AGENDA

CABINET

Monday, 29th November, 2010, at 10.00 am		Ask for:	**Karen Mannering / Geoff Mills**
Darent Room, Sessions House, County Hall, Maidstone		Telephone:	**(01622) 694367/ 694289**

Tea/Coffee will be available 15 minutes before the meeting.

Webcasting Notice

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UNRESTRICTED ITEMS
(During these items the meeting is likely to be open to the public)

1. Introduction/Webcasting

2. Declaration of Interests by Members in Items on the Agenda for this meeting

3. Minutes of the Meeting held on 11 October 2010 (Pages 1 - 8)

4. Revenue & Capital Budgets, Key Activity and Risk Monitoring (Pages 9 - 138)

5. Autumn Budget Statement (Pages 139 - 154)

6. Bold Steps for Kent - The Medium Term Plan to 2014 (Pages 155 - 214)

7. Mid-year update to the Strategic Risk Register (Pages 215 - 228)

8. Core Monitoring Report (Pages 229 - 306)

9. Inspection of Safeguarding and Looked After Children Services (To follow)

10. Select Committee: Renewable Energy in Kent (Pages 307 - 322)

11. Select Committee: Extended Services (Pages 323 - 338)

12. Follow up items and Decisions from Cabinet Scrutiny Committee - 15 and 20 October 2010 and Recommendations from the Policy Overview and Scrutiny Committees (Pages 339 - 354)

13. Other items which the Chairman decides are relevant or urgent

EXEMPT ITEMS

(At the time of preparing the agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public)

Katherine Kerswell
Group Managing Director
Friday, 19 November 2010

Please note that any background documents referred to in the accompanying papers maybe inspected by arrangement with the officer responsible for preparing the relevant report.

KENT COUNTY COUNCIL

CABINET

MINUTES of a meeting of the Cabinet held in the Darent Room, Sessions House, County Hall, Maidstone on Monday, 11 October 2010.

PRESENT: Mr P B Carter (Chairman), Mr N J D Chard, Mr G K Gibbens, Mr R W Gough, Mr P M Hill, OBE, Mr A J King, MBE, Mrs S V Hohler, Mr K G Lynes, Mr R A Marsh and Mr J D Simmonds

IN ATTENDANCE: Ms K Kerswell (Group Managing Director), Mr M Austerberry (Executive Director, Environment, Highways and Waste), Ms A Honey (Managing Director Communities), Ms L McMullan (Director of Finance), Mr O Mills (Managing Director - Adult Social Services), Ms R Turner (Managing Director Children, Families and Education) and Ms M Peachey (Kent Director Of Public Health)

UNRESTRICTED ITEMS

1. Minutes of the Meeting held on 13 September 2010
(Item 3)

(1) The Minutes of the meeting held on 13 September 2010 were agreed and signed by the Chairman as a true record.

(2) Mrs Hohler referred to paragraph 4 of the minutes *(Core Monitoring report*) and updated Cabinet on the current position since the unannounced inspection in August of the Council's Duty and Initial Assessment teams. A cross party, multi agency steering group had now been established and an Improvement Programme was in place following the priority action and areas for further development highlighted from the unannounced inspection. Also an announced inspection would commence from 11 October and would end on 23 October 2010. The letter reporting on that inspection was expected on 19 November 2010 and that would be reported to the next appropriate meeting of Cabinet. In the meantime there would be an update on these measures to the County Council at its meeting on 14 October when the annual report and business plan of the Safeguarding Children Board and the Council's response to the report received in April on Safeguarding Children in Kent would both be discussed.

2. Revenue & Capital Budget Monitoring Exception Report
(Item 4 – Report by Cabinet Member for Finance; and Director of Finance)

(1) Mr Simmonds said that overall the budget position was generally good but there were some pressures within the revenue budget that would need to be managed as the year progressed in order for there to be a balanced budget by year end. Mr Hill spoke about the importance of the proposed virement of £75k in order to contribute to the Contemporary Coast marketing campaign, which would also publicise the newly opened Turner.

(2) Cabinet resolved:

(i) that note the latest forecast revenue and capital budget monitoring position for 2010-11 be noted,.

(ii) a virement of £75k be agreed from the under spending within the Finance portfolio to the Arts Unit within the Communities portfolio, to contribute towards the Contemporary Coast marketing campaign.

(iii) the changes to the capital programme be noted.

(iv) that £3.367m of re-phasing on the capital programme be agreed and moved from 2010-11 capital cash limits to future years.

(v) agreement be given to the removal of Grove Green Library from the capital programme: and,

(vi) agreement be given to the increase of £0.855m to the containerisation budget for the East Kent joint arrangement which is to be found from within the existing capital programme.

3. Treasury Management

(Item 5 – Report by Cabinet Member for Finance; and Director of Finance)

(1) A report on treasury management matters is submitted to Cabinet every quarter and this report provided an update on a number of issues since the last report in June 2010. Mr Simmonds outlined the Councils current strategy on borrowing and Counterparties, and also reported on the current position with regard to the on going actions being taken by the Council in respect of deposits with Icelandic Banks, including the joint legal action being taken in the Icelandic courts. On this it was agreed that a further report would be submitted to Cabinet at its next meeting.

