By:	Cabinet Member for Finance, John Simmonds Corporate Director of Finance, Andy Wood Corporate Directors
To:	Cabinet – 26 March 2018
Subject:	**REVENUE & CAPITAL BUDGET MONITORING – JANUARY 2017-18**
Classification:	Unrestricted

1. SUMMARY

1.1 This report provides the budget monitoring position up to 31 January 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;

1.3 Cabinet is asked to note the forecast revenue and capital monitoring position. The forecast revenue pressure of £3.865m (after Corporate Director adjustments), increasing to £5.479m including roll forward requirements, is encouraging as this is a reduction in the forecast pressure since the previous report. These figures do not include the impact of the severe weather at the end of February, although we do have an Emergency Conditions Reserve that can be used to fund the gritting and snow clearance. The impact of that severe weather has also left further damage on the road network, and it is proposed that an additional £2m is spent early in 2018-19 to repair pot-hole damage.

1.4 We continue with our campaign to urge budget managers to be less guarded with their forecasting and question every pound of spend. As a result, the residual position is once again showing an improvement this month. The only other potential outstanding adjustment relates to Asylum, so assuming that we receive funding from the Home Office to offset the Asylum pressure, **and this is still by no means certain**, then the overall position would reduce by a further £3.370m from £5.479m to £2.109m. This compares to a residual pressure reflected in section 1.4 of the December monitoring report of £3.759m, so an underlying improvement of £1.650m this month. This predominately relates to improved positions within: Financing Items due to additional investment income, a further underspend against the Insurance Fund, and release of funding held for the impact of the new intermediaries legislation; Children, Young People & Education directorate, specifically Early Help & Prevention, Youth Offending Services, Asylum Seekers and a number of other small movements. This further improvement in the position is extremely encouraging. However, if we are to be in a position to roll forward funds into 2018-19 to meet our commitments detailed in section 4, then we still have a modest way to go.

1.5 Corporate Directors continue to look for further savings, however small, that we hope will be reflected in these forecasts in the final two months. Any residual overspend would need to be funded from reserves, which is a one-off solution, still requiring the underlying pressure to be dealt with by in-year management action in the very early part of 2018-19

1.6 There is a reported variance of -£69.238m on the 2017-18 capital budget (excluding schools and PFI). This is a movement of -£9.316m from the previous month and is made up of +£0.164m real movement and -£9.480m 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 move into the final third of the year.

ii) Approve an additional £2m spending on pot-hole repairs in 2018-19 in response to the severe weather event during the week of 26 February. This will be met by a draw-down from reserves.

3. SUMMARISED REVENUE MONITORING POSITION

3.1 Overall the net projected revenue variance for the Council after Corporate Directors adjustments is £3.865m. After allowing for roll forward requirements the position increases to £5.479m. Details of the Corporate Director adjustments and roll forward requirements are provided below in sections 3.4 and 4. respectively. This forecast position, after roll forward requirements, represents a movement of -£2.028m from the December monitoring position. The main reasons for the movement this month are provided in section 3.3 below.

Work is ongoing to identify and implement options to eliminate the residual £5.479m forecast pressure. The position by directorate, together with the movement from the last report, is shown in table 1a & 1b below.

3.2 Table 1a: Directorate **revenue** position

Directorate		Budget	Net Forecast Variance *	Corporate Director adjustment	Revised Net Variance	Last Reported position	Movement
		£m	£m	£m	£m	£m	£m
Children, Young People & Education - Education & Young People		58.390	-0.037	-0.177	-0.214	-0.010	-0.204
Children, Young People & Education - Specialist Children's Services		113.105	3.838		3.838	4.023	-0.185
Children, Young People & Education - Asylum		0.550	3.520	-0.150	3.370	3.749	-0.378
Sub Total Children, Young People & Education		*172.044*	*7.322*	*-0.327*	*6.995*	*7.762*	*-0.767*
Adult Social Care & Health - Disabled Children Services		20.754	0.318		0.318	0.166	0.153
Adult Social Care & Health - Adults		396.361	-0.566		-0.566	-0.095	-0.471
Sub Total Adult Social Care & Health		*417.115*	*-0.247*	*0.000*	*-0.247*	*0.071*	*-0.319*
Growth, Environment & Transport		166.720	0.113	-0.250	-0.137	-0.019	-0.118
Strategic & Corporate Services - Excluding Public Health		72.939	0.851		0.851	0.321	0.530
Strategic & Corporate Services - Public Health		0.000	0.000		0.000	0.000	0.000
Sub Total Strategic & Corporate Services		*72.939*	*0.851*	*0.000*	*0.851*	*0.321*	*0.530*
Financing Items		109.842	-3.201	-0.395	-3.596	-2.311	-1.285
TOTAL (excl Schools)		**938.659**	**4.837**	**-0.972**	**3.865**	**5.824**	**-1.959**
Schools (CYP&E Directorate)		*0.000*	*17.398*		*17.398*	*22.738*	*-5.340*
TOTAL		**938.659**	**22.234**	**-0.972**	**21.262**	**28.562**	**-7.299**

Variance from above (excl schools)					**3.865**	**5.824**	**-1.959**
Roll forwards	- committed				0.000		0.000
	- re-phased				1.615	1.684	-0.069
	- bids				0.000		0.000
Total roll forward requirements					1.615	1.684	-0.069
(-ve Uncommitted balance / (+ve) Deficit					**5.479**	**7.508**	**-2.028**

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

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

Directorate	Variance	Roll Forwards committed	Roll Forwards un-committed	Revised Variance	Corporate Director adjustment	Variance after roll fwds & CD adj
	£m	£m	£m	£m	£m	£m
Children, Young People & Education - Education & Young People	-0.037		1.565	1.529	-0.177	1.352
Children, Young People & Education - Specialist Children's Services	3.838		0.050	3.888		3.888
Children, Young People & Education - Asylum	3.520			3.520	-0.150	3.370
Sub Total Children, Young People & Education	*7.322*	*0.000*	*1.615*	*8.936*	*-0.327*	*8.609*
Adult Health & Social Care - Disabled Children Services	0.318			0.318		0.318
Adult Health & Social Care - Adults	-0.566			-0.566		-0.566
Sub Total Adult Health & Social Care	*-0.247*	*0.000*	*0.000*	*-0.247*	*0.000*	*-0.247*
Growth, Environment & Transport	0.113			0.113	-0.250	-0.137
Strategic & Corporate Services - Excluding Public Health	0.851			0.851		0.851
Strategic & Corporate Services - Public Health	0.000			0.000		0.000
Sub Total Strategic & Corporate Services	*0.851*	*0.000*	*0.000*	*0.851*	*0.000*	*0.851*
Financing Items	-3.201			-3.201	-0.395	-3.596
TOTAL (excl Schools)	**4.837**	**0.000**	**1.615**	**6.451**	**-0.972**	**5.479**

3.3 The main reasons for the movement of -£1.959m before roll forward requirements and -£2.028m after roll forward requirements, 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 reduction of -£0.204m since the December monitoring position. The most significant movements being:

- -£0.127m reduction in Early Help & Prevention for Children & Families mainly due to an increased underspend in the Tackling Troubled Families programme, to be requested as a roll forward, along with other minor movements across the service.
- -£0.132m reduction in the Youth Offending Services mainly due to reduced costs in Secure Accommodation and reduced use of sessional staff.
- Movements in Other Services for Young People & School Relates Services of-£0.114m and EYP Management & Support Services of +£0.105m are due to a number of small individual movements within the services.

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

- The expectation there will be a general reduction in forecast over the coming months of an additional -£0.177m, in part this will be from efficiency savings within Adult Education.

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

The current forecast variance represents a decrease of -£0.185m since the December report. The movement from the December report is due to various movements across services, the most significant movements being:

- +£0.302m increase in the Children in Care (Looked After Services) forecast. An increased number of Residential and Supported Accommodation placements are offset by a decrease in the number of in-house fostering placements. There is an increasing pressure on this budget reflecting the high levels of support required to meet the complex needs of the children currently being placed rather than a significant rise in the number of children looked after.
- -£0.383m reduction in the Children's Assessment Staffing forecast following a review of the agency forecast and the timing of recruitment to current vacancies across Specialist Children's Services.

3.3.3 Children, Young People and Education – Asylum Services:

The forecast for asylum services has decreased by -£0.378m since the December report. The majority of this is due to the recent announcement by Department of Communities & Local Government of additional funding of -£0.370m to build capacity to care for UASC. We continue to lobby Ministers and officials for full reimbursement.

3.3.4 Adult Social Care and Health

The overall movement for the Directorate since the December monitoring is -£0.318m; -£0.471m of which relates to 'Adult Health & Social Care – Adults' and +£0.153m of which relates to 'Adult Health & Social Care – Disabled Children Services (0-18)'.

3.3.5 Adult Social Care and Health – Disabled Children Services:

The pressure on Disabled Children Services has increased by +£0.153m since the December monitoring report. The movement is due to minor movements across services, including increases in both residential care and assessment services.

3.3.6 Adult Social Care and Health – Adults:

The underspend on 'Adults Social Care – Adults' has increased since December by -£0.471m.

The main movements in the variance relate to: an increase in Supported Living - Learning Disability – other commissioned supported living arrangements +£0.221m; an increase in directorate management and support costs of +£0.257m due to a reduction in the planned net drawdown of reserves as these will be required for the delivery of a programme of transformation within adult social care for future years; an increase in Direct Payments, mainly in older people and physical disability partly offset by a slight reduction in learning disability and Mental Health, leading to an overall increase of +£0.074m; and an increase in Adaptive & Assistive Technology of +£0.062m.

This is offset by: a decrease in Social Support - Carers - Commissioned Service of -£0.429m, predominately due to lower actual usage levels with providers than previously anticipated; a decrease in staffing costs of -£0.234m, the majority of which relates to older people and physical disability; a decrease in Nursing and Residential Care across all client groups of -£0.108m; a reduction to Other Adult Services of -£0.106m due to lower than anticipated costs relating to prior years; a reduction for domiciliary care, mainly in physical disability partly offset by an increase in older people of -£0.178m; and a reduction in Social Support for Carers – Social Isolation of -£0.101m.

3.3.7 Growth, Environment and Transport:

The current forecast outturn is an increased forecast underspend of -£0.137m, which is after the Corporate Director Adjustment of -£0.250m. This represents a further improvement of -£0.118m since last month. These figures exclude the impact of the severe weather at the end of February.

The movement in forecast for Other Highways Maintenance & Management of -£0.375m results from many small changes, the largest of which are additional income from permits and lane rental of -£0.066m and a drawdown from reserves to fund appropriate programme management costs of -£0.100m.

An increase in the forecast number of tonnes in the waste to energy contract has resulted in an additional pressure against Treatment & Disposal of Residual Waste of +£0.254m.

The Corporate Director adjustment of -£0.250m has reduced by a net +£0.200m (last month: -£0.450m) as a number of previously identified actions now form part of the forecast outturn figure.

Other small movements comprise the balance of -£0.197m.

3.3.8 Strategic and Corporate Services:

The overall forecast has increased by +£0.530m since the December monitoring report. This is due primarily to an increase +£0.463m in Infrastructure due mostly to +£0.239m increased historic claims from a TFM provider; £0.127m reduction in income generated by Oakwood House and uncertainty around the receipt of £0.135m forecasted refunds in Business Rates. Other Divisions have minor movements which together give an increased variance of +£0.066m.

3.3.9 Financing Items

A £1.285m increase in the Financing Items underspend this month relates to an increase in the underspend against the Insurance Fund of £0.168m resulting from a further reduction in recorded claims; a £0.617m net increase in investment income and £0.5m due to the release of funding held for the impact of the new intermediaries legislation, as we are satisfied that any financial impact is already included within the directorate forecasts contained elsewhere within this report.

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 overall forecast variance for Education & Young People's Services (excluding schools and before roll forward requirements but after Corporate Director adjustments) is an underspend of -£0.2m. However, this is made up of a number of compensating variances, the most significant are as follows:

3.4.1.2 There is a forecast underspend of -£2.8m on Early Help & Prevention for Children and Families. An underspend on externally commissioned services of -£0.8m reflects delays in the start of a new Emotional Health and Wellbeing contract along with savings from other contracts. Tackling Troubled Families has achieved additional income of -£1.4m as a result of more successful Payment By Results submissions to the DCLG and is therefore requesting roll forward of this surplus into the next financial year in order to continue the scheme. In addition, delays in the implementation of the EYPS Single System of -£0.1m are to be requested as a roll forward to fund the completion of this project in 2018-19. Children centres are also expected to underspend by -£0.5m, due to planned delays in the recruitment to vacancies.

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.

3.4.1.4 There is a forecast underspend of -£0.1m on SEN & Psychology Services. This is mainly due to an underspend on Education Psychology due to additional income and difficulties in recruiting psychologists to meet current demand.

3.4.1.5 There is a forecast underspend of -£0.4m on Other Services for Young People & School Related Services, the most significant variances being -£0.4m underspend on the School Improvement Service. There is an expected shortfall against the income targets of approximately +£0.6m based on current trends, however this is offset by a greater level 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.

3.4.1.6 Shortfalls in achieving the budgeted income target for outdoor education centres has led to a +£0.1m pressure on Youth and Offending Services.

3.4.1.7 Latest pupil numbers suggest there will be a forecast pressure of +£0.8m across Pupil & Student Transport Services. Pressures on special education needs transport to both school of +£1.1m and college of +£0.6m 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 -£0.1m and other small underspends of -£0.2m.

3.4.1.8 Finally, there is a forecast pressure of +£0.9m 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.
- -£0.4m underspend on Education Pension costs based on current activity.
- +£0.3m formed from a number of other variances including the additional school security costs.

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 +£3.8m.

3.4.2.2 Within Children's Assessment Staffing, a net +£1.3m 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. The forecast is also reflecting an expected underspend on the LifeLong Links programme of -£0.2m.

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 of +£0.1m relating to a one-off previous financial year payment and Section 17 of +£0.2m.

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: pressures arising from the current number of Special Guardianship Orders of +£0.4m and the need to secure adoption placements from other local authorities/voluntary organisations where Kent's pool of adopters are not suitable of +£0.2m is partially offset by the holding of vacancies within the County Adoption Service of -£0.2m along with a reduction in the number of adoption payments of -£0.3m.

3.4.2.5 There is a +£1.9m variance for Children in Care (looked after) services. Overall, there has been a small increase in the number of children looked after, which is to be anticipated with the rise in the number of child protection cases, however this pressure predominantly results from the higher cost of supporting individual children. This is reflected in the increasing use of residential placements of +£1.6m, independent fostering agencies of +£0.9m and supported accommodation of +£0.2m to meet the complex needs of the children in care, whilst the numbers placed in in-house fostering has reduced by -£0.6m. In addition, indications from Invicta Law suggest a pressure of +£0.2m for legal services. This is however partially offset by a -£0.2m underspend on Virtual School Kent following their recent restructure and a -£0.2m underspend on the County Fostering Team.

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 £3.4m. This assumes the 2017-18 Unaccompanied Asylum Seeker Children (UASC) and Care Leavers grant rates will remain the same as in 2016-17, as 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 +£0.3m, Care Leavers (aged 18+) of +£2.2m, and ineligible costs of +£0.4m, the remaining +£0.5m 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.

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, as promised, are now processing 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.

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.

3.4.4 Adult Social Care and Health

3.4.4.1 The overall forecast variance for the Directorate is an underspend of -£0.2m; of which -£0.6m relates to 'Adult Health & Social Care – Adults' and +£0.3m relates to 'Adult Health & Social Care – Disabled Children Services (0-18)'. No Corporate Director adjustment has been 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 +£0.3m, the most significant variances being:

- The +£1.3m variance for Children in Care (looked after) services is due to a pressure on residential care commissioned from external providers of +£1.6m offset by underspends on in-house residential respite services of -£0.2m and legal services of -£0.1m.

