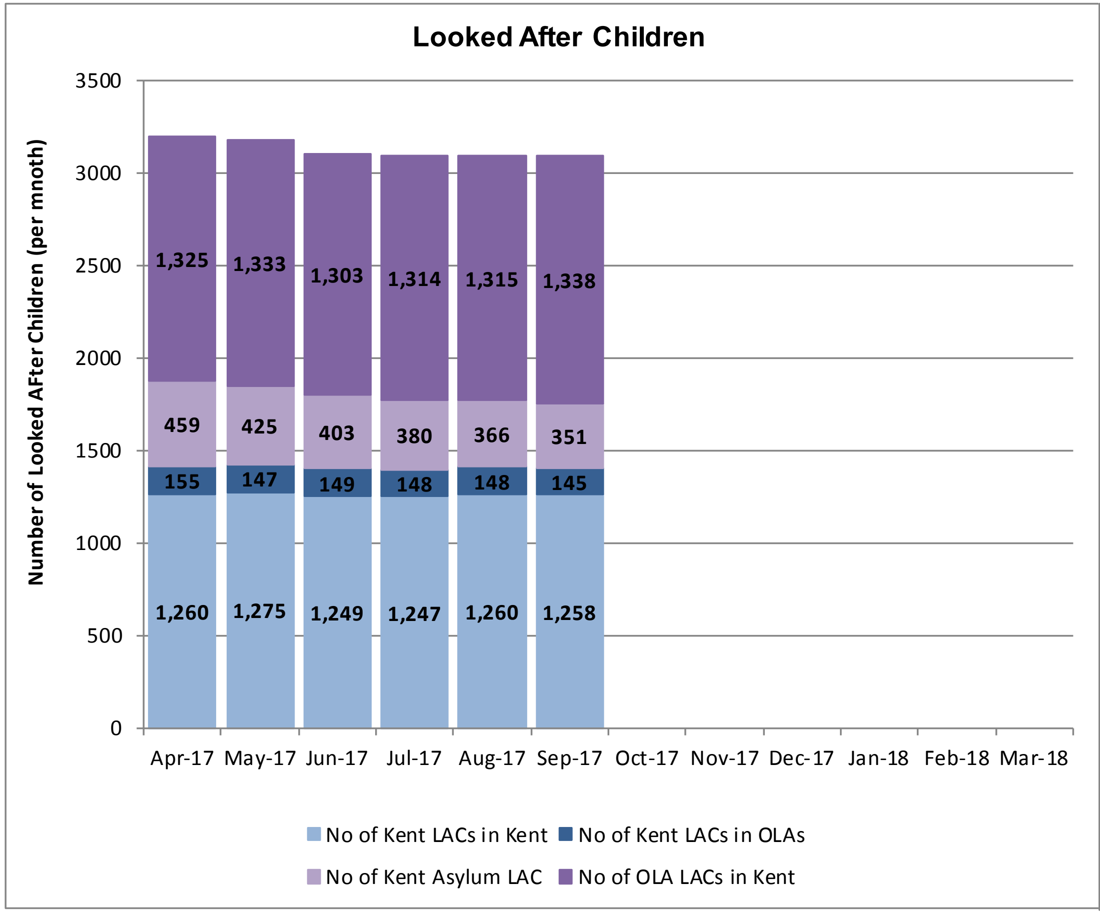
This measure focusses on the level of social workers & senior practitioners rather than the overall staffing level within this budget. The budget assumes that CSC Staffing will be met using salaried workers, so every agency worker (who are more expensive than salaried staff) results in a pressure on this budget. This measure shows the extent of the vacancies within CSC that are currently covered by agency workers which contributes to the £1.6m net pressure reported against Children's Assessment staffing in Appendix 1. The £2.3m staffing pressure identified above is net against -£0.7m additional income, predominately relating to the recharging of the Duty Asylum team to the Asylum service, to produce the overall £1.6m pressure reported.

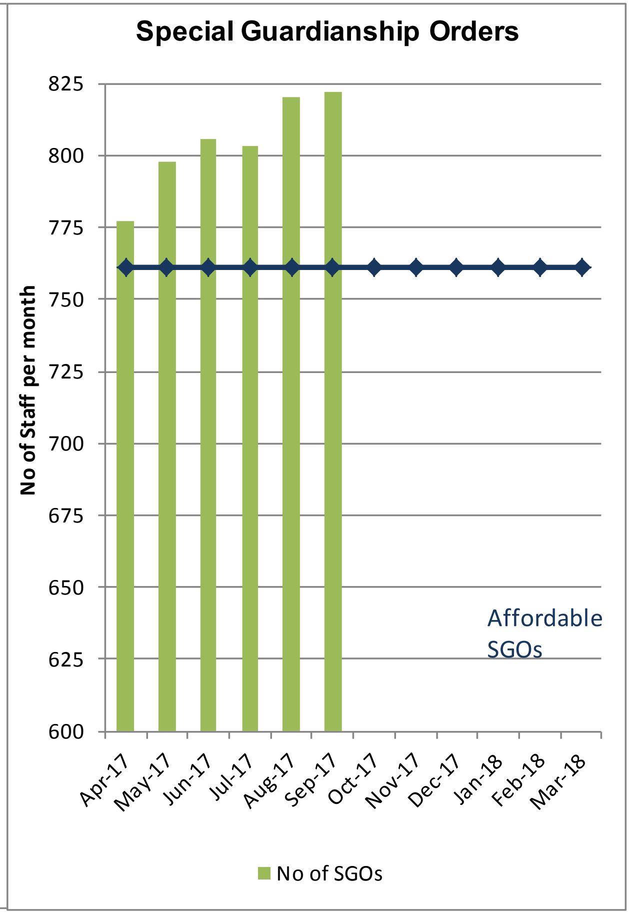




Appendix 2.11: Number of Looked After Children and Number of Special Guardianship Orders (SGOs) with Costs

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. The OLA LAC information has a confidence rating of 35**%** 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 both the Specialist Children's Services and Disabled Children's Services budget, with key parts of this relating to the LAC headings of Residential Care and 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.