(2) Cabinet resolved:

(i) that the report be noted; and,

(ii) agreement be given to the process detailed in the report for reinstating the use of Santander UK plc for deposits should this be deemed appropriate in the future; and,

(iii) .an update on the on going action being taken with respect to deposits in Icelandic Banks be submitted to the next meeting.

4. The Protocol for Emergency Accommodation between Kent Local Housing Authorities and other referring agencies

(Item 6 – Report by Cabinet Member for Communities) (Angela Slaven was present for this item)

(1) The report presented for approval the protocol for emergency accommodation between Kent local housing authorities and other referring agencies.

(2) During the course of discussion Mr Hill spoke of the importance of the Protocol and its development which had been undertaken by the Joint Housing and Planning Board which represented health, housing, social care, Supporting People, Probation and the prison service in Kent. In supporting the principles of the Protocol Mr Lynes spoke of the pressure placed on services particularly in east Kent as a result of the number of placements made by authorities from outside the county, and particularly some London Boroughs. It was said, and agreed that a report on that issue would be submitted to Cabinet at an appropriate time when the data from the work being undertaken by the Margate Task Force became clearer.

(3) Cabinet resolved to agree the content of the report and noted a further on matters related to east Kent would be submitted as and when appropriate.

5. Change to Keep Succeeding
(Item 7– Report by Leader of the Council; and Group Managing Director)

(1) The Chairman declared consideration of this matter to be urgent on the grounds that members had before them a supplementary report which contained relevant information which members needed to consider at this meeting and prior to this matter also being reported to the Scrutiny Board and the Cabinet Scrutiny Committee.

(2) This report together with the supplementary report outlined the work to date on a programme to ensure that the County Council continued to deliver successfully in the face of the most significant changes facing local government in the external financial and policy context.

(3) Mr Carter said making no changes to the way the Council operated was not an option and it needed to develop and focus its services against the background of the expected reductions in grants arising from the Comprehensive Spending Review. This therefore presented a significant opportunity to reshape and configure the services which the County Council provided by breaking down silos, avoiding duplication and moving to a ‘one organisation’ authority. Katherine Kerswell spoke of the need for the Council to redesign its services in order to meet the challenges which lay ahead. That work needed to cover changes in available finances as well as in responsibilities and would be reflected in the Council’s Medium Term Plan which under the heading ‘Bold Steps for Kent’ would promote the Councils three prime ambitions focused around delivering quality and service. To advance this ambitious programme, service pathways would have to redesigned in order to meet the future needs of the Council and its customers and the proposal was therefore to reshape the Councils 4 service Directorates and to bring back office support into one corporate directorate. These changes were needed to keep and grow the success which the Council already enjoyed and she commended to Cabinet the move to formal consultation on the proposals detailed in the reports before Cabinet.

(4) During the course of discussion Mrs Hohler spoke about the feed back from staff during the informal consultative stage which indicated an appetite for change with a general view of wanting to ‘put the customer first’. Mr Chard spoke of the challenges which lay ahead and the need for change in order to meet those challenges. Mr Simmonds spoke of the financial challenges and the need to harness the experience of staff who had seen the Council through challenging reviews. Mr

King spoke of the need for change and the need for the council to be responsive to those changes. Mr Carter concluded the discussion by reminding the meeting that this was the start of a formal consultation of the change proposals and that final decisions would be taken by the full Council at its meeting in December.

(5) Cabinet resolved to note the reports before it and endorsed the draft structure proposals for formal consultation until 3 December 2010. The outcome of the consultation process would then be reported for decision to the meeting of the County Council taking place on 16 December 2010.

6. Towards 2010 Closedown Report

(Item 8 – Report by Leader of the Council; and Group Managing Director)(Sue Garton, Performance and Evaluation Manager was present for this item)

(1) In September 2006, KCC set itself 63 challenging and ambitious targets in the *Towards 2010* plans for Kent. The four year term had now ended and this report attached the draft of the *Towards 2010* Closedown Report for comment and consideration by Cabinet prior to its submission to County Council for approval on 14 October.

(2) During the course of discussion Cabinet members spoke about the success of *Towards 2010* relevant to their portfolios. Mr Carter said the close down report showed what as success *Towards 2010* had been and he placed on record his thanks and that of the Cabinet for the part staff had played in that success. The Closedown report would now be discussed at the meeting of the County Council on 14 October 2010.

(3) Cabinet Resolved to note the excellent progress made against the 63 *Towards 2010* targets since September 2006 and the arrangement for publishing the Closedown report. Cabinet also recommended the final draft of the Closedown report to the County Council for approval at its meeting on 14 October 2010.

7. KCC Annual Performance Report 2009/10

(Item 9 – Report Cabinet Member for Corporate Support Services and Performance Management; and Group Managing Director) (Sue Garton, Performance and Evaluation Manager was present for this item)

(1) This report attached a copy of the draft Annual Performance Report (APR) 2009/10. The APR would also be submitted to the County Council on 14 October for members to note the achievements made in 2009/10.

(2) Cabinet Resolved to note the report and the achievements outlined in the Annual Performance Report for 2009/10.

8. KCC Equality Strategy 2010-2013

(Item 10 – Report by Cabinet Member for Regeneration and Economic Development; and Managing Director, Kent Adult Social Services)

(1) Mr Lynes said the development of this important strategy was evolving and therefore it had to be seen as work in progress and as it was taken forward there

would be a need to keep the Policy aligned with other complimentary policies and priorities. Mr Lynes also proposed and Mrs Hohler seconded that for clarity an addition be made to the recommendations formally approving the Kent County Council Equality Statement 2010 which accompanied the Cabinet Report. This was agreed.