- The -£1.0m variance for Family Support & Other Children Services is mainly due to underspends on direct payments of -£0.3m; commissioning of -£0.2m and day care services of -£0.5m, along with minor other variances including Section 17.

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 -£0.6m.

3.4.6.2 Within the overall variance of -£0.6m there are pressures of +£6.5m resulting from direct provision of services to clients across adult social care, and a forecast underspend of -£6.5m against adult and older people preventative and other services. There is also a forecast underspend on staffing and management and support services of -£0.6m.

This variance 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 remaining months.

3.4.6.3 Learning Disability services are forecasting a net pressure of +£2.3m, which includes a number of offsetting variances. The most significant variances relate to:

- Nursing & Residential Care - Learning Disability (aged 18+) of +£1.9m overspend (more information on which is provided in appendix 2.1).

- Supported Living - Learning Disability (aged 18+) - Other Commissioned Supported Living arrangements of +£1.9m overspend (more information on which is provided in appendix 2.2).

- Supported Living - Learning Disability (aged 18+) - Shared Lives Scheme of -£1.0m. This underspend is due to activity being less than budgeted.

- Day Care – Learning Disability (aged 18+) – Commissioned service of -£0.2m and in house service of -£0.1m.

- Supported Living - Learning Disability (aged 18+) - In house service of -£0.1m.

- Non Residential Charging Income – Learning Disability (aged 18+) of -£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+) +£2.6m. 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 +£1.0m 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 +£2.3m, which includes a number of offsetting variances. The most significant variances relate to:

- Nursing and residential care +£3.9m overspend which includes +£2.1m relating to Older People Commissioned Residential services, +£1.2m relating to Older People nursing (more information on which is provided in appendix 2.5), and +£0.6m relating to Physical Disability nursing and residential care services.

- There is a forecast over recovery of non-residential charging income of -£1.9m, based on the year-to-date income received. This is linked to increased client numbers causing pressures on the following community service lines: Domiciliary care services +£0.6m pressure, Supported Living +£0.6m pressure and Day Care -£0.4m underspend.

- Direct payments -£0.5m underspend of which the majority is 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 -£6.5m, comprising a number of offsetting variances. Due to 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 -£2.8m in social support services, such as those for carers (in-house and commissioned), information & early intervention and social isolation, partly due to one-off net old year spend; -£1.3m underspend on equipment against the adaptive & assistive technology budget; -£3.7m 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 -£0.4m for the Social Fund.

3.4.7 <u>Growth, Environment and Transport</u>

3.4.7.1 The overall position for the Directorate, before Corporate Director Adjustments, is a forecast pressure of +£0.1m (+£0.4m last month), with forecast pressures of +£1.1m being partially offset by underspends of -£1.0m.

3.4.7.2 Subsidised Bus Services is showing a net underspend overall of -£0.2m due to a reduction in spend on the community transport and maintenance element of the budget.

3.4.7.3 Within Other Highways Maintenance & Management there are a number of offsetting pressures including: Streetlight Energy of +£1.0m, the increased levy and reduced activity on Driver Diversion courses of +£0.2m, as well as increased drainage works of +£0.3m. This is offset by a number of underspends, the largest of which are additional permit income of -£0.5m, reduced spend on Streetlight maintenance due to deferred testing of illuminated signs -£0.2m and increased income in Development Planning from pre-application charges -£0.1m which together with smaller underspends totalling -£0.6m, reduces the net pressure down to +£0.1m.

3.4.7.4 The GE&T Management & Support Services pressure of +£0.3m remains and is due to the impact of directorate-wide staffing and procurement savings that have yet to be fully implemented.

3.4.7.5 Public Protection & Enforcement is forecasting an underspend of -£0.2m**,** which is primarily concerned with the deferred implementation of the Medical Examiners service which is now due to be introduced by April 2019.

3.4.7.6 There is a pressure of +£0.1m forecast for Young Persons Travel Pass due to a shortfall in forecast income as the number of passes in issue is below budgeted levels.

3.4.7.7 Waste (activity can be seen in Appendices 2.14 and 2.15) is forecasting a pressure of +£0.3m overall, comprising:

(a) Treatment and Disposal of Residual Waste is forecasting an underspend of -£0.1m with a price pressure being offset by reduced tonnes and additional trade waste income.
(b) Waste Processing is forecasting a pressure of +£0.5m, with savings on the soil & hard-core and Materials Recycling Facilities budgets and recycling credits budget being more than offset by increased composting and reduced income.
(c) Waste Management shows a -£0.1m underspend.

3.4.7.8 The underspend against Libraries, Registration & Archives of -£0.4m primarily relates to releasing the surplus in a renewals reserves following a successful re-tender process, as well as other small variances. All other GET budgets are showing minor variances that add up to a combined pressure of +£0.1m.

3.4.7.9 The Corporate Director adjustment has reduced to -£0.2m (-£0.4m last month) as some of the previously identified actions now form part of the forecast outturn position. This reduces the forecast pressure of +£0.1m to an improved underspend position of -£0.1m.

3.4.8 <u>Strategic and Corporate Services – Public Health</u>

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 <u>Strategic and Corporate Services</u>

3.4.9.1 The overall variance reflected in appendix 1 for the directorate is an overspend of +£0.8m which is made up of an overspend of £0.3m 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 this and the 2018-19 savings target of an additional -£0.6m saving. A number of initiatives have been identified; RAG rated and are now being worked up and costed.

3.4.9.2 The directorate overspend of +£0.3m 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.

3.4.9.3 Infrastructure controllable budgets are now forecasting an overspend of +£0.9m, arising mostly from property related costs including backdated TFM costs; reduced income from Oakwood House; uncertainty on the completion of rates rebates before the end of the financial year and many other minor variances across all areas of Property and ICT commissioning.

3.4.9.4 Additionally in other divisions there are variances of: -£0.4m for Finance arising from lower salary costs following a major restructure and a one-off increase in income; -£0.2m for Strategic Commissioning due to staffing vacancies being held vacant pending restructure; +£0.1m in General Counsel largely arising from higher costs of agency staff prior to the commencement of trading as Invicta Law Ltd.

3.4.10 Financing Items

The Financing Items budgets are currently forecast to underspend by £3.2m, before Corporate Director adjustment, which is due to:

3.4.10.1 Additional Government funding compared to our assumptions at the time of setting the budget, together with changes to retained business rates relating to Dover Enterprise Zone for 2015-16 and 2016-17 and Swale renewable energy schemes for 2016-17, result in a forecast underspend of £1.4m.

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 £1.0m saving relating to the Insurance Fund negotiating a reduction in the premium, together with a reduction in recorded claims and claims settled. Usual practice is to transfer any underspend on the Insurance Fund to the Insurance Reserve, but due to the overall forecast financial position of the Authority and the relatively healthy balance already in the Insurance Reserve, we are proposing to use this to help offset the pressures declared elsewhere within this report. Should the overall forecast position of the Authority improve significantly then this proposal can be revisited.

3.4.10.5 £0.6m due to increase investment income. This reflects the net impact of interest received following the repayment of a loan made to EKO, partially offset by a more cautious forecast of our dividends from externally managed multi-asset and equity funds, which have been revised in accordance with latest fund performance data and general market information.

3.4.10.6 £0.5m underspend due to the release of the budget for intermediaries legislation as we are satisfied that the impact of this new legislation is already reflected within the directorate forecasts reflected in this report.

3.4.10.7 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.

3.4.10.8 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. Although the dividend is below budget, the forecast profit for CS in 2017-18 of £5.058m compares favourably with the net profit in 2016-17 of £4.547m, given the prevailing market conditions. £0.7m of the current year's 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.

3.4.10.9 A Corporate Director adjustment of -£0.4m is reflected, taking the overall underspend on the Financing Items budgets to £3.6m. This adjustment reflects an anticipated increase in our share of the retained business rates levy from the Kent business rates pool; however this will not be confirmed until the end of the financial year.

3.5 **Schools delegated budgets:**

The schools delegated budget reserves are currently forecast to end the financial year in surplus by £10.9m, compared to £28.3m at the start of the financial year. This is made up of a forecast surplus of £23.6m on individual maintained school balances, and a deficit on the central schools reserve of £12.7m. 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:			
Movement in school reserves (6 month monitoring)	(8.027)		(8.027)
Academy conversions and closing school deficits	1.499	(3.880)	(2.381)
School Growth		(1.032)	(1.032)
High Needs (Mainstream & Independent)		(5.564)	(5.564)
Various		0.251	0.251
Overspend on Central DSG budgets		(0.644)	(0.644)
Forecast reserve balance	**23.642**	**(12.700)**	**10.943**

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

The schools delegated budget is currently showing a pressure of £17.398m.

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. DETAILS OF REVENUE ROLL FORWARDS/RE-PHASINGS

Table 3: **Breakdown of the roll forward figures shown in tables 1a and 1b**.

	Committed £m	Uncommitted £m
Tackling Troubled Families (CYPE – EY directorate)		1.445
Re-phasing of the new Early Years and Preventative Services single system in to 2018-19 due to a delay in implementation of the system (CYPE – EY directorate)		0.120
Re-phasing of Kent Safeguarding Children Board (KSCB) into 2017-18. This represents KCC's share of the underspend of the KSCB Board. Under the terms of the inter-agency agreement, KCC has an obligation to provide this funding to the Board. The underspending relating to partners contributions is held in a Fund.		0.050

5. REVENUE BUDGET VIREMENTS/CHANGES TO BUDGETS

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

6. SUMMARISED CAPITAL MONITORING POSITION

6.1 There is a reported variance of -£69.238m on the 2017-18 capital budget (excluding schools and PFI). This is a movement of -£9.316m from the previous month and is made up of +£0.164m real movement and -£9.480m rephasing movement. Headline variances are detailed below by Directorate.

6.2 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	115.130	-23.679	-0.589	-23.090	-0.589	-18.546	0.000	-4.544
Adult, Social Care & Health	8.383	-6.482	-2.321	-4.161	-2.268	-3.841	-0.053	-0.320
Growth, Environment & Transport	130.655	-29.909	3.706	-33.615	3.489	-29.725	0.217	-3.890
Strategic & Corporate Services	22.040	-9.168	1.610	-10.778	1.610	-10.052	0.000	-0.726
TOTAL	**276.208**	**-69.238**	**2.406**	**-71.644**	**2.242**	**-62.164**	**0.164**	**-9.480**

6.3 **Capital budget monitoring headlines**

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

6.3.1 <u>Children, Young People and Education</u>

6.3.1.1 Annual Planned Enhancement Programme: Rephasing movement of -£2.875m. From the indicative timescales provided by the design consultants, it is anticipated that a number of projects will now start and complete in the following financial year. The updated timescales are reflective of limited resource allocated to the programme from the design consultants, revisions to the procurement process, asbestos issues, difficulties obtaining access to specific sites within non-operational periods and where schools have specifically requested a delay in the start of projects.

6.3.1.2 Basic Need: Rephasing movement of -£1.313m. The latest Commissioning Plan has indicated that some projects are no longer required as soon as originally predicted. Approval is also pending to proceed with some secondary school projects.

6.3.1.3 Priority School Build Programme: An increase in costs at Chantry Primary has led to a £1m pressure in 2018-19. This project is managed by the Education & Skills Funding Agency (ESFA), but the pressure falls on KCC. Options for funding this are currently being considered.

6.3.2 <u>Adult, Social Care and Health</u>

All movements are below the thresholds for detailed explanations.

6.3.3 <u>Growth, Environment & Transport</u>

6.3.3.1 Highways, Transportation & Waste

Highways and Integrated Transport Schemes: Real movement of +£0.153m due to the addition of landscaping costs for Elwick Road, which will be covered by external funding.

In addition to the real movement above, there are a number of schemes that have been rephased into 18-19 but which do not meet the individual £1m reporting threshold. In aggregate these amount to £1.8m and are the primary reason for the re-phasing movement within the GET directorate this month.

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

All movements are below the thresholds for detailed explanations.

6.3.3.3 Economic Development

Kent & Medway Business Fund: Re-phasing movement of -£1.2m due to a loan not obtaining approval to proceed in the current year.

6.3.4 Strategic & Corporate Services

All movements are below the thresholds for detailed explanations.

7. CONCLUSIONS

7.1 The revenue pressure has reduced to £5.5m after roll forward requirements and it is encouraging to see an improvement in the forecast. The objective remains to eliminate this forecast pressure. The Corporate and Directorate Management teams remain confident that the forecast revenue pressure can still be significantly reduced without the need for blanket moratoria on spending. Eliminating the £5.5m will ultimately be dependant upon the Home Office reimbursing us in for the full cost of supporting UASC.

8. RECOMMENDATIONS

Cabinet is asked to:

8.1 **Note** the forecast revenue budget monitoring position for 2017-18 and capital budget monitoring position for 2017-18 to 2019-20.

8.2 **Approve** an additional £2m spending on pot-hole repairs in 2018-19 in response to the severe weather event during the week of 26 February. This will be met by a draw-down from reserves.

9. CONTACT DETAILS

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Appendix 1

Breakdown of Directorate Monitoring Position

	Cash Limit			Variance	Movement
	Gross	Income	Net	Net	Net
	£m	£m	£m	£m	£m
Children, Young People & Education					
Specialist Children's Services					
Children in Care (Looked After) Services - Non-Disabled Children**	52.5	-4.3	48.2	1.9	0.3
Adoption & Other Permanent Children's Care Arrangements	13.8	-0.1	13.7	0.2	0.0
Family Support & Other Children Services - Non-Disabled Children	14.6	-4.5	10.1	0.4	-0.1
Asylum Seekers**	23.6	-23.1	0.6	3.5	-0.4
Children's Assessment Staffing - Non-Disabled Children**	41.3	-3.4	37.9	1.3	-0.4
Children's Management & Support Services	3.4	-0.2	3.2	0.0	0.0
Sub Total Specialist Children's Services	**149.2**	**-35.6**	**113.7**	**7.4**	**-0.6**
Education & Young People's Services					
Early Help & Prevention for Children and Families	32.6	-17.6	15.0	-2.8	-0.1
Early Years Education & Childcare	68.6	-67.6	1.0	0.6	0.0
Attendance, Behaviour and Exclusion Services	4.7	-4.7	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	-0.1	0.0
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	0.8	0.1
Other Schools' Related Costs	34.0	-34.0	-0.1	0.9	-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	0.0
YP&E Management & Support Services	18.8	-15.6	3.2	0.9	0.2
Sub Total Education & Young People's Services	**285.4**	**-227.1**	**58.4**	**0.0**	**-0.4**
Sub Total CYP&E directorate	**434.7**	**-262.6**	**172.0**	**7.3**	**-1.0**
Adult Social Care & Health					
Additional Adult Social Care allocation	16.0	0.0	16.0	0.0	0.0
Learning Disability Adult Services**	164.6	-13.2	151.3	2.3	0.2
Physical Disability Adult Services	36.5	-4.1	32.3	0.9	-0.3
Mental Health Adult Services	16.4	-1.6	14.8	1.9	0.1
Older People Adult Services**	178.8	-91.9	86.9	1.4	0.0
Adult & Older People Preventative & Other Services	64.0	-16.9	47.1	-6.5	-0.5
Adult's Assessment & Safeguarding Staffing	44.0	-3.3	40.7	-0.6	-0.2
Children in Care (Looked After) Services - Disabled Children	10.5	-2.1	8.4	1.3	0.1
Family Support & Other Children Services - Disabled Children	7.0	-0.3	6.7	-1.0	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	0.0	0.1
ASC&H Management & Support Services	7.2	-0.2	7.0	0.1	0.3
Sub Total ASC&H directorate	**550.8**	**-133.7**	**417.1**	**-0.2**	**-0.3**

