

By: Deputy Leader and Cabinet Member for Finance and Traded Services,
Peter Oakford
Corporate Director of Finance, Zena Cooke
Corporate Directors

To: Cabinet – 28 October 2019

Subject: **REVENUE & CAPITAL BUDGET MONITORING - August 2019-20**

Classification: Unrestricted

1. SUMMARY

- 1.1 This report provides the budget monitoring position up to 31 August 2019-20 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 – details of the Asylum service forecast and key activity information;
 - Appendix 2 – High Needs and Dedicated Schools Grant Key Indicators.
 - Appendix 3 – 2019-20 BRAG Update
- 1.3 Cabinet is asked to note the forecast revenue and capital monitoring position. The forecast revenue pressure is £3.742m increasing to £3.968m after roll forwards. This is an increase of £3.306m from the last reported position in May 2019.
- 1.4 The Children, Young People & Education directorate is forecasting a pressure of £6.3m. £3.9m is in the Education Planning and Access division and more specifically relates to the Special Education Needs service and Home to School & College Transport with pressures of £0.7m and 2.8m respectively and £2.2m is in the Integrated Children's Services division of which £1.4m relates to Care Leavers Support; more detail is provided in sections 4.2.2 and 4.2.4.
- 1.5 There is a reported variance of -£80.687m on the 2019-20 capital budget. This is made up of +£1.333m real variance and -£82.020m rephasing variance.

2. RECOMMENDATIONS

Cabinet is asked to:

- i) **Note** the forecast revenue budget monitoring position for 2019-20 and capital budget monitoring position for 2019-20 to 2021-22, and that the forecast pressure on the revenue budget needs to be eliminated as we progress through the year.
- ii) **Agree** that the underspend of £0.2m from selling our excess carbon reduction allowances for 2018-19 is transferred to a new Climate Change Target reserve to assist with accelerating our progress on climate change, with access to this reserve via a bid process.
- iii) **Agree** the capital budget cash limit adjustments set out in section 6.4.
- iv) **Note** the BRAG Update at Appendix 3

3. SUMMARISED REVENUE MONITORING POSITION

- 3.1 Overall the net projected revenue variance for the Council as reported by budget managers is a pressure of £3.742m before roll forwards, increasing to £3.968m after roll forwards.

This position reflects that we are on track to deliver the majority of the £44.9m of savings included in the approved budget for this year. Appendix 3 provides an update on the overall BRAG status of the 2019-20 budgeted savings and details the areas of concern.

The position by directorate is shown in table 1 below.

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

Directorate	Working Budget (£m)	Variance (£m)	Corporate Director Adjustment (£m)	Revised Total Variance (£m)	Previous Variance (£m)	Movement (£m)
Adult Social Care & Health	375.982	0.081	0.000	0.081	-0.611	0.691
Children, Young People & Education	253.336	6.318	0.000	6.318	3.441	2.878
Growth, Environment & Transport	173.891	0.060	0.000	0.060	0.311	-0.251
Strategic & Corporate Services	80.167	-0.209	0.000	-0.209	-0.286	0.077
Financing Items & Unallocated	118.012	-2.508	0.000	-2.508	-2.193	-0.315
Total (Excluding Schools)	1,001.388	3.742	0.000	3.742	0.662	3.080
Schools' Delegated Budgets	0.000	18.145	0.000	18.145	14.688	3.457
Total (Including Schools)	1,001.388	21.887	0.000	21.887	15.350	6.537

Directorate		Budget	Net Forecast Variance *	Corporate Director Adjustment	Revised Net Variance	Last Reported Position	Movement
		£m	£m	£m	£m	£m	£m
Variance from above (excl Schools)					3.742	0.662	3.080
Roll Forwards	- committed				0.226	0.000	0.226
	- re-phased				0.000	0.000	0.000
	- bids				0.000	0.000	0.000
Total Roll Forward Requirements					0.226	0.000	0.226
(-ve) Uncommitted balance / (+ve) Deficit					3.968	0.662	3.306

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

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

Directorate	Variance £m	Roll Forwards			Revised Variance £m
		Committed £m	Re-phased £m	Bids £m	
Adult Social Care & Health	0.081				0.081
Children, Young People & Education	6.318				6.318
Growth, Environment & Transport	0.060	0.226			0.286
Strategic & Corporate Services	-0.209				-0.209
Financing Items & Unallocated	-2.508				-2.508
TOTAL (Excl Schools)	3.742	0.226	0.000	0.000	3.968

4. REVENUE BUDGET MONITORING HEADLINES

The Directorate position by division and key service including narrative of the most significant variances against cash limit is detailed below.