(2) Mr Mills said that there would be an opportunity to review the Equality Strategy in line with the Kent Ambitions and Bold Steps over the next 12 months. And Katherine Kerswell said she would be working with the Corporate Management Team on ways to ensure the principles of the Equality Strategy and the Annual Equality Policy Statement became part of day to day working life.

(3) Cabinet resolved:

(i) to approve behalf on behalf of the authority, the Equality Strategy 2010-13, along with the single equality scheme subject to any necessary refinements,

(ii) agreed that performance monitoring against action plans to deliver the Single Equality Scheme should be part of the business plan half and full year reporting; and,

(iii) that the KCC Equality Statement 2010 be approved

9. Unlocking Kent's Cultural Potential: A Cultural Strategy for Kent
(Item 11 - Report by Cabinet Member for Communities; and Managing Director, Communities)(Mr D Crilley and Ms S Staples were present for this item

(1) Mr Hill introduced this report and said this important strategy would form one of the delivery mechanisms for Kent’s Regeneration Framework. Mr Crilley and Ms Staples highlighted key areas of the Strategy which had been developed in collaboration with a number of partners and therefore following its consideration by Cabinet would be reported to the Kent Partnership Board for approval.

(2) During discussion Mr Simmonds and Mr Lynes both spoke of the importance of the Council supporting the development of this strategy and the role it would have in promoting Kent as a centre for cultural and arts development.

(3) Cabinet endorsed the Cultural Strategy for Kent as set out in Appendix 1 to the Cabinet Report and commended it to the Kent Partnership Board for final approval.

10. "Equity and Excellence: Liberating the NHS"
(Item 12 – report by Mr Paul Carter, Leader of the Council, Mr Roger Gough, Cabinet Member for Corporate Services and Performance Management and Katherine Kerswell, Group Managing Director)(Mr M Ayre and Tish Gailey were present for this item)

(1) Mr Gough highlighted the key points which the Council proposed to make in response to the Governments White Paper ‘Equality and Excellence: Liberating the NHS’ and its associated consultation reports. He spoke particularly about the

changes in structure proposed for the NHS and the increasing role KCC would likely have both in terms of being involved in the development of joint delivery strategies and in its scrutiny role. He also spoke about KCC initiatives such as 'Health watch' which was forming the model for similar services being rolled out across the country.

(2) Mr Carter spoke of the need for the County Council to be active in supporting the changes to health care in Kent and Mr Gibbens spoke about the new Health and Wellbeing Boards which he said would play a critical role as the health agenda in Kent was taken forward. For that reason he proposed and it was agreed that at the appropriate time there should be a further report to Cabinet on this matter. Mr Gough said there would also be other matters which as appropriate would need to be the subject of a more detailed report to a future Cabinet meeting. Mr Marsh spoke about the structural changes proposed for the NHS PCTs and the opportunities presented by the move to have local health care provision delivered via GP based consortia.

(3) Cabinet resolved

(i) to agree the commentaries appended to the Cabinet report as representing the views of Kent County Council in respect of the Coalition Government's White Paper *"Equity and excellence: liberating the NHS"* and its associated consultation reports.

(ii) to agree to the wide publication of its response and to it being drawn to the attention of Gps and other stakeholders; and

(iii) to note that as appropriate further reports would be submitted to future Cabinet meetings.

11. Follow up items and decisions from Cabinet Scrutiny Committee - 15 September 2010 and recommendations from the Policy Overview and Scrutiny Committees - September cycle of meetings
(Item 13 - Report by Deputy Leader; and Head of Democratic Services and Local Leadership)

(1) The report set out the decisions from the Cabinet Scrutiny Committee held on 15 September 2010 and items which the Committee had raised previously for follow up.

(2) Cabinet resolved that the actions and comments detailed in the report be noted. Cabinet also agreed to change the layout of future reports so each item was covered by an individual report as opposed to being part of a schedule.

EXEMPT ITEMS

The following is an unrestricted minute of a report which was declared exempt pursuant to the provisions of the Local Government Act 1972 (as amended)

12. East Kent Joint Waste Project - Contract Award and Associated Partner Authority Arrangements
(Item 15 –Report by Cabinet Member for Environment, Highways and Waste; and Executive Director, Environment, Highways, and Waste) (Mrs L Davies, Director-Environment and Waste was present for this item)

(1) The East Kent Waste Project is a collaborative groundbreaking initiative designed to deliver more cost effective waste collection, recycling and composting services and improved recycling performance in East Kent. The Cabinet report detailed the rationale for the project and also the necessary formal steps to secure the final arrangements for the collaboration between Kent County Council (KCC) and the four East Kent authorities of Dover, Shepway, and Thanet District Councils and Canterbury City Council. The project would deliver cost effective waste collection, recycling and composting services and improved recycling performance, That would be achieved through enhanced joint working to deliver modern services, whilst minimising exposure to escalating costs.

(2) The Cabinet report also gave details of the options available to the Council and relevant information to be considered in reaching a decision. It also set out a summary of the financial, legal, governance and risk management issues together with an evaluation of the contract award.