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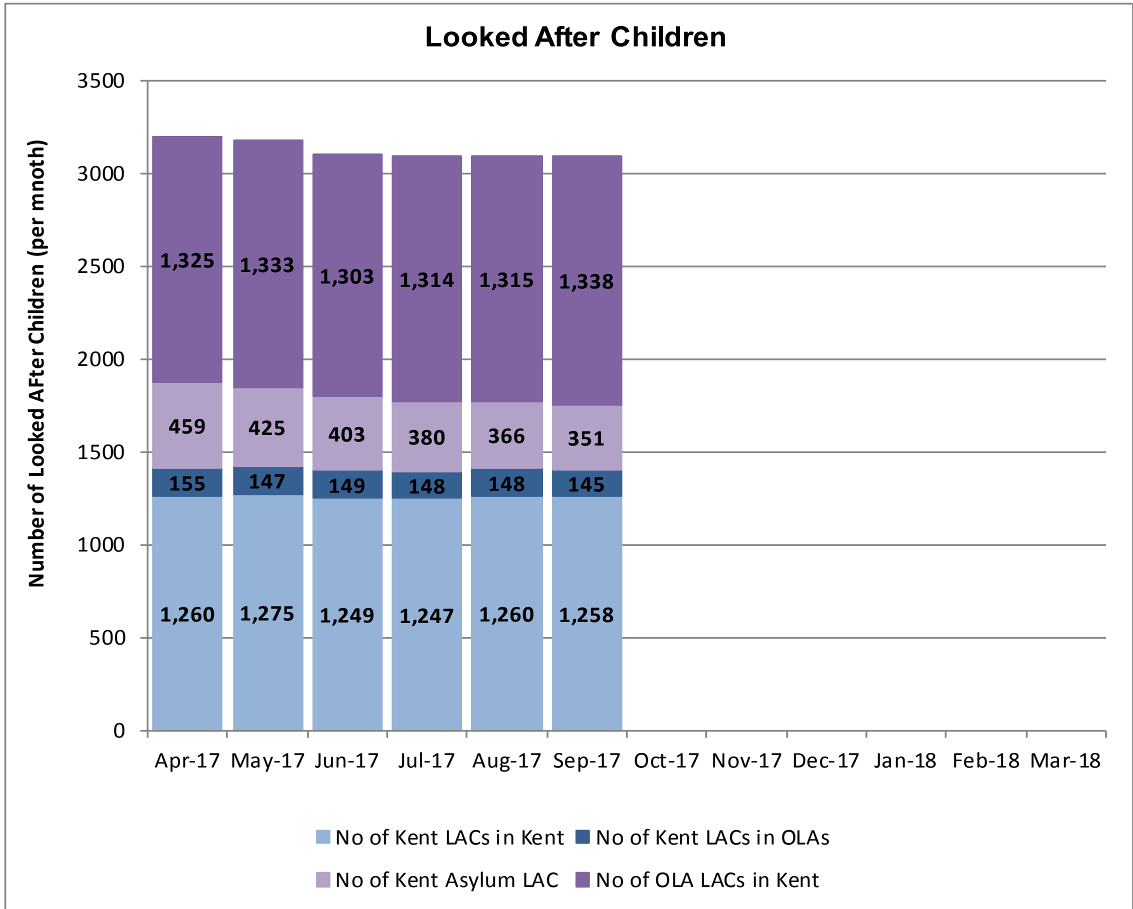
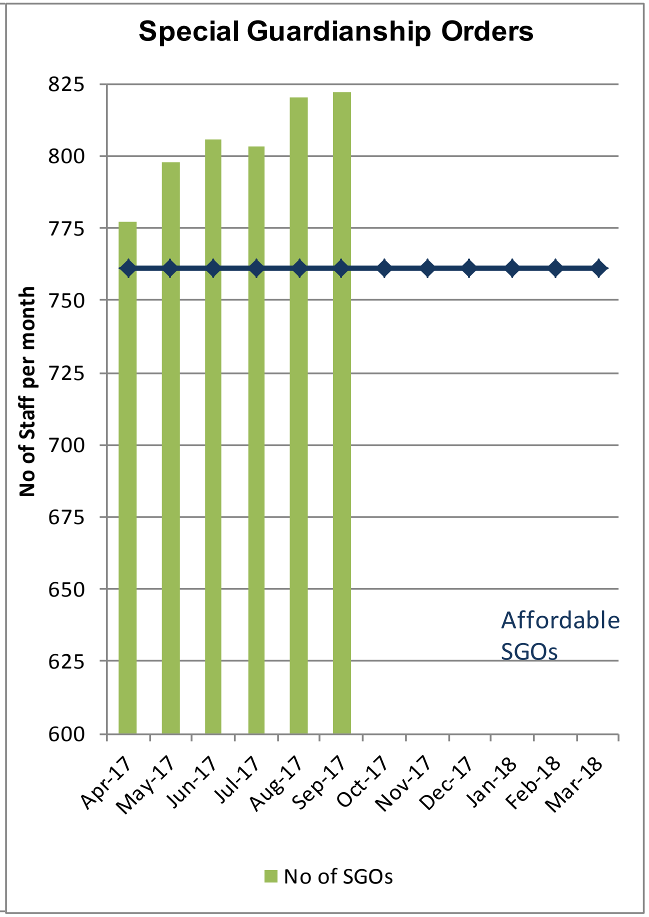
There is an overall forecast pressure on both the Specialist Children's Services and Disabled Children's Services budget, with key parts of this relating to the LAC headings of Residential Care and Foster Care and non-LAC headings such as Social Care Staffing, Adoption & other permanent care arrangements (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.