Growth, Environment & Transport					
Libraries, Registration & Archives	16.3	-6.5	9.8	-0.4	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	0.1	0.0
Other Highways Maintenance & Management	29.8	-8.5	21.4	0.1	-0.4
Public Protection & Enforcement	11.5	-2.2	9.3	-0.2	-0.1
Planning & Transport Strategy and Other Related Services (inc School Crossing Patrols)	4.1	-0.6	3.5	0.0	-0.1
Concessionary Fares	16.8	0.0	16.8	0.0	0.0
Subsidised Bus Services	8.3	-2.1	6.2	-0.2	0.0
Young Person's Travel Pass	14.2	-5.8	8.4	0.1	0.0
Waste Management	1.9	0.0	1.9	-0.1	0.0
Waste Processing**	31.0	-1.9	29.2	0.5	0.1
Treatment and Disposal of Residual Waste**	37.4	0.0	37.4	-0.1	0.3
GE&T Management & Support Services	3.5	-0.1	3.4	0.3	-0.1
Sub Total GE&T directorate	**206.8**	**-40.1**	**166.7**	**0.1**	**-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	-0.1	0.0
Infrastructure (ICT & Property Services) & Business Services Centre	77.1	-41.1	36.0	1.4	0.5
Finance	15.6	-5.8	9.8	-0.4	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	-0.2	6.2	0.1	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	-0.1	0.0
S&CS Management & Support Services	3.0	-5.2	-2.2	0.0	0.0
Public Health	3.0	0.0	3.0	-1.4	0.0
Transfer to/from Public Health Reserve	-3.0	0.0	-3.0	1.4	0.0
Sub Total S&CS directorate	**127.1**	**-54.1**	**72.9**	**0.9**	**0.5**
Financing Items	**128.7**	**-18.8**	**109.8**	**-3.2**	**-1.3**
TOTAL KCC (Excluding Schools)	**1,448.1**	**-509.4**	**938.7**	**4.8**	**-2.4**

**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.

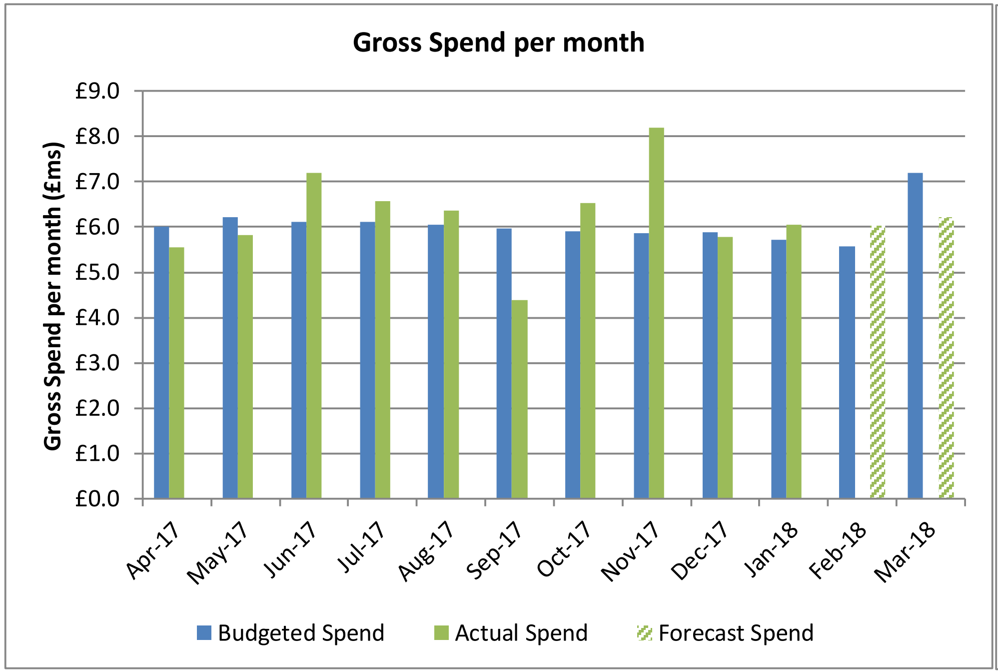
Appendix 2.1: Nursing & Residential Care - Learning Disability (aged 18+)

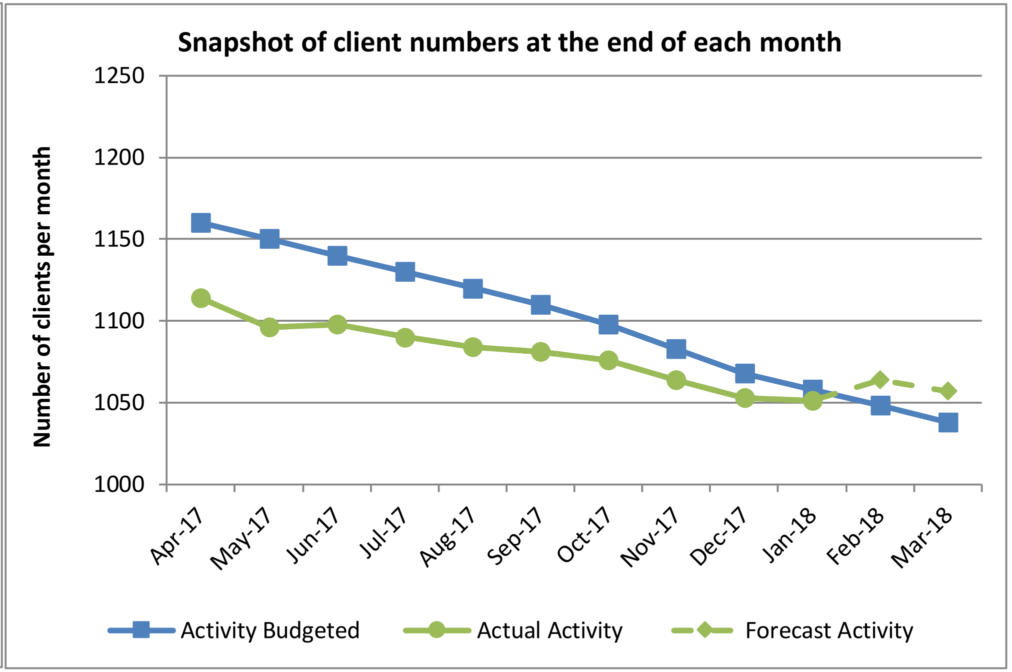
2017-18 Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£72.6	-£5.9	£66.7	1,038
Forecast	£74.7	-£6.1	£68.6	1,057
Variance	£2.1	-£0.2	£1.9	19

Position as at 31st January 2018	Gross £m	Client Number as at 31/01/2018
Budget: Spend/Activity Year to Date	£59.8	1,058
Actual: Spend/Activity Year to Date	£62.4	1,051
Variance as at 31st January 2018	£2.6	-7

MAIN REASONS FOR VARIANCE:

The gross forecast pressure of +£2.1m is due to higher than anticipated demand (+£1.9m) and higher unit cost (+£0.7m), along with an additional variance of -£0.5m predominately due to net old year spend. This pressure is partly offset by greater than expected income of -£0.2m. This leads to a net forecast pressure of +£1.9m.





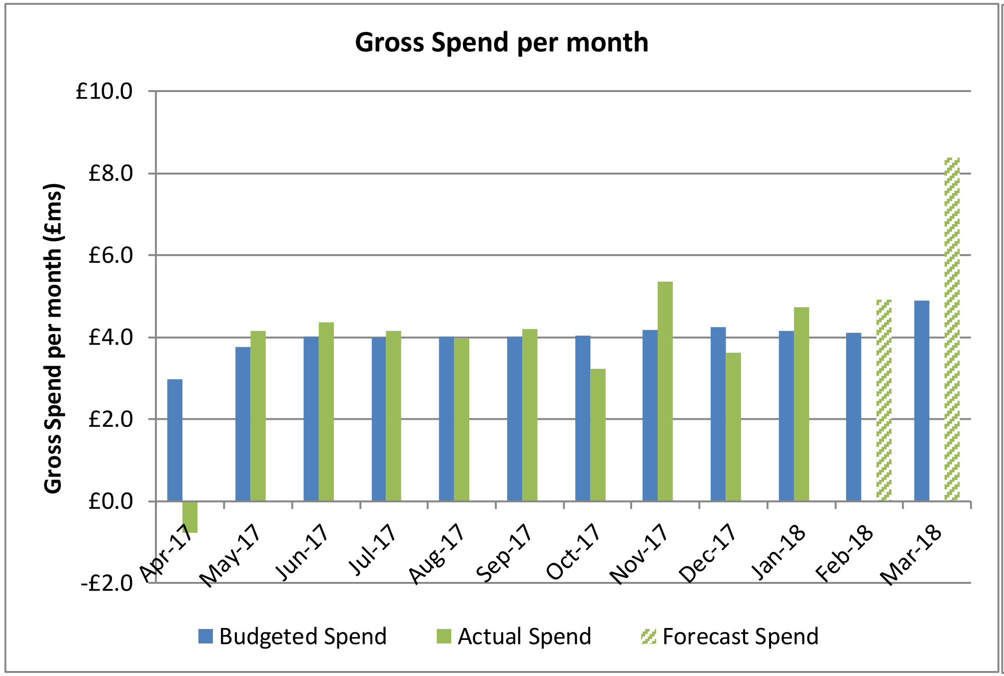
Appendix 2.2: Supported Living - Learning Disability (aged 18+) - Other Commissioned Supported Living arrangements

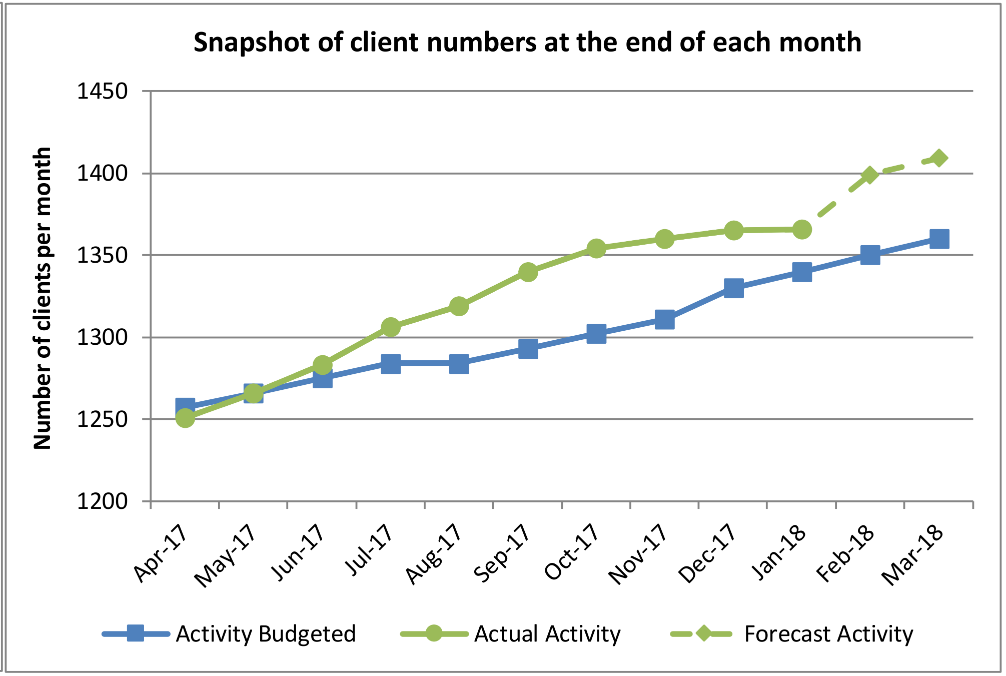
2017-18 Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£48.4	-£0.2	£48.2	1,360
Forecast	£50.3	-£0.2	£50.1	1,409
Variance	£1.9	£0.0	£1.9	49

Position as at 31st January 2018	Gross £m	Client Number as at 31/01/2018
Budget: Spend/Activity Year to Date	£39.4	1,340
Actual: Spend/Activity Year to Date	£37.0	1,366
Variance as at 31st Janaury 2018	-£2.4	26

MAIN REASONS FOR VARIANCE:

The gross forecast pressure of +£1.9m is due to higher than anticipated demand in hours (+£4.1m) and lower unit cost (-£0.4m), along with an additional variance of -£1.8m predominately due to a transfer from reserves and release of unrealised creditors. This leads to a net forecast pressure of +£1.9m.





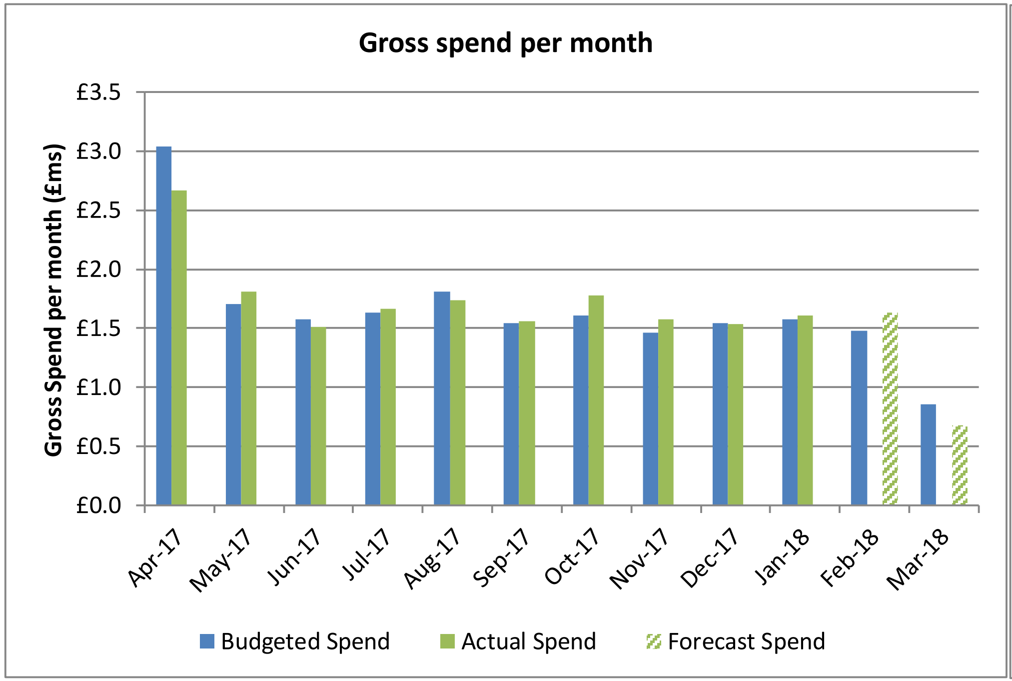
Appendix 2.3: Direct Payments - Learning Disability (aged 18+)