4.1 Adult Social Care and Health

	Cash Limit	Variance	CDA Adj.	Revised Variance	Previous Variance (May)	Movement
	Net	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m
Strategic Management & Directorate Budgets (ASCH)						
Additional Adult Social Care Allocation	-7.811	0.000		0.000	0.000	0.000
Budget & Saving Plans to be allocated	1.440	-1.715		-1.715	-1.815	0.100
Strategic Management & Directorate Support (ASCH)	2.670	0.106		0.106	0.018	0.088
Total - Strategic Management & Directorate Budgets (ASCH)	-3.701	-1.609	0.000	-1.609	-1.796	0.188
Older People & Physical Disability						
Adult Physical Disability - Community Based Services	21.379	1.044		1.044	-0.193	1.237
Adult Physical Disability - Residential Care Services	14.876	0.181		0.181	-0.441	0.622
Carer Support - Commissioned	0.567	-0.543		-0.543	-0.303	-0.240
Older People - Community Based Services	30.833	0.735		0.735	2.393	-1.658
Older People - Residential Care Services	45.140	-0.606		-0.606	-1.494	0.888
Older People & Physical Disability - Assessment and Deprivation of Liberty Safeguards Services	23.994	-0.304		-0.304	0.518	-0.822
Older People & Physical Disability - In House Community Homecare Service	3.926	0.221		0.221	0.280	-0.059
Operational Budget & Savings Plans to be allocated	0.000	0.000		0.000	0.000	0.000
Total - Older People & Physical Disability	140.714	0.727	0.000	0.727	0.759	-0.033
Learning Disability 26+, Mental Health and Sensory & Autism Services						
Adult Learning Disability - Assessment Service	5.232	-0.212		-0.212	-0.169	-0.043
Adult Learning Disability - Community Based Services & Support for Carers	71.981	0.238		0.238	-0.170	0.408
Adult Learning Disability - Residential Care Services & Support for Carers	61.712	1.060		1.060	1.771	-0.711
Adult Mental Health - Assessment Services	9.746	-0.170		-0.170	-0.362	0.192
Adult Mental Health - Community Based Services	5.261	-0.018		-0.018	-0.058	0.040
Adult Mental Health - Residential Care Services	12.879	0.410		0.410	0.346	0.064
Physical Disability 26+ Lifespan Pathway & Autism - Community Based Services	0.390	0.185		0.185	0.132	0.053
Physical Disability 26+ Lifespan Pathway & Autism - Residential Care Services	0.460	0.068		0.068	0.033	0.035
Sensory & Autism - Assessment Service	1.877	0.102		0.102	-0.023	0.125
Learning Disability 26+, Mental Health and Sensory & Autism Division Management	0.258	0.073		0.073	0.000	0.073
Total - Learning Disability 26+, Mental Health and Sensory & Autism Services	169.794	1.736	0.000	1.736	1.500	0.236
Partnerships & Engagement						
Community Based Preventative Services	13.108	0.203		0.203	0.127	0.076
Housing Related Support	6.991	0.072		0.072	-0.156	0.228
Partnership Support Services	2.109	-0.180		-0.180	-0.083	-0.097
Social Support for Carers	2.950	0.000		0.000	0.000	0.000
Total - Partnerships & Engagement	25.158	0.094	0.000	0.094	-0.112	0.206

The Older People and Physical Disability service is increasingly succeeding in supporting people in their own homes for longer periods of time. This means that more complex care needs (which may have previously been met by a residential care placement) are being supported within the community. Pressures within community services are therefore increasing and resulting in an underspend in Residential Care.

Within 'Adult Physical Disability – Community Based Services' there is a pressure of +£1.0m. Predominately this relates to Supporting Independent Living services for clients with Physical Disabilities as a result of higher than anticipated demand.

Within 'Older People – Community Based Services' there is a net pressure of +£0.7m. There are +£1.5m of pressures relating to Direct Payments and Domiciliary Care due to an increase in demand and complexity.

The pressures in these service lines are being stabilised through the one-off funding sources referred to above.

The division is working to tackle pressures within community care services by investing in Prevention and Early Intervention services which offer Care Navigation options and Home Improvements designed to support service users before their care needs escalate.

Within 'Older People – Residential Care Services' there is a net underspend of -£0.6m supporting the above. Service Users will only enter registered care settings when their complex needs cannot be met safely in the community. The variance against Residential Services is -£1.1m and for Nursing Care (which supports higher care needs) is +£1.3m.

4.1.4 Learning Disability 26+, Mental Health and Sensory & Autism Services

This division is an area of increasing pressure within Adult Social Services. Part of the reason for this is that younger working age adults are now more likely to maintain their independence in a supported home environment, rather than entering registered care settings. The impact of this is that the demand for Supporting Independent Living services (SIS) is increasing rapidly, along with complex care needs. This mirrors the same pressures seen for service users with physical disabilities.

Within 'Adult Learning Disability – Community Based Services & Support for Carers' there is a net pressure of +£0.2m. There is an overspend of +£3.4m against SIS which is driven by higher than anticipated demand and complexity. One-off funding sources are being used to stabilise the position; £2.5m is being drawn down from reserves (set aside in 2018-19 for delayed growth in demand) and £0.2m of income received to support the after care costs of the 'Transforming Care' programme (which provides enhanced or intense support for adults with a learning disability and/or autism who display behaviours that challenge, to enable them to live safe and well within their community).

The division is working to reduce community care pressures by investing in services such as the 'Kent Pathway Service' which works with adults with a learning disability to improve their independence by developing life skills. This improves outcomes for people with a disability as they require less support and delivers increased independence with a reduction in levels of care.