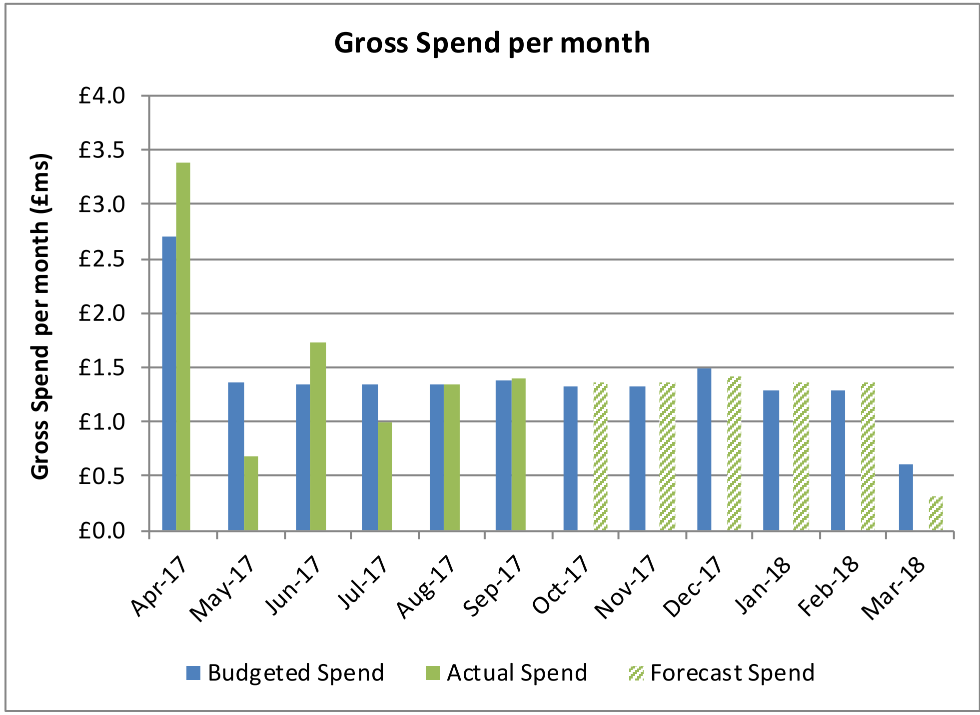
Appendix 2.12: Transport Services - Concessionary fares

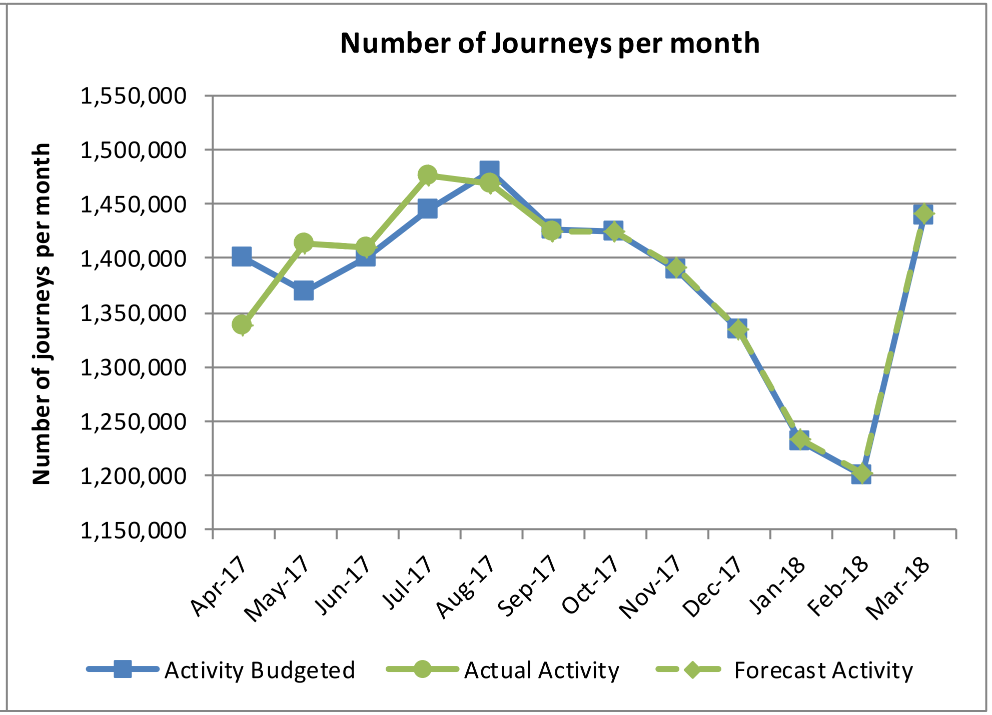
2017-18 Forecast	Gross £m	Income £m	Net £m	No of journeys to 31/03/2018
Budget	£16.8	-£0.0	£16.8	16,542,000
Actual	£16.7	-£0.0	£16.7	16,560,093
Variance	-£0.1	-£0.0	-£0.1	18,093

Position as at 30th September 2017	Gross £m	No of journeys to 30/09/2017
Budget: Spend/Activity Year to Date	£9.5	8,521,341
Actual: Spend/Activity Year to Date	£9.5	8,530,662
Variance as at 30th Sept 2017	£0.0	9,320

MAIN REASONS FOR FORECAST VARIANCE:

Currently there is no material variance relating either to number of journeys or price per journey with only a small underspend forecast on non activity headings (-£0.1m). The forecast is based on actual activity for April to September, with estimates for the remaining months. These estimates will continue to be reviewed in light of the actuals and the potential impact of any adverse weather on demand for journeys.





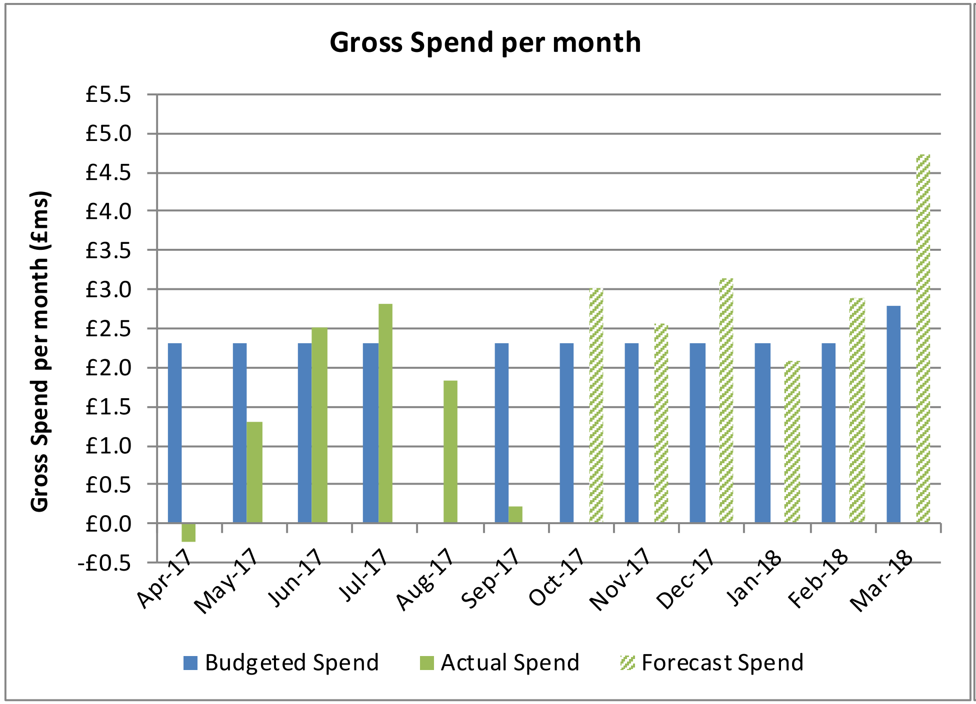
Appendix 2.13: Transport Services - Home to School / College Transport (Special Education Needs)