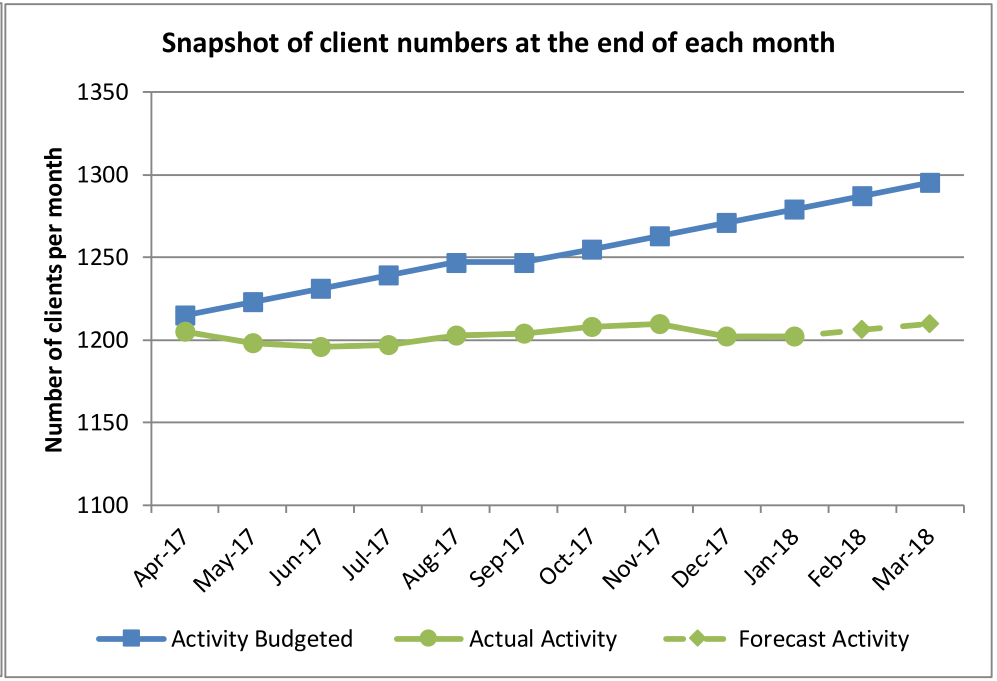
2017-18 Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£19.8	-£0.8	£19.0	1,295
Forecast	£19.8	-£0.8	£18.9	1,210
Variance	-£0.1	£0.0	-£0.0	-85

Position as at 31st January 2018	Gross £m	Client Number as at 31/01/2018
Budget: Spend/Activity Year to Date	£17.5	1,279
Actual: Spend/Activity Year to Date	£17.5	1,202
Variance as at 31st January 2018	£0.0	-77

MAIN REASONS FOR VARIANCE:

The gross forecast an underspend of -£0.1m is due to lower than anticipated demand (-£0.2m) and a higher unit cost (+£0.1m)





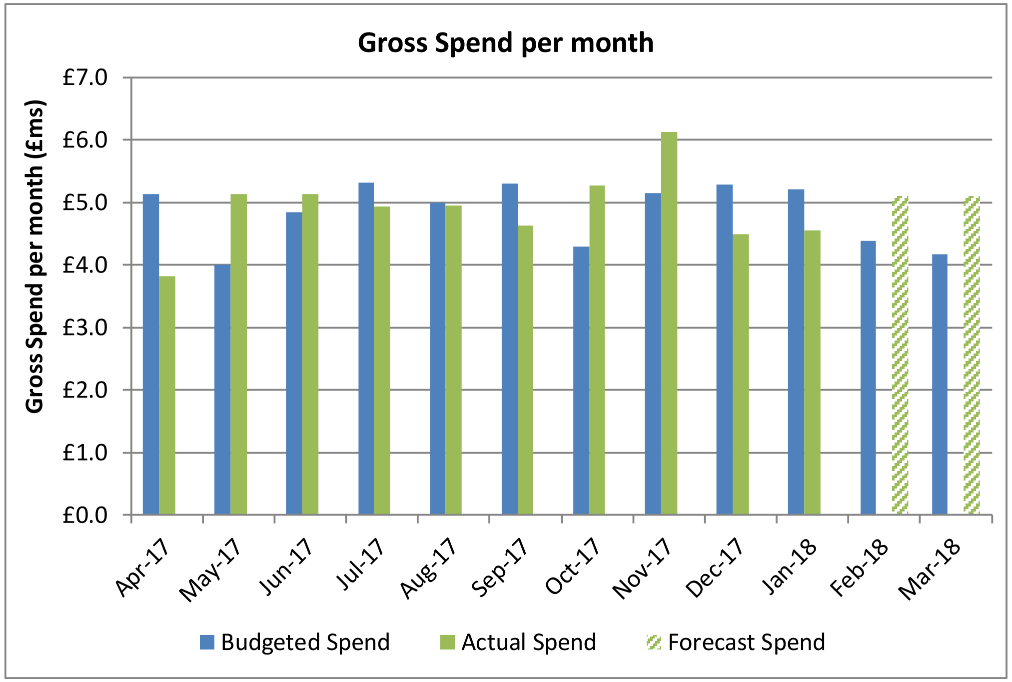
Appendix 2.4: Nursing & Residential Care - Older People (aged 65+) - Residential - Commissioned service

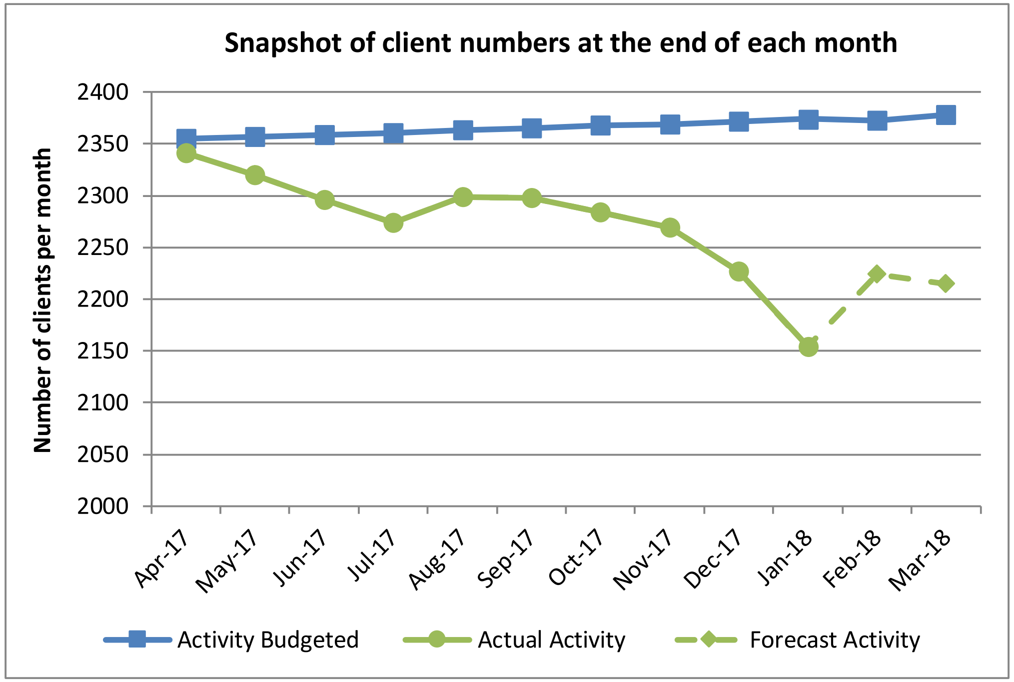
2017-18 Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£58.1	-£35.2	£23.0	2,378
Forecast	£59.3	-£34.3	£25.0	2,215
Variance	£1.2	£0.9	£2.1	-163

Position as at 31st Jan 2018	Gross £m	Client Number as at 31/01/2018
Budget: Spend/Activity Year to Date	£49.6	2,374
Actual: Spend/Activity Year to Date	£49.1	2,154
Variance as at 31st January 2018	-£0.5	-220

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£1.2m is due to lower than anticipated demand (-£1.1m) and a higher unit cost (+£2.3m). This pressure is further increased by lower than expected income of +£0.9m due to shortfall in service user contributions linked to the lower demand (+£0.5m) and a lower average contribution per service user (+£0.4m). This leads to a net forecast pressure of +£2.1m. 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.





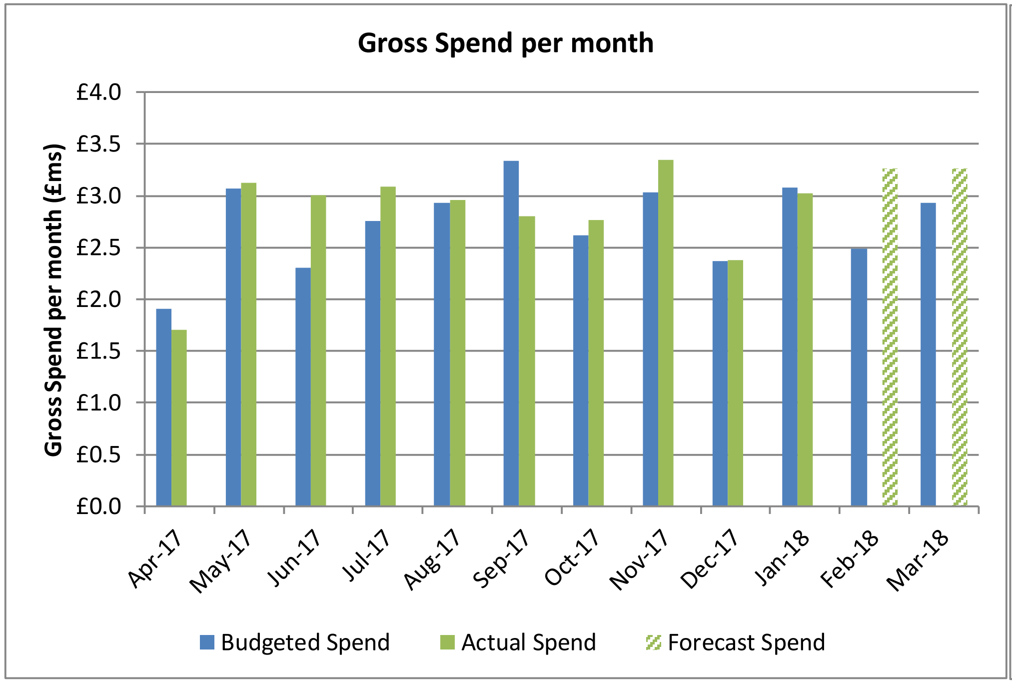
Appendix 2.5: Nursing & Residential Care - Older People (aged 65+) - Nursing

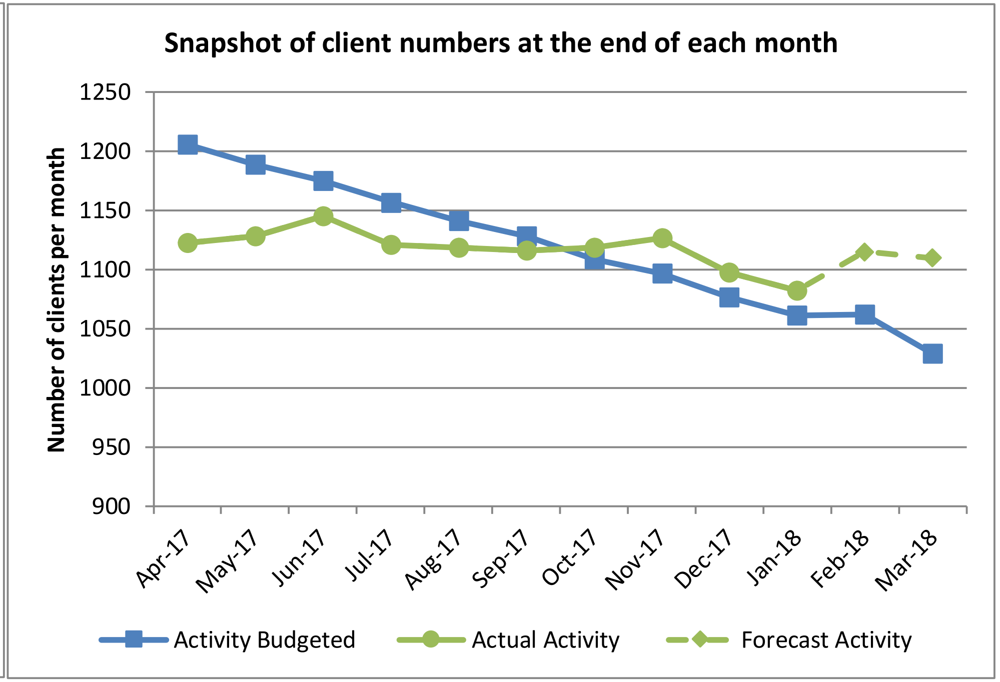
2017-18 Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£32.8	-£17.4	£15.5	1,029
Forecast	£34.7	-£18.1	£16.6	1,110
Variance	£1.9	-£0.7	£1.2	81

Position as at 31st Jan 2018	Gross £m	Client Number as at 31/01/2018
Budget: Spend/Activity Year to Date	£27.4	1,061
Actual: Spend/Activity Year to Date	£28.2	1,082
Variance as at 31st January 2018	£0.8	21

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£1.9m is due to higher than anticipated demand (+£0.3m) and higher unit cost (+£1.4m), along with an additional variance of +£0.1m predominately due to net old year spend. This pressure is partly offset by greater than expected income of -£0.7m primarily due to higher than anticipated service user contributions linked to the higher demand (-£0.1m) and a higher average contribution per service user (-£0.6m). This leads to a net forecast pressure of +£1.2m.





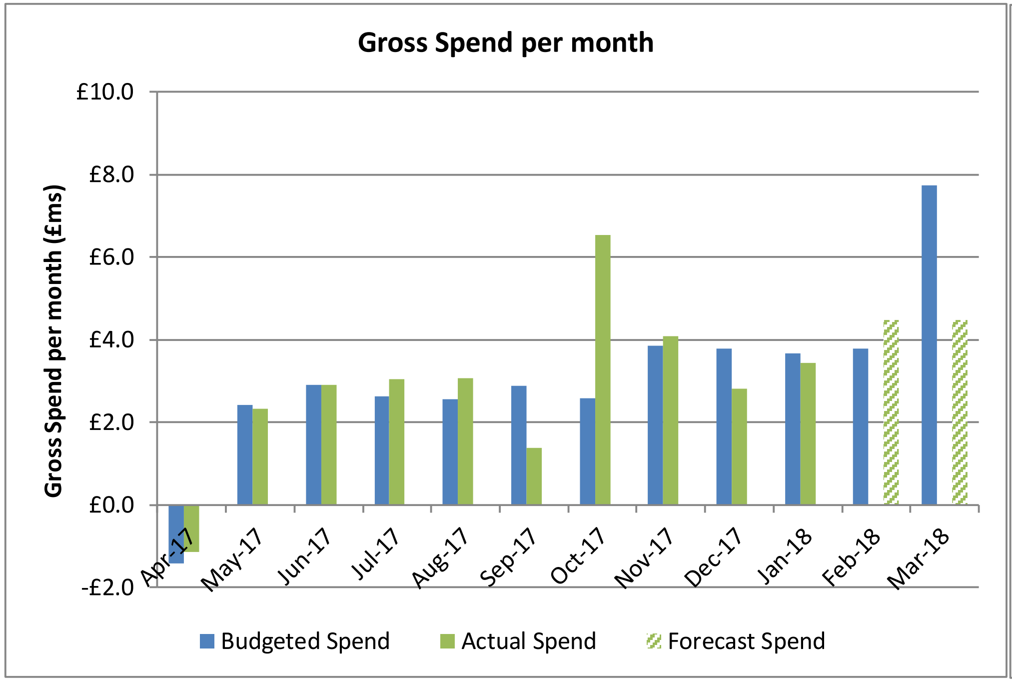
Appendix 2.6: Domiciliary Care - Older People (aged 65+) - Commissioned service

