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To: **CABINET – 15 January 2018**

Subject: **REVENUE & CAPITAL BUDGET MONITORING – OCTOBER 2017-18**

Classification: Unrestricted

1. SUMMARY

- 1.1 This report provides the budget monitoring position up to 31 October 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 Capital Receipts, key activity data and budget risk assessment monitoring;
 - Appendix 5 – quarterly 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 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 £8.312m (after Corporate Director adjustments) has improved slightly by -£0.018m. However, it is concerning that the overall pressure still remains at a similar level to previous months and needs to be managed down to at least a balanced position.
- 1.4 The forecast revenue pressure (before Corporate Director adjustments) is £10.822m, which is a decrease of -£2.963m from the previous reported position. This is predominantly due to an improved position in Adult Social Care and Health. The Corporate Director adjustments totalling -£2.510m have brought the forecast position down further to £8.312m.
- 1.5 There is a reported variance of -£39.724m on the 2017-18 capital budget (excluding schools and PFI). This is a movement of -£8.033m from the previous month and is made up of -£1.233m real movement and -£6.800m rephasing movement.

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 £8.312m. Details of the Corporate Director adjustments are provided 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	2.180	-0.653	1.527	1.392	0.135
Children, Young People & Education - Specialist Children's Services	112.732	2.813	-0.200	2.613	2.245	0.367
Children, Young People & Education - Asylum	0.550	4.149	-0.137	4.012	3.959	0.053
<i>Sub Total Children, Young People & Education</i>	<i>172.074</i>	<i>9.142</i>	<i>-0.990</i>	<i>8.152</i>	<i>7.597</i>	<i>0.555</i>
Adult Social Care & Health - Disabled Children Services	20.754	0.246		0.246	0.220	0.027
Adult Social Care & Health - Adults	396.298	0.148		0.148	1.242	-1.093
<i>Sub Total Adult Social Care & Health</i>	<i>417.052</i>	<i>0.395</i>	<i>0.000</i>	<i>0.395</i>	<i>1.462</i>	<i>-1.067</i>
Growth, Environment & Transport	166.756	1.281	-0.520	0.761	0.293	0.468
Strategic & Corporate Services - Excluding Public Health	71.175	0.466		0.466	0.497	-0.031
Strategic & Corporate Services - Public Health	-0.011	0.000		0.000	0.000	0.000
<i>Sub Total Strategic & Corporate Services</i>	<i>71.163</i>	<i>0.466</i>	<i>0.000</i>	<i>0.466</i>	<i>0.497</i>	<i>-0.031</i>
Financing Items	111.009	-0.461	-1.000	-1.461	-1.518	0.057
TOTAL (excl Schools)	938.054	10.822	-2.510	8.312	8.330	-0.018

Schools (CYP&E Directorate)	0.000	27.905		27.905	15.544	12.361
TOTAL	938.054	38.728	-2.510	36.218	23.874	12.343
Variance from above (excl schools)				8.312	8.330	-0.018
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				8.312	8.330	-0.018

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

3.3 The main reasons for the movement of -£0.018m (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 an increase of +£0.135m since the September monitoring position. The most significant movements being:

- Further reductions in Early Help & Prevention for Children & Families, following savings on expected contract costs of -£0.3m.
- A +£0.2m increase in the Other Services for Young People & School Related Services forecast, following finalisation of the school Training programme for 2017-18.
- A +£0.1m increase in the Pupil & Student Transport Services forecast. Increased demand for both special educational needs (SEN) home to college transport of +£0.3m and mainstream home to school transport of +£0.1m is partially offset by reductions in SEN home to school transport of -£0.1m and further income from the Kent Card of -£0.1m.
- An increase in payments to schools for excepted items (such as maternity leave) leads to a +£0.1m increase in the Other School’s Related Costs forecast which is offset by other minor movements across the service (including -£0.1m reduction in EYP Management & Support Services forecast).

A Corporate Director adjustment has been made to reflect the following:

- The delays in the full implementation of the Emotional Health & Wellbeing Contract by the provider leading to a one-off underspend of -£0.246m 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 -£0.408m, 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 +£0.367m (after the Corporate Director adjustment) since the September report. A Corporate Director adjustment of -£0.2m has been applied to the Children’s Assessment Staffing forecast to reflect more up to date information, received after the submission of manager forecasts. The movement from the September report is due to various movements across services, the most significant being an increase in the Children in Care (Looked After Services) forecast of £0.3m. This is mainly as a result of

increased placement costs for an individual in Secure Accommodation and an increased number of placements with Independent Fostering Agencies.

3.3.3 Children, Young People and Education – Asylum Services:

The current forecast variance represents an increase of +£0.053m since the September 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 -£0.137m 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 September monitoring round is -£1.067m; -£1.094m of which relates to 'Adult Health & Social Care – Adults' and +£0.027m of which relates to 'Adult Health & Social Care – Disabled Children Services (0-18)'.

3.3.5 Adult Social Care and Health – Disabled Children Services:

There has not been a material change in the Disabled Children Services forecast since the September monitoring report.

3.3.6 Adult Social Care and Health – Adults:

The pressure on 'Adults Social Care – Adults' has decreased since September by -£1.094m.

The main movements in the variance relate to: an increase within Other Adult Services of +£0.778m including a recognition that £0.400m of savings anticipated to be achieved this financial year need to be reprofiled; an increase in the forecast for domiciliary care – older people and physical disability of +£0.209m; an increase in the forecast for Social Support – Information and early intervention +£0.197m; an overall net increase in Day Care forecasts across all client groups of +£0.196m and an increase in Adaptive and Assistive Technology of £0.105m. This is offset by: a reduction in Nursing and Residential Care across all client groups of -£1.045m; a reduction in Direct payments across all client groups of -£0.579m both of these reductions are in the main due to the release of some centrally held provisions including some relating to winter; a reduction in the forecast for Supported Living Mental Health aged 18+ - Commissioned Service of -£0.341m; a reduction in the forecast for Supported living – Physical Disability – Commissioned Service of -£0.168m and a reduction in Social Support – Carers – Commissioned services of -£0.108m. (*Movements of less than £100k on all other A-Z lines totalled -£0.338m*).

3.3.7 Growth, Environment and Transport:

The current forecast outturn is a +£0.761m pressure, after the Corporate Director Adjustment of -£0.520m, as set out below. This is an increase of +£0.468m since last month.

There has been an increase in Other Highways Maintenance & Management of +£0.478m. This is primarily due to an increased forecast cost for streetlight energy

of £0.623m, which is due to a number of factors including a higher than expected price increase, changed roll-out of the LED installation programme, additional lanterns due to housing growth and the reversal of part-night lighting. This is partially offset by small reductions elsewhere.

An increase in Waste recycling costs, primarily through additional composted waste, has added +£0.298m to the forecast, however reductions in residual waste of -£0.120m and other minor adjustments have helped to reduce the overall increase in Waste services to +£0.152m.

The Corporate Director adjustment of -£0.520m has increased by a net -£0.184m (last month: -£0.336m) to reflect both the additional actions being taken to mitigate the change in variance, as well as some actions which now form part of the forecast outturn figure.

Other small movements make up the balance of -£0.162m; the largest being a reduction in Libraries, Registration, and Archives of -£0.119m which is primarily as a result of a further release from a renewals reserves following a successful re-tender process.

3.3.8 Strategic and Corporate Services:

The overall forecast has decreased by -£0.031m since the September monitoring report. This is due to a number of minor movements.

3.3.9 Financing Items

The forecast underspend has decreased by £0.057m (after Corporate Director adjustments). £1.057 is due to the lack of dividend from Invicta Law which is primarily due to a lack of new business being generated, compared to the business plan. The Corporate Director adjustment of -£1.000m reflects the review that will be undertaken on the Financing Items budget in order to mitigate the impact of the loss of the Invicta Law dividend.

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

3.4.1 Children, Young People and Education – Education & Young People’s Services:

3.4.1.1 The forecast variance of +£1.5m 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 -£1.0m on Early Help & Prevention for Children and Families. An underspend on externally commissioned services of -£0.9m reflects delays in the start of a new Emotional Health and Wellbeing contract along with higher than expected troubled families grant and savings from other contracts.

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. We have reviewed the product pricing and this has not yet led to increased demand and an increase in income generation. We therefore are now reviewing the costs of this service with a view to reducing them if this increased demand is not forthcoming.

3.4.1.4 There is a forecast underspend of -£0.1m on Other Services for Young People & School Related Services, the most significant variances being -£0.2m underspend

on the 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 of -£0.7m from the Department of Education. The balance 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 +£0.4m is mainly due to higher than budgeted demand from schools for the payment of excepted items (such as maternity leave).

3.4.1.6 Autumn pupil numbers suggest there will be a forecast pressure of +£0.4m across Pupil & Student Transport Services. Pressures on special education needs transport to both school of +£0.9m and college of +£0.5m resulting from higher than expected pupil numbers and cost of journeys have been partially offset by a -£0.7m underspend on mainstream home to school transport due to lower pupil numbers. The balance of -£0.3m is formed from additional income generated from the Kent 16+ travel card of -£0.2m and other small underspends of -£0.1m.

3.4.1.7 Finally, there is a forecast pressure of +£0.5m 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, but next year these costs will be absorbed within the operation of the new Education Services Company.
- +£0.4m pressure resulting from former CYPE directorates share of savings for both spans and layers and tactical procurement. These savings will be allocated to budget managers as part of the 2018-19 budget build process.
- -£0.5m underspend on Education Pension costs based on current activity.

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 +£2.6m after the Corporate Director adjustment.

3.4.2.2 Within Children's Assessment Staffing, a net +£1.8m 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 +£0.4m is mainly due to the ongoing pressure on Care Leaver Services from 2016-17 of +£0.1m, along with increased spend on Commissioned services +£0.1m relating to a one-off previous financial year payment and Section 17 +£0.1m. The balance of +£0.1m is formed from a number of small underspends across other services.
- 3.4.2.4 A pressure of +£0.2m for 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 -£0.3m due to a reduction in the number of adoption payments, along with the estimated impact of the new financial means-testing process of -£0.1m. A further pressure of +£0.2m 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 +£0.2m 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 +£0.8m; in-house fostering placements -£0.4m, +£0.1m increase in the cost of residential placements and supported accommodation for 16-17 year olds -£0.3m. Indications from Invicta Law indicate a pressure +£0.2m for legal services. This is however offset by a -£0.2m underspend on Virtual School Kent following their recent restructure.
- 3.4.3 Children, Young People and Education – Specialist Children's Services – Asylum
- 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 +£0.6m, Care Leavers (aged 18+) of +£2.5m, and ineligible costs of +£0.3m, the remaining +£0.6m 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 A meeting recently took place with the Minister to discuss the challenges Kent face and discussions are ongoing with the Home Office regarding Kent's financial position.

3.4.4 Adult Social Care and Health

3.4.4.1 The overall forecast variance for the Directorate is an overspend of £0.4m; £0.1m 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)'. No corporate director adjustment is proposed.

3.4.5 Adult Social Care and Health – Disabled Children Services

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 +£1.2m offset by underspends on fostering services of -£0.2m and -£0.2m in-house residential respite services.
- The -£0.5m variance for Family Support & Other Children Services is mainly due to underspends on direct payments of -£0.2m; commissioning -£0.1m and day care services of -£0.1m, along with minor other variances including Section 17.
- The -£0.1m variance on assessment staffing is mainly due to underspend on equipment services.

3.4.6 Adult Social Care and Health – Adults

3.4.6.1 The forecast variance for 'Adult Health & Social Care – Adults' is +£0.1m. No corporate director adjustment is proposed.

This forecast does not take into account any future impact of the investment from the new Adult Social Care allocation of £26.1m in 2017-18. It is hoped that as the year progresses the impact of this investment will reduce the remaining variance further to a break even position.

3.4.6.2 Within the overall variance of +£0.1m there are pressures of +£4.8m resulting from direct provision of services to clients across adult social care, and a forecast underspend of -£4.6m against adult and older people preventative and other services. There is also a forecast underspend 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.

3.4.6.3 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+) +£1.7m overspend (more information on which is provided in appendix 2.1).
- Supported Living - Learning Disability (aged 18+) - Other Commissioned Supported Living arrangements +£1.0m (more information on which is provided in appendix 2.2).
- Supported Living - Learning Disability (aged 18+) - Shared Lives Scheme -£1.0m. This underspend is due to activity being less than budgeted.
- Supported Living - Learning Disability (aged 18+) - In house service -£0.1m.
- Direct Payments - Learning Disability (aged 18+) +£0.2m (more information on which is provided in appendix 2.3).
- Day Care – Learning Disability (aged 18+) – Commissioned service -£0.1m and in house service -£0.1m.
- Domiciliary Care – Learning Disability (aged 18+) +£0.1m
- Non Residential Charging Income – Learning Disability (aged 18+) -£0.1m

3.4.6.4 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 -£0.6m which is due to -£1.0m relating to delays in commencing the Your Life Your Home scheme, +£0.4m which is due to activity being higher than budgeted.
- Nursing & Residential Care - Mental Health (aged 18+) +£2.7m. This variance is predominantly due to +£1.6m relating to delays in commencing the Your Life Your Home, (reflecting +£0.6m of red savings when netted against reduction on

Supported Living) and +£1.1m which is due to both activity and costs being higher than budgeted levels.

3.4.6.5 Older People and Physical Disability services are forecasting a net pressure of +£1.3m, which includes a number of offsetting variances. The most significant variances relate to:

- Nursing and residential care +£3.2m overspend which includes +£1.7m relating to Older People Commissioned Residential services (more information on which is provided in appendix 2.4), +£1.5m relating to Older People nursing (more information on which is provided in appendix 2.5), +£0.2m 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 -£1.8m, based on the year-to-date income received, which is linked to services on the following community service lines: Domiciliary care services +£0.6m pressure of which -£0.2m relates to Older People Commissioned Services and links with appendix 2.6, Supported Living +£0.3m and Day Care -£0.4m.
- Direct payments -£0.7m underspend which includes -£0.5m relating to direct payments for older people.

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.

3.4.6.6 Within 'Adult & Older People Preventative & Other Services' there is a forecast net variance of -£4.6m, 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, this is partly offset by a -£1.3m one-off use of reserves to offset the slipped transformation savings. A further pressure of +£0.6m relates to slippage on Housing Related Support savings. In addition within Other Adult Services, there is +£0.4m of unachievable transformation savings, +£0.2m of unachievable tiers and spans savings across the authority and +£0.2m due to other savings not forecast to be achieved.

These pressures are offset by: forecast underspends of -£1.8m in social support services, such as those for carers (in-house and commissioned), information & early intervention and social isolation; -£1.4m underspend on equipment against the adaptive & assistive technology budget; -£2.9m variance on centrally held funds including sustainability funding to cover costs already recognised in the forecast position; -£0.2m underspend on meals against the Other Adult Services budget; and -£0.3m for the Social Fund.