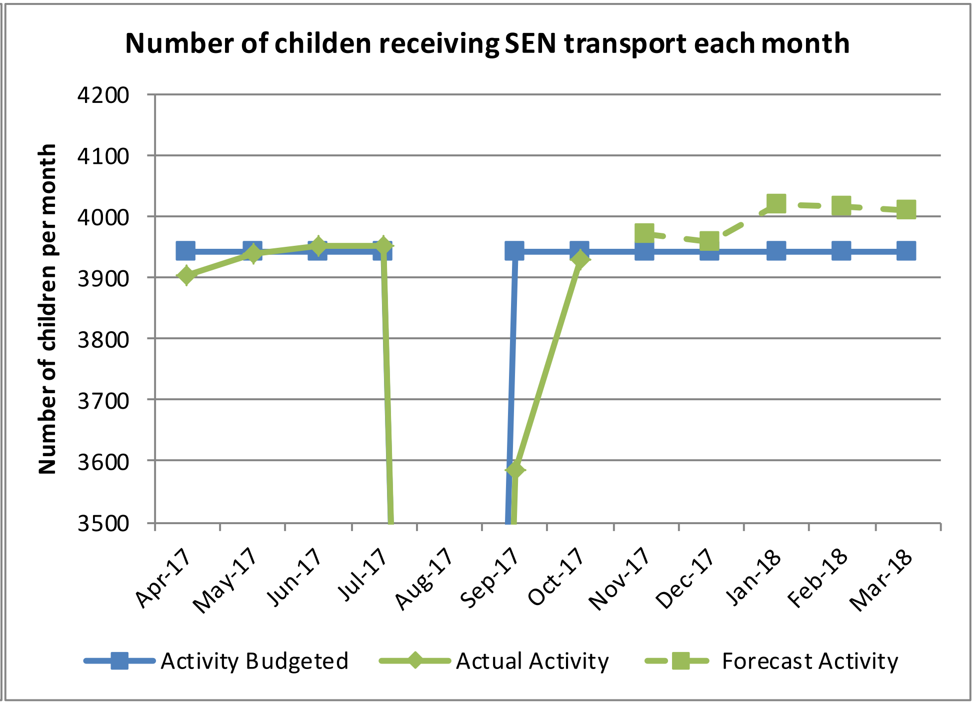
2017-18 Total Forecast	Gross £m	Income £m	Net £m	No of pupils as at 31/03/2018
Budget	£25.8	-£0.8	£25.0	3,941
Forecast	£26.9	-£0.8	£26.1	4,010
Variance	£1.1	-£0.0	£1.1	69

Position as at 30th September 2017	Gross £m	No of pupils as at 30/09/2017
Budget: Spend/Activity Year to Date	£11.5	3,941
Actual: Spend/Activity Year to Date	£8.5	3,586
Variance as at 30th September 2017	-£3.0	-355

MAIN REASONS FOR FORECAST VARIANCE:

Inital indications based on the September pupil numbers suggest a gross pressure of £1.1m. Higher than expected pupil numbers and cost of jounreys has led to a +£0.9m pressure on home to school special educational needs transport ; along with +£0.2m pressure on home to college transport. A full review of this forecast will be undertaken for the October 2017 monitoring report (reported to Cabinet in December 2017) At which time, there will also be further clarity on the impact of the recent procurement exercises.





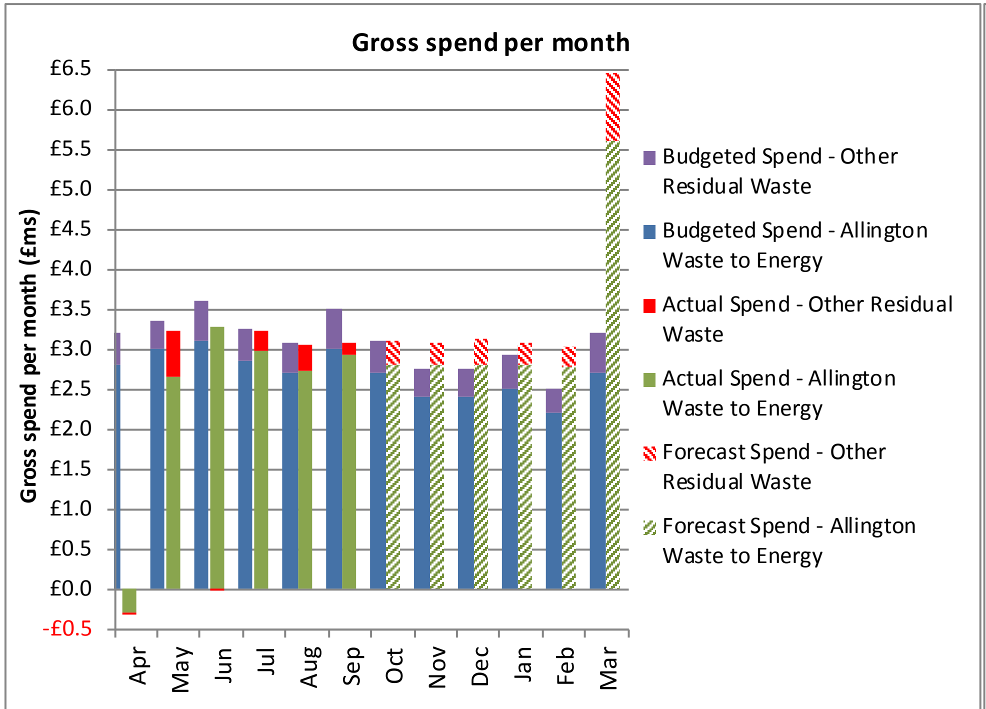
Appendix 2.14: Treatment and disposal of residual waste