Service Users who are cared for within registered care settings are increasingly receiving one to one care and additional support. There are also Continuing Healthcare improvers who are now eligible for Local Authority funded Social Care. These people have complex care needs which has resulted in an unanticipated pressure. The two Residential Care Key Service Lines (for Mental Health and Learning Disability) are showing a net pressure of +£1.5m. The underlying pressure is +£2m and one-off funding sources are being used to stabilise the position; using £0.5m of income received to support the after care costs of the 'Transforming Care' programme.

There are underspends reported against the Assessment Service Key Services due to continued slippages in recruitment.

4.1.5 Business Delivery Unit

There is a variance of -£0.6m reported against Adaptive & Assistive Technology as efficiencies within the procurement and running of this service which came into full effect in 2018-19 continue to deliver economies.

4.2 Children, Young People and Education

	Cash Limit	Variance	CDA Adj.	Revised Variance	Previous Variance (May)	Movement
	Net	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m
Children, Young People & Education						
Strategic Management & Directorate Budgets (CYPE)						
Budget & Saving Plans to be allocated (CYPE)	-1.912	0.000		0.000	0.000	0.000
Strategic Management & Directorate Budgets (CYPE)	4.640	0.164		0.164	0.145	0.019
Total - Strategic Management & Directorate Budgets (CYPE)	2.728	0.164	0.000	0.164	0.145	0.019
Education Planning & Access						
Community Learning & Skills (CLS)	-0.991	0.012		0.012	0.000	0.012
Early Years Education	0.000	0.000		0.000	0.000	0.000
Education Services & Planning Resources Management & Division Support	1.007	-0.007		-0.007	0.081	-0.088
Education Services provided by EDSECO Ltd (trading as The Education People)	3.877	-0.000		-0.000	-0.016	0.016
Fair Access & Planning Services	0.010	0.001		0.001	0.001	-0.000
Home to School & College Transport	39.232	2.764		2.764	0.590	2.174
Other School Services	-1.094	0.427		0.427	0.473	-0.046
Special Educational Needs & Psychology Services	5.578	0.686		0.686	1.164	-0.478
Total - Education Planning & Access	47.620	3.882	0.000	3.882	2.293	1.589
Integrated Children's Services (East & West)						
Adoption & Special Guardianship Arrangements & Service	14.382	-0.390		-0.390	-0.500	0.110
Asylum	0.056	0.429		0.429	0.459	-0.030
Care Leavers Service	5.697	1.401		1.401	0.834	0.567
Children in Need - Care & Support	3.255	0.032		0.032	0.002	0.030
Children's Centres	3.448	0.042		0.042	0.015	0.027
Children's Social Work Services - Assessment & Safeguarding Service	46.767	0.302		0.302	0.106	0.196
Early Help & Preventative Services	7.606	-0.348		-0.348	-0.174	-0.174
Integrated Services (Children's) Management & Directorate Support	4.817	0.001		0.001	-0.067	0.068
Looked After Children - Care & Support	58.106	0.414		0.414	-0.538	0.952
Pupil Referral Units & Inclusion	-0.058	0.003		0.003	0.000	0.003
Youth Services	3.913	0.265		0.265	0.211	0.054
Total - Integrated Children's Services (East & West)	147.988	2.150	0.000	2.150	0.349	1.802

	Cash Limit	Variance	CDA Adj.	Revised Variance	Previous Variance (May)	Movement
	Net	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m
0-25 Disability (Lifespan Pathway)						
Adult Learning & Physical Disability Pathway - Community Based Services	23.382	-0.430		-0.430	-0.053	-0.377
Adult Learning & Physical Disability Pathway - Residential Care Services & Support for Carers	8.546	0.879		0.879	0.613	0.266
Children in Need (Disability) - Care & Support	5.123	-0.270		-0.270	-0.406	0.136
Childrens Disability 0-18 Commissioning	1.692	-0.002		-0.002	0.000	-0.002
Disabled Children & Young People Service (0-25 LD & Complex PD) - Assessment Service	7.410	-0.036		-0.036	-0.058	0.022
Looked After Children (with Disability) - Care & Support	8.849	-0.021		-0.021	0.558	-0.579
Total - 0-25 Disability (Lifespan Pathway)	55.000	0.121	0.000	0.121	0.654	-0.533
Total - Children, Young People & Education	253.336	6.318	0.000	6.318	3.441	2.878

4.2.1 The forecast for Children, Young People and Education Directorate indicates an overall pressure of +£6.3m, of which +£0.4m relates to the Asylum service.

4.2.2 Education Planning & Access

The initial forecast for the Special Education Needs (SEN) Service suggests a pressure of at least +£0.7m. This budget should be considered in conjunction with the Schools High Needs budget pressure outlined in section 4.6 and Appendix 2 resulting from the continual rise in demand for Special Education Needs & Disability (SEND) assessment and support.

It is also important to note the current forecast only includes a small amount of costs (+£0.2m) associated with the implementation of the SEND Statement of Written Action recently submitted to OFSTED to address the outcomes of the recent SEND inspection report. The exact costs and timing of this plan are being finalised and further updates will be provided next month.