(3) Cabinet resolved:

(i) to agree to the award (in conjunction with Dover District Council and Shepway District Council) of a 10 year contract for the provision of waste collection, transfer and processing services for East Kent (East Kent Joint Waste Contract 2010) to Bidder F, the award of which to be conditional upon the completion of the Three-Way Inter Authority Agreement (accompanying and giving operational effect to the contract) and the Five-Way Inter Authority Agreement (which ties all four East Kent Councils into the same waste collection method and financial arrangements with KCC);

(ii) that subject to him being satisfied as to the detailed terms and conditions, the Executive Director of Environment, Highways and Waste Directorate in consultation with the Director of Law and Governance and the relevant Cabinet Member(s), be delegated authority :

(a) to enter into, on behalf of Kent County Council, the East Kent Joint Waste Contract 2010; and

(b) to enter into and settle and agree the terms, including the prescribed contract management functions, of the Three-Way Inter Authority Agreement between Kent County Council, Dover District Council and Shepway District Council

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REPORT TO: CABINET – 29 NOVEMBER 2010

SUBJECT: REVENUE AND CAPITAL BUDGETS, KEY ACTIVITY AND RISK MONITORING

BY: JOHN SIMMONDS – CABINET MEMBER FOR FINANCE
ANDY WOOD – ACTING DIRECTOR OF FINANCE
MANAGING DIRECTORS

SUMMARY:

Members are asked to:

- **note the latest monitoring position on the revenue and capital budgets,**
- **note that management action will be required within the CFE & KASS portfolios in order to deliver a balanced outturn position**
- **note and agree the changes to the capital programme,**
- **agree that £16.129m of re-phasing on the capital programme is moved from 2010-11 capital cash limits to future years**
- **agree that £0.915m capital underspend against Non TSG Land & Part 1 compensation can be used for East Kent Access Phase 2 to offset prudential/revenue funding**
- **agree that a general capital receipt released from the Upper Stone Street lay-by scheme, which is no longer considered viable, can be used to contribute towards the Maidstone High Street improvement project at a maximum cost to KCC of £0.4m**
- **note the latest financial health indicators and prudential indicators**
- **note the directorate staffing levels as at the end of September, compared to the end of 2009-10 and the previous quarter**
- **agree a virement of £0.161m from the underspending on the debt charges budget within the Finance portfolio to a new Restructure budget, also to be held within the Finance portfolio, to cover the costs of the Transformation Programme Manager and related project costs.**

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1. INTRODUCTION

1.1 This is the second full monitoring report to Cabinet for 2010-11. It is worth reiterating that the budget for 2010-11 is the final year of the three year settlement covering the period 2008-11. It has been widely reported both within KCC and nationally that funding for local government will reduce over the medium term and the Spending Review announcement on 20 October indicated a significant reduction in local government funding over the period of the spending review, which is front loaded to 2011-12. It is vitally important therefore that we do not go into 2011-12 with any unresolved pressures from the current year. More optimistically, any underspend should remain uncommitted at least until the 2011-12 budget is approved.

1.2 The budgets included within this report reflect the government grant reductions announced in June as reported to Cabinet in July and subsequent changes. We have not attached the appendix detailing these Government funding announcements and their impact on KCC this time, as there have not been any changes for the last couple of months. The latest version of the appendix is attached to the October Cabinet report and the previous full monitoring report, if required.

1.3 The format of this report is:

- This summary report highlights only the most significant issues
- There are 6 reports, each one an annex to this summary, one for each directorate and one for Financing Items. Each of these reports is in a standard format for consistency, and each one is a stand-alone report for the relevant directorate.

1.4 **Headlines**:

1.4.1 **Revenue:**

- The latest forecast revenue position (excl Schools) before the implementation of management action is an underspend of -£0.978m, which is an improvement of £2.979m since the October Cabinet report. Management action is currently expected to increase this underspend to -£4.538m. The majority of this management action is to be delivered within the KASS portfolio. KASS is wholly committed to delivering a balanced outturn position by the end of the financial year. KASS has 'Guidelines for Good Management Practice' in place across all teams in order to help us manage demand on an equitable basis consistent with policy and legislation. Robust monitoring arrangements are in place on a monthly basis to ensure that forecasts and expenditure are closely monitored and where necessary challenged. Through these arrangements the Directorate expects to balance the £2.581m pressure by the end of the year.
- There are significant demand led pressures totalling £5.7m reported within the Children's Social Services budgets which are currently being partly offset by one-off savings arising from the continuing difficulties in recruiting to social worker posts. The success of recent recruitment campaigns and those planned will hopefully fill more of these posts throughout 2010-11; hence the demand led pressures will need to be addressed in the 2011-14 MTP process as the one-off staff savings will no longer be available.
- Within the above, the activity levels for Fostering are a particular cause for concern as they are very high compared to the affordable level despite additional funding being provided in the 2010-13 MTP. A review of all high cost placements is underway to establish whether a child's needs may be better served in a more cost effective in-house foster placement or whether a number of children within the 16+ service can be transferred to lower cost supported lodgings. However the Authority has a legal obligation to maintain the existing placement if the child requests. It is anticipated that even with this review much of this demand will continue for the medium term and therefore will need to be addressed in the 2011-14 MTP.
- There is a £0.8m pressure on the Asylum budget which is primarily due to the costs incurred in continuing to support young people (18+ care leavers) who are categorised as "All Rights Exhausted" (ARE) and "naturalised" until the point of removal. The UK Border Agency (UKBA) are working on speeding up the ARE and removal processes, however the processes have not been accelerated in tandem resulting in the widening of the gap between the dates of ARE and removal, exacerbating the pressure on the asylum budget. We continue with our 'discussions' with the UKBA on this issue.
- Demographic and price pressures are cause for concern within Adult Social Services as both client numbers and complexity of care requirements increase, especially within residential care across all service groups, likely to be as a result of medical advances enabling people to live longer but with more complex needs. This will need to be addressed in the 2011-14 MTP.
- The April RPI figure, to which the indexation on many waste contracts is linked, was higher than expected in the MTP. Therefore if the index does not reverse in 2011, some catch up funding will be required in the 2011-14 MTP which is currently estimated at about £1.2m. The impact in 2010-11 is £1.1m.
- The Freedom Pass has proved extremely popular with the number of passes issued and the number of journeys undertaken exceeding expectation. This additional demand will need consideration in the 2011-14 MTP, which is currently estimated at around £1.56m in a full year. The net impact in 2010-11 is £0.8m.
- We have recently recovered a further £0.759m from our principal investments in the collapsed Icelandic Banks, bringing our total recovery so far to £8.329m, which all relates to the UK registered Heritable Bank.