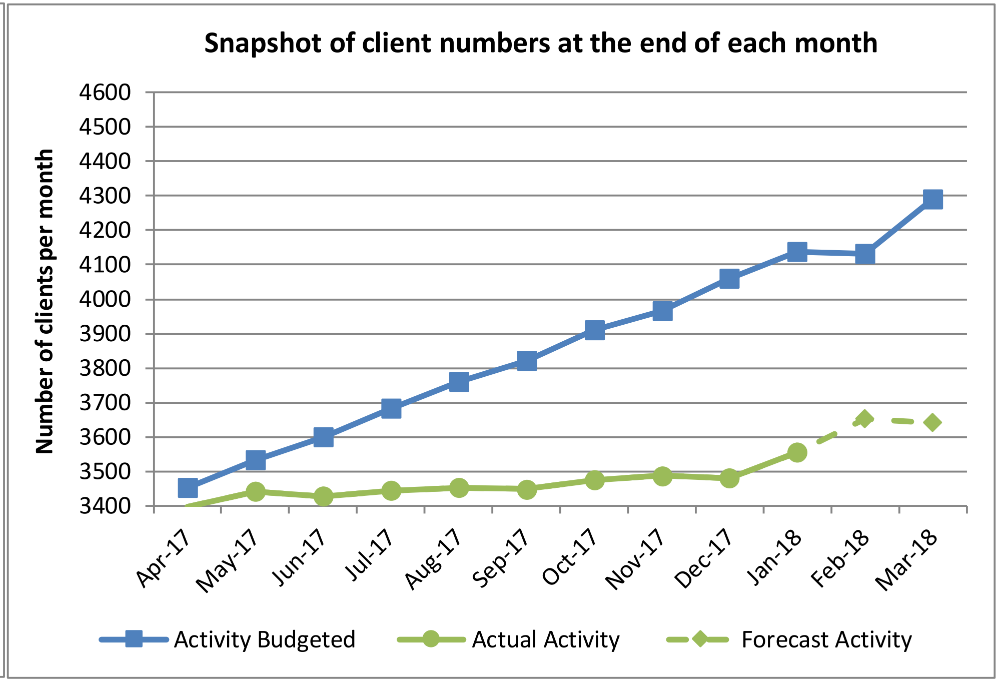
2017-18 Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£37.4	-£6.0	£31.4	4,289
Forecast	£37.4	-£6.0	£31.4	3,641
Variance	£0.0	£0.0	£0.0	-648

Position as at 31st Jan 2018	Gross £m	Client Number as at 31/01/2018
Budget: Spend/Activity Year to Date	£25.9	4,137
Actual: Spend/Activity Year to Date	£28.5	3,554
Variance as at 31st January 2018	£2.6	-583

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast shows a balanced position, but within this there is lower than anticipated demand (-£1.2m) and higher unit cost (+£0.1m), along with an additional variance of +£1.2m predominately due to additional spend on extra care support. This leads to a net forecast variance of +£0.0m.





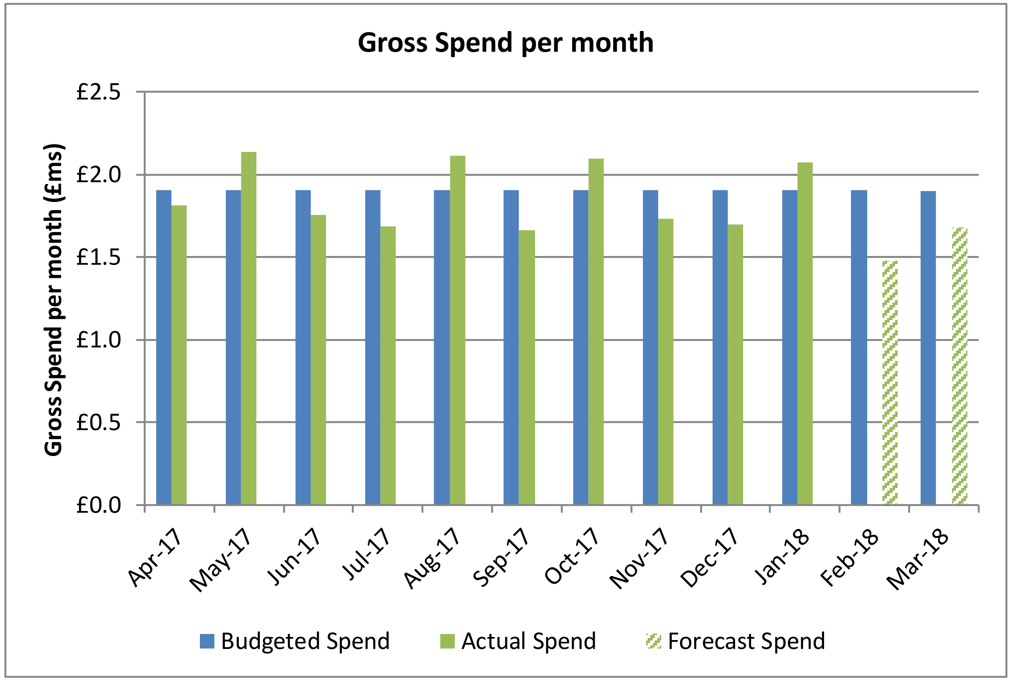
Appendix 2.7: Children in Care (Looked After) - Fostering - In house service

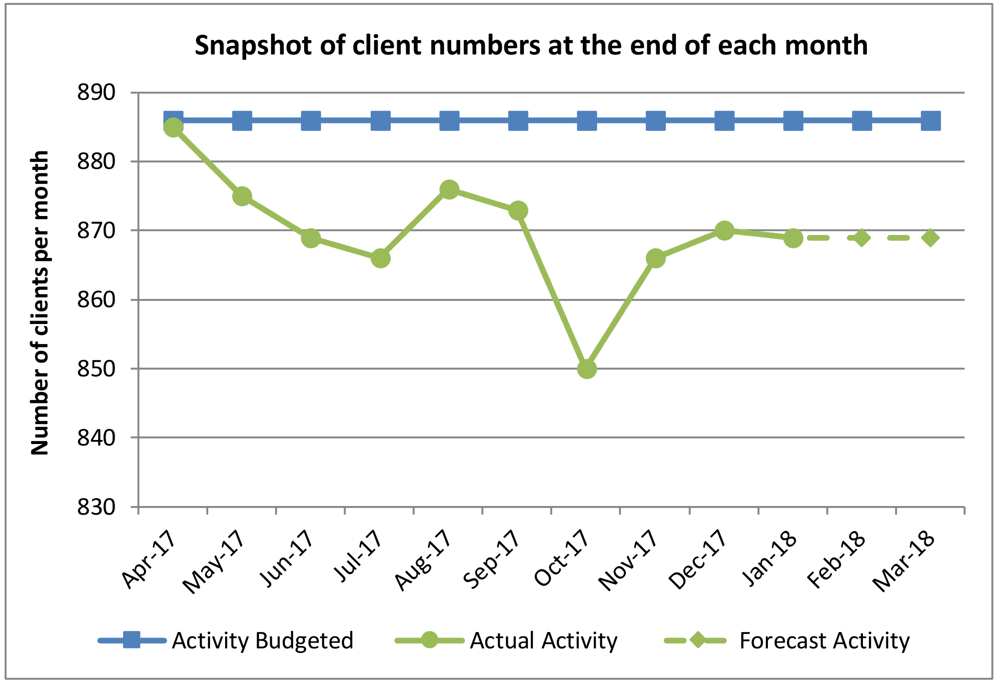
2017-18 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£22.8	-£0.3	£22.6	886
Forecast	£21.9	-£0.2	£21.8	869
Variance	-£0.9	£0.1	-£0.8	-17

Position as at 31st January 2018	Gross £m	Client Number as at 31/01/2018
Budget: Spend/Activity Year to Date	£19.1	886
Actual: Spend/Activity Year to Date	£18.8	869
Variance as at 31st January 2018	-£0.3	-17

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast underspend of -£0.9m is due to a combination of lower than anticipated demand (-£0.4m) and lower unit cost (-£0.3m), along with a minor underspend of -£0.2m on County fostering related expenditure. This is combined with lower than expected income of +£0.1m to produce a net forecast underspend of -£0.8m.





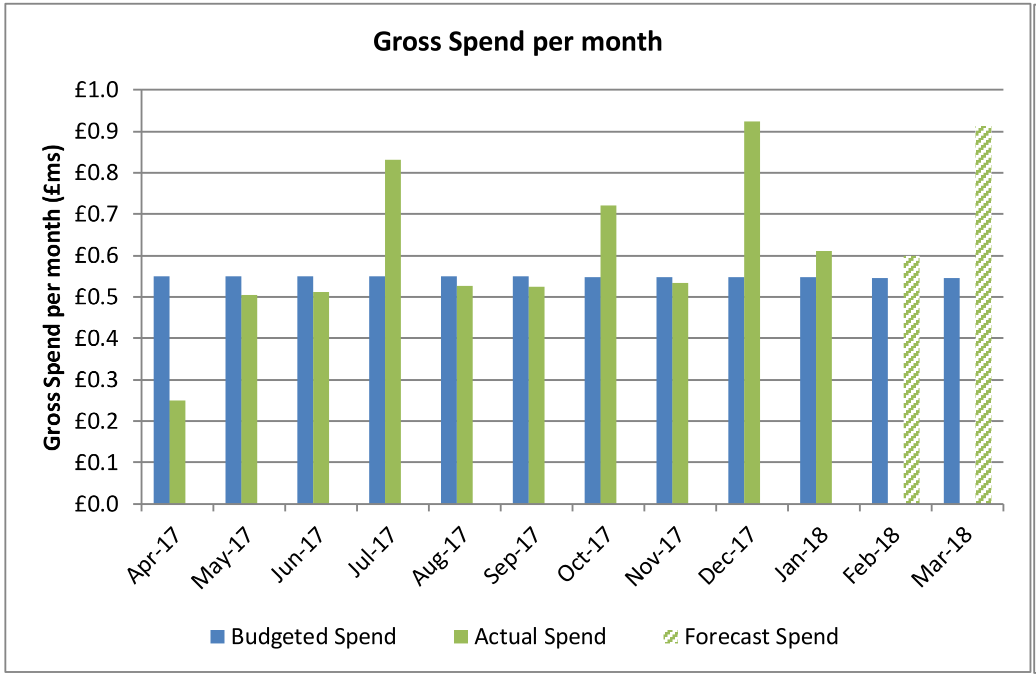
Appendix 2.8: Children in Care (Looked After) - Fostering - Commissioned from Independent Fostering Agencies

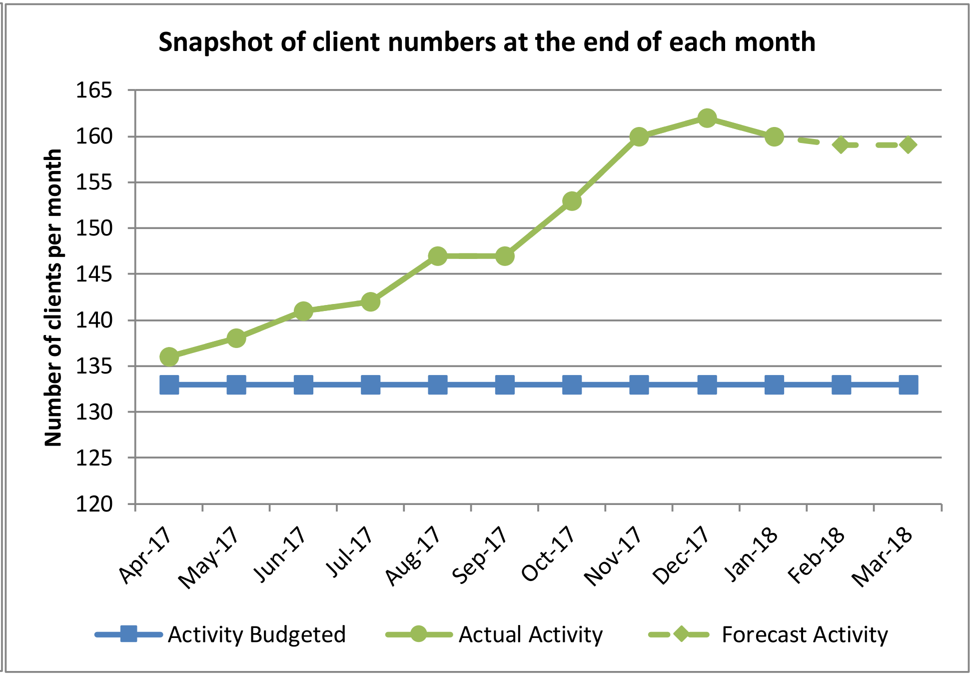
2017-18 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£6.6	£0.0	£6.6	133
Forecast	£7.4	£0.0	£7.4	159
Variance	£0.9	£0.0	£0.9	26

Position as at 31st January 2018	Gross £m	Client Number as at 31/01/2018
Budget: Spend/Activity Year to Date	£5.5	133
Actual: Spend/Activity Year to Date	£5.9	160
Variance as at 31st January 2018	£0.4	27

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£0.9m is due to higher than anticipated demand (+£0.8m) and higher unit cost (+£0.1m).





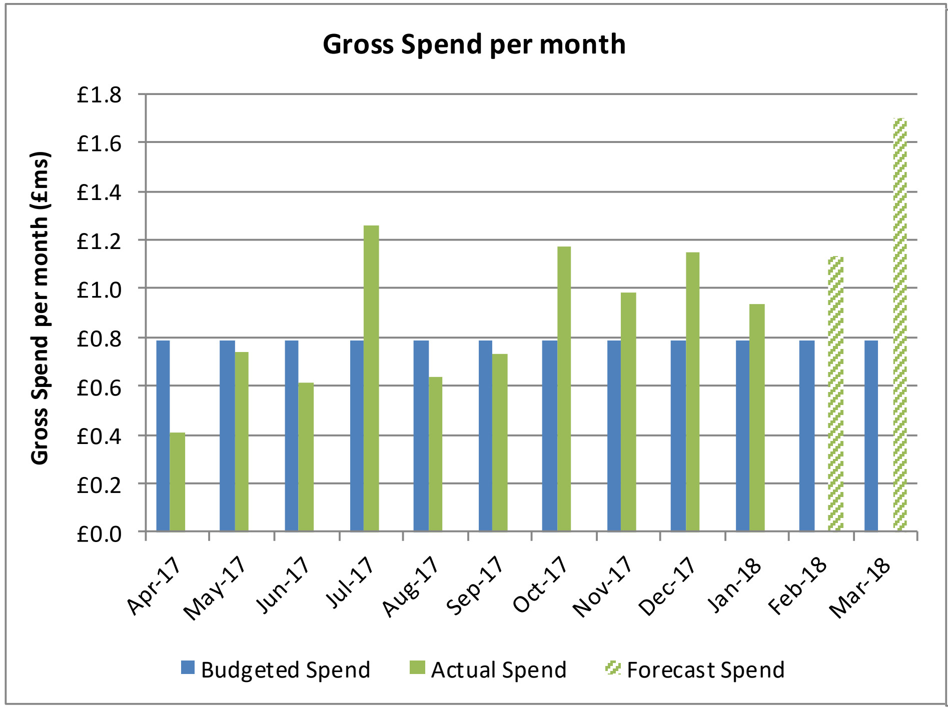
Appendix 2.9: Children in Care (Looked After) - Residential Children's Services - Commissioned from Independent Sector