3.4.7 Growth, Environment and Transport

3.4.7.1 The overall position for the Directorate, before Corporate Director Adjustments, is a forecast pressure of +£1.3m (+£0.6m last month), with forecast pressures of +£1.9m being partially offset by forecast underspends of -£0.6m.

3.4.7.2 The main pressures previously reported to Cabinet remain: General Highways Maintenance & Emergency Response, GET Management & Support Services budgets, and Other Highways Maintenance & Management showing overspends of +£0.2m, +£0.5m, and +£0.8m respectively.

- 3.4.7.3 There continues to be a pressure resulting from an increased levy on all Driver Diversion courses from 1st September 2017, as well as a significant forecast reduction in the number of course attendees against budget, which in aggregate account for +£0.3m of the above +£0.2m pressure. The GE&T Management & Support Services pressure is due to the impact of staffing and procurement savings that have yet to be fully implemented. Streetlight Energy has now increased to +£0.9m, with other minor underspends reducing the pressure down to +£0.8m.
- 3.4.7.4 Public Protection and Enforcement is now forecasting a net underspend of -£0.1m: with the partial release of the Medical Examiners of -£0.2m budget more than offsetting the previously reported pressures.
- 3.4.7.5 Waste is forecasting an overall pressure of +£0.1m, comprising:
 (a) Treatment and Disposal of Residual Waste -£0.1m with a price pressure being offset by a small reduction in tonnes and additional trade waste income (as can be seen in Appendix 2.14), as well as savings from redirecting Waste Treatment Final Disposal contracts into Waste-to-Energy at a cheaper rate. (b) Waste Processing is forecasting a pressure of +£0.2m, with savings on the soil & hard-core and Materials Recycling Facilities budgets being partly offset by increased composting and reduced income (see Appendix 2.15). (c) Waste Management shows a small underspend.
- 3.4.7.6 All other GET budgets are forecasting a combined underspend of -£0.3m, of which -£0.2m relates to Libraries, Registration & Archives and -£0.1m to Concessionary Fares.
- 3.4.7.7 The financial position has worsened this month. The Corporate Director adjustment has increased to -£0.5m to reflect additional management actions already identified and this reduces the forecast pressure of +£1.3m down to +£0.8m.
- 3.4.7.8 Further management action 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.
- 3.4.8 Strategic and Corporate Services – Public Health
- 3.4.8.1 Public Health is currently a ring-fenced grant and 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.
- 3.4.9 Strategic and Corporate Services
- 3.4.9.1 The overall variance reflected in appendix 1 against the directorate is an overspend of +£0.5m which is made up of an underspend of -£0.1m for the S&CS Directorate itself, increased by +£0.6m 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 £0.6m delivery slipping to 2018-19. Work is now on-going on the 2018-19 savings target of an additional -£0.7m saving which, to be deliverable from 1st April 2018, requires early identification of plans.
- 3.4.9.2 The directorate underspend of -£0.1m includes variances of +£0.3m 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. This pressure is off-set by an underspend of -£0.1m within Gateways and net underspend of -£0.3m across the units within 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; +£0.3m Infrastructure controllable budgets, arising mostly from backdated Kier costs within the Corporate Landlord budgets and minor variances across all areas of Property and ICT commissioning budgets. In addition there are a number of minor variances totalling +£0.1m across the other divisions within the directorate.

3.4.10 Financing Items

The Financing Items budgets are currently forecast to underspend by £0.5m, before Corporate Director adjustments, which is due to:

- 3.4.10.1 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.
- 3.4.10.2 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.
- 3.4.10.3 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.
- 3.4.10.4 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.
- 3.4.10.5 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 however 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;

- £1.0m lack of dividend from Invicta Law Ltd primarily due to a lack of new business being generated, compared to the business plan.
- £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.
- A Corporate Director adjustment of -£1.0m has been made reflecting the review that will be undertaken on the Financing Items budget in order to mitigate the impact of the loss of the Invicta Law dividend.

3.5 Schools delegated budgets:

The schools delegated budget reserves are currently forecast to end the financial year in surplus by £0.4m, compared to £28.3m at the start of the financial year. This is made up of a forecast surplus of £21.4m on individual maintained school balances, and a deficit on the central schools reserve of £21m. The table below provides the detailed movements on each reserve:

	Individual School Reserves (£m)	Central Schools Reserve (£m)	Total School Reserves (£m)
Balance b fwd	30.171	(1.830)	28.340
Forecast movement in reserves:			
Movement in school reserves (6 month monitoring)	(10.223)		(10.223)
Academy conversions and closing school deficits	1.499	(4.580)	(3.081)
Contribution to schools broadband		(1.000)	(1.000)
School Growth		(1.000)	(1.000)
High Needs (Mainstream & Independent)		(10.459)	(10.459)
Various		(0.569)	(0.569)
Overspend on Central DSG budgets		(1.574)	(1.574)
Forecast reserve balance	21.447	(21.012)	0.435

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

The schools delegated budget is currently showing pressure of £27.905m 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	0	0	

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 -£39.724m on the 2017-18 capital budget (excluding schools and PFI). This is a movement of -£8.033m from the previous month and is made up of -£1.233m real movement and -£6.800m 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	113.030	-9.273	0.386	-9.659	0.263	-8.008	0.123	-1.651
Adult, Social Care & Health	8.383	-5.183	-0.761	-4.422	-0.114	-1.110	-0.647	-3.312
Growth, Environment & Transport	132.630	-20.452	0.886	-21.338	0.525	-19.449	0.361	-1.889
Strategic & Corporate Services	22.040	-4.816	1.861	-6.677	2.931	-6.729	-1.070	0.052
TOTAL	276.083	-39.724	2.372	-42.096	3.605	-35.296	-1.233	-6.800

5.3 Capital budget monitoring headlines

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

Children, Young People and Education

- Annual Planned Enhancement Programme: -£0.565m real movement, due to funding going towards a basic need project.
- Basic Need: +£0.565m real movement, due to funding from Annual Planned Enhancement Programme.

- Basic Need: +£0.280m rephasing movement. This includes bringing forward some funding from 2019-20 to start works on two schemes in this financial year, for which a cash limit change will be done (see table 6.4).
- Priority School Build Programme: +£0.165m real movement due to additional project support grant from the ESFA, and -£2.485m rephasing movement due to late submission of invoices by the ESFA for KCC contribution to the schemes and in some cases due to delays in construction programmes. This is further altered by KCC not being able to recharge school contributions for the projects that have not been completed.

Adult, Social Care and Health

- Developer Funded Community Schemes: -£0.647m real movement, due to a number of schemes no longer proceeding.
- LD Good Day Programme – Community Hubs, Initiatives and Short Breaks Units: -£1.484m rephasing movement. There are substantial plans for the Good Day Programme in the next financial year with two large projects awaiting feasibility reports. There are also plans in place to commence projects across the rest of the County.
- Adult Social Care Case Management: Rephasing movement of -£1.587m. There have been delays to the project start due to securing the correct resources. There is no impact on the “go live” date.

Growth, Environment & Transport

Highways, Transportation & Waste

- National Productivity Investment Fund (NPIF): -£5.189m rephasing movement. This funding has now been committed to the Kent Medical Campus scheme which will commence in 17-18, but the majority of the spend will be in future years. This scheme has also attracted additional NPIF funding of £4m over future years.
- A2500 Lower Road Improvements: +£0.234m real movement. This scheme has increased in scope after the award of the NPIF funding.

Environment, Planning and Enforcement and Libraries, Registration and Archives

- Jasmin Vardimon: -£3.119m rephasing movement. This is due to the scope and profile of the project being reviewed in line with a potential wider enabling development.
- Sustainable Access to Education & Employment: -£0.100m real movement. This is due to part of the works now being delivered directly by the developer.
- Kent Scientific Services: +£0.150m real movement. This relates to the purchase of specific equipment and reconfiguration of workspace and will be funded from a revenue transformation fund.

Economic Development

- Kent Empty Property Initiative – No Use Empty: £1.000m rephasing movement. Previously £1.000m of spend was rephased into 2018-19. However based on the current applications, it is now expected that this budget will be fully allocated in 2017-18.

Strategic & Corporate Services

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

5.4 Cash Limit Adjustments

For information:

Directorate	Project	Amount £m	Year	Funding	Reason
GET	Turner	0.025	17-18	Dev conts	Additional funding available for this scheme.
CYPE	Basic Need	2.100	17-18	Prudential	To bring funding forward from 19-20.
		2.900	18-19	Prudential	
		-5.000	19-20	Prudential	

6. CONCLUSIONS

- 6.1 The revenue pressure remains at £8.3m. The Corporate and Directorate Management teams are confident that the forecast revenue pressure can still be significantly reduced 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

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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	0.2	0.3
Adoption & Other Permanent Children's Care Arrangements	13.8	-0.1	13.7	0.2	-0.1
Family Support & Other Children Services - Non-Disabled Children	14.6	-4.5	10.1	0.4	-0.2
Asylum Seekers**	23.6	-23.1	0.6	4.1	0.0
Children's Assessment Staffing - Non-Disabled Children**	40.7	-3.1	37.5	2.0	0.1
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	7.0	0.2
Education & Young People's Services					
Early Help & Prevention for Children and Families	32.6	-17.6	15.0	-0.8	-0.3
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	0.0
Other Services for Young People & School Related Services	16.8	-13.6	3.2	-0.1	-0.5
Pupil & Student Transport Services**	36.4	-3.7	32.6	0.4	0.1
Other Schools' Related Costs	34.0	-34.0	-0.1	1.1	0.1
Youth and Offending Services	5.0	-3.8	1.2	0.0	0.0
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	0.0
Sub Total Education & Young People's Services	292.3	-233.5	58.8	2.2	-0.6
Sub Total CYP&E directorate	441.3	-269.2	172.1	9.1	-0.4
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	0.0
Physical Disability Adult Services	36.0	-4.1	31.8	0.1	-0.1
Mental Health Adult Services	16.1	-1.6	14.5	1.9	0.0
Older People Adult Services**	172.5	-91.5	81.0	1.2	-2.9
Adult & Older People Preventative & Other Services	61.7	-16.5	45.2	-4.6	-1.2
Adult's Assessment & Safeguarding Staffing	43.5	-3.3	40.3	0.0	-0.1
Children in Care (Looked After) Services - Disabled Children	10.5	-2.1	8.4	0.8	0.0
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	0.0
ASC&H Management & Support Services	7.1	-0.2	6.8	-0.1	-0.1
Sub Total ASC&H directorate	550.0	-133.0	417.1	0.4	-4.2

Growth, Environment & Transport					
Libraries, Registration & Archives	16.3	-6.5	9.8	-0.2	-0.1
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	0.1
Other Highways Maintenance & Management	29.9	-8.5	21.4	0.8	0.5
Public Protection & Enforcement	11.6	-2.2	9.4	-0.1	0.0
Planning & Transport Strategy and Other Related Services (inc School Crossing Patrols)	4.1	-0.6	3.5	0.1	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	0.0
Waste Management	1.9	0.0	1.9	0.0	0.0
Waste Processing**	31.0	-1.9	29.2	0.2	0.3
Treatment and Disposal of Residual Waste**	37.4	0.0	37.4	-0.1	-0.1
GE&T Management & Support Services	3.5	-0.1	3.4	0.5	0.0
Sub Total GE&T directorate	206.9	-40.1	166.8	1.3	0.7
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	0.0
Finance	15.6	-5.8	9.8	-0.1	0.0
Engagement, Organisation Design & Development (HR, Comms & Engagement)	9.4	-1.2	8.2	-0.3	-0.1
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	0.0
S&CS Management & Support Services	2.9	-5.2	-2.4	0.0	0.0
Public Health	79.1	-76.2	2.9	-0.7	-0.1
Transfer to/from Public Health Reserve	-3.0	0.0	-3.0	0.7	0.1
Sub Total S&CS directorate	203.1	-131.9	71.2	0.5	0.0
Financing Items	128.2	-17.2	111.0	-0.5	1.0
TOTAL KCC (Excluding Schools)	1,529.4	-591.4	938.1	10.8	-3.0

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

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

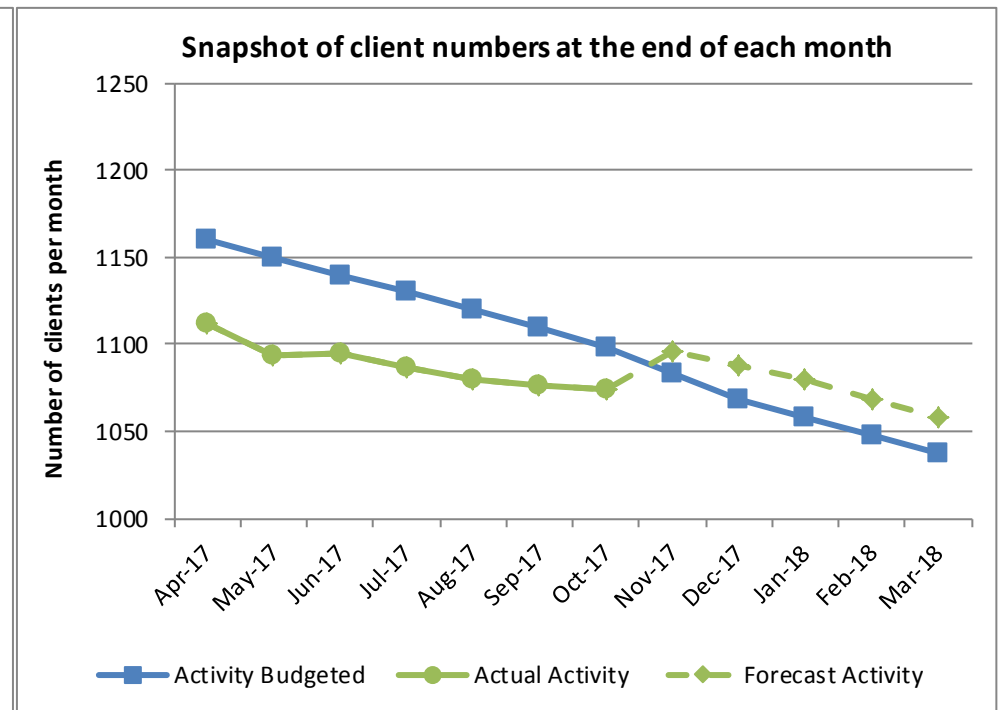
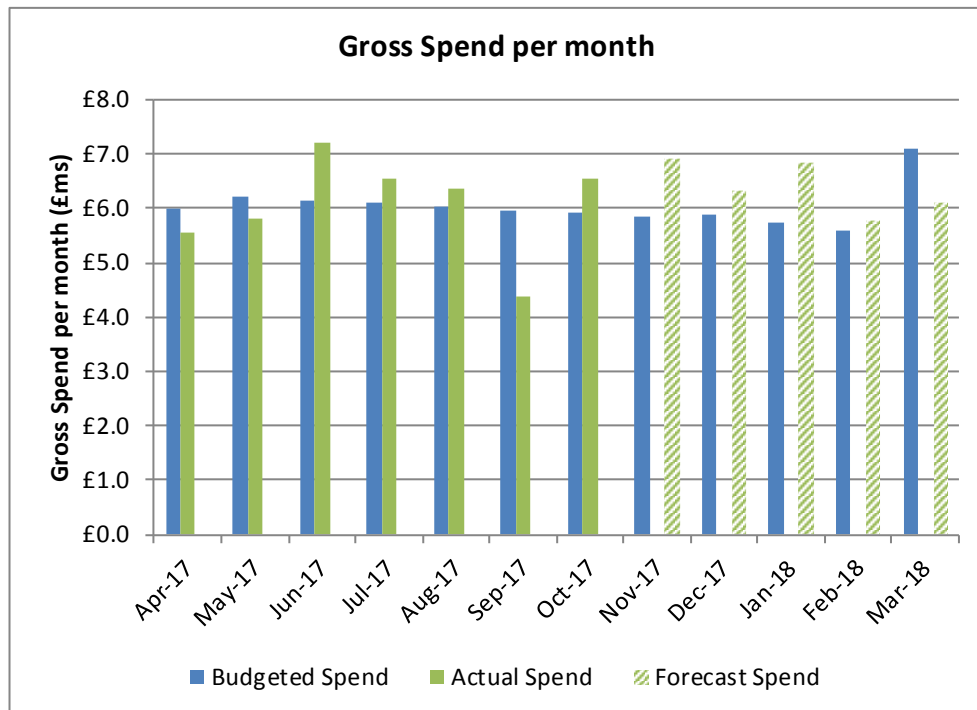
Appendix 2.1: Nursing & Residential Care - Learning Disability (aged 18+)