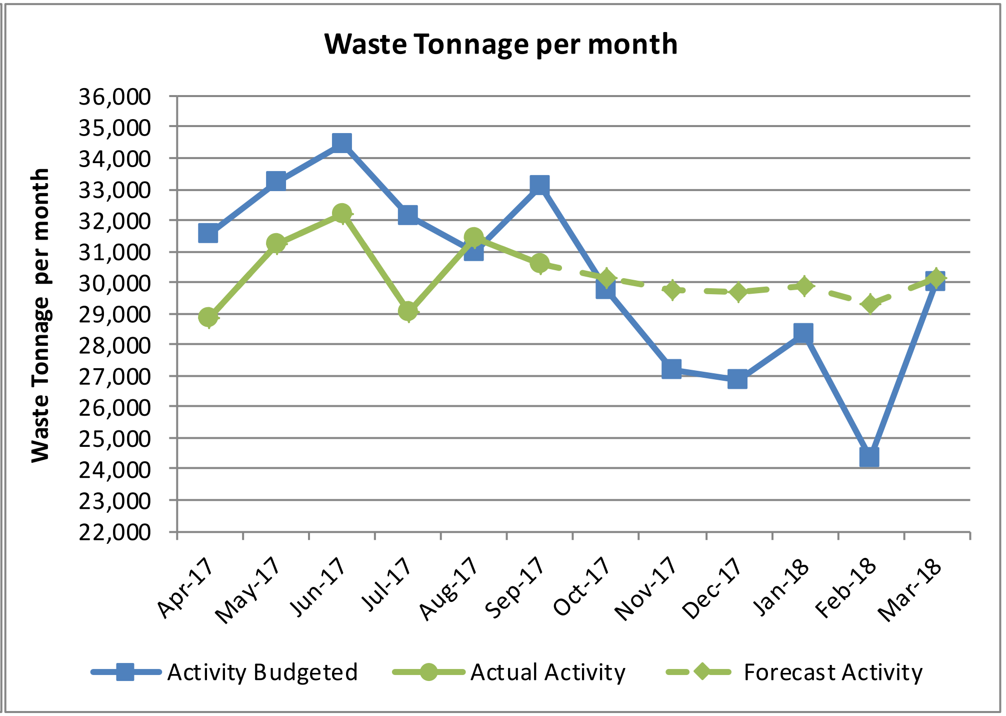
2017-18 Forecast	Gross £m	Income £m	Net £m	Waste Tonnage to 31/03/2018
Budget	£37.4	£0.0	£37.4	362,047
Actual	£37.7	-£0.3	£37.4	362,360
Variance	£0.3	-£0.3	£0.1	313

Position as at 30th September 2017	Gross £m	Waste Tonnage to 30/09/2017
Budget: Spend/Activity Year to Date	£20.2	195,463
Actual: Spend/Activity Year to Date	£15.5	183,449
Variance as at 30th September 2017	-£4.7	-12,014

MAIN REASONS FOR FORECAST VARIANCE:

The gross pressure of +£0.3m is due to a price variance (+£0.4m), offset by a volume variance of +313 tonnes (-£0.1m). Although tonnes are over budget an underspend is being forecast because a large number of tonnes are being redirected from Waste Treatment Final Disposal contracts into Waste to Energy at a cheaper rate. Pressure is also offset by higher than expected income (-£0.3m), from trade waste tonnes, leading to a net pressure of +£0.1m. The -£4.7m underspend to date shown in the table above is due to no monthly payment being made in April; this is forecast to catch up in March as shown in the chart below.