Early indications suggest there is a pressure of +£2.8m within the Home to School & College Transport budget. This is predominantly due to:

- +£2.9m pressure from the transporting of children with SEN based on September pupil numbers. The number of children being transported is significantly higher than originally estimated. This can be linked to the unprecedented demand on SEN generally.
- +£0.4m shortfall in income to fund the costs of the 16+ Travel Card. A reduction in the number of users using the scheme has led to a reduction in the amount of income but costs have not reduced by the same proportion due to:
 - i. Costs being based on the actual number of journeys undertaken whilst charges are based on a flat rate fee. High users of the scheme continue to purchase the pass whilst occasional users are choosing to no longer take part.
 - ii. the unit price of travel rising by double the amount originally estimated over the course of 2018-19.

There is a continual pressure from 2018-19 of +£0.4m on various school related costs including revenue maintenance costs associated with schools which are expected to be more than the grant available.

4.2.3 0-25 Disability (Lifespan Pathway):

Disability Services are forecasting an initial pressure of +£0.1m. This forecast has improved since the last monitoring report due to an agreed draw down from reserves. This pressure is predominantly due to:

- +£0.4m pressure on 18-25 placement costs mainly within the residential care service where the number of placements is higher than originally budgeted. The forecast also assumes a similar level of growth as in previous years.
- -£0.3m underspend on direct payments due to the unavailability of Personal Assistants in the market.

4.2.4 Integrated Children's Services

The service is forecasting a pressure of +£1.7m including the following significant variances:

- The Care Leavers Service is forecasting a pressure of +£1.4m due to higher than anticipated placement and additional support costs. The Division has recently invested in a new floating support and accommodation services which are anticipated to deliver savings in the longer term by reducing the average cost of supporting young people. The transition period to the new service offer has taken longer than expected and has led to a short-term pressure on this service, where both old and new services continue to be commissioned. The service is currently investigating this large pressure.
- Adoption Services are forecasting an initial underspend of -£0.4m. The forecast assumes similar trends as seen in 2018-19 for the growth of Special Guardianship Orders and reduction in adoption payments.
- The Looked After Children placement budget is forecasting a +£0.4m pressure predominantly due to increases in the number of externally purchased placements particularly with independent fostering agencies and supported accommodation settings. This is due to insufficient numbers of in house foster carers leading to a greater reliance on the use of the external market. This forecast assumes current activity levels do not increase further during the year.

4.2.5 Specialist Children's Services – Asylum Seekers:

The estimated pressure for the Asylum Service is +£0.4m. This forecast takes into account the recent conclusions of the Unaccompanied Asylum Seeking Children (UASC) review where the grant rate paid for supporting 16- and 17- year olds had been increased to mirror the rate paid for under 16 year olds.

There is still a significant shortfall in funding to support Care Leavers and the forecast continues to assume the rate paid for Care Leavers will remain unchanged as there is no timescale for the completion of the Home Office funding review for Care Leavers.

KCC continues to pursue the Home Office for further funding to address the historic shortfall in funding received for asylum services in both 2017-18 and 2018-19 totalling £6.1m. (see appendix one)

4.3 Growth, Environment and Transport

	Cash Limit	Variance	CDA Adj.	Revised Variance	Previous Variance (May)	Movement
	Net	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m
Growth, Environment & Transport						
Strategic Management & Directorate Budgets (GET)						
Budget & Savings Plans to be allocated (GET)	-0.127	0.000		0.000	0.000	0.000
Strategic Management & Directorate Budgets (GET)	1.334	-0.053		-0.053	0.047	-0.100
Total - Strategic Management & Directorate Budgets (GET)	1.207	-0.053	0.000	-0.053	0.047	-0.100
Economic Development						
Arts	1.617	0.008		0.008	-0.049	0.057
Economic Development	2.770	-0.008		-0.008	0.064	-0.072
Total - Economic Development	4.387	0.000	0.000	0.000	0.015	-0.015
Highways, Transportation & Waste						
Concessionary Fares	17.225	0.085		0.085	0.000	0.085
Highway Asset Management (Other)	16.867	-1.135		-1.135	-0.210	-0.925
Highway Asset Management (Roads and Footways)	11.968	1.064		1.064	0.212	0.852
Highway Transportation (including School Crossing Patrols)	5.418	-0.009		-0.009	0.005	-0.014
Highways, Transport & Waste Management Costs and Commercial Operations	4.857	0.420		0.420	0.314	0.106
Residual Waste	40.680	-0.486		-0.486	-0.013	-0.473
Subsidised Buses and Community Transport	6.199	0.004		0.004	0.001	0.003
Waste Facilities & Recycling Centres	30.835	0.246		0.246	-0.260	0.506
Young Person's Travel Pass	8.103	0.000		0.000	0.000	0.000
Total - Highways, Transportation & Waste	142.151	0.189	0.000	0.189	0.049	0.140
Environment, Planning & Enforcement						
Environment & Planning	5.556	0.065		0.065	0.127	-0.062
Environment, Planning & Enforcement Management Costs	0.653	0.034		0.034	0.042	-0.008
Public Protection (Enforcement)	10.521	-0.162		-0.162	0.031	-0.193
Total - Environment, Planning & Enforcement	16.730	-0.063	0.000	-0.063	0.200	-0.263
Libraries, Registration & Archives	9.416	-0.013	0.000	-0.013	-0.001	-0.012
Total - Growth, Environment & Transport	173.891	0.060	0.000	0.060	0.311	-0.250

4.3.1 The overall position for the Directorate is a forecast variance of +£0.3m after committed roll forwards, with forecast pressures of +£1.9m being almost completely offset by forecast underspends of -£1.6m. The Directorate are looking to identify management action to mitigate this pressure.