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	£74.3	-£6.0	£68.3	1,058
Variance	£1.8	-£0.1	£1.7	20

Position as at 31st October 2017	Gross £m	Client Number as at 31/10/2017
Budget: Spend/Activity Year to Date	£42.4	1,098
Actual: Spend/Activity Year to Date	£42.4	1,074
Variance as at 31st October 2017	£0.0	-24

MAIN REASONS FOR VARIANCE:

The gross forecast pressure of +£1.8m is due to higher than anticipated demand (+£1.5m) and higher unit cost (+£0.7m), along with an additional variance of -£0.3m 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 +£1.7m.



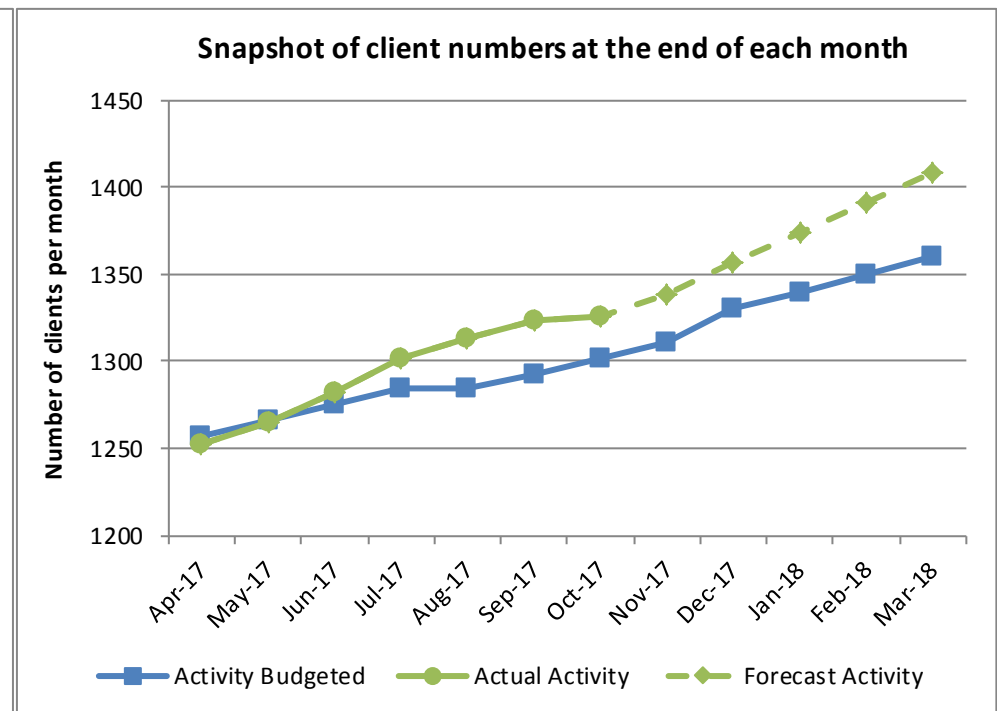
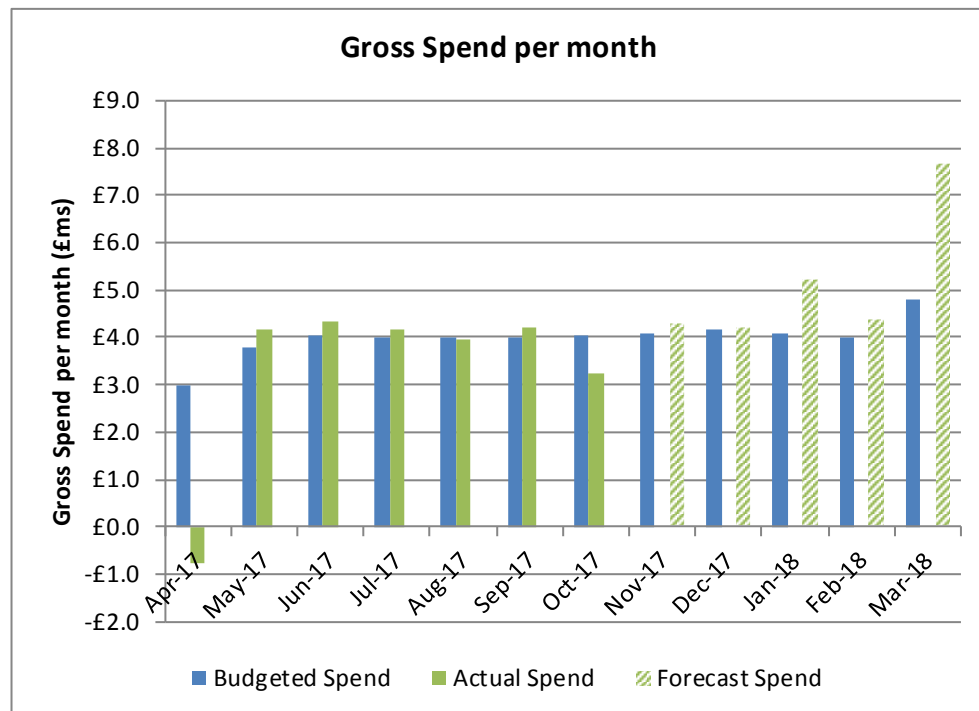
Appendix 2.2: Supported Living - Learning Disability (aged 18+) - Other Commissioned Supported Living arrangements

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	£48.9	-£0.2	£48.7	1,408
Variance	£1.0	£0.0	£1.0	48

Position as at 31st October 2017	Gross £m	Client Number as at 31/10/2017
Budget: Spend/Activity Year to Date	£26.8	1,302
Actual: Spend/Activity Year to Date	£23.3	1,326
Variance as at 31st October 2017	-£3.5	24

MAIN REASONS FOR VARIANCE:

The gross forecast pressure of +£1.0m is due to higher than anticipated demand in hours (+£3.5m) and lower unit cost (-£0.6m), along with an additional variance of -£1.9m predominately due to a transfer from reserves and release of unrealised creditors. This leads to a net forecast pressure of +£1.0m.



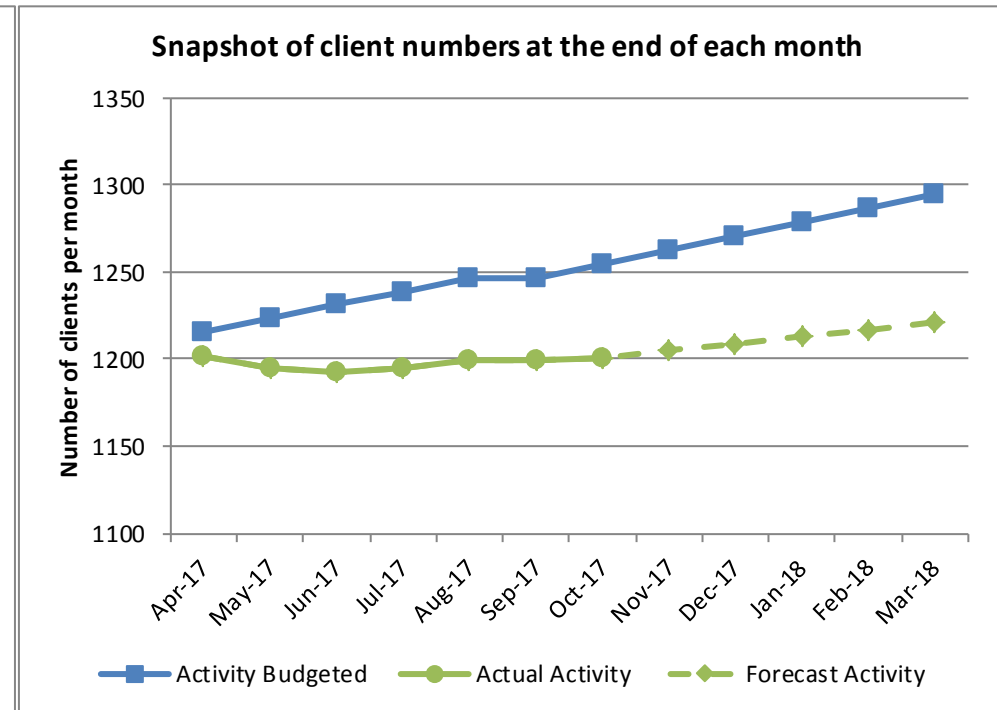
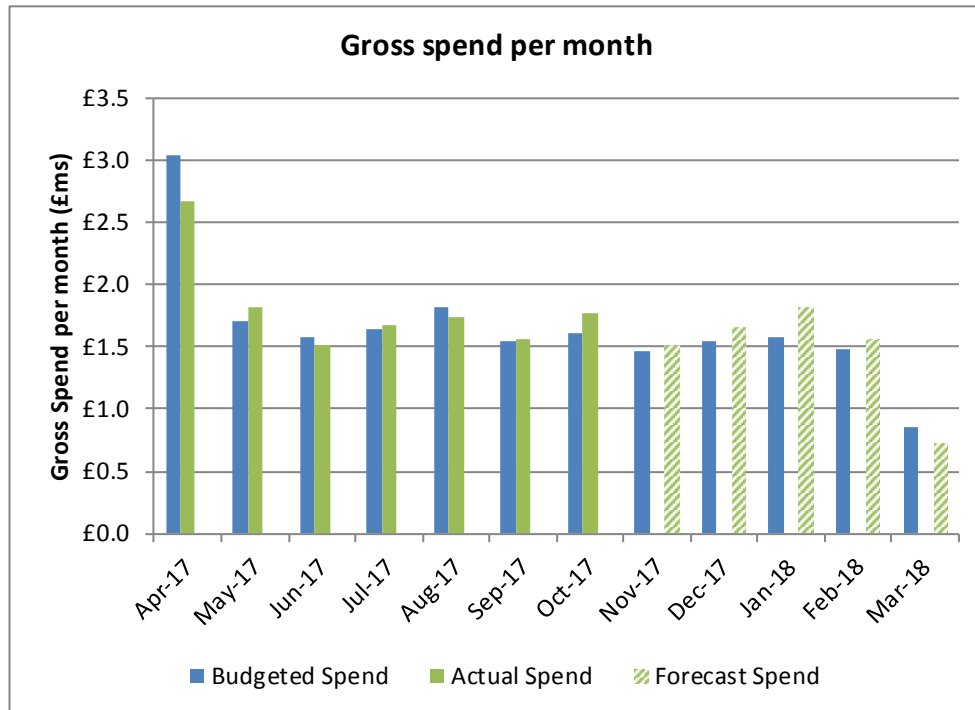
Appendix 2.3: Direct Payments - Learning Disability (aged 18+)

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	£20.0	-£0.8	£19.2	1,221
Variance	£0.2	£0.0	£0.2	-74

Position as at 31st October 2017	Gross £m	Client Number as at 31/10/2017
Budget: Spend/Activity Year to Date	£12.9	1,255
Actual: Spend/Activity Year to Date	£12.7	1,201
Variance as at 31st October 2017	-£0.2	-54

MAIN REASONS FOR VARIANCE:

The gross forecast pressure of +£0.2m is due to a non activity variance of £0.1m, where one off payments have exceeded recovery of surplus funds, and higher than budgeted unit cost £0.1m.