1.4.2 **Capital:**

- The latest forecast capital position is a variance of -£14.344m, -£16.760m on schemes which we are re-phasing and +£2.416m on schemes with a real variance.

2. OVERALL MONITORING POSITION (excluding PFI & budgets delegated to schools)

2.1 Revenue

The net projected variance against the combined portfolio revenue budgets is an underspend of £4.538m after management action. Section 3 of this report provides the detail, which is summarised in Table 1a below.

Table 1a – Portfolio position – net revenue position before and after management action

Portfolio	Budget	Gross Variance	Proposed Management Action	Net Variance
	£k	£k	£k	£k
Children, Families & Education	**-779,042**	**+979**	**-979**	**0**
Kent Adult Social Services	**+344,589**	**+2,581**	**-2,581**	**0**
Environment, Highways & Waste	**+151,603**	**-324**	**0**	**-324**
Communities	**+88,815**	**-124**	**0**	**-124**
Localism & Partnerships	**+8,286**	**-28**	**0**	**-28**
Corporate Support & Performance Mgmt	**+10,267**	**-256**	**0**	**-256**
Finance	**+125,598**	**-3,741**	**0**	**-3,741**
Public Health & Innovation	**+567**	**0**	**0**	**0**
Regeneration & Economic Development	**+7,228**	**-65**	**0**	**-65**
TOTAL (excl Schools)	**-42,089**	**-978**	**-3,560**	**-4,538**
Schools	**+985,810**	**+3,481**	**0**	**+3,481**
TOTAL	**+943,721**	**+2,503**	**-3,560**	**-1,057**

2.2 **Capital**

This report reflects the current monitoring position against the revised programme, where a pressure of £2.416m and re-phasing of -£16.760m of expenditure into future years is forecast, giving a total variance in 2010-11 of -£14.344m. Further details are provided in section 4 of this report.

3. REVENUE

3.1 Virements/changes to budgets

Directorate cash limits have been adjusted to include:

- a virement of £75k from the underspending within the Finance portfolio to the Arts Unit within the Communities portfolio to fund a contribution to the joint marketing plan of Contemporary Coast, as agreed by Cabinet in October.
- the inclusion of a number of 100% grants (i.e. grants which fully fund the additional costs) awarded since the budget was set or adjustments to the level of grant allocation assumed in the budget following confirmation from the awarding bodies. These are detailed in Appendix 2.

All other changes to cash limits reported this quarter are considered “technical adjustments” i.e. where there is no change in policy, including allocation of grants and previously unallocated budgets and savings targets where further information regarding allocations and spending plans has become available since the budget setting process.

3.2.1 **Table 1b** – Portfolio/Directorate position – gross revenue position **before** management action

			Directorate					
Portfolio	**Budget**	**Variance**	CFE	KASS	EH&W	CMY	CED	FI
	£k	**£k**	£k	£k	£k	£k	£k	£k
Children, Families & Educ	**-779,042**	**+979**	+979					
Kent Adult Social Services	**+344,589**	**+2,581**		+2,581				
Environ, Highways & Waste	**+151,603**	**-324**			-324			
Communities	**+88,815**	**-124**				-124		
Localism & Partnerships	**+8,286**	**-28**					-28	
Corporate Support & Performance Mgmt	**+10,267**	**-256**					-78	-178
Finance	**+125,598**	**-3,741**					-91	-3,650
Public Health & Innovation	**+567**	**0**					0	
Regen & Economic Dev	**+7,228**	**-65**					-65	
SUB TOTAL (excl Schools)	**-42,089**	**-978**	+979	+2,581	-324	-124	-262	-3,828
Schools	**+985,810**	**+3,481**	+3,481					
TOTAL	**+943,721**	**+2,503**	+4,460	+2,581	-324	-124	-262	-3,828

3.2.2 **Table 1c** – Gross, Income, Net (GIN) position – revenue (**before** management action)