The reported position is a +£0.1m variance to cash limit but this includes two underspends, totalling -£0.2m, that are committed and require rolling forward to 2020-21. Otherwise, the +£0.3m variance is not significantly different to the previous report. The -£0.2m adjustments relate to 2018-19 roll forward requests that were agreed in June 2019 and straddle two financial years in respect of Volunteer and Apprentice Warden pilot scheme, and the Doorstep Intelligence project.

4.3.2 Highways, Transportation & Waste

The Highway Asset Management (Roads and Footways) pressure (+£1.1m) comprises non-recoverable damage, increased safety critical and other urgent works, additional staffing costs and other small variances. This is offset by an underspend position within Highways Asset Management (Other) of -£1.1m, comprising by further savings/underspends in streetlight energy/maintenance, as well as additional street work and permit scheme income. These off-setting variances will be reflected in budget build and the Medium Term Financial Plan (MTFP).

Residual Waste is showing an underspend (-£0.5m) primarily due to an increased amount of trade waste.

There are tonnage price pressures across all recycling contracts (mainly Material Recycling Facility and paper/card sale of recyclables income contract) largely offset by a combination of savings on haulage fees, transfer station management costs, and the proceeds of an insurance settlement to leave a slight overspend in Waste Facilities & Recycling Centres (+0.2m).

The Highways, Transport & Waste Management Costs and Commercial Operations pressure (+£0.4m) is made up of several smaller variances against staffing, non-staffing and income.

4.3.3 Environment, Planning & Enforcement

The division is forecasting an underspend, prior to committed underspends, of -£0.1m. Taking into account the committed roll forwards of £0.2m there is a pressure of +£0.1m.

Within this +£0.1m, there is a variance of +£0.1m relating to both to additional costs for the Gypsy & Traveller Service, with most sites reporting urgent asset maintenance, and a shortfall in the income target. These works are being prioritised and some may be able to be deferred until 2020-21. A report to the July Environment and Transport Cabinet Committee outlined the future strategy for this service including the pitch improvement/site management policy, as well as the approach to rent and charges.

The Coroners service is forecasting a small net variance (+£0.1m). Pressures continue in relation to the need to employ agency pathologists (+£250k) and this will be reflected in the Medium Term Financial Plan. This is offset by a number of small underspends against other budgets, including Medical Examiners (where the full impact of this new service has not yet been experienced), and the body removal contract.

4.3.4 The directorate continues to consider areas of management action which will be reflected through the monitoring report in subsequent months, with a view to achieving a balanced position overall by the year end.

4.4 Strategic and Corporate Services

	Cash Limit	Variance	CDA Adj.	Revised Variance	Previous Variance (May)	Movement
	Net	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m
Strategic & Corporate Services						
Strategic Management & Directorate Budgets (S&CS)	-1.269	-0.006	0.000	-0.006	-0.001	-0.005
People & Communication						
Customer Contact, Communications & Consultations	5.477	0.033		0.033	0.059	-0.026
Human Resources related services	7.635	-0.208		-0.208	-0.203	-0.005
Total - People & Communication	13.112	-0.175	0.000	-0.175	-0.145	-0.031
Finance	9.831	-0.275	0.000	-0.275	-0.294	0.019
Governance, Law & Democracy						
Governance & Law	5.490	0.002		0.002	0.031	-0.029
Local Member Grants	2.549	-0.000		-0.000	0.000	-0.000
Total - Governance & Law	8.039	0.002	0.000	0.002	0.031	-0.029
Infrastructure						
ICT related services	16.568	-0.045		-0.045	0.015	-0.060
Property related services	3.024	-0.017		-0.017	0.041	-0.058
Total - Infrastructure	19.592	-0.063	0.000	-0.063	0.056	-0.119
Corporate Landlord	21.630	0.200	0.000	0.200	0.000	0.200
Strategic Commissioning including Public Health						
Strategic Commissioning	7.293	0.000		0.000	-0.003	0.003
Public Health - Advice and Other Staffing	0.000	0.000		0.000	0.000	0.000
Public Health - Children's Programme	0.000	0.000		0.000	0.000	0.000
Public Health - Healthy Lifestyles	0.006	-0.000		-0.000	0.000	-0.000
Public Health - Mental Health, Substance Misuse & Community Safety	0.042	-0.000		-0.000	0.000	-0.000
Public Health - Sexual Health	0.000	-0.000		-0.000	0.000	-0.000
Total - Strategic Commissioning including Public Health	7.341	0.000	0.000	0.000	-0.003	0.003
Strategy, Policy, Relationships & Corporate Assurance	1.891	0.107	0.000	0.107	0.070	0.037
Total - Strategic & Corporate Services	80.167	-0.209	0.000	-0.209	-0.286	0.076

4.4.1 The overall position for the Directorate, is a forecast underspend of -£0.2m with forecast underspends of -£0.5m being partially offset by forecast pressures of +£0.3m.