WORKINGS

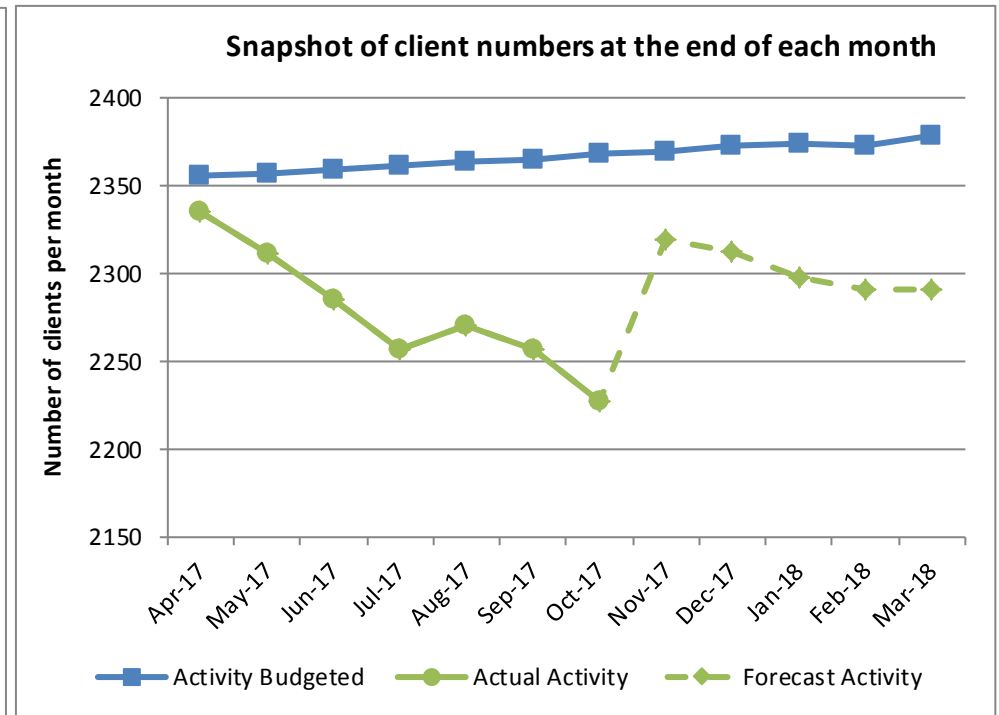
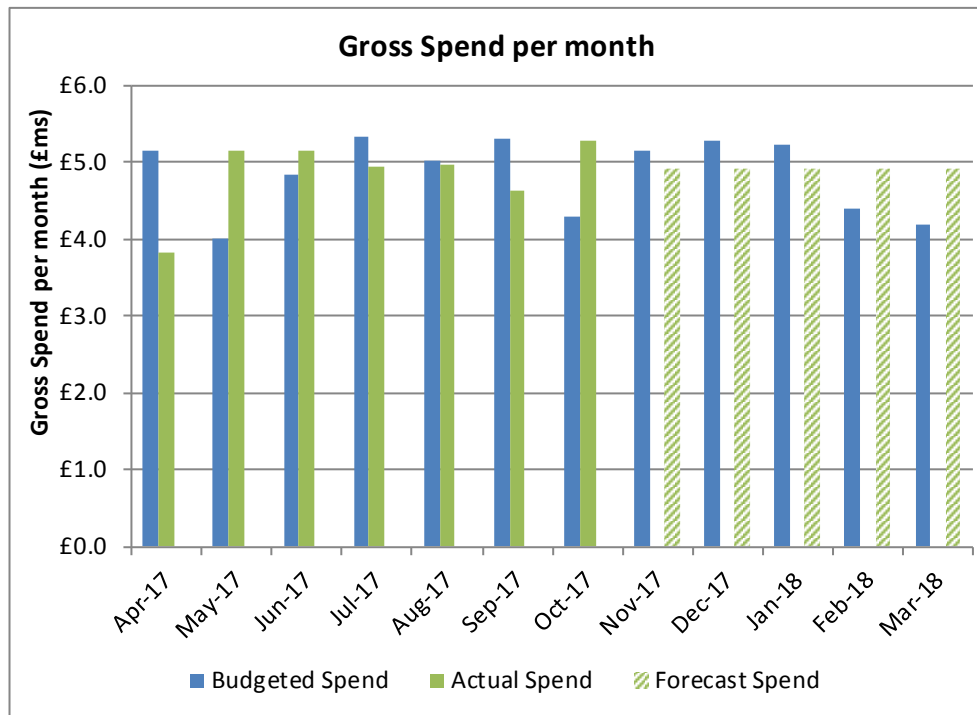
Appendix 2.4: Nursing & Residential Care - Older People (aged 65+) - Residential - Commissioned service

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	£58.4	£33.8	£24.6	2,291
Variance	£0.3	£1.3	£1.7	-87

Position as at 31st Oct 2017	Gross £m	Client Number as at 31/10/2017
Budget: Spend/Activity Year to Date	£33.9	2,368
Actual: Spend/Activity Year to Date	£33.9	2,227
Variance as at 31st October 2017	£0.0	-141

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast a pressure of +£0.3m is due to a higher unit cost (+£0.4m), along with an additional variance of -£0.1m predominately due to net old year spend. This pressure is further increased by lower than expected income of +£1.3m due to a lower average contribution per service user (+£1.3m). This leads to a net forecast pressure of +£1.7m. 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.



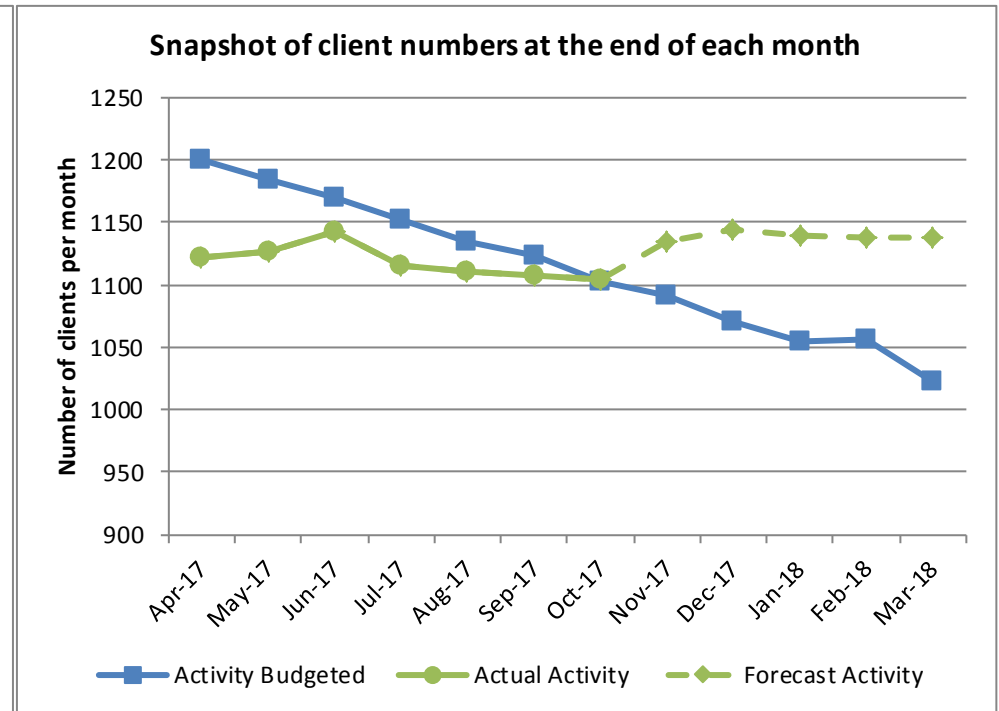
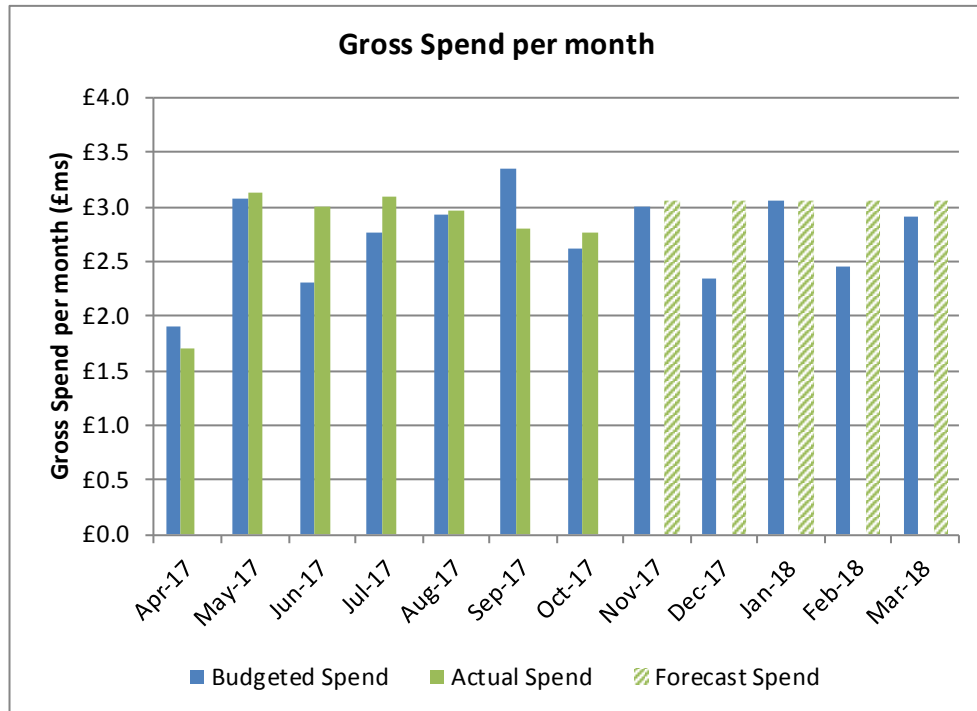
Appendix 2.5: Nursing & Residential Care - Older People (aged 65+) - Nursing

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	£34.7	-£18.0	£16.8	1,137
Variance	£2.0	-£0.6	£1.5	114

Position as at 31st Oct 2017	Gross £m	Client Number as at 31/10/2017
Budget: Spend/Activity Year to Date	£18.9	1,103
Actual: Spend/Activity Year to Date	£19.5	1,104
Variance as at 31st October 2017	£0.5	1

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£2.0m is due to higher than anticipated demand (+£0.7m) and higher unit cost (+£1.1m), 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 -£0.6m 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 +£1.5m.



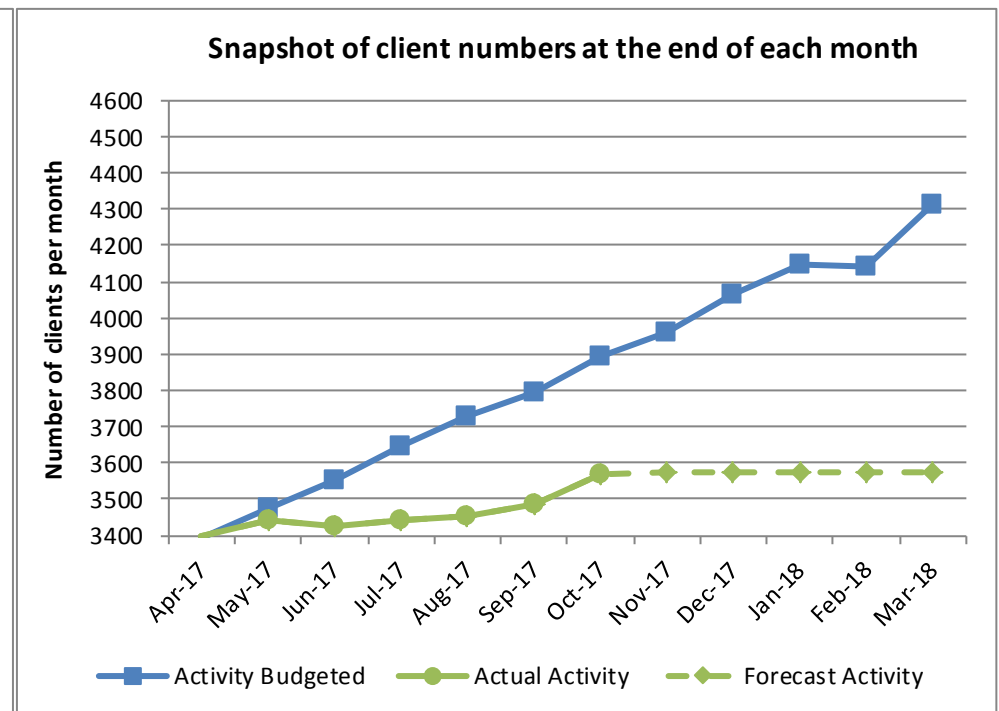
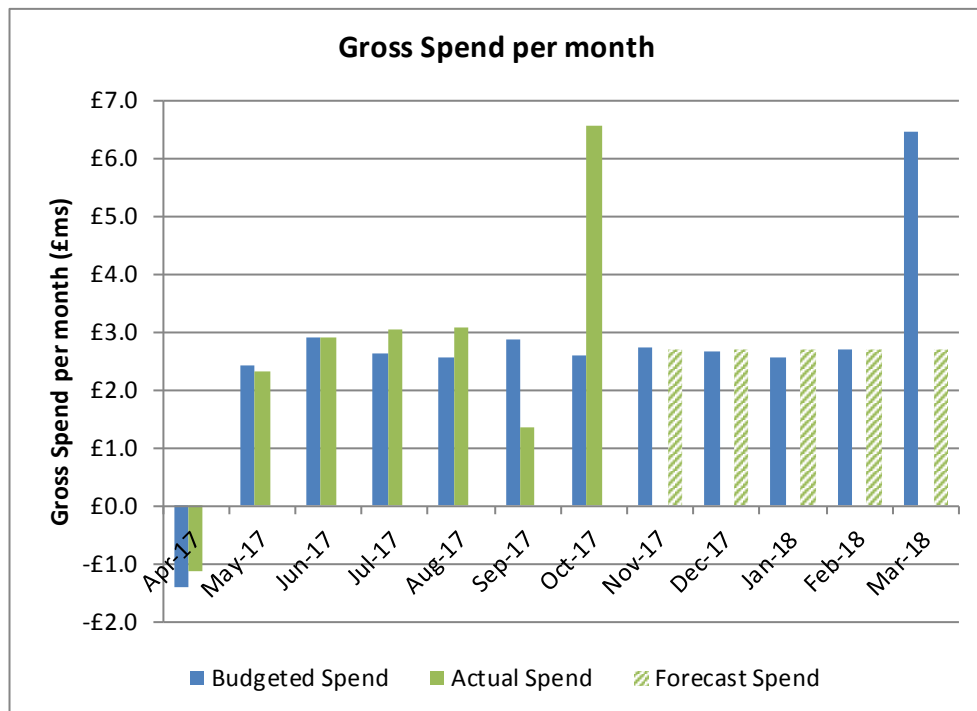
Appendix 2.6: Domiciliary Care - Older People (aged 65+) - Commissioned service

2017-18 Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£31.7	-£5.8	£25.9	4,315
Forecast	£31.5	-£5.8	£25.7	3,576
Variance	-£0.2	£0.0	-£0.2	-739

Position as at 31st Oct 2017	Gross £m	Client Number as at 31/10/2017
Budget: Spend/Activity Year to Date	£14.6	3,896
Actual: Spend/Activity Year to Date	£18.1	3,569
Variance as at 31st October 2017	£3.5	-327

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast underspend of -£0.2m is due to lower than anticipated demand (-£1.3m) and higher unit cost (+£0.8m), along with an additional variance of +£0.3m predominately due to additional spend on extra care support. This leads to a net forecast pressure of -£0.2m.