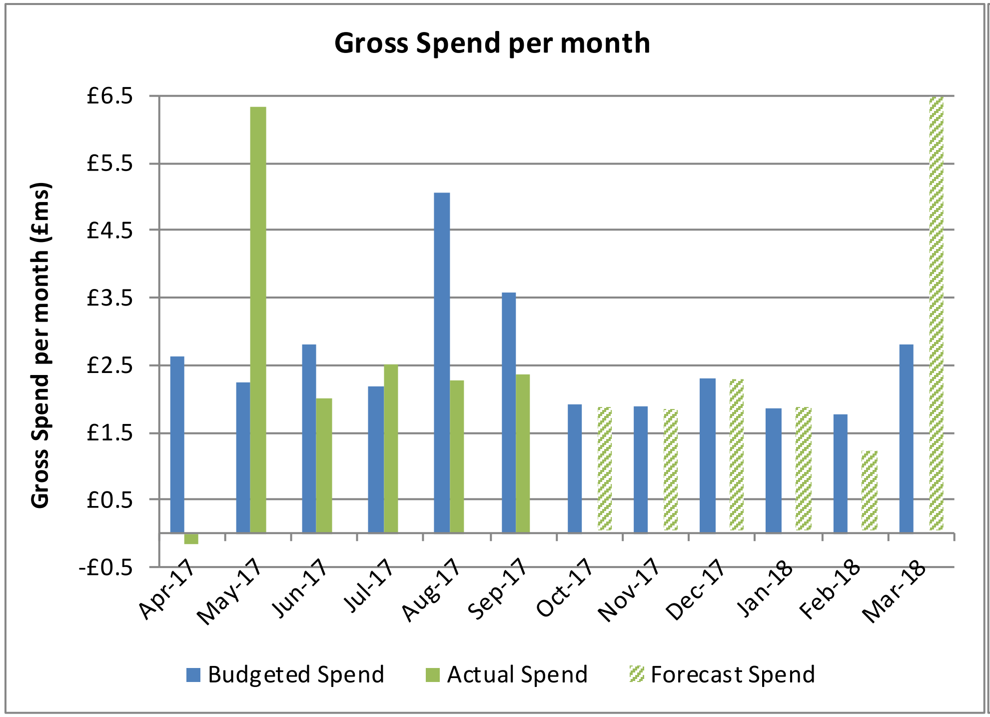
Appendix 2.15: Waste Processing

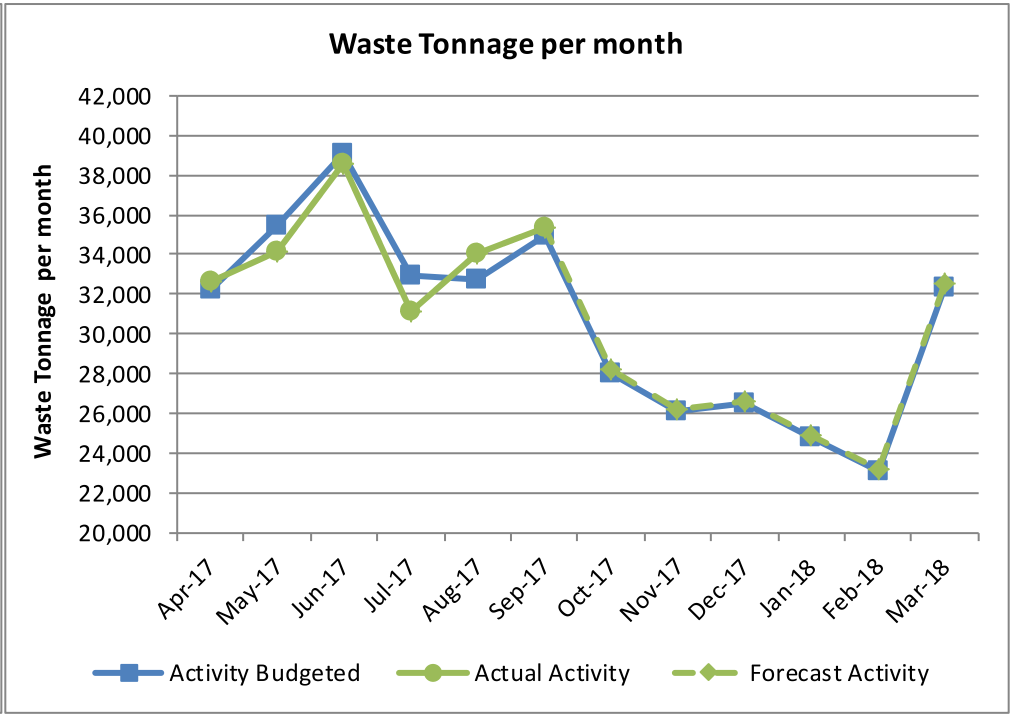
2017-18 Forecast	Gross £m	Income £m	Net £m	Waste Tonnage to 31/03/2018
Budget	£31.0	-£1.9	£29.2	368,245
Actual	£30.8	-£1.8	£29.0	367,336
Variance	-£0.2	£0.1	-£0.1	-909

Position as at 30th September 2017	Gross £m	Waste Tonnage to 30/09/2017
Budget: Spend/Activity Year to Date	£18.5	207,356
Actual: Spend/Activity Year to Date	£15.3	205,755
Variance as at 30th September 2017	-£3.1	-1,601

MAIN REASONS FOR FORECAST VARIANCE:

The gross underspend of (-£0.2m) is due to tonnage price variances (-£0.4m) primarily for Soil/Hardcore and Materials Recycling Facilities where contracts have been successfully retendered offset by a tonnage volume variance of +1,697 tonnes primarily across all Composting contracts (+£0.2m); there is also a small pressure within income due to a volume variance of -2,608 tonnes (+£0.1m). Variations in tonnes may not always impact on the financial position as not all changes in waste types attract an additional cost. The high spend in May is due to Enabling Payments which were budgeted to be paid in August/September therefore the variance is just a timing issue.





Appendix 2.16: All Staffing Budgets (excluding schools)

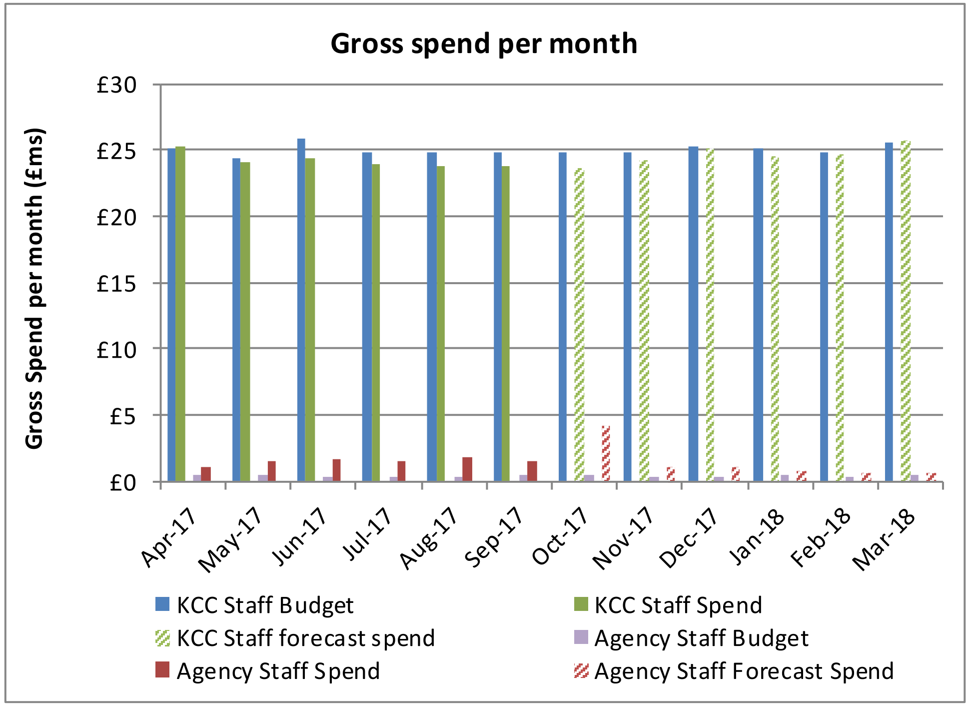
2017-18 Outturn	KCC £m	Agency £m	Gross £m
Budget	£299.8	£5.1	£304.9
Outturn	£293.7	£18.4	£312.1
Variance	-£6.1	£13.3	£7.2