4.4.2 The Finance and People & Communications divisions are together forecasting underspends of -£0.5m due to in-year staffing vacancies. These are partially offset by small pressures totalling +£0.1m in the other divisions.

4.4.3 Corporate Landlord are forecasting a pressure of +£0.2m which relates to the re-phased deliverability of the Asset Utilisation savings target, where the plans for a number of front-line service buildings require public consultation before progression.

4.4.4 A pressure for Oakwood House is expected this year but until a Member decision on its future use is made it cannot be quantified with any accuracy. The pressure will be reported on in future monitoring reports along with any mitigating management action.

4.5 Financing Items and Unallocated

	Cash Limit	Variance	CDA Adj.	Revised Variance	Previous Variance (May)	Movement
	Net	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m
Financing Items & Unallocated	118.012	-2.508	0.000	-2.508	-2.193	-0.315

- 4.5.1 An underspend of £2.5m is forecast reflecting additional Extended Rights to Free Travel grant notified by Government since the 2019-20 budget was set (£0.1m) and underspending against the net debt costs budget (£2.4m) mainly as a result of higher forecast dividends from externally managed funds.
- 4.5.2 In addition, Minimum Revenue Provision (MRP) has been recalculated based on assets completed in 2018-19. This has resulted in a saving of £0.3m. In line with usual practice it is intended that this underspend is transferred to the MRP smoothing reserve to be used to fund future fluctuations in MRP, therefore there is no overall impact in the current year.
- 4.5.3 There is also an underspend of £0.2m as a result of selling our excess carbon reduction allowances for 2018-19. **Cabinet is asked to agree** that this is transferred to a new Climate Change Target reserve to assist with accelerating our progress on climate change, with access to this reserve via a bid process to Budget Delivery Group for approval, similar to the Transformation Fund. It is proposed that this reserve will be funded in future by an annual base contribution to be included as a pressure in our draft 2020-23 MTFP proposals, for consideration by County Council in February. The monitoring forecast assumes that Cabinet agree this approach and that this underspend will be transferred to reserves and therefore has no impact on the overall 2019-20 position.

4.6 Schools delegated budgets:

The schools delegated budget reserves are currently forecast to end the financial year in surplus by £8.7m, compared to £26.9m at the start of the financial year. This is made up of a forecast surplus of £31.8m on individual maintained school balances and a deficit on the central schools reserve of £23.1m. The table below provides the detailed movements on each reserve. Appendix 2 also provides further detail on the High Needs pressure and the history of the Dedicated Schools Grant reserve:

	Individual School Reserves (£m)	Central Schools Reserve (£m)	Total School Reserves (£m)
Balance b fwd	33.384	(6.500)	26.884
Forecast movement in reserves:			
Academy conversions and closing school deficits	(1.568)	(0.315)	(1.883)
School Growth		2.956	2.956
High Needs Placement Costs		(17.244)	(17.244)
Various		0.146	0.146
Overspend on Central DSG budgets		(2.120)	(2.120)
Forecast reserve balance	31.816	(23.077)	8.739

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

The Schools' delegated budget is currently showing a pressure of £18.1m. This is predominantly due to the pressure on high need placement costs (£17.2m) which is further explained in Appendix 2.

4.7 Table 2: Performance of our wholly owned companies

Dividends/Contributions (£m)	Budget	Forecast	From trading surplus	from reserves
Commercial Services	4.400	4.400	4.400	
Cantium Business Solutions	1.760	1.760	1.760	

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 -£80.687m on the 2019-20 capital budget. This is made up of +£1.333m real variance and -£82.020m rephasing variance. Headline movements are detailed below by Directorate.

6.2 Table 3: Directorate **capital** position

Directorate	Working Budget	Variance	Real Variance	Rephasing Variance	Last Reported Position		Movement	
					Real	Rephasing	Real	Rephasing
	£m	£m	£m	£m	£m	£m	£m	£m
Children, Young People & Education	108.822	-14.664	0.218	-14.882	6.467	-2.150	-6.249	-12.732
Adult Social Care & Health	11.730	-6.001	-0.191	-5.810	0.200	-0.981	-0.391	-4.829
Growth, Environment & Transport	196.311	-51.543	1.902	-53.445	-1.686	-39.667	3.588	-13.778
Strategic & Corporate Services	76.679	-8.479	-0.596	-7.883	-0.416	-2.491	-0.180	-5.392
TOTAL	393.542	-80.687	1.333	-82.020	4.565	-45.289	-3.232	-36.731

6.3 Capital budget monitoring headlines

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

Previously reported variances that are still relevant are in italic font.

6.3.1 Children, Young People and Education

Previously reported variances:

Previously reported variances have now been negated by agreed cash limit changes.