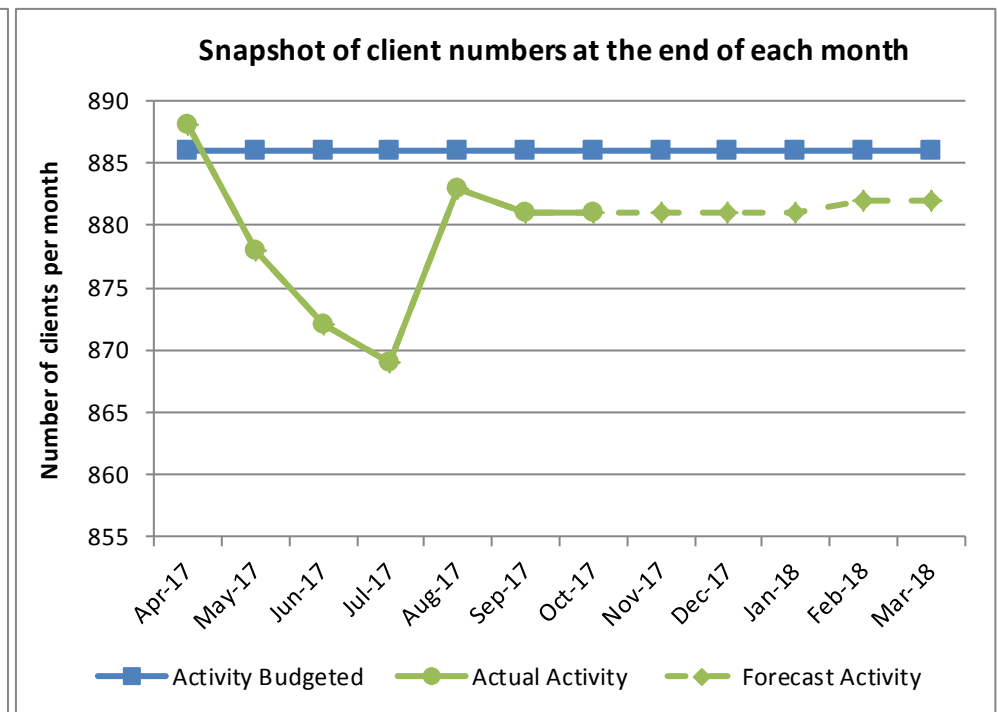
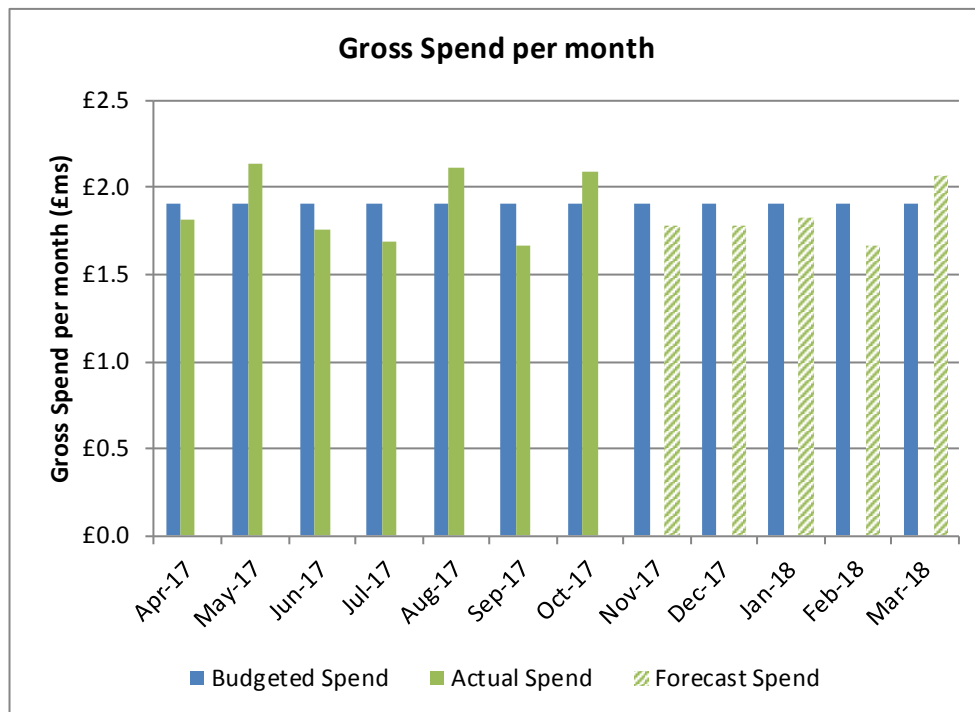
Appendix 2.7: Children in Care (Looked After) - Fostering - In house service

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	£22.2	882
Variance	-£0.5	£0.1	-£0.4	-4

Position as at 31st October 2017	Gross £m	Client Number as at 31/10/2017
Budget: Spend/Activity Year to Date	£13.3	886
Actual: Spend/Activity Year to Date	£13.3	881
Variance as at 31st October 2017	-£0.1	-5

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast underspend of -£0.5m is due to a combination of lower than anticipated demand (-£0.2m) and lower unit cost (-£0.3m). This is combined with lower than expected income of +£0.1m to produce a net forecast underspend of -£0.4m.



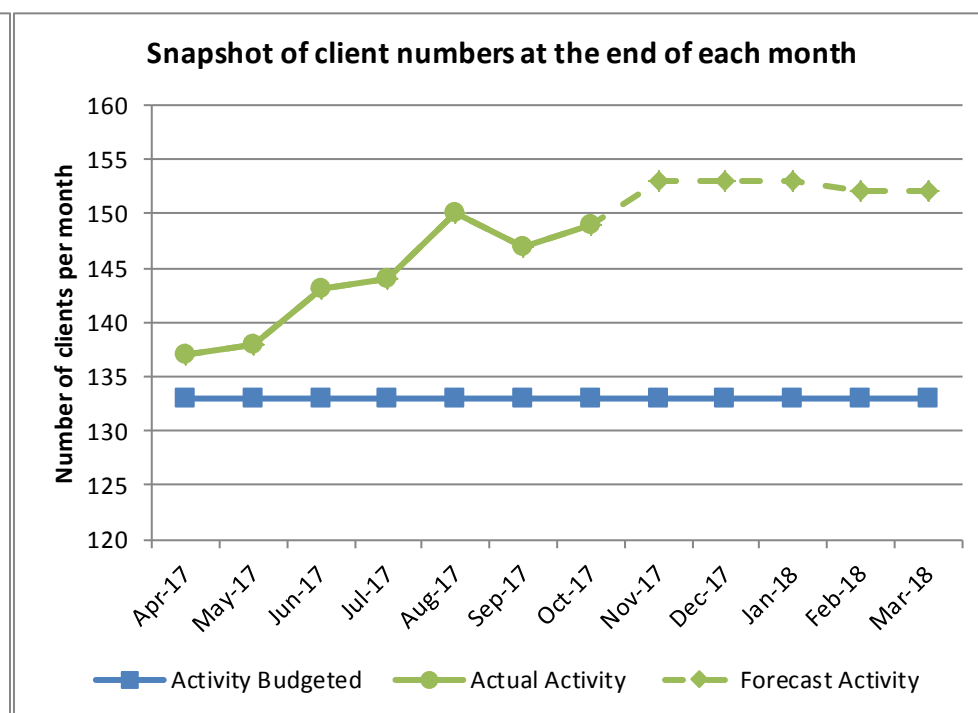
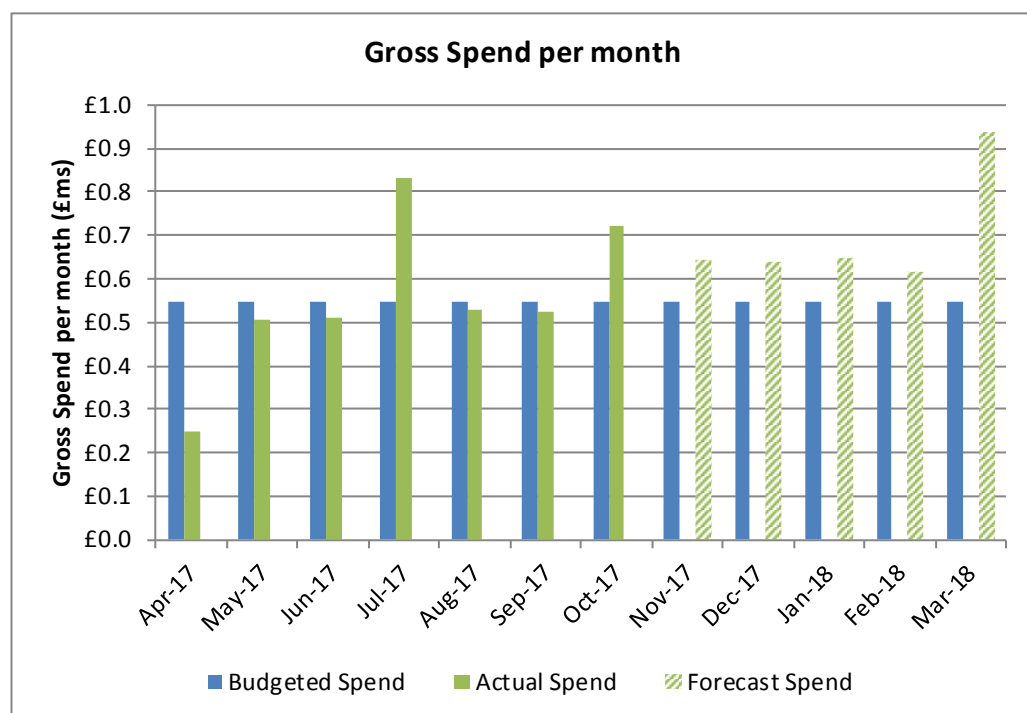
Appendix 2.8: Children in Care (Looked After) - Fostering - Commissioned from Independent Fostering Agencies

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	£7.3	£0.0	£7.3	152
Variance	£0.8	£0.0	£0.8	19

Position as at 31st October 2017	Gross £m	Client Number as at 31/10/2017
Budget: Spend/Activity Year to Date	£3.8	133
Actual: Spend/Activity Year to Date	£3.9	149
Variance as at 31st October 2017	£0.0	16

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£0.8m is due to higher than anticipated demand (+£0.7m) and higher unit cost (+£0.1m).



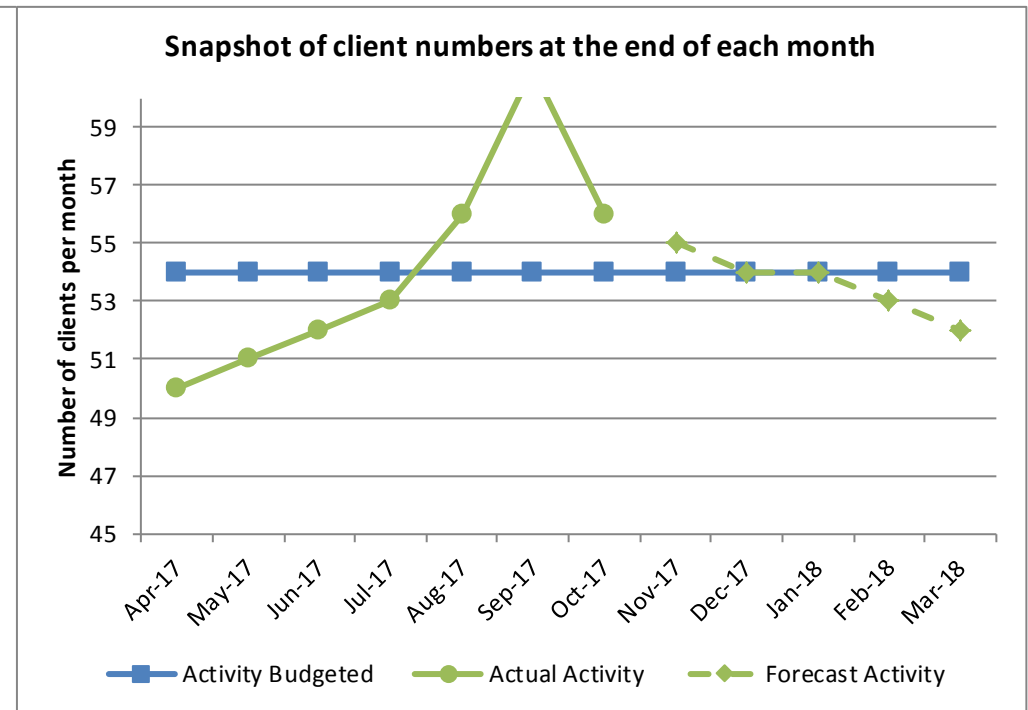
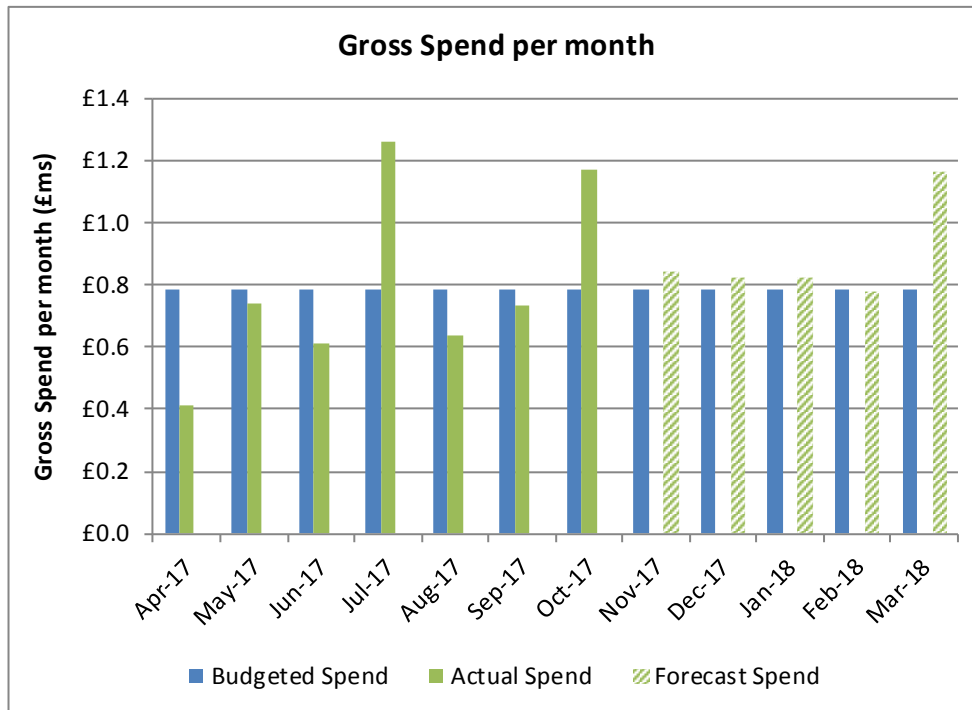
Appendix 2.9: Children in Care (Looked After) - Residential Children's Services - Commissioned from Independent Sector

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	£10.0	-£1.0	£9.0	52
Variance	£0.6	-£0.4	£0.1	-2

Position as at 31st October 2017	Gross £m	Client Number as at 31/10/2017
Budget: Spend/Activity Year to Date	£5.5	54
Actual: Spend/Activity Year to Date	£5.6	56
Variance as at 31st October 2017	£0.1	2

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£0.6m is due to a combination of higher unit cost (+£0.3m) and lower than anticipated demand (-£0.1m), along with greater than anticipated placements in Secure Accommodation (+0.4m). 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 net forecast overspend of £0.1m.