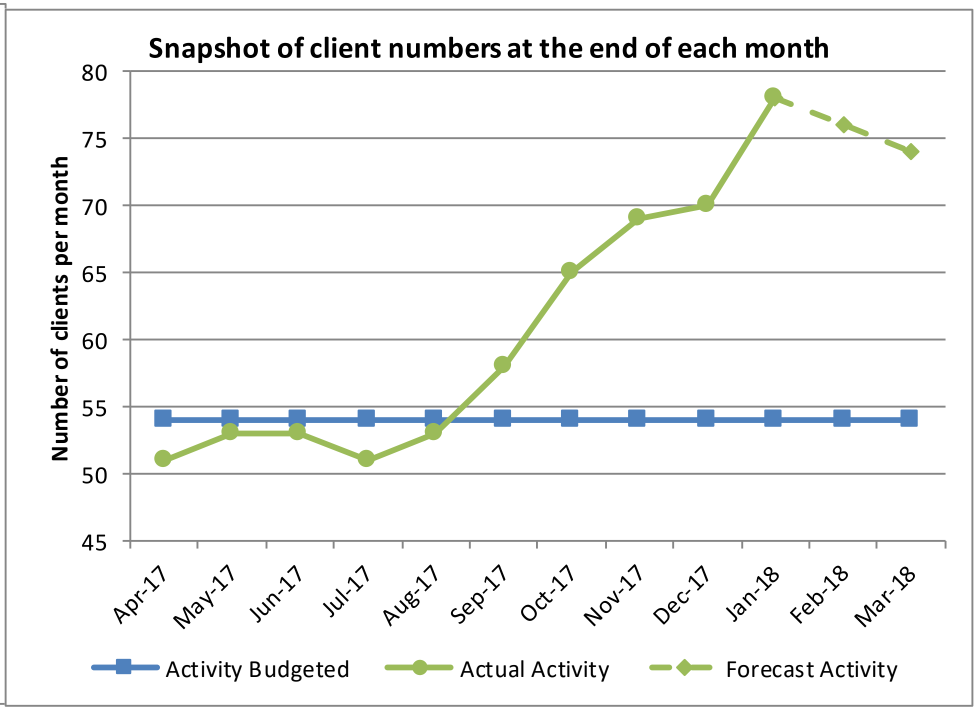
2017-18 Total Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£9.4	-£0.6	£8.8	54
Forecast	£11.5	-£1.0	£10.4	74
Variance	£2.0	-£0.5	£1.6	20

Position as at 31st January 2018	Gross £m	Client Number as at 31/01/2018
Budget: Spend/Activity Year to Date	£7.8	54
Actual: Spend/Activity Year to Date	£8.6	78
Variance as at 31st January 2018	£0.8	24

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£2.0m is due to a combination of higher unit cost (+£0.3m) and greater than anticipated demand (+£1.5m), along with greater than anticipated placements in Secure Accommodation (+0.3m). This pressure is partly offset by greater than expected income of -£0.5m, primarily due to greater contributions for care costs from Health & Education. This leads to a net forecast overspend of £1.6m.





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

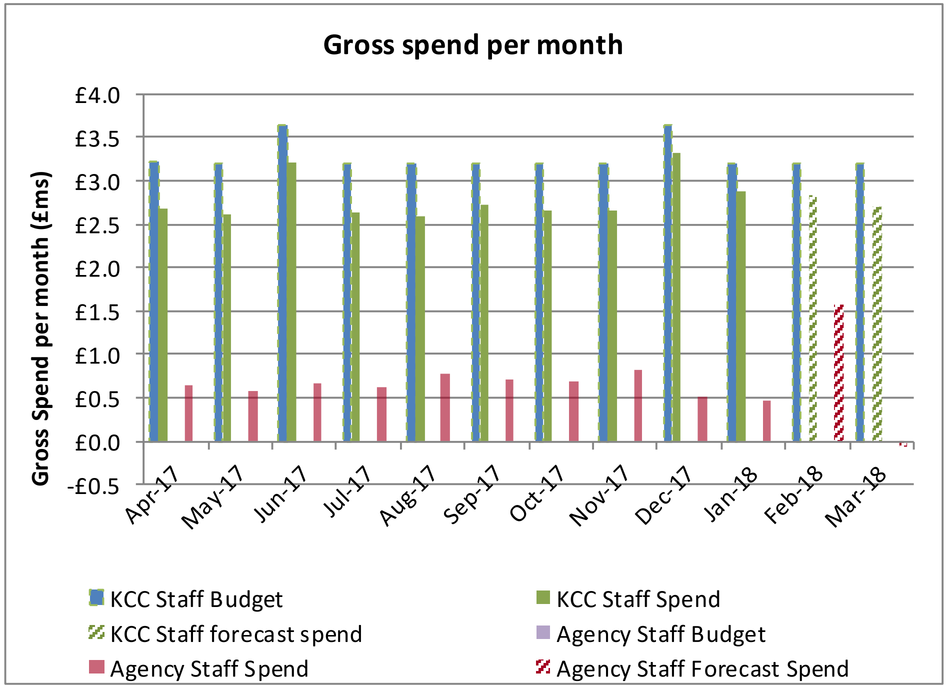
2017-18 Forecast	KCC £m	Agency £m	Gross £m
Budget	£39.2	£0.0	£39.2
Forecast	£33.5	£8.0	£41.5
Variance	-£5.7	£8.0	£2.2

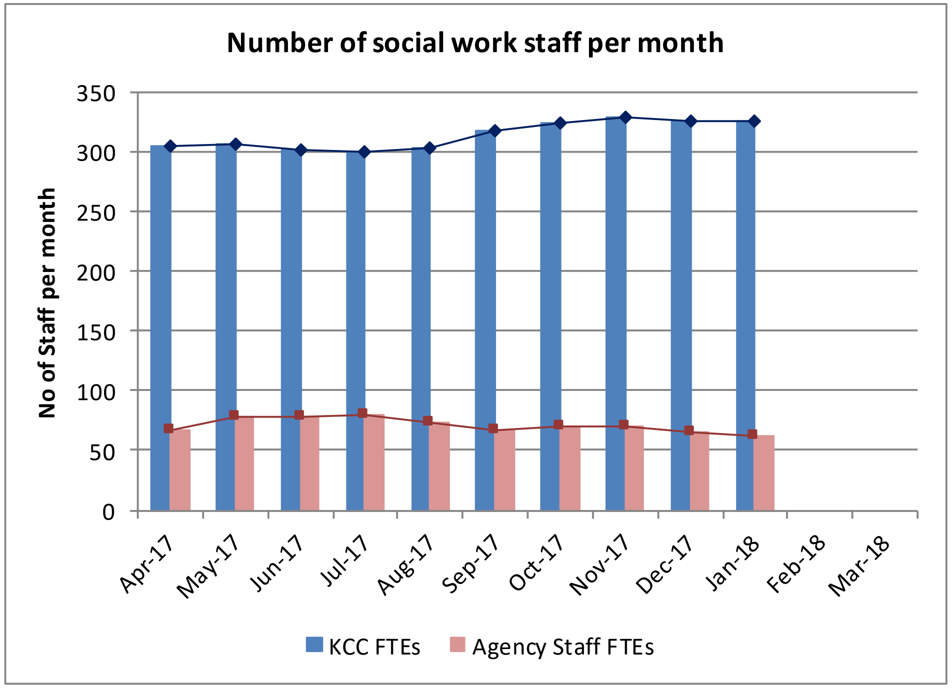
as at 31/01/18	KCC £m	Agency £m	Gross £m
YTD Budget	£32.8	£0.0	£32.8
YTD Spend	£28.0	£6.5	£34.4
YTD Variance	-£4.9	£6.5	£1.6

Staff numbers	KCC FTEs	Agency Nos
as at 31/03/17	307.0	65.4
as at 31/01/18	325.6	62.0
YTD Movement	18.7	-3.4

MAIN REASONS FOR FORECAST VARIANCE:

This measure focusses on the level of social workers & senior practitioners rather than the overall staffing level within this budget. The budget assumes that CSC Staffing will be met using salaried workers, so every agency worker (who are more expensive than salaried staff) results in a pressure on this budget. This measure shows the extent of the vacancies within CSC that are currently covered by agency workers which contributes to the £1.3m net pressure reported against Children's Assessment staffing in Appendix 1. The £2.2m 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, and a minor underspend on non-staffing -£0.2m to produce the overall £1.3m pressure reported.



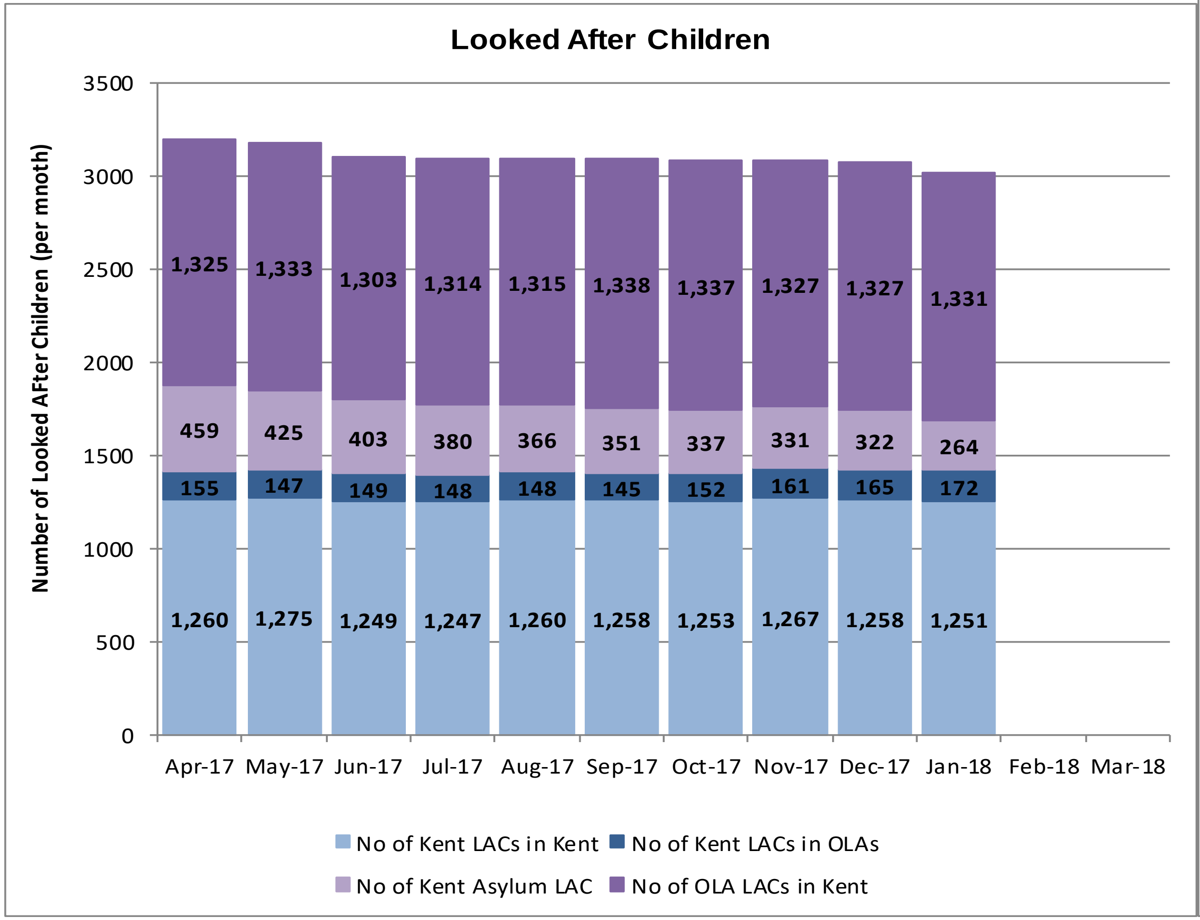


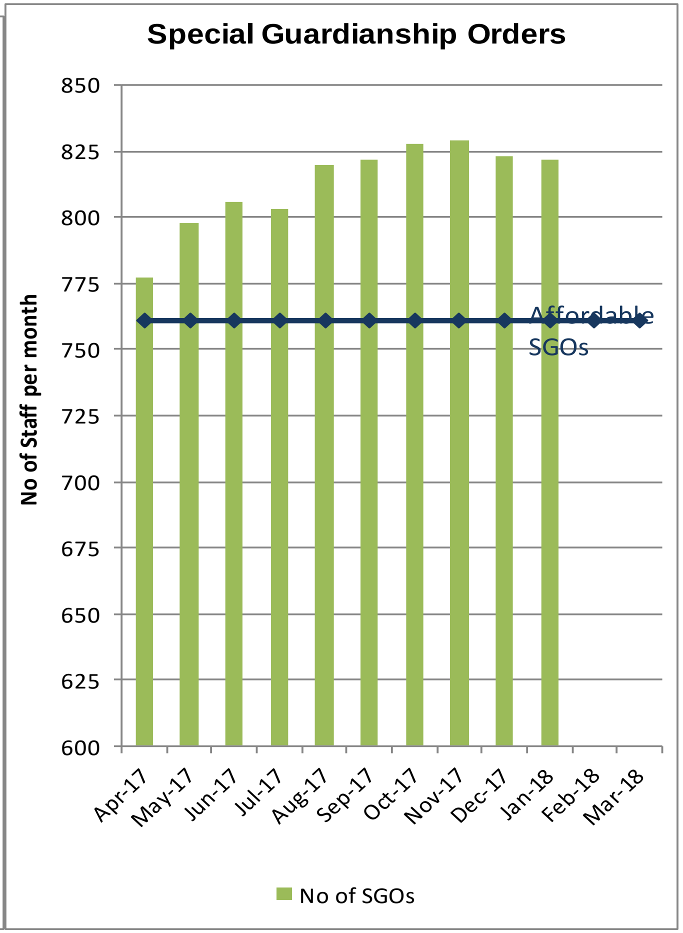
Appendix 2.11: Number of Looked After Children and Number of Special Guardianship Orders (SGOs) with Costs

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.