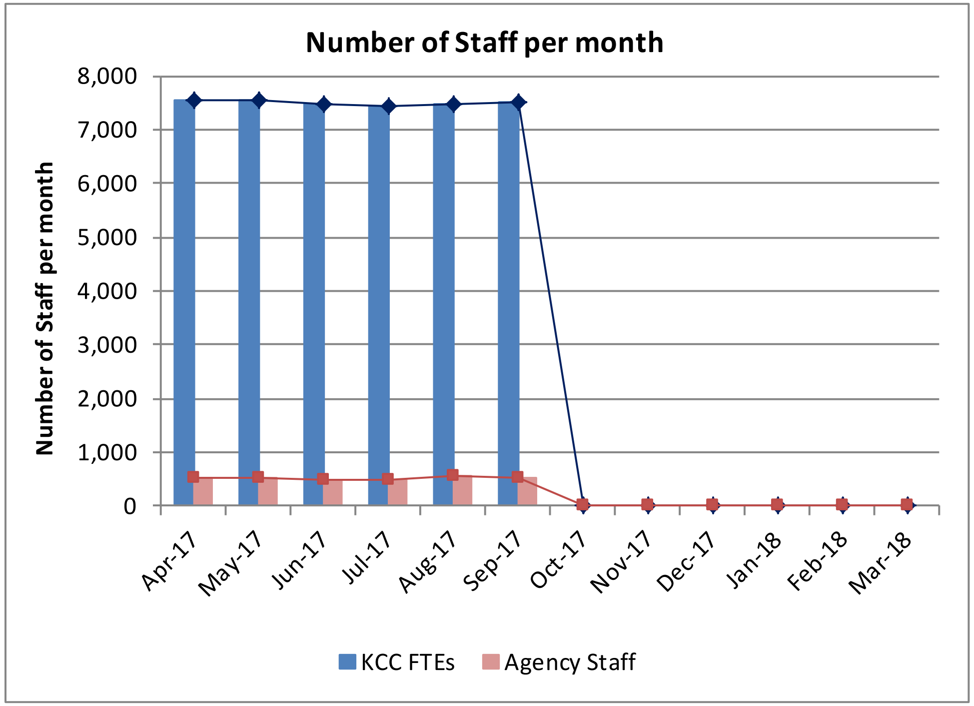
as at 30 September	KCC £m	Agency £m	Gross £m
YTD Budget	£124.8	£2.0	£126.8
YTD Spend	£145.1	£9.2	£154.3
YTD Variance	£20.3	£7.2	£27.5

Staff numbers	KCC FTEs	Agency Nos
as at 31 Mar 2017	7,609.36	445
as at 30 September 2017	7,504.66	539
Annual Movement	-104.70	94

MAIN REASONS FOR VARIANCE:

There is a significant underspend against KCC staff budgets but this is being negated by an overspend on agency staff.
Vacancies are being held pending the outcome of restructuring and the uncertainty around budget cuts, which is contributing to the underspend against the KCC staff budgets. The majority of the overspend on agency staff relates to Children's Social Care Staff - see Appendix 2.10.
The staffing numbers provided are a snapshot position at the end of the month.





Appendix 3

Unaccompanied Asylum Seeking Children (UASC)

1. Position compared to budget by age category

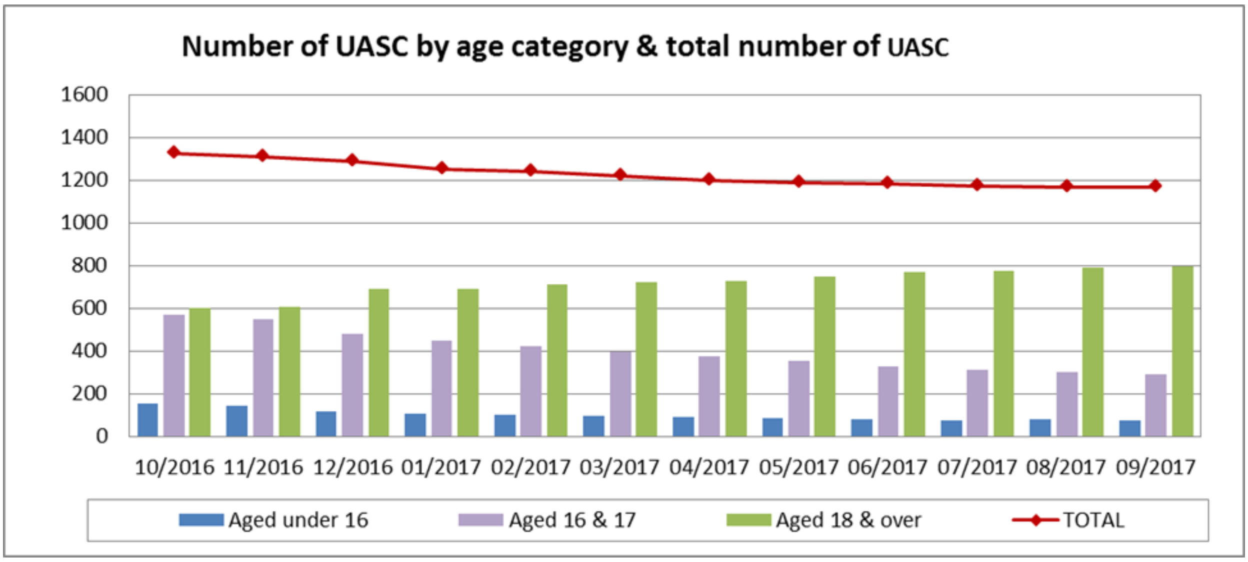
The outturn position is a pressure of £4.0m (after Corporate Director adjustment) as detailed below:

	Cash Limit			Forecast Variance		
	Gross £m	Income £m	Net £m	Gross £m	Income £m	Net £m
Aged under 16	4.4	-4.4	0.0	-1.4	1.2	-0.2
Aged 16 & 17	10.5	-10.5	0.0	-0.5	2.4	1.9
Aged 18 & over (care leavers)	8.7	-8.2	0.6	1.1	1.3	2.4
	23.6	**-23.1**	**0.6**	**-0.8**	**4.9**	**4.0**

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). However 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**
Oct-16	155	573	601	**1,329**
Nov-16	147	553	610	**1,310**
Dec-16	117	481	693	**1,291**
Jan-17	109	451	691	**1,251**
Feb-17	101	425	714	**1,240**
Mar-17	99	398	725	**1,222**
Apr-17	93	376	732	**1,201**
May-17	85	356	750	**1,191**
Jun-17	80	331	771	**1,182**
Jul-17	78	316	778	**1,172**
Aug-17	80	301	790	**1,171**
Sep-17	77	293	800	**1,170**



The number of Asylum LAC shown in Appendix 2.11 (LAC numbers) 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

2017/18	Eligible Clients	of which AREs	Ineligible Clients	of which AREs	Total Clients	Total AREs
At year end 2016/17	1,008	7	214	38	1222	45
April	982	3	219	42	1,201	45
May	972	3	220	33	1,192	36
June	965	8	217	35	1,182	43
July	967	4	205	32	1,172	36
August	954	21	217	32	1,171	53
September	956	18	213	31	1,169	49