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

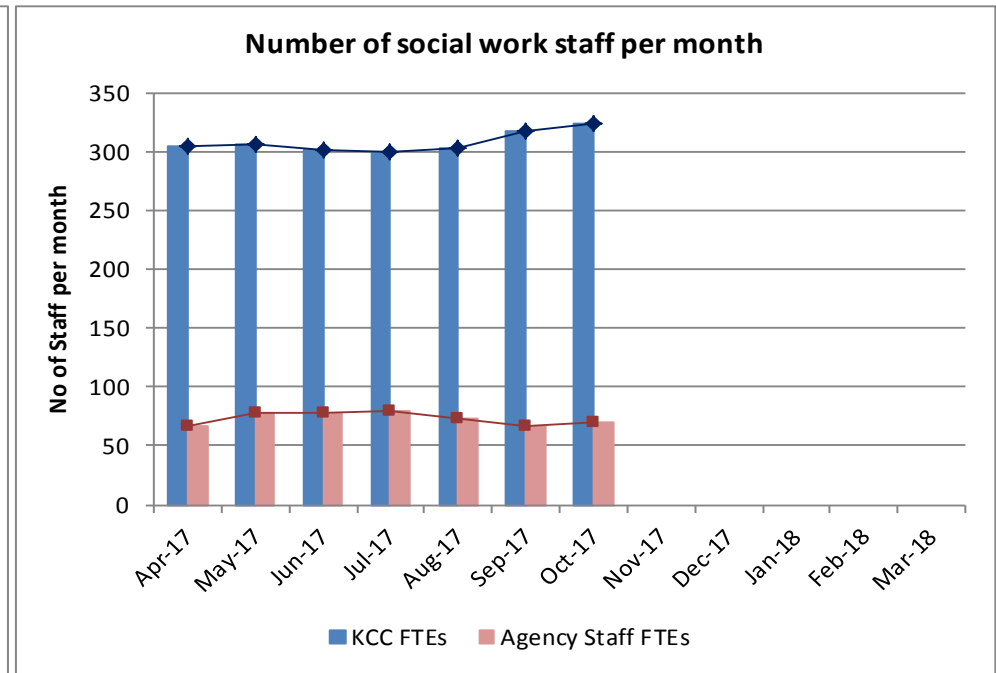
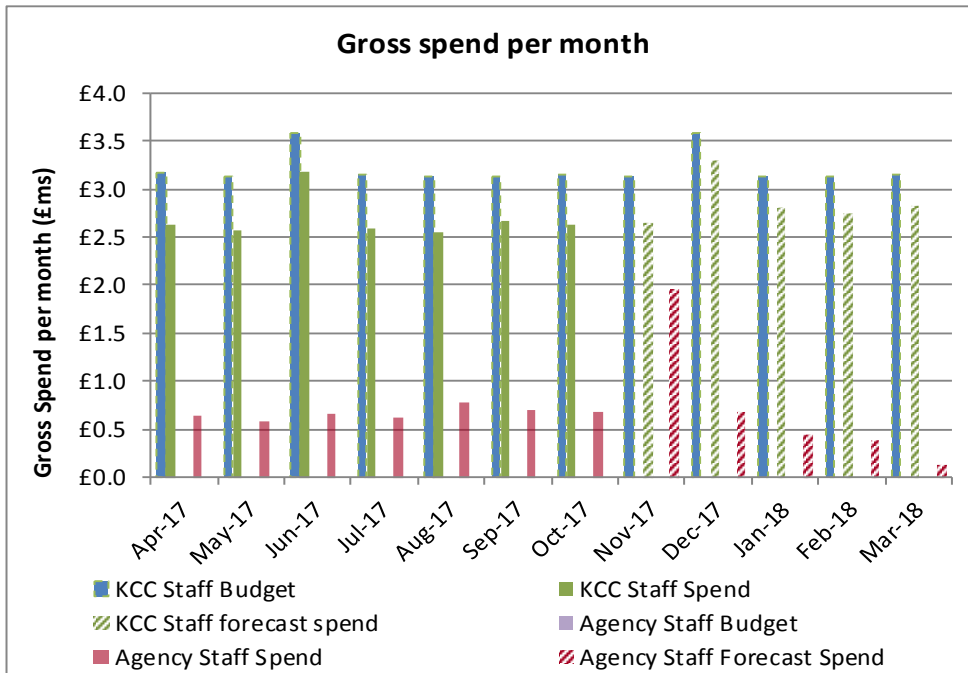
2017-18 Forecast	KCC £m	Agency £m	Gross £m
Budget	£38.6	£0.0	£38.6
Forecast	£32.9	£8.2	£41.1
Variance	£-5.8	£8.2	£2.5

as at 31/10/17	KCC £m	Agency £m	Gross £m
YTD Budget	£22.5	£0.0	£22.5
YTD Spend	£18.8	£4.7	£23.5
YTD Variance	£-3.7	£4.7	£1.0

Staff numbers	KCC FTEs	Agency Nos
as at 31/03/17	307.0	65.4
as at 31/10/17	323.5	70.4
YTD Movement	16.6	5.0

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 £1.8m net pressure reported against Children's Assessment staffing in Appendix 1. The £2.5m staffing pressure identified above, along with a £0.1m pressure on non staffing is net against -£0.8m additional income, predominately relating to the recharging of the Duty Asylum team to the Asylum service, to produce the overall £1.8m pressure reported.

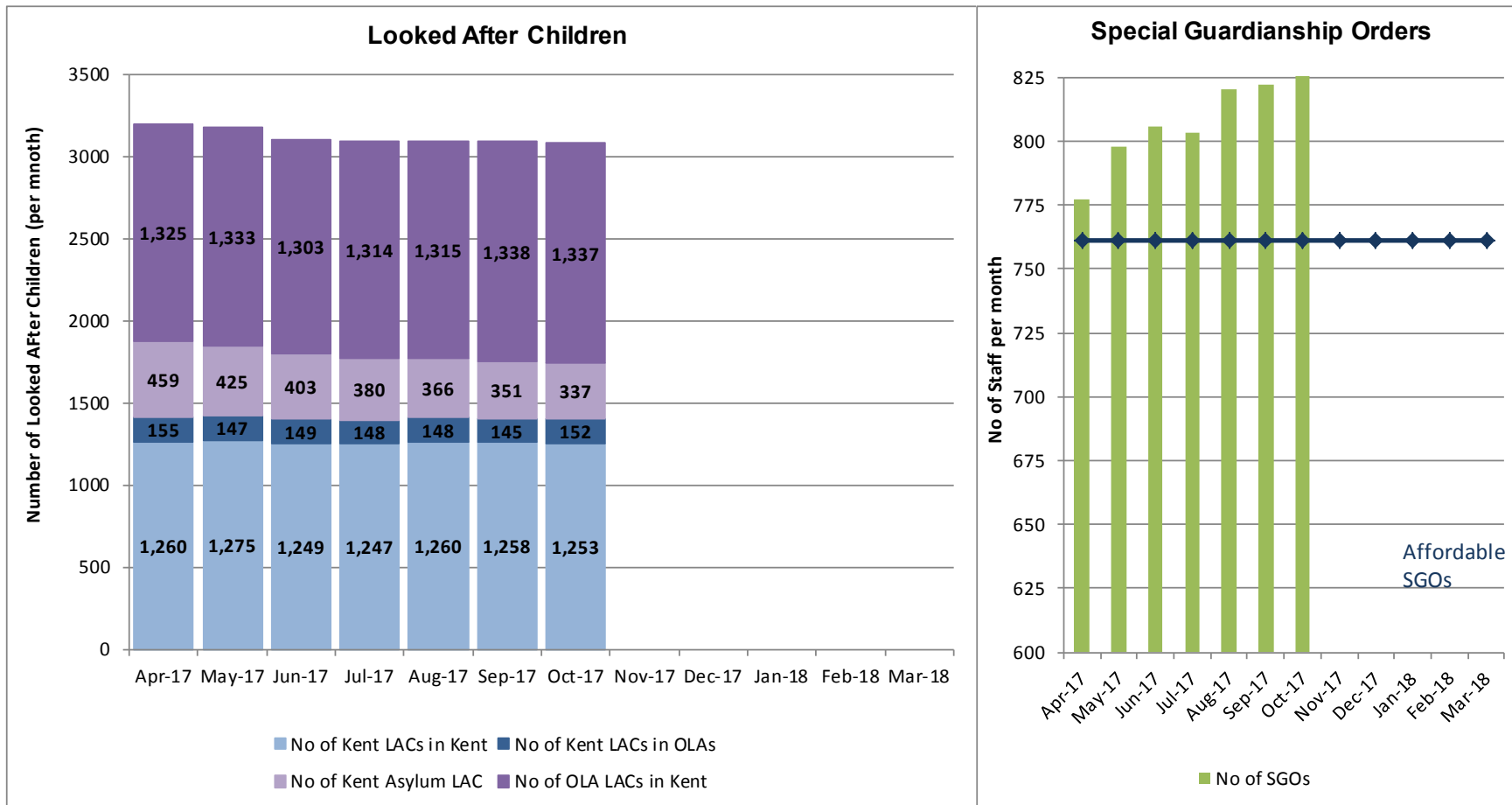


Appendix 2.11: Number of Looked After Children and Number of Special Guardianship Orders (SGOs) with Costs

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 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.



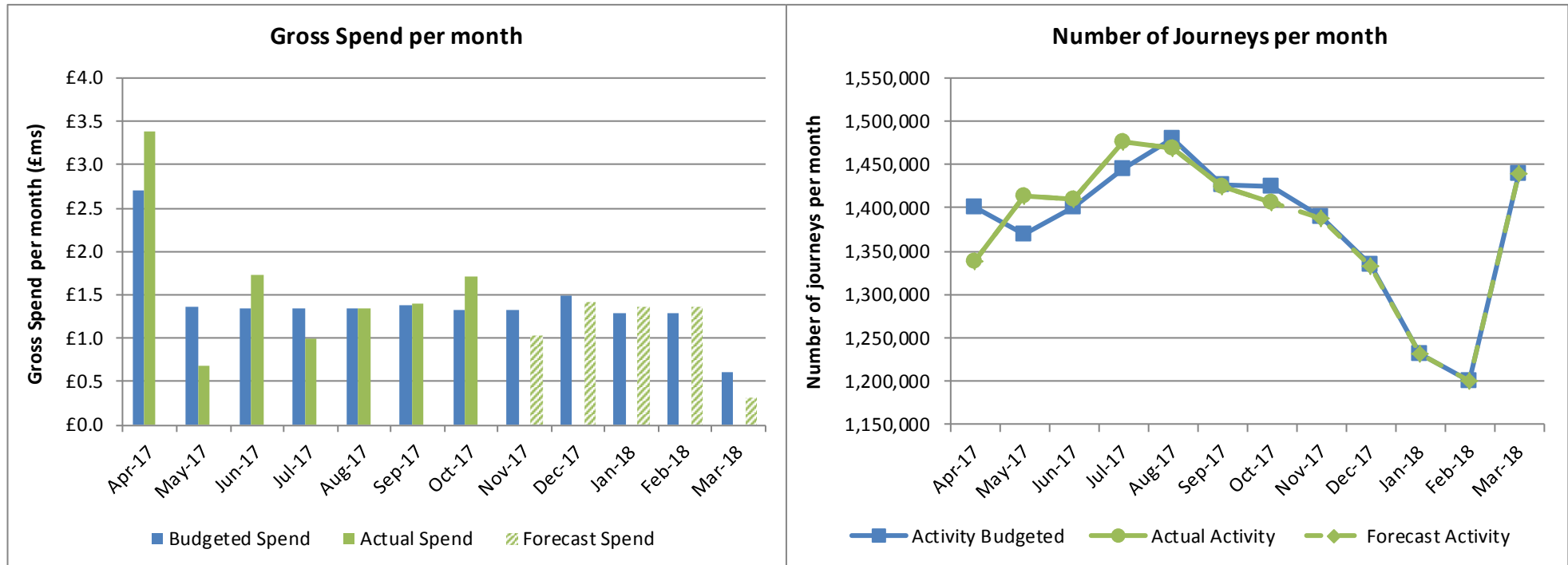
Appendix 2.12: Transport Services - Concessionary fares

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	16,528,931
Variance	-£0.1	-£0.0	-£0.1	-13,069

Position as at 31st October 2017	Gross £m	No of journeys to 31/10/2017
Budget: Spend/Activity Year to Date	£10.8	9,945,352
Actual: Spend/Activity Year to Date	£11.3	9,937,494
Variance as at 31st Oct 2017	£0.5	-7,858

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 October, 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.