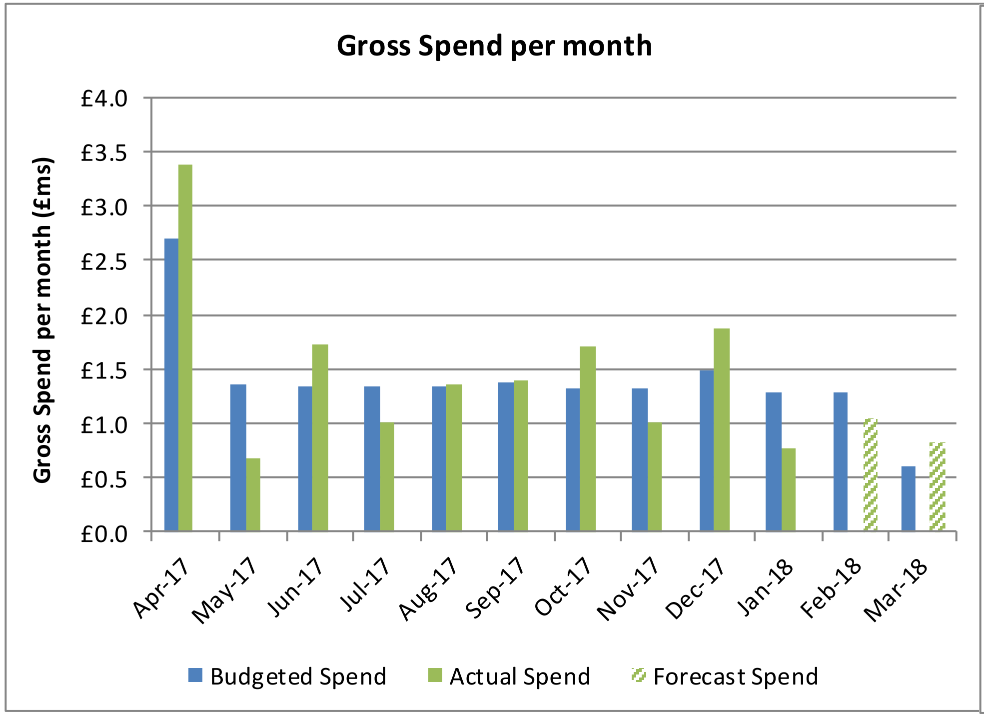
Appendix 2.12: Transport Services - Concessionary fares

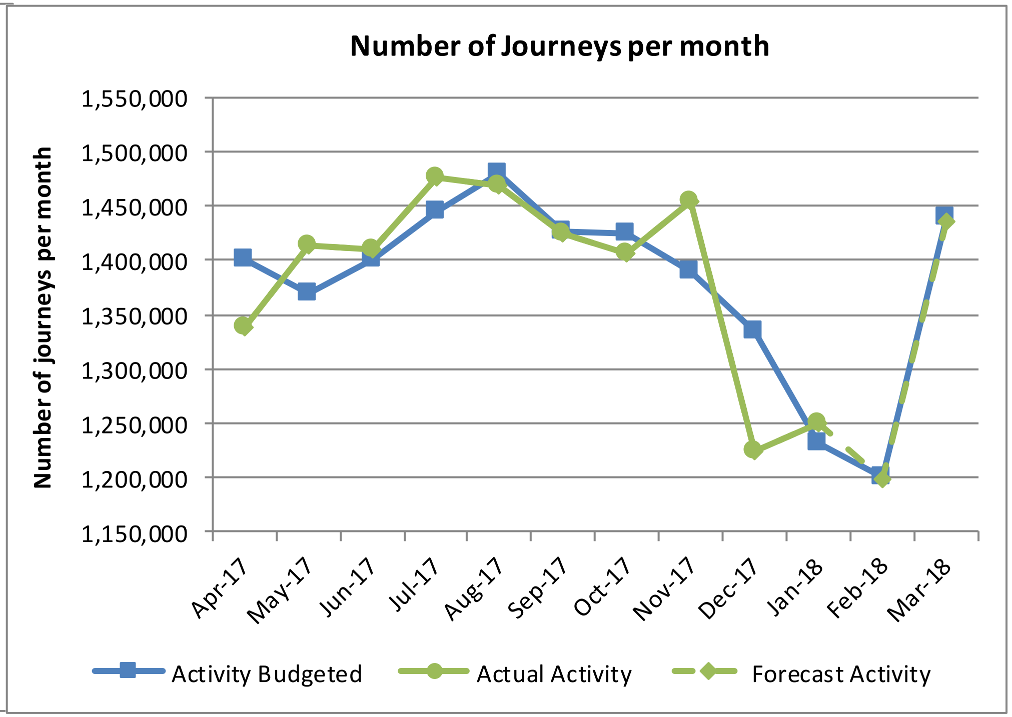
2017-18 Forecast	Gross £m	Income £m	Net £m	No of journeys to 31/03/2018
Budget	£16.8	-£0.0	£16.8	16,542,000
Actual	£16.8	-£0.0	£16.7	16,499,622
Variance	-£0.0	-£0.0	-£0.0	-42,378

Position as at 31st January 2018	Gross £m	No of journeys to 31/01/2018
Budget: Spend/Activity Year to Date	£14.9	13,901,503
Actual: Spend/Activity Year to Date	£14.9	13,865,889
Variance as at 31st Jan 2018	£0.0	-35,614

MAIN REASONS FOR FORECAST VARIANCE:

Currently there is no material variance relating either to number of journeys or price per journey. The forecast is based on actual activity for April to January, 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.





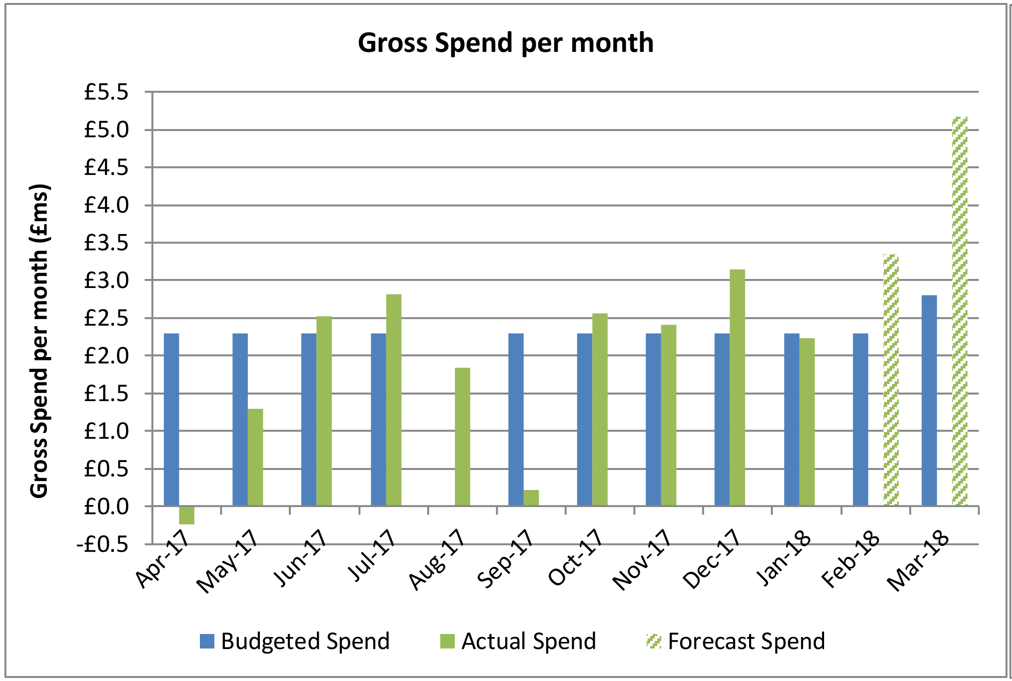
Appendix 2.13: Transport Services - Home to School / College Transport (Special Education Needs)

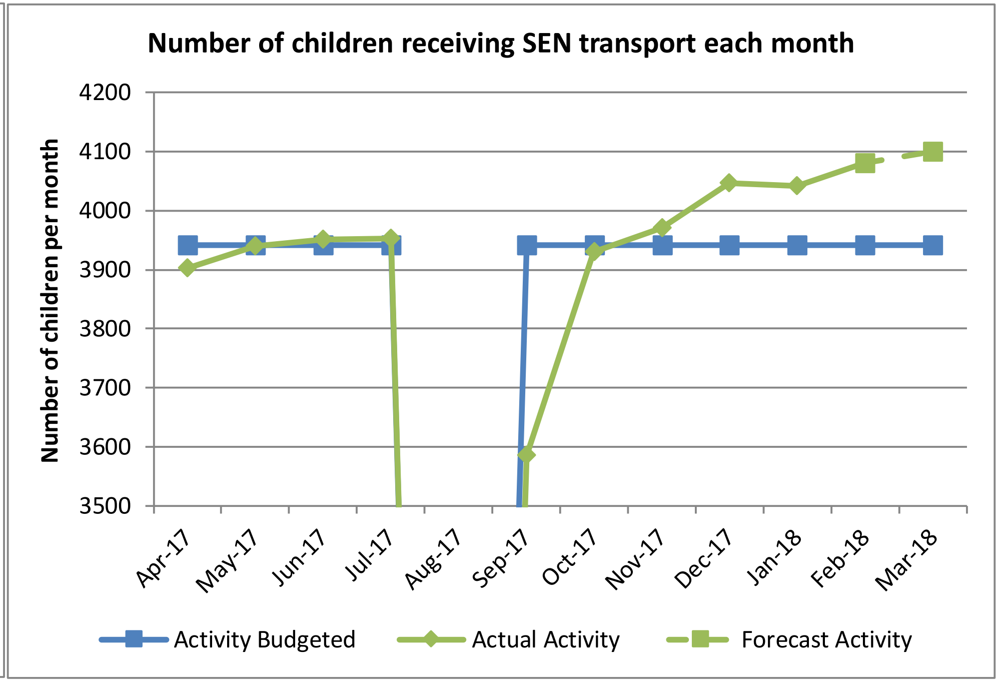
2017-18 Total Forecast	Gross £m	Income £m	Net £m	No of pupils as at 31/03/2018
Budget	£25.8	-£0.8	£25.0	3,941
Forecast	£27.3	-£0.8	£26.5	4,100
Variance	£1.6	-£0.0	£1.5	159

Position as at 31st January 2018	Gross £m	No of pupils as at 31/01/2018
Budget: Spend/Activity Year to Date	£20.7	3,941
Actual: Spend/Activity Year to Date	£18.8	4,042
Variance as at 31st January 2018	-£1.9	101

MAIN REASONS FOR FORECAST VARIANCE:

Current pupil numbers suggest an overall gross pressure of £1.6m 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 +£0.6m pressure on home to college transport.





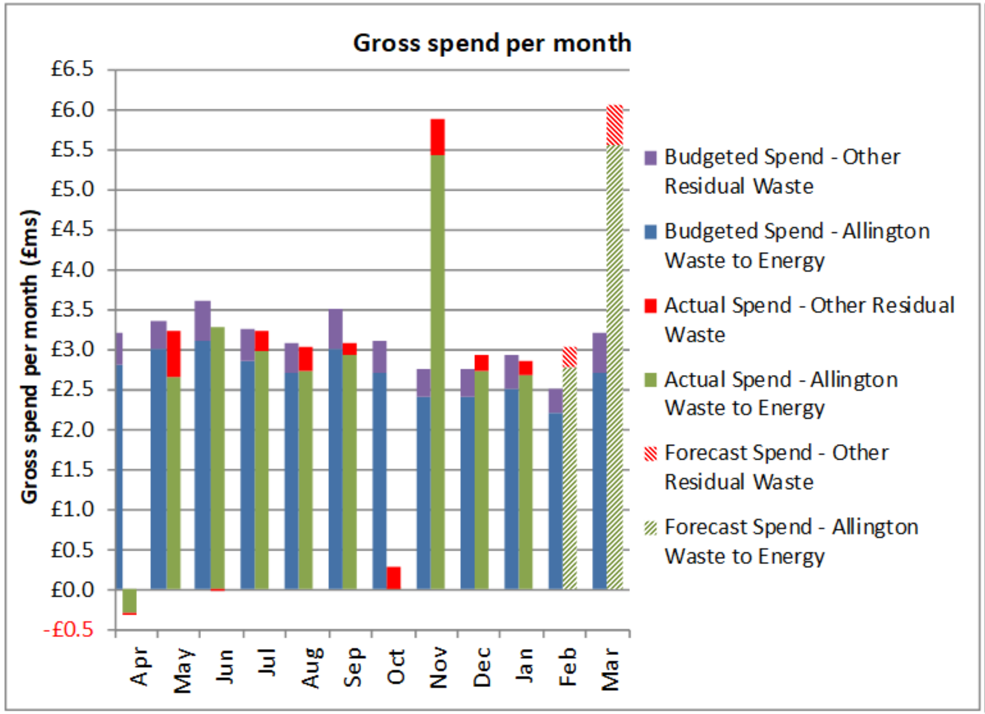
Appendix 2.14: Treatment and disposal of residual waste

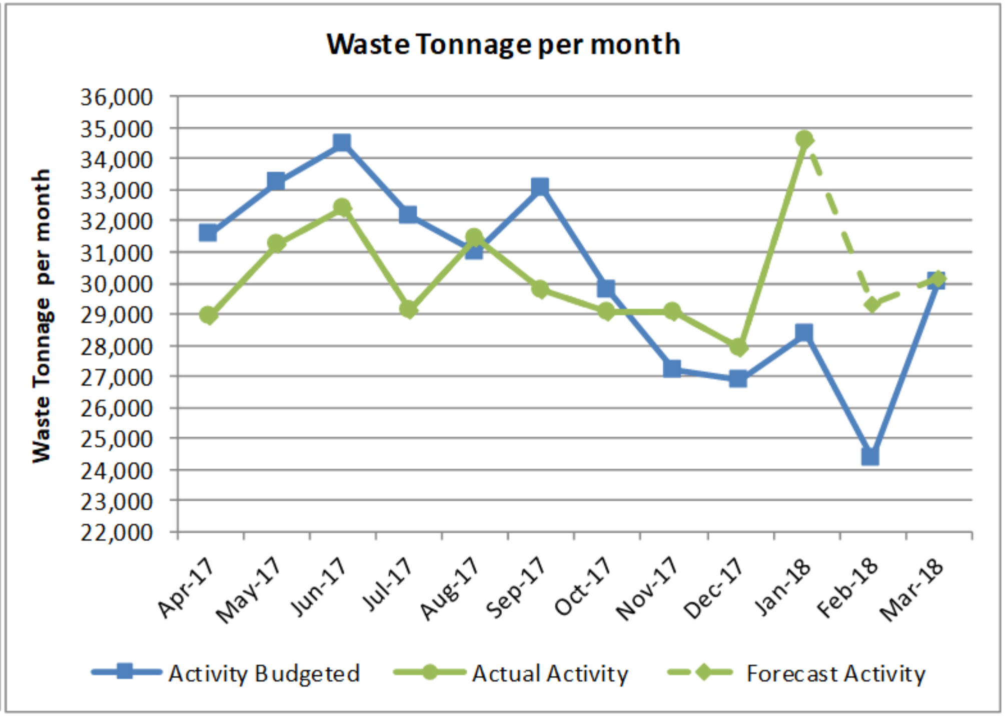
2017-18 Forecast	Gross £m	Income £m	Net £m	Waste Tonnage to 31/03/2018
Budget	£37.4	£0.0	£37.4	362,047
Actual	£37.8	-£0.6	£37.3	363,102
Variance	£0.5	-£0.6	-£0.1	1,054

Position as at 31st January 2018	Gross £m	Waste Tonnage to 31/01/2018
Budget: Spend/Activity Year to Date	£31.8	307,657
Actual: Spend/Activity Year to Date	£27.5	303,631
Variance as at 31st January 2018	-£4.3	-4,026

MAIN REASONS FOR FORECAST VARIANCE:

The gross pressure of +£0.5m is due to a price variance (+£0.5m) plus additional other variances (+£0.1m), offset by a volume variance of (-£0.1m). Even though a volume variance of 1,054 tonnes is projected within Gross the saving is due to tonnage being redirected from WTFD contracts to the additional WtE contract. This pressure is offset by higher than expected income (-£0.6m), mainly from trade waste tonnes, leading to a net saving of (-£0.1m). The -£4.3m 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.