New variances to report:

- Basic Need, Basic Need Kent Commissioning Plan (KCP) 2017 and KCP 2018: Rephasing variance of -£16.671m. This relates to delays across a large number of individual schools, due to issues including land transfers, changes to scope of projects, incorrect cost plan, ecological issues and housing development not progressing as expected.
- Priority School Build Programme: Rephasing variance of +£1.412m. The majority of this relates to Benenden Church of England Primary School (CEPS). Due to an error by the design consultants the spoil mound was larger than expected and had to be removed before the school opened.
- John Wallis Academy: Real variance of +£0.226m. Additional payments have been made to the academy and costs of relocating the Ray Allen Centre have increased. The overspend is to potentially be met from an increase in the capital receipt, when disposal of the former primary school site occurs.

6.3.2 **Adult, Social Care & Health**

Previously reported variances:

- Home Support Fund and Equipment: Real variance of -£0.191m (previously reported -£0.200m). *This is a reactive budget, funded by revenue grant and is subject to in year fluctuations.*

New variances to report:

- Developer Funded Community Schemes: Rephasing variance of -£1.651m. Projects which meet the specific developer contribution criteria are being sought, however progress is slow.
- Learning Disability Good Day Programme: Rephasing variance of -£2.039m. Projects at Meadowside and Southfields are now progressing, feasibilities have been completed and the projects are now at full design stage, however progress on other projects within the programme has been slower than expected, resulting in the rephasing.
- Adult Social Care Case Management: Rephasing variance of -£1.370m. System delivery has been delayed to ensure that all business critical issues can be resolved, and key business processes, particular client charging and billing, have been thoroughly tested. The project go live date has moved from January 2019 to October 2019.

6.3.3 **Growth, Environment & Transport**

Highways, Transportation & Waste

Previously reported variances:

- *National Productivity Investment Fund Kent: Rephasing of -£4.064m. A number of challenges have been encountered during the design phase and a planning application is required for further development of the scheme. This has delayed the programme and contract award, now programmed to commence in December 2019.*
- Kent Thameside Strategic Transport: Rephasing of -£5.155m (previously reported -£4.945m). *Ongoing negotiations are progressing regarding the timing of the developer contributions for the Ebbsfleet and Bean schemes, with KCC's contribution re-phased accordingly.*
- Maidstone Integrated Transport: Rephasing of -£3.809m (previously reported -£3.932m). *The schemes have been developed further, with approval in place from the South East Local Enterprise Partnership, and this has led to a re-profiling of the expenditure.*

- *Housing Infrastructure Fund: Rephasing of -£1.897m. The rephasing is due to a review of the programme of works to ensure the budget matches both the level and profile of developer contributions that are currently available. Currently awaiting revised cost estimates.*
- *Thanet Parkway: Rephasing of -£8.719m (previously reported -£7.504m). Ongoing technical discussions with, and costings from, Network Rail, submission of the planning application determination process and awaiting confirmation of funding bids has resulted in a re-profiling of the budget. The design and build phase is now scheduled to occur in 2020-21.*

New variances to report:

- **Rathmore Road Link:** Real variance of -£0.148m. The project is nearing completion and final cost profiles are predicting an underspend of £0.148m. Any underspend will be passed back to the Kent Thameside Programme.
- **Open Golf:** Rephasing variance of -£1.120m. We are awaiting an updated cost profile from Network Rail, when it is anticipated that the footbridge works will be rephased to 2020-21.
- **Sturry Link Road:** Rephasing variance of -£1.760m. Spend for the current year has been reprofiled due to project delays in securing planning and match funding.
- **Leigh (Medway) Flood Storage Areas:** Rephasing variance of -£1.450m. The Leigh part of the scheme is progressing, however further discussions with the partners are required on the Yalding side.
- **Integrated Transport Schemes:** Real variance of +£2.040m. This relates to additional externally funded schemes and will be covered by developer contributions and external funding.

Environment, Planning and Enforcement and Libraries, Registration and Archives

There are no variances that exceed the reporting thresholds.

Economic Development

Previously reported variances:

- **Kent & Medway Business Fund:** Rephasing of -£13.835m (*previously reported -£12.835m*), in line with latest application profile.
- **Turner:** Rephasing variance of -£1.000m. *The outcome of an application to Arts Council Small Scale Capital Fund is due in October, so the forecast expenditure has been re-profiled pending confirmation of this funding, which is essential to progress the revised scheme.*

- Javelin Way Development: Rephasing of -£4.824m (*previously reported-£3.174m*). *Confirmation of the successful ACE funding bid was not announced until after the budget book was approved, so forecast expenditure has been re-profiled accordingly.*
The rephasing has increased by £1.650m since previously reported, to -£4.824m.
- *Broadband Contract 2: Rephasing of -£1.349m to reflect ongoing contract negotiations on how the scheme will be delivered.*

New variances to report:

- No Use Empty – Rented Affordable Homes: Rephasing variance of -£1.041m. The forecast reflects the latest defrayment and repayment profile.

6.3.4 **Strategic & Corporate Services**

Previously reported variances:

- Dover Discovery Centre: Rephasing variance of -£2.696m (*previously reported -£2.496m*).
The construction period is now scheduled to start mid 2020-21 and the spend profile has been adjusted to reflect this.

New variances to report:

- Asset Utilisation – Oakwood House Transformation: Rephasing variance of -£4.660m due to ongoing stakeholder project board negotiations.
- Eurogate Business Park Car Park and Roof: -£0.650m real variance. The works here are no longer required and the scheme will be removed from the capital programme.