	CASH LIMIT			VARIANCE		
Portfolio	**Gross**	**Income**	**Net**	**Gross**	**Income**	**Net**
	£k	£k	£k	£k	£k	£k
Children, Families & Educ	+419,995	-1,199,037	**-779,042**	+1,235	-256	**+979**
Kent Adult Social Services	+475,431	-130,842	**+344,589**	+3,973	-1,392	**+2,581**
Environ, Highways & Waste	+174,758	-23,155	**+151,603**	-224	-100	**-324**
Communities	+145,442	-56,627	**+88,815**	+282	-406	**-124**
Localism & Partnerships	+8,372	-86	**+8,286**	-14	-14	**-28**
Corporate Support & Performance Mgmt	+55,625	-45,358	**+10,267**	+2,072	-2,328	**-256**
Finance	+139,687	-14,089	**+125,598**	-5,352	+1,611	**-3,741**
Public Health & Innovation	+794	-227	**+567**	+31	-31	**0**
Regen & Economic Dev	+9,533	-2,305	**+7,228**	-22	-43	**-65**
SUB TOTAL (excl Schools)	+1,429,637	-1,471,726	**-42,089**	+1,981	-2,959	**-978**
Schools	+1,066,777	-80,967	**+985,810**	+3,481	0	**+3,481**
TOTAL	+2,496,414	-1,552,693	**+943,721**	+5,462	-2,959	**+2,503**

A reconciliation of the above gross and income cash limits to the approved budget is detailed in **Appendix 2**.

3.3 Table 2 below details all projected revenue variances over £100k, in size order (shading denotes that a pressure/saving has an offsetting entry which is directly related). Supporting detail to each of these projected variances is provided in individual Directorate reports as follows:

Annex 1 **Children, Families & Education**
Annex 2 **Kent Adult Social Services**
Annex 3 **Environment, Highways & Waste**
Annex 4 **Communities**
Annex 5 **Chief Executives**
incl. Public Health & Innovation, Regeneration & Economic Development, Localism & Partnerships, Corporate Support & Performance Management and Finance portfolios
Annex 6 **Financing Items**
Incl. elements of the Corporate Support & Performance Management and Finance portfolios

Table 2 - **All Revenue Budget Variances over £100k in size order**

There are a number of savings referred to in the annex reports, particularly within KASS, which individually are below £100k and therefore do not appear in the table below. Therefore overall the net position in table 2 below (+£4,072k) is significantly greater than the overall position before management action presented in tables 1a and 1b above (+£2,503k).

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFE	Schools Delegated Budget: estimated drawdown of schools reserves due to 23 schools converting to academies	+3,481	CMY	Drawdown from Supporting People reserve.	-2,868
CMY	Supporting People: planned increase in the level of Floating Support and small underspend on administration	+2,868	FIN	Treasury savings - lower debt charges	-2,409
FIN	Contribution to reserves of in year MRP saving to cover potential impact in future years	+1,899	EHW	Waste tonnage	-2,176
CFE	Fostering Service (gross): Continual high demand for Independent fostering allowances	+1,515	FIN	In year Minimum Revenue Provision saving as a result of 2009-10 re-phasing of the capital programme	-1,899
KASS	OP Residential Gross - Independent Sector Activity higher than affordable	+1,466	CFE	Assessment & Related (gross): high level of staff vacancies due to difficulty in recruitment	-1,776

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
KASS	LD Residential Gross - Independent Sector Activity higher than affordable	+1,440	CFE	SEN Transport (gross): fewer than budgeted children travelling and contract renegotiation	-1,200
CFE	Fostering Service (gross): high demand for in-house foster care placements	+1,147	CFE	Mainstream Home to School Transport: fewer children than budgeted level	-1,038
EHW	Waste contract prices including Allington WtE incinerator	+1,100	FIN	2010-11 write down of discount saving from 2008-09 debt restructuring	-1,016
KASS	LD Residential Gross - Independent Sector Unit Cost higher than affordable	+1,094	FIN	Drawdown from Insurance Reserve to cover pressure on Insurance Fund	-1,000
KASS	MH Residential Independent Sector Gross - slower than anticipated switch to community based services	+1,058	CSPM	Legal income resulting from additional work (partially offset by increased costs)	-934
FIN	Contribution to economic downturn reserve of 2010-11 write down of discount saving from 2008-09 debt	+1,016	KASS	LD Other Services Gross - uncommitted grant funding following review	-846
CFE	Residential Care (gross): high demand for independent sector residential care placements	+1,015	KASS	LD Other Services Gross - Release of Managing Directors Contingency	-830
FIN	Pressure on Insurance Fund due to rise in liability claims	+1,000	FIN	release of provisions following review of balance sheet	-807
EHW	Freedom Pass	+898	FIN	release of Minimum Revenue Provision contingency	-739
KASS	OP Domiciliary Gross - Independent Sector Activity higher than affordable	+839	CSPM	Legal Services increased income relating to Disbursements	-730
CFE	Asylum Service (gross): Providing support for young people categorised as "all rights exhausted" and naturalised	+777	CSPM	Information Systems income from additional pay as you go activity	-620
KASS	LD Supported Accommodation Gross - activity in excess of affordable	+768	KASS	OP Residential Income - Independent Sector Activity higher than affordable	-608
CSPM	Legal Services increased costs of Disbursements	+730	KASS	OP Domiciliary Gross - In House - Number of Clients below affordable	-572
FIN	Treasury - pressure on the interest on cash balances budget	+680	KASS	Strategic Business Support Gross - vacancy management	-555
KASS	LD Residential Income - Independent Sector average income lower than affordable	+673	CFE	Personnel and Development (gross): Independent Safeguarding Authority scheme & 3 yearly CRB checks put on hold indefinitely	-544
CSPM	Information Systems costs of additional pay as you go activity	+620	KASS	OP Nursing Income - RNCC increased activity giving rise to increased health income	-544
CSPM	Legal services cost of additional work (offset by increased income)	+618	KASS	MH Other Services Gross - released contingency & uncommitted funding	-520
KASS	PD Direct Payments Gross - Independent Sector Unit Cost higher than affordable	+614	CMY	Supporting Independence: Drawdown from reserves to match spend on Margate Taskforce.	-500
CFE	16+ Service (gross): high demand for residential care placements	+582	KASS	OP Nursing Income - Independent Sector average income higher than affordable	-410
CFE	16+ Service (gross): high demand for Section 24/leaving care services	+562	KASS	LD Residential Income - Independent Sector Activity higher than affordable	-393
KASS	OP Nursing Gross - RNCC increased cost and activity	+544	CMY	Libraries: vacancy management & advancement of planned restructuring	-363
KASS	PD Residential Gross - Independent Sector Activity higher than affordable	+529	CFE	Residential Care (gross): fewer placements in secure accommodation	-352
CMY	Supporting Independence: Forecast spend on Margate Taskforce funded by drawdown from reserves.	+500	KASS	MH Assessment & Related Gross - vacancy management & problems in recruiting qualified care staff	-341