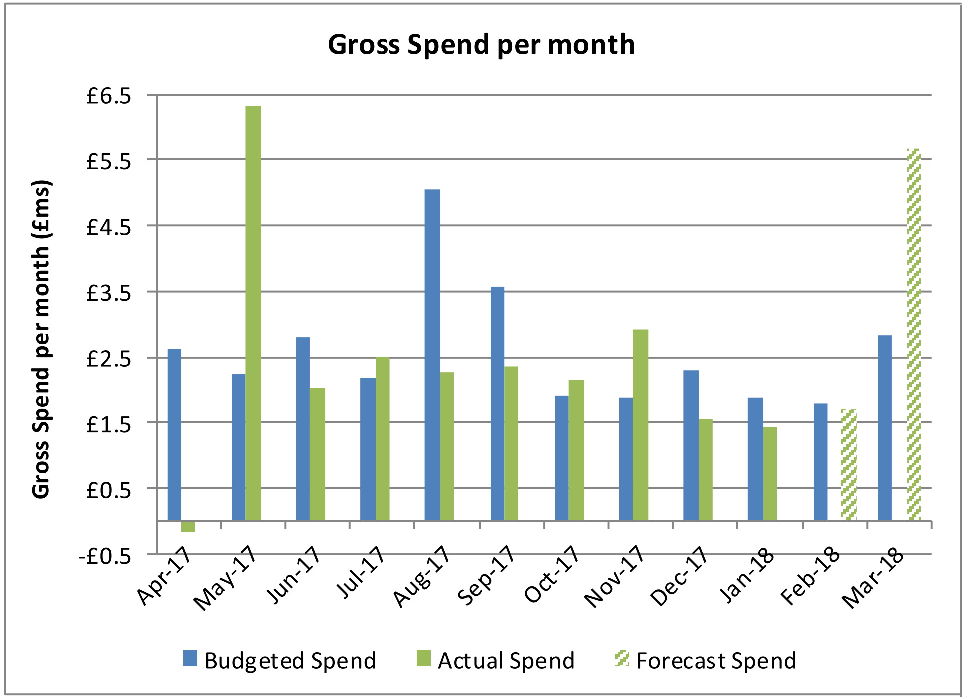
Appendix 2.15: Waste Processing

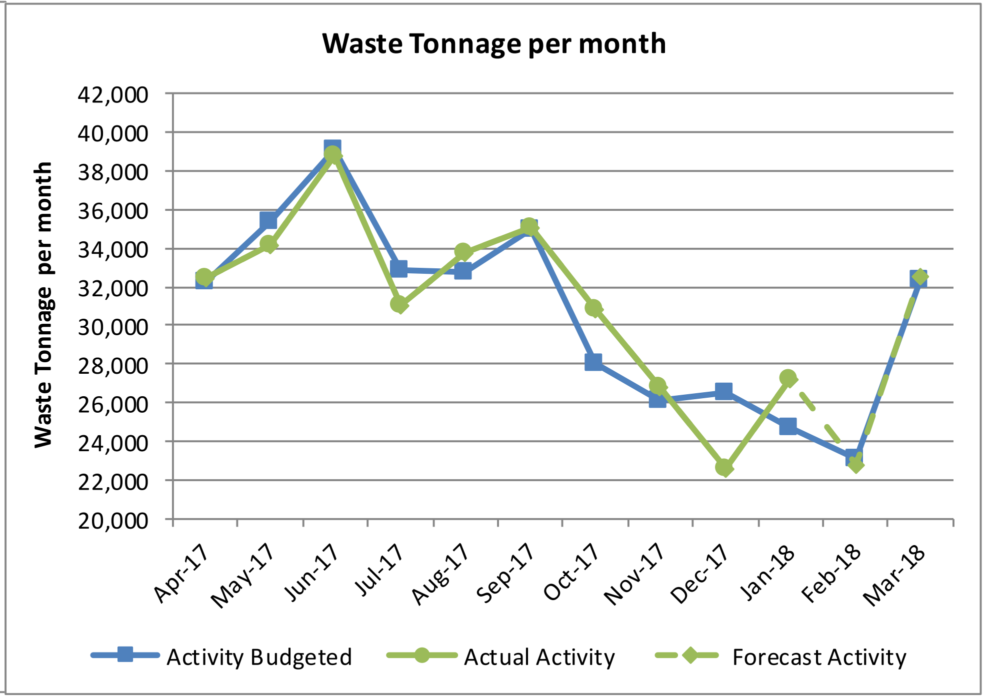
2017-18 Forecast	Gross £m	Income £m	Net £m	Waste Tonnage to 31/03/2018
Budget	£31.0	-£1.9	£29.2	368,245
Actual	£31.3	-£1.6	£29.7	368,232
Variance	£0.2	£0.3	£0.5	-13

Position as at 31st January 2018	Gross £m	Waste Tonnage to 31/01/2018
Budget: Spend/Activity Year to Date	£26.4	312,787
Actual: Spend/Activity Year to Date	£23.4	312,848
Variance as at 31st January 2018	-£3.0	61

MAIN REASONS FOR FORECAST VARIANCE:

Within gross there is a tonnage volume variance of +4,959 tonnes primarily across all Composting contracts (+£0.4m) plus other minor gross variances (+£0.1m) offset by a tonnage price variance of (-£0.3m) primarily for Soil/Hardcore and Materials Recycling Facilities where contracts have been successfully retendered. There is a pressure within income due to a volume variance of -4,972 tonnes (+£0.3m). 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 -£3.0m 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)

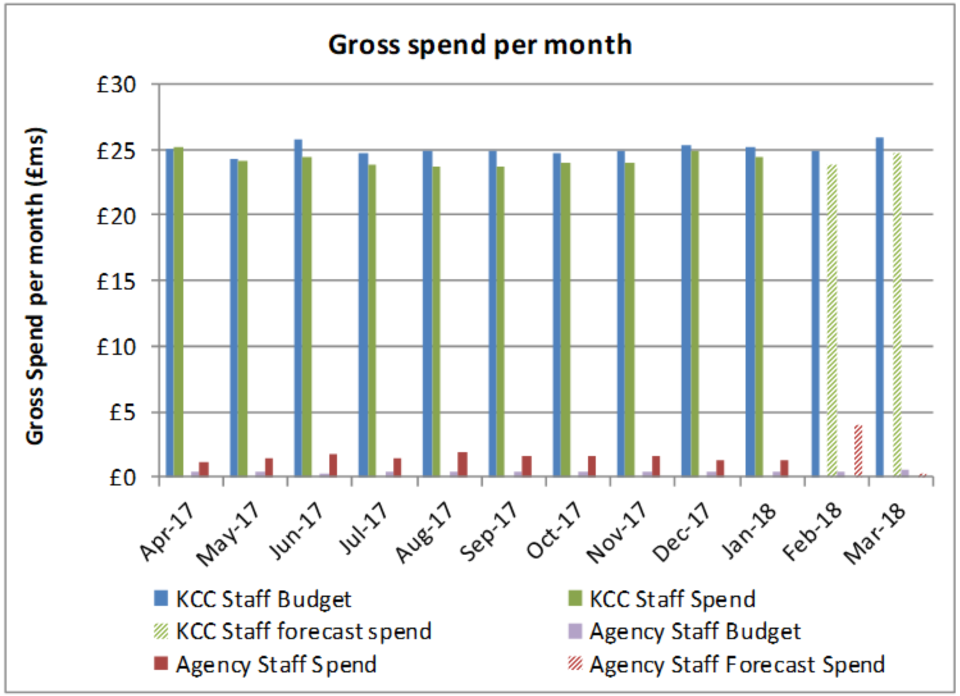
2017-18 Outturn	KCC £m	Agency £m	Gross £m
Budget	£300.7	£5.1	£305.8
Outturn	£290.8	£19.5	£310.3
Variance	-£9.9	£14.4	£4.5

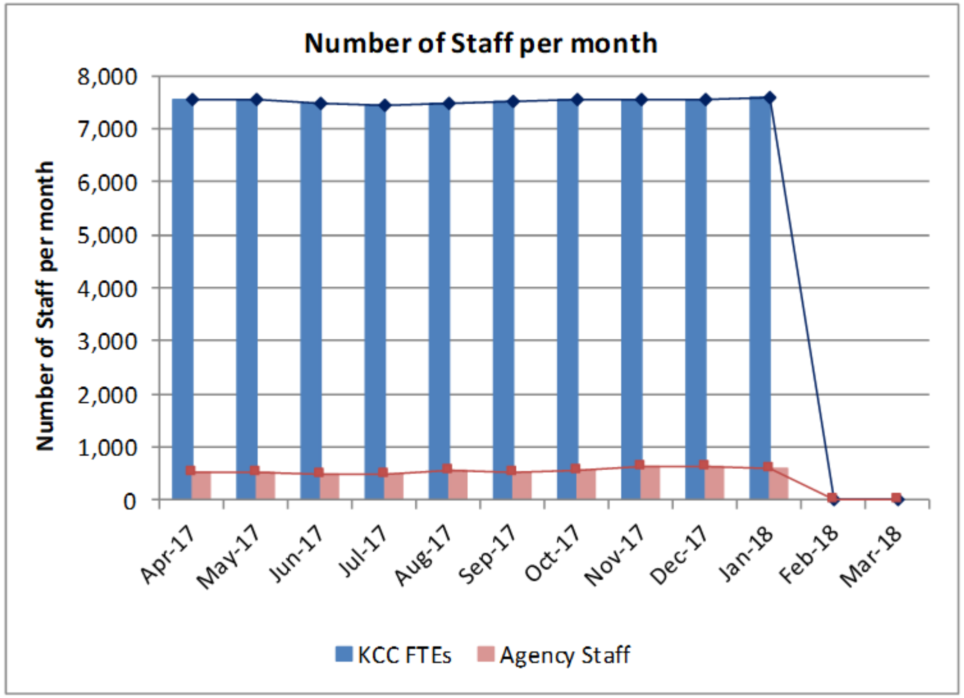
as at 31 December	KCC £m	Agency £m	Gross £m
YTD Budget	£224.7	£3.7	£228.4
YTD Spend	£242.3	£15.2	£257.5
YTD Variance	£17.6	£11.5	£29.1

Staff numbers	KCC FTEs	Agency Nos
as at 31 Mar 2017	7,609.36	445
as at 31 January 2018	7,542.38	630
Annual Movement	-66.98	185

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

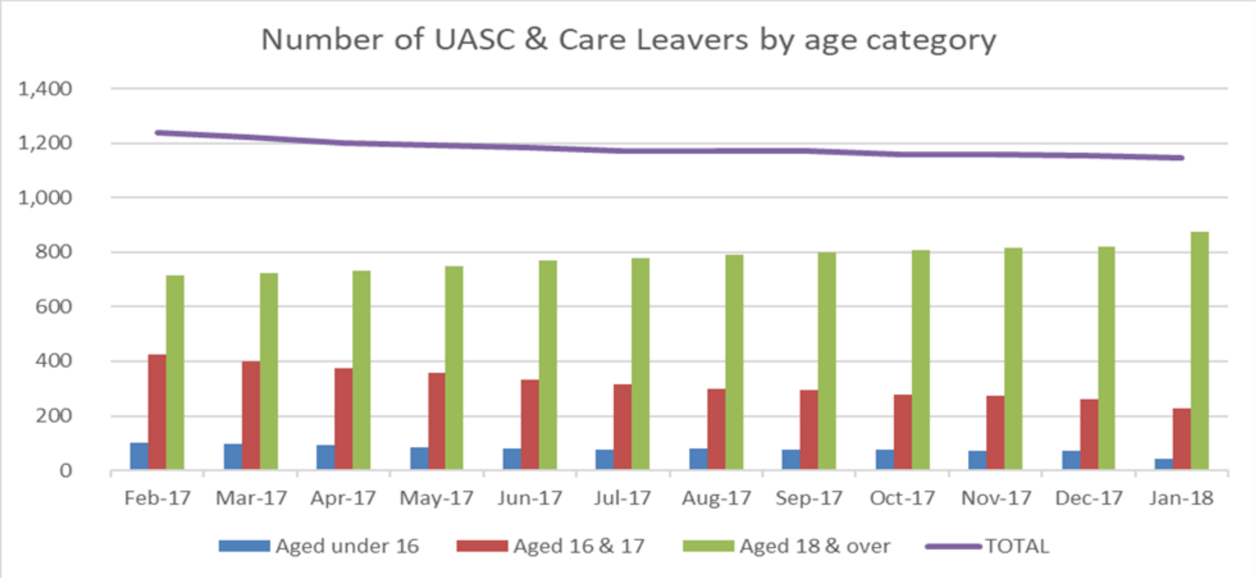
The outturn position is a pressure of £3.4m (after Corporate Director adjustment) as detailed below:

Jan-18	Cash Limit			Forecast Variance		
	Gross	Income	Net	Gross	Income	Net
	£m	£m	£m	£m	£m	£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	1.3	1.9
Aged 18 & over (care leavers)	8.75	-8.2	0.6	0.9	1.0	1.9
	23.6	**-23.1**	**0.6**	**0.0**	**3.4**	**3.4**

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**
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**
Nov-17	72	272	815	**1,159**
Dec-17	74	263	819	**1,156**
Jan-18	43	228	875	**1,146**



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. The graph demonstrates the gradual decrease in numbers of UASC LAC as new arrivals are being dispersed to other local authorities. Conversely, the number of UASC aged 18 and over is increasing as the legacy UASC who arrived prior to the dispersal scheme turn 18 years old. This pattern is more marked this month as those allocated an estimated DOB on arrival of 01 January 2000, become 18.

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	Ineligibl e 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
November	928	13	225	38	1,153	51
December	924	10	232	41	1,156	51
January	929	14	216	44	1,145	58

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 rose to a peak in

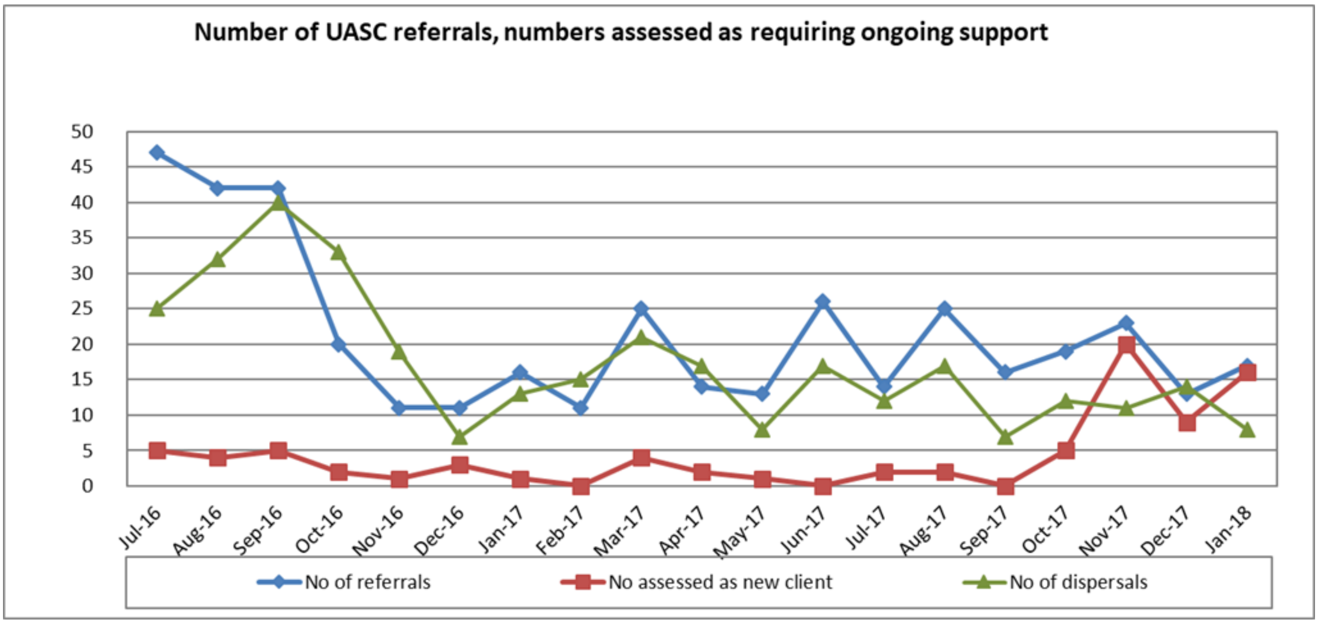
August 2017, decreased slightly as Human Rights Assessments were completed and cases were closed or referred to the Home Office. New information about asylum decisions has shown an increase in ARE cases since November, due to information from the Home Office, however, Human Rights Assessments are expected to reduce this number in the coming months.

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	2	8%	17
Sep-17	16	0	0%	7
Oct-17	19	5	26%	12
Nov-17	23	20	87%	11
Dec-17	13	9	69%	14
Jan-18	17	16	94%	8

Please note that due to further casework the number assessed as new clients has been updated since reporting in December and the Numbers assessed as new clients has shown a decrease between September and December.



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

In total there have been 328 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.

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
Nov-17	11	0	11
Dec-17	14	0	14
Jan-18	8	0	8