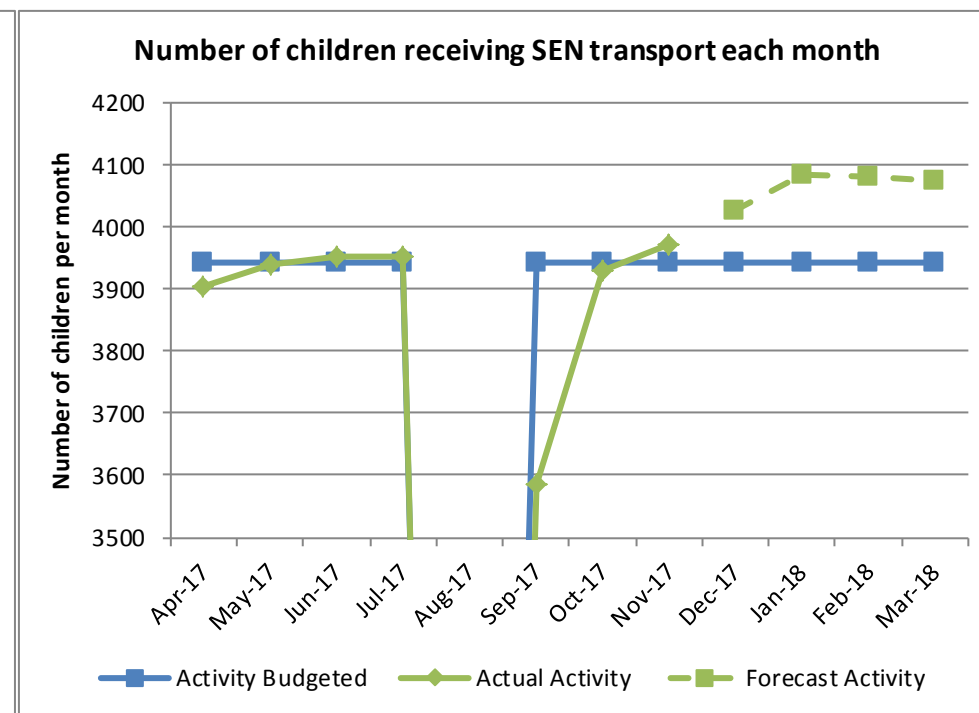
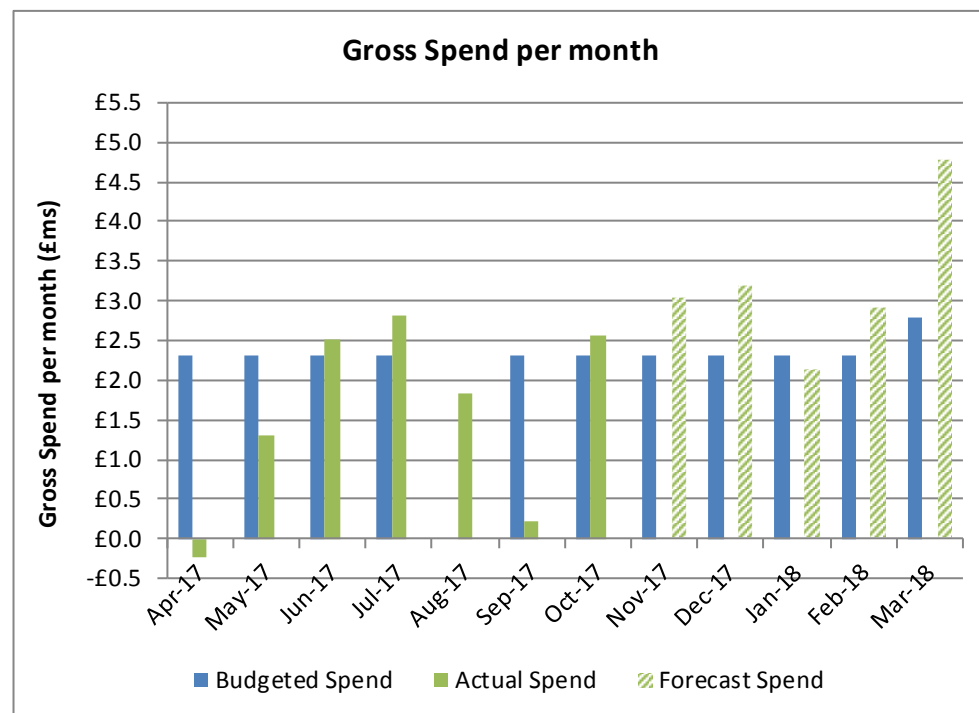
Appendix 2.13: Transport Services - Home to School / College Transport (Special Education Needs)

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	£27.0	-£0.8	£26.2	4,075
Variance	£1.3	-£0.0	£1.3	134

Position as at 31st October 2017	Gross £m	No of pupils as at 31/10/2017
Budget: Spend/Activity Year to Date	£13.8	3,941
Actual: Spend/Activity Year to Date	£11.0	3,930
Variance as at 31st October 2017	-£2.8	-11

MAIN REASONS FOR FORECAST VARIANCE:

Current pupil numbers suggest an overall gross pressure of £1.3m for Special Education Needs Transport. Higher than expected pupil numbers and an increased cost of journeys has led to a +£0.9m pressure on home to school special educational needs transport; along with +£0.5m pressure on home to college transport. These pressures are offset a minor underspend of -£0.1m on Personal Transport budgets.



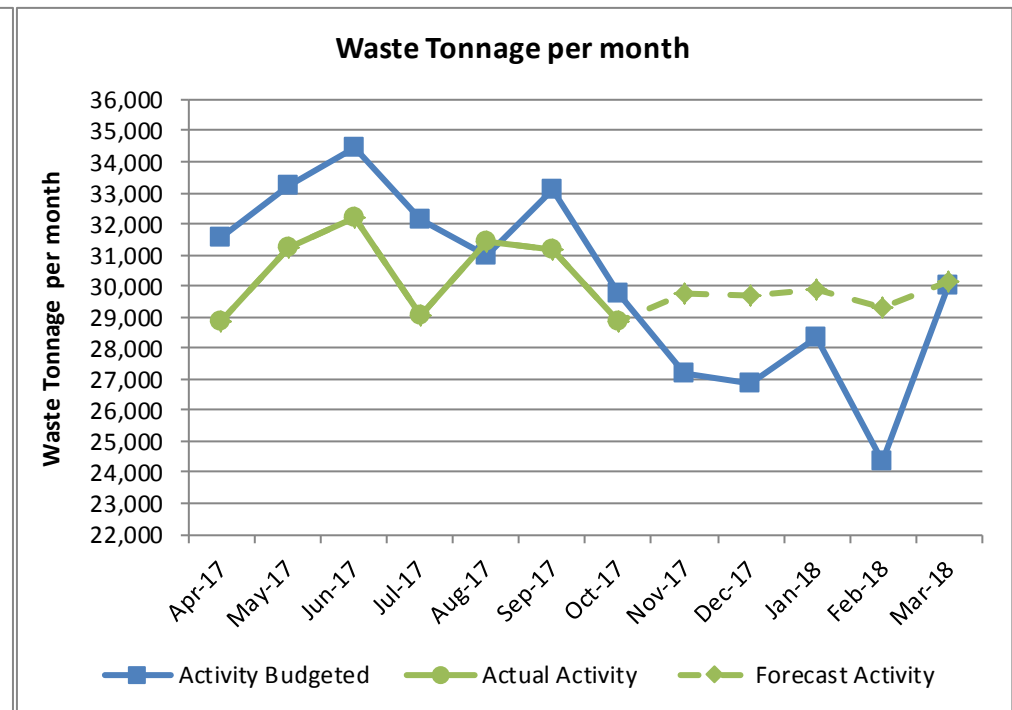
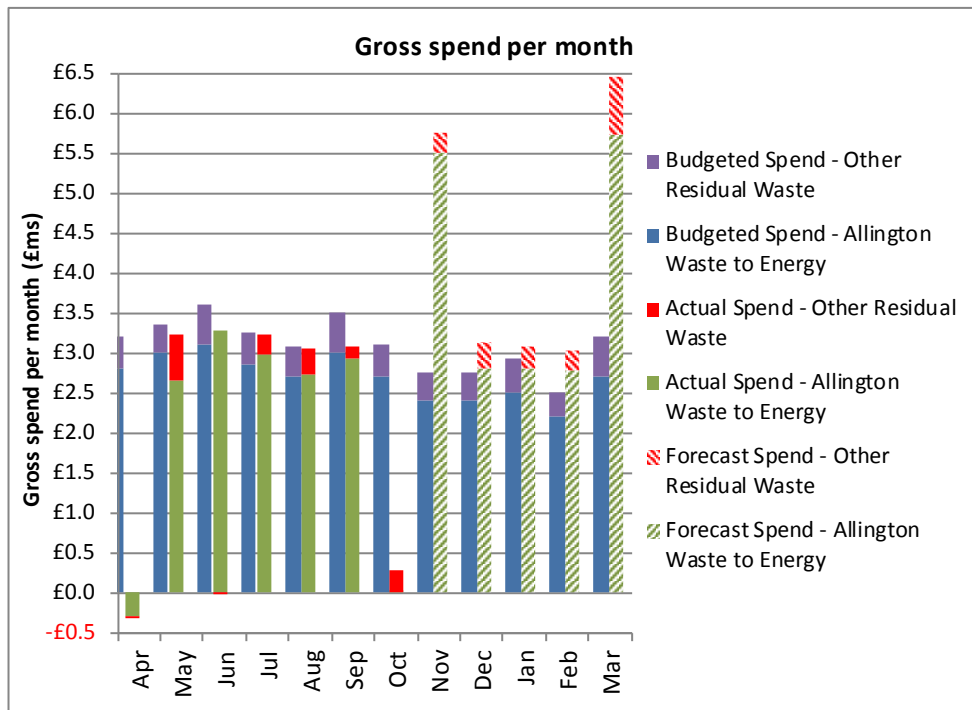
Appendix 2.14: Treatment and disposal of residual waste

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	-£0.4	£37.3	361,675
Variance	£0.3	-£0.4	-£0.1	-373

Position as at 31st October 2017	Gross £m	Waste Tonnage to 31/10/2017
Budget: Spend/Activity Year to Date	£23.3	225,232
Actual: Spend/Activity Year to Date	£15.8	212,876
Variance as at 31st October 2017	-£7.5	-12,356

MAIN REASONS FOR FORECAST VARIANCE:

The gross pressure of +£0.3m is due to a price variance (+£0.4m) plus additional other variances (+£0.1m), offset by a volume variance of -372 tonnes (-£0.2m). Pressure is also offset by higher than expected income (-£0.4m), mainly from trade waste tonnes, leading to a net saving of (£0.1m). The -£7.5m 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 plus October's disposal costs to be processed during the month of November.



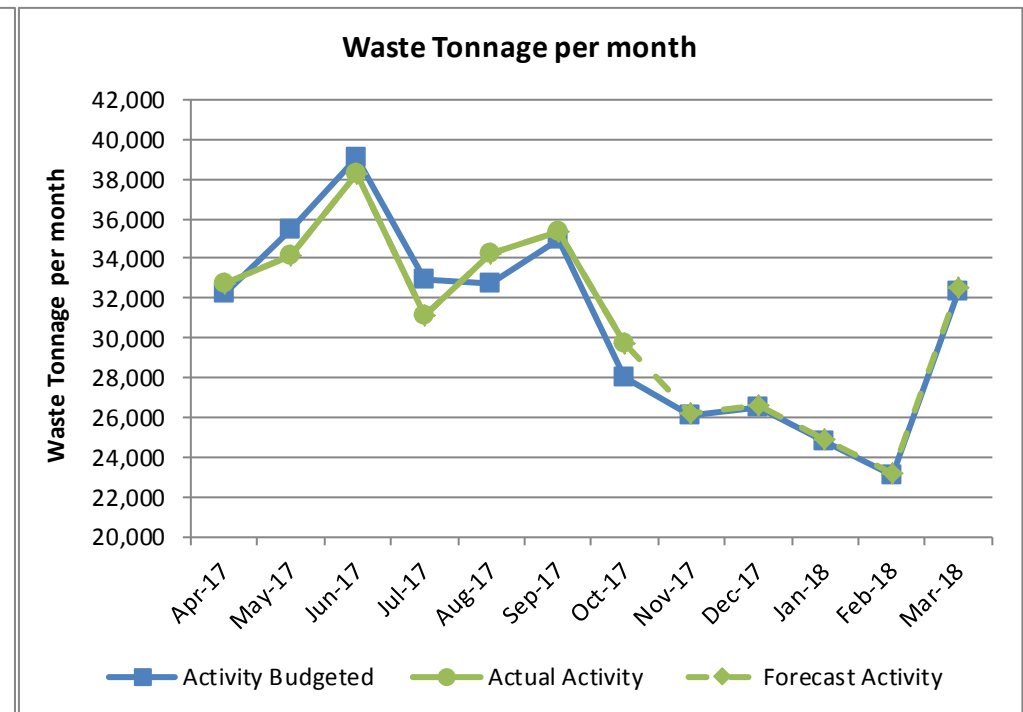
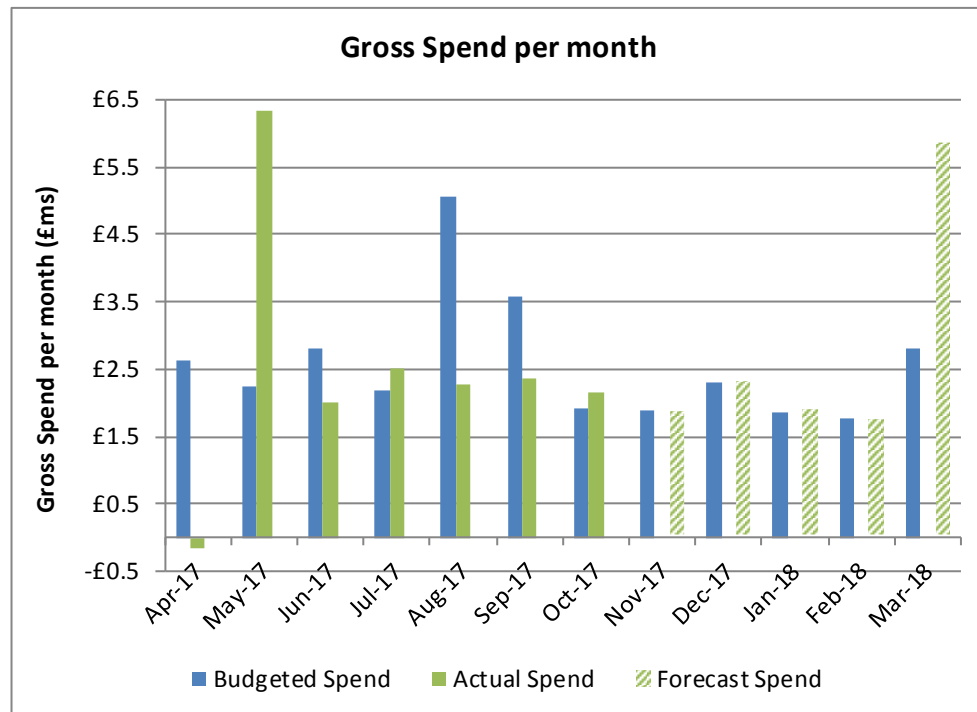
Appendix 2.15: Waste Processing

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	£31.1	-£1.7	£29.4	368,675
Variance	£0.0	£0.2	£0.2	430

Position as at 31st October 2017	Gross £m	Waste Tonnage to 31/10/2017
Budget: Spend/Activity Year to Date	£20.4	235,386
Actual: Spend/Activity Year to Date	£17.5	235,308
Variance as at 31st October 2017	-£2.9	-78

MAIN REASONS FOR FORECAST VARIANCE:

Within gross there is a tonnage price variance of (-£0.4m) primarily for Soil/Hardcore and Materials Recycling Facilities where contracts have been successfully retendered offset by a tonnage volume variance of +3,671 tonnes primarily across all Composting contracts (+£0.4m); there is also a pressure within income due to a volume variance of -3,243 tonnes (+£0.2m). 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. The -£2.9m underspend to date shown in the table above is due to delay in payment of Transfer Station haulage costs; this is forecast to catch up in March as shown in the chart below.