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
KASS	OP Residential Income - Independent Sector Unit Cost lower than affordable	+497	KASS	OP Other Services Gross - uncommitted grant funding following review	-330
KASS	LD Direct Payments Gross - Independent Sector Unit Cost higher than affordable	+474	CFE	LCSPs (income): additional internal income for provision of 2 year old places	-322
KASS	PD Domiciliary Gross - Independent Sector Activity higher than affordable	+426	KASS	OP Other Services Gross - Whole Systems Demonstrator Base Funding not required in 10/11	-315
CFE	LCSPs (gross): pressure for provision of 2 year old places at Children's Centres & Nurseries	+385	KASS	LD Residential Gross (Pres Rights) - Independent Sector Activity less than affordable	-303
EHW	Find and fix completion	+372	FIN	Vacancy freeze within pensions & insurance	-302
CMY	Libraries: revenue contribution to capital programme	+363	KASS	LD Domiciliary Gross - Independent Sector Activity less than affordable	-294
CFE	Other Preventative Services (gross): high demand of direct payments	+358	CFE	16+ Service (gross):fewer placements in independent fostering	-290
KASS	PD Residential Income - Independent Sector average income lower than affordable	+327	CMY	Centrally Managed Budgets: increased internal recharge income from Trading Standards & Community Safety towards centrally held directorate pressures.	-279
FIN	Reduced drawdown from Pension & Insurance funds to reflect reduced salary costs	+302	FIN	savings on leasing costs	-277
CFE	Other Preventative Services (gross): high demand for daycare services for children with a disability	+295	KASS	LD Supported Accommodation Gross - unit cost lower than affordable	-276
KASS	PD Direct Payments Gross - Independent Sector Activity higher than affordable	+290	KASS	Strategic Business Support Gross - uncommitted grant funding following review	-250
CMY	Centrally Managed Budgets:centrally held vacancy management savings target (offset by savings within Trading Standards & Community Safety).	+279	CMY	Trading Standards: vacancy management & advancement of planned restructuring	-245
CFE	Business Planning and Management Unit (gross): Rise in costs due to change in care proceedings and high demand for children social services legal budget	+261	EHW	New wood recycling contract	-244
CFE	16+ Service (gross): high demand for in-house fostering placements	+258	CSPM	Workplace Transformation - 4th Qtr rent for 17 King's Hill Avenue	-240
KASS	OP Direct Payments Gross - Independent Sector Unit Cost higher than affordable	+255	KASS	Strategic Business Support Gross - other management actions including reducing project fees	-232
EHW	Emergency road repairs Boughton Hill	+250	KASS	OP Residential Gross - Independent Sector Unit Cost less than affordable	-226
CSPM	Workplace Transformation - Possible one-off costs re: alterations for displacements from Kings Hill Avenue	+240	KASS	LD Other Services Gross - Kent Supported Employment	-209
CSPM	Centrally Managed Budgets: centrally held base saving on delegated budgets which is offset by savings on other budget lines within the portfolio	+231	EHW	Vacancy savings within Resources and Strategic Management	-200
KASS	MH Residential Independent Sector Income - increased number of clients falling under S117 who do not contribute to costs	+199	EHW	MIDAS financial system replacement rephasing	-200
KASS	MH Supported Accomodation Gross - activity in excess of affordable	+193	CMY	Libraries:one-off income contributions from internal and external partners.	-192