6.4 **Cash Limit Adjustments**

To Note

Directorate	Project	Year	Amount £m	Reason
CYPE (June)	Priority School Build Programme	2020-21	+3.022	Additional grant from the ESFA for Platt CEPS
CYPE (July)	Priority School Build Programme	2019-20	-0.047	Reduction in grant in 2019-20
CYPE (July)	John Wallis Academy	2019-20	+0.173	Additional grant
ASCH (July)	Learning Disability (LD) Good Day Programme	2020-21	+0.024	Additional developer contributions
GET (June)	Sustainable Access to Education & Employment	2019-20	-0.100	Reduce developer contribution funding
		2020-21	-0.050	

Directorate	Project	Year	Amount £m	Reason
GET (June)	Kent Empty Property Initiative	2019-20	+0.520	Additional capital receipts loan repayments Additional external funding Additional external funding
		2019-20	+0.200	
		2020-21	+0.150	
GET (June)	Fastrack Full Network – Bean Road Tunnels	2019-20	+0.322	To reflect revised funding: External other External other External other Grant Dev Cont Ext Other
		2020-21	+0.485	
		2021-22	+0.792	
		2021-22	-1.500	
		2021-22	-0.050	
		2022-23	-1.599	
GET (July)	Integrated Transport	2019-20	+0.304	Additional revenue contribution
GET (July)	Waste Vehicles Purchases	2019-20	+0.049	Additional revenue contribution
GET (July)	Country Parks	2019-20	+0.022	Additional revenue contribution
GET (July)	Public Rights of Way	2019-20	+0.210	Additional developer contributions

For Approval

Directorate	Project	Year	Amount £m	Reason
ASCH (June)	Learning Disability (LD) Good Day Programme	2020-21	+0.600	Virement from MOA Plus (S&CS) towards projects
S&CS (June)	MOA Plus	2020-21	-0.600	Virement to LD Good Day Programme
GET (June)	Kent Sustainable Intervention Programme (KSIP)	2019-20	+0.018	Virement from Tonbridge Town Centre Regeneration
GET (June)	Tonbridge Town Centre Regeneration	2019-20	-0.018	Capital receipt transferred to KSIP
CYPE (July)	Annual Planned Enhancement Programme	2019-20	-0.200	Virement of grant to Meadowfield Basic Need project
CYPE (July)	Basic Need Programme	2019-20	+0.200	Virement from Annual Planned Enhancement Programme
CYPE (July)	Basic Need KCP 2017	2019-20	+0.050	Funding transferred from Basic Need KCP 2018
		2020-21	+0.545	
		2021-22	+2.555	
CYPE (July)	Basic Need KCP 2018	2019-20	-0.050	Funding transferred to Basic Need KCP 2017
		2020-21	-0.545	
		2021-22	-2.555	

Directorate	Project	Year	Amount £m	Reason
S&CS (Aug)	Eurogate Car Park & Roof	2019-20 2020-21	-0.650 -0.200	To remove cash limits as project no longer required
S&CS (Aug)	Property Investment & Acquisition Fund	2019-20	+0.050	Increase cash limit to correct error from May
CYPE (Aug)	Modernisation Programme	2019-20	-0.100	To be vired to Basic Need towards Meadowfield
CYPE (Aug)	Basic Need Programme	2019-20	+0.100	Virement from Modernisation Programme
CYPE (Aug)	Special School Review Phase 2	2019-20	-0.050	Virement to Academy Unit Costs
CYPE (Aug)	Academy Unit Costs	2019-20	+0.050	Virement from Special School Review Phase 2
GET (Aug)	Highway Major Enhancement	2019-20	+0.069	Revenue contribution from Kent Lane Rental

7. CONCLUSIONS

- 7.1 It is not unusual at this point in the financial year for the revenue position to show an overspend and the significant pressures are in the Children, Young People & Education directorate.
- 7.2 The £44.9m savings are on track to be delivered and the intention remains that where delivery proves to be unlikely, equivalent savings elsewhere within the relevant Directorate will be made as appropriate. The BRAG Update at Appendix 3 shows the current status of the savings.

8. RECOMMENDATIONS

Cabinet is asked to:

- 8.1 **Note** the forecast revenue budget monitoring position for 2019-20 and capital budget monitoring position for 2019-20 to 2021-22, and that the forecast pressure on the revenue budget needs to be eliminated as we progress through the year.
- 8.2 **Agree** that the underspend of £0.2m from selling our excess carbon reduction allowances for 2018-19 is transferred to a new Climate Change Target reserve to assist with accelerating our progress on climate change, with access to this reserve via a bid process.
- 8.3 **Agree** the capital budget realignment set out in section 6.4.
- 8.4 **Note** the BRAG Update at Appendix 3.

9. CONTACT DETAILS

Corporate Director Finance	Zena Cooke Corporate Director Finance 03000 419205 Zena.Cooke@kent.gov.uk
Report Authors:	Emma Feakins Chief Accountant 03000 416082 emma.feakins@kent.gov.uk Jo Lee/Julie Samson Capital Finance Manager 03000 416939 / 03000 416950 joanna.lee@kent.gov.uk julie.samson@kent.gov.uk