Appendix 2.16: All Staffing Budgets (excluding schools)

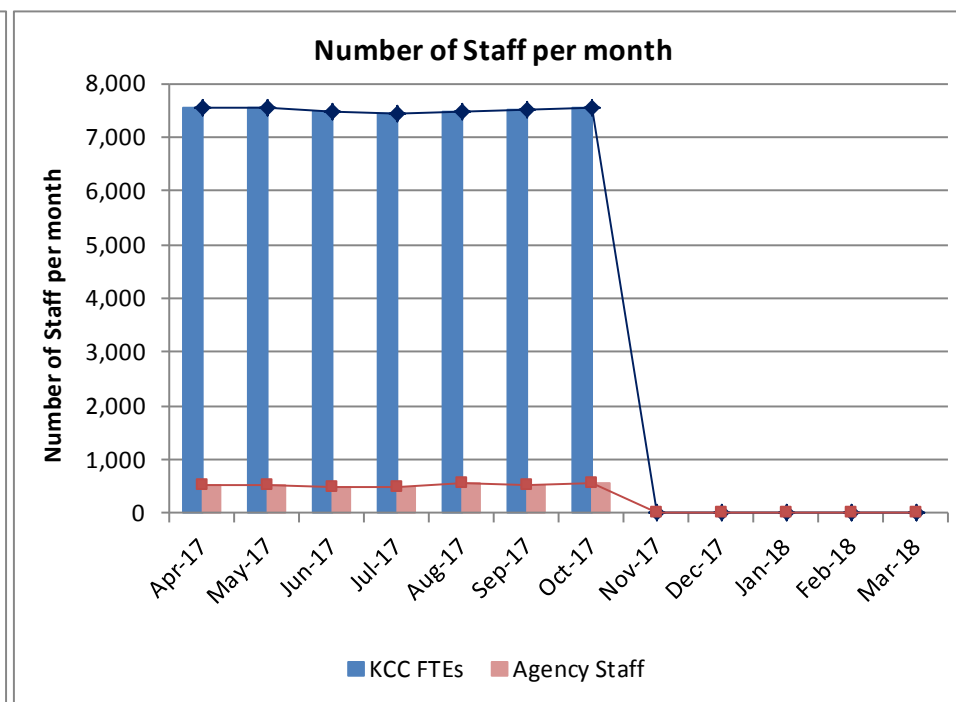
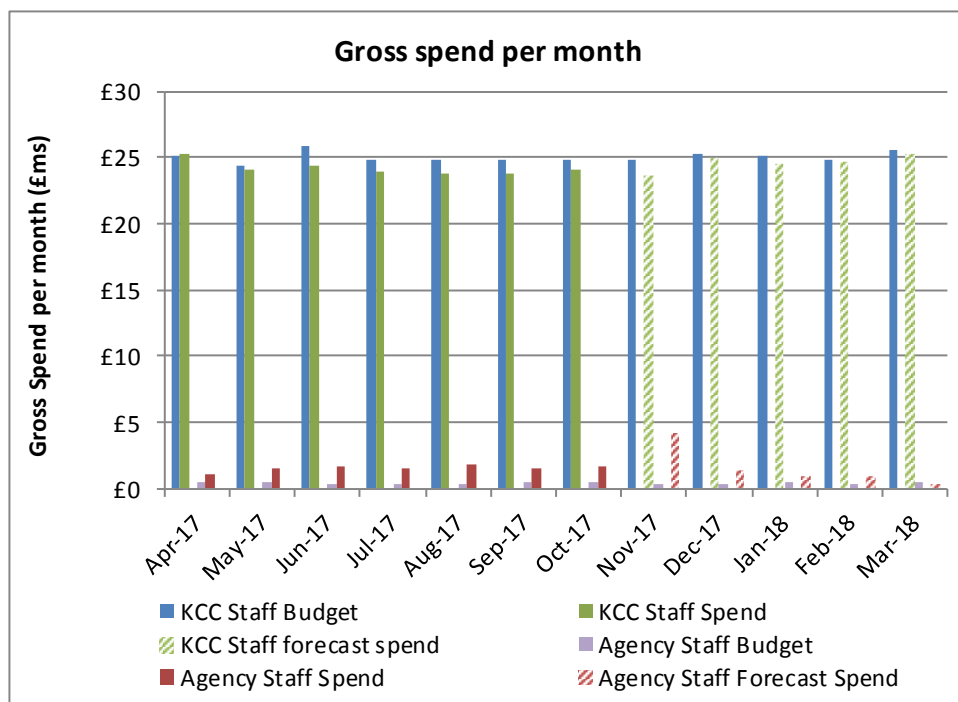
2017-18 Outturn	KCC £m	Agency £m	Gross £m
Budget	£299.8	£5.1	£304.9
Outturn	£293.7	£18.4	£312.1
Variance	-£6.1	£13.3	£7.2

as at 30 September	KCC £m	Agency £m	Gross £m
YTD Budget	£124.8	£2.0	£126.8
YTD Spend	£169.1	£10.9	£180.0
YTD Variance	£44.3	£8.8	£53.2

Staff numbers	KCC FTEs	Agency Nos
as at 31 Mar 2017	7,609.36	445
as at 31 October 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.



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

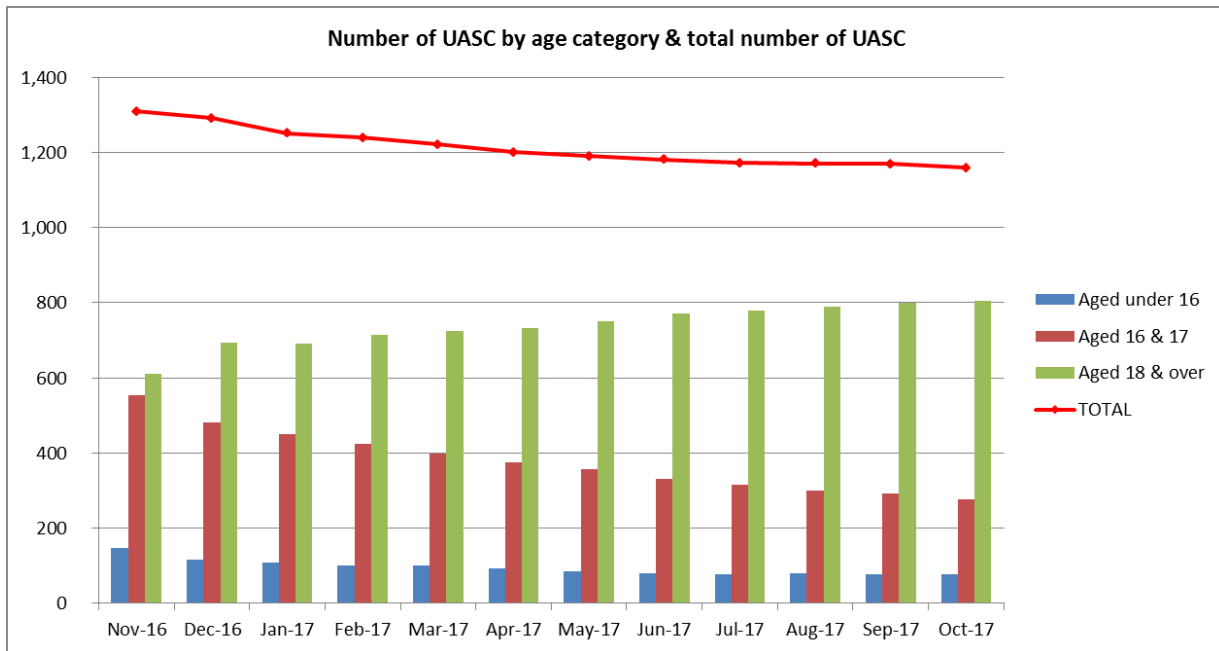
The outturn position is a pressure of £4.0m (after Corporate Director adjustment) as detailed below:

	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	-1.5	1.2	-0.3
Aged 16 & 17	10.5	-10.5	0.0	0.6	1.4	2.1
Aged 18 & over (care leavers)	8.7	-8.2	0.6	0.9	1.3	2.2
	23.6	-23.1	0.6	0.1	3.9	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
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
Oct-17	76	277	806	1,159



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
October	949	15	209	29	1,158	44

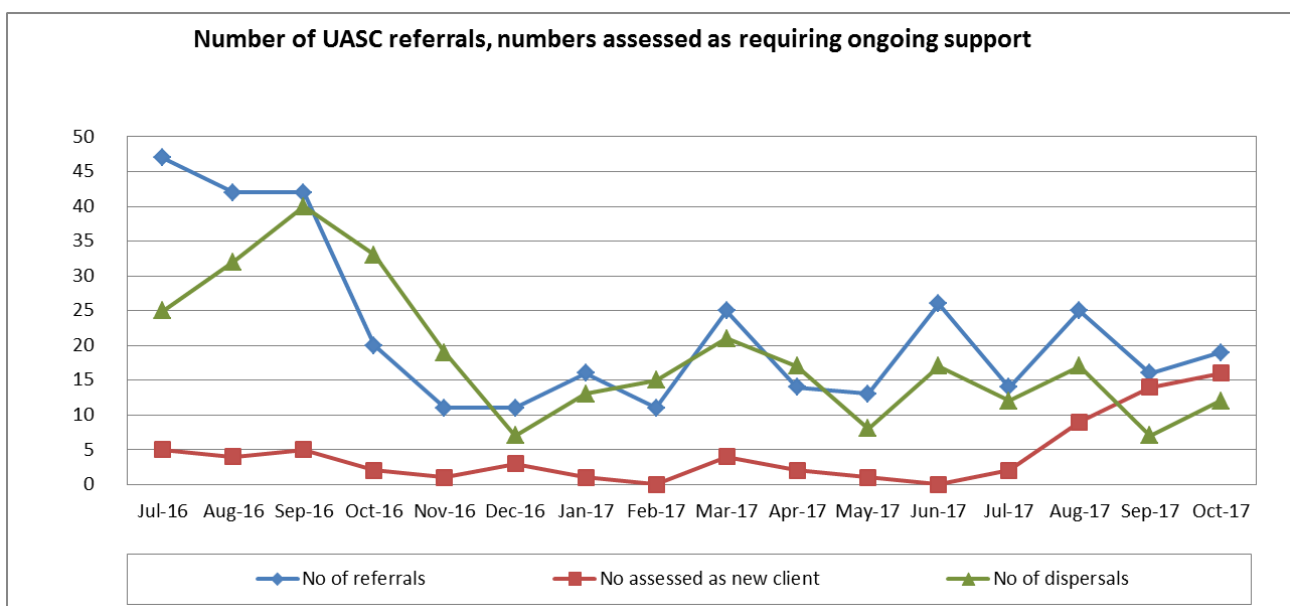
Eligible Clients are those who do meet the Home Office grant rules criteria. Appeal Rights Exhausted (ARE) clients are eligible for the first 13 weeks providing a human rights assessment is completed. There is a sharp rise in the number of new ARE clients within the 13 weeks of service in August 2017, 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 since the peak in August 2017 is now steadily decreasing.

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	2	14%	17
May-17	13	1	8%	8
Jun-17	26	0	0%	17
Jul-17	14	2	14%	12
Aug-17	25	9	36%	17
Sep-17	16	14	88%	7
Oct-17	19	16	84%	12

Please note that due to further casework the number assessed as new clients has been updated since reporting in September and the numbers in all months from April to September has decreased.



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	6	1	7
Oct-17	12	0	12

In total there have been 295 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.

KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

1.1 Capital Receipts

The total receipts banked in 2017-18 is £m.

1.2 Capital Receipts Funding Capital Programme

	TOTAL
	£m
Banked capital receipts as at 31.03.17	0.0
Forecast receipts for 2017-18	15.2
Capital receipt funding required for capital programme in 2017-18	29.8
Deficit of Useable Capital Receipts	<u>-14.6</u>

1.3 Monitoring to the end of October 2017 estimates that £29.8m of capital expenditure will be required to be funded from capital receipts. This includes the £13.5m deficit on capital receipts from 2016-17. This has reduced from the position last reported at the end of July as where rephasing is occurring, we are rephasing capital receipts where possible. Coupled with the current forecast of £15.2m of capital receipts due in this financial year, this results in a forecast deficit on capital receipts of £14.6m.

1.4 The forecast deficit is due to a timing issue; sufficient receipts are expected in over the 3 year period to cover forecast expenditure. However the position will continue to be closely monitored throughout the year.

2017-18 OCTOBER MONITORING OF PRUDENTIAL INDICATORS**Estimate of Capital Expenditure (excluding PFI)**

Actuals 2016-17	£238.519m
Original estimate 2017-18	£261.303m
Revised estimate 2017-18	£247.603m

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

	2016-17	2017-18	2017-18	2018-19	2019-20
	Actual	Original Estimate	Forecast as at 31.10.17	Forecast as at 31.10.17	Forecast as at 31.10.17
	£m	£m	£m	£m	£m
Capital Financing requirement	1,362.394	1,369.445	1,335.182	1,326.041	1,289.365
Annual increase/reduction in underlying need to	14.135	-2.182	-27.212	-9.141	-36.676

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

Estimate of ratio of financing costs to net revenue stream

Actuals 2016-17	13.41%
Original estimate 2017-18	13.18%
Revised estimate 2017-18	13.07%

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 2017-18.

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

	Prudential Indicator	Position as at 31.10.17
	£m	£m
Borrowing	980	945
Other Long Term Liabilities	245	245
	<u>1,225</u>	<u>1,190</u>

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

	Prudential Indicator	Position as at 31.10.17
	£m	£m
Borrowing	1,018	981
Other Long Term Liabilities	<u>245</u>	<u>245</u>
	1,263	1,226

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 2017-18 are:

	Authorise d limit for debt relating to KCC assets and activities	Position as at 31.10.17	Authorised limit for total debt managed by KCC	Position as at 31.10.17
	£m	£m	£m	£m
Borrowing	1,020	945	1,058	981
Other long term liabilities	<u>245</u>	<u>245</u>	<u>245</u>	<u>245</u>
	1,265	1,190	1,303	1,226

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 2017-18

Fixed interest rate exposure	100%
Variable rate exposure	50%

These limits have been complied with in 2017-18

8. Upper limits for maturity structure of borrowings

	Upper limit	Lower limit	Position as at 31.10.17
	%	%	%
Under 12 months	10	0	4.59
12 months and within 24 months	10	0	1.84
24 months and within 5 years	15	0	7.36
5 years and within 10 years	15	0	10.65
10 years and within 20 years	20	5	8.72
20 years and within 30 years	25	5	19.76
30 years and within 40 years	25	10	16.39
40 years and within 50 years	30	10	24.01
50 years and within 60 years	30	10	6.68

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

Indicator	£260m
Actual	£198.7M