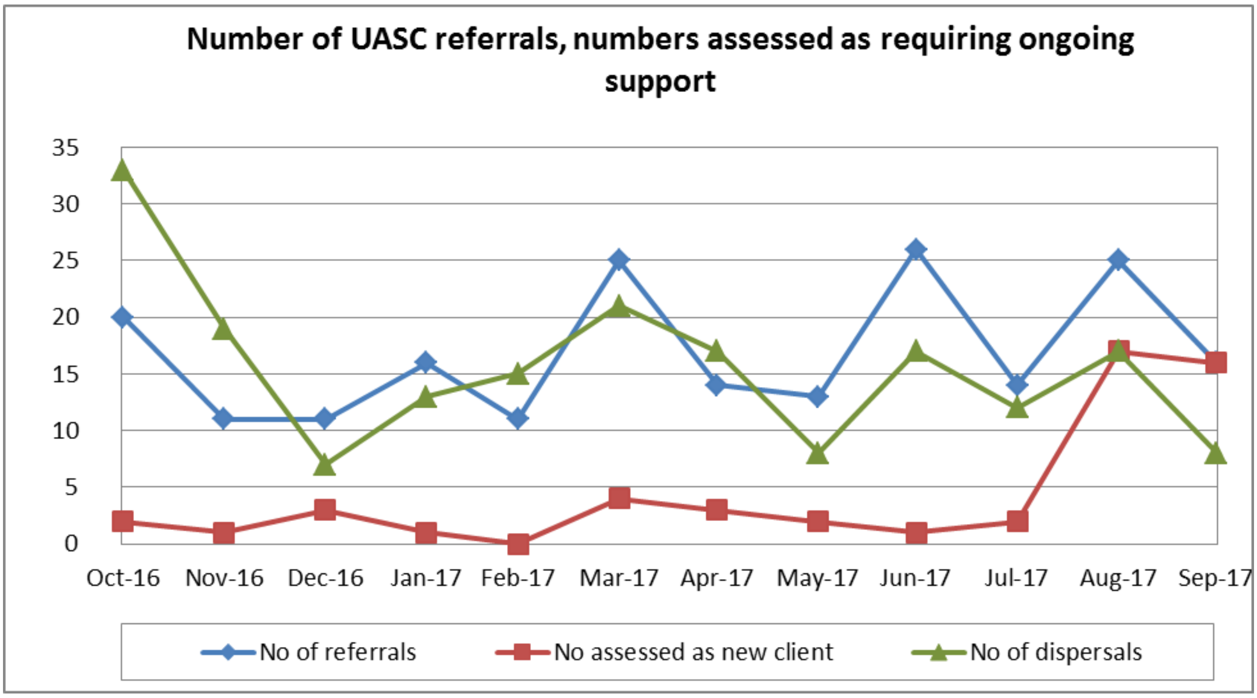
Eligible Clients are those who do meet the Home Office grant rules criteria. Appeal Rights Exhausted (ARE) clients are eligible for the first 13 weeks providing a human rights assessment is completed. There is a sharp rise in the number of new ARE clients within the 13 weeks of service in August 2017, this is due to the Home Office clearing a backlog of asylum decisions, coupled with a long delay in receiving data match information in relation to the grant claim. This indicator shows that the number of ARE clients have decreased slightly in September.

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	%	No of dispersals
Jul-16	47	5	11%	25
Aug-16	42	4	10%	32
Sep-16	42	5	12%	40
Oct-16	20	2	10%	33
Nov-16	11	1	9%	19
Dec-16	11	3	27%	7
Jan-17	16	1	6%	13
Feb-17	11	0	0%	15
Mar-17	25	4	16%	21
Apr-17	14	3	21%	17
May-17	13	2	15%	8
Jun-17	26	1	4%	17
Jul-17	14	2	14%	12
Aug-17	25	17	68%	17
Sep-17	16	16	100%	8

Please note that the data for Jan, May, Jun, July and August 2017 has been updated in the No. Assessed as new Client column since the last report.



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

Duration	Arrivals who have been dispersed post new Government Transfer Scheme (w.e.f 01 July 16)*	Former Kent UASC who have been dispersed (entry prior to 01 July 16)	Total
Jul-16	14	11	25
Aug-16	31	1	32
Sep-16	30	10	40
Oct-16	33	0	33
Nov-16	17	2	19
Dec-16	7	0	7
Jan-17	8	5	13
Feb-17	15	0	15
Mar-17	16	5	21
Apr-17	14	3	17
May-17	7	1	8
Jun-17	16	1	17
Jul-17	12	0	12
Aug-17	17	0	17
Sep-17	7	1	8

In total there have been 284 new arrivals that have been dispersed since July 2016. These are included within the referrals in table 4. This also includes arrivals since 01 July 16 dispersed to London Boroughs, who are not participating in the transfer scheme.

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.

Monitoring of Revenue Reserves 2017-18 – half year position

1. The table below shows the projected impact of the current forecast spend and activity for 2017-18 on our revenue reserves.

Account	Balance at 31/3/17	Projected balance at 31/3/18	Movement
	£m	£m	£m
General Fund balance	36.7	36.7	0.0
Earmarked Reserves	163.2	126.5	-36.7
Surplus on Trading Accounts	0	0	0.0
School Reserves	28.3	12.8	-15.5

* Details of the reasons for the movement in schools reserves are provided in section 3.5 of the main report.

2. The forecast reduction in earmarked reserves includes:

	£m
• Budgeted drawdown of earmarked reserves to support 2017-18 budget including use of directorate reserves, workforce reduction reserve and use of residual 2015-16 underspend	-10.9
• Budgeted drawdown from Kingshill Smoothing reserve	-1.5
• Budgeted contribution to reserves for Transformation work	0.6
• Budgeted phased repayment of sums borrowed from long term reserves in 2011-12 (year 3 of 10)	1.3
• Drawdown from election reserve	-2.1
• Budgeted contribution to elections reserve	0.5
• Use of rolling budget reserve (2016-17 underspend) to fund approved roll forwards	-3.8
• Transfer to earmarked reserve to support future budgets of uncommitted 2016-17 rolled forward underspend	0.6
• Planned net drawdown of reserves for transformation costs	-7.9
• Budgeted drawdown from Public Health reserve (use of prior year underspending)	-2.5
• Planned movement in IT Asset Maintenance reserve	-6.8
• Planned movement in dilapidations reserve	-1.4
• Forecast transfer to Insurance reserve of current year underspend	0.9
• Net planned drawdown of VPE reserve	-1.5
• Other forecast movements in earmarked reserves	-2.2
	-36.7