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
KASS	OP Nursing Gross - Independent Sector Unit Cost higher than affordable	+180	KASS	OP Residential Income - In House - Additional recharges to Health	-166
CMY	Coroners: long inquest costs	+158	CMY	Community Safety: Vacancy management & targeted savings on running costs	-162
CMY	Coroners: increase in post mortem & body storage charges	+150	CSPM	Contact Kent - Consumer Direct holding vacancies until replacement contract is negotiated	-160
CMY	Trading Standards: increased internal recharge for contribution towards directorate pressures	+150	CFE	Strategic, Planning and Review (gross): National Foundation of Educational Research survey will not take place in 2010-11	-160
CFE	Awards (gross): staffing pressure whilst finalising the handover of work to the Student Loan Company	+150	CFE	Extended Services (gross): T2010 targets for Healthy Eating and Parent Support achieved in 2009-10	-155
CMY	Supporting Independence: Forecast spend on Vulnerable Learners funded by drawdown from reserves.	+144	KASS	Strategic Business Support Gross - posts attracting external funding	-153
CSPM	Property - Increased staff costs for pay as you go activity	+140	CFE	Children's Support Services (gross): staff vacancies relating to social care professional training and use of external income to fund training programmes	-146
EHW	Term maintenance re-procurement costs	+130	CMY	Supporting Independence: Drawdown from reserves to match spend on Vulnerable Learners.	-144
CMY	Community Safety: increased internal recharge for contribution towards directorate pressures.	+129	CSPM	Property - increased income for pay as you go projects	-140
CMY	Libraries: reduced forecast on audio visual income stream due to reduction in activity compared with Q2 in 09-10 and anticipated shortfall in merchandising income.	+126	CMY	Libraries: Reduced spend on utilities and one off rates rebates.	-140
KASS	OP Residential Gross - In House - Agency Staffing pressure	+126	KASS	Strategic Business Support Gross - savings made on printing etc	-132
CFE	Client Services (income): under-recovery of income relating to the cleaning and refuse collection contract	+110	EHW	Subsidised buses contract renewal	-120
KASS	OP Direct Payments Gross - Independent Sector Activity higher than affordable	+106	CSPM	local authority subscriptions	-112
			KASS	PD Residential Gross (Pres Rights) - Independent Sector Activity less than affordable	-109
			EHW	Increase in Freedom Pass income	-100
			CFE	Fostering Service (gross): Delays in the implementation of the county wide therapeutic service	-100
		+38,087			**-34,015**

3.4 **Key issues and risks**

3.4.1.1 **Children, Families & Education portfolio:** Forecast (excl. schools) **+£0.979m**
This pressure is mainly related to the residential care and fostering budgets within both the under 16's and the 16+ services together with pressure on other preventative services such as direct payments and daycare services for children with a disability, but these pressures are largely being offset by savings as a result of continuing difficulties in recruiting to social worker posts and savings on SEN and Mainstream home to school transport. There is also a pressure on the Asylum service mainly due to costs incurred in continuing to support young people who are categorised as "All Rights Exhausted" and "naturalised" until the point of removal. Further details are provided in Annex 1.

3.4.1.2 **Children, Families & Education portfolio – Schools Delegated:** Forecast **+£3.481m**
The first monitoring returns from schools are currently being collated and an update will be provided in the next exception report. Therefore this forecast relates entirely to the reduction in schools reserves resulting from an anticipated 23 schools converting to academy status and taking their reserves with them.

3.4.2 **Kent Adult Social Services portfolio:** Forecast **+£2.581m**
The pressure is mainly as a result of demographic and placement pressures, primarily within services for people with physical disabilities and learning disabilities and to a lesser degree within services for older people and mental health services, offset by underspending on Strategic Business Support largely due to vacancy management and holding back uncommitted funding to offset pressures elsewhere within the portfolio. Further details are provided in Annex 2.

3.4.3 **Environment, Highways & Waste portfolio:** Forecast **-£0.324m**
Pressures due to the increased popularity of the Freedom Pass, increased waste contract prices, emergency road repairs and completion of the find and fix programme are more than offset by savings as a result of reduced waste tonnage, a new wood recycling contract and vacancy management. In addition there is some re-phasing of costs into 2011-12 relating to the MIDAS financial system replacement project. Further details are provided in Annex 3.

3.4.4 **Communities portfolio:** Forecast **-£0.124m**
Pressure continues to be experienced on the Coroners budget as a result of more long inquests and an increase in post mortem and body storage charges. In addition there is a reduction in income from audio visual rentals and merchandising within our libraries but these pressures are more than offset by underspends across other units, largely as a result of vacancy management and advancement of planned restructuring within Libraries, Trading Standards and Community Safety. A planned increase in the level of floating support within the Supporting People service will be offset by a drawdown from the Supporting People earmarked reserve. Further details are detailed in Annex 4.

3.4.5 In the Chief Executives directorate, there are small underspends within each of the portfolios, but the main issues are within the **Corporate Support and Performance Management portfolio** where a centrally held savings target is more than being offset by underspending on other budget lines and additional income within Legal Services from increased internal and external demand. Further details are provided in Annex 5.

3.4.6 The key issues within the Financing Items budgets are:

3.4.6.1 **Finance portfolio:** Forecast **-£3.650m**.
There is an underspend on the debt charges budget due to delays in taking new borrowing and achieving lower interest rates on new borrowing than assumed in the budget. There is an in year saving in the Minimum Revenue Provision (MRP) because fewer assets became operational in 2009-10 than assumed, however once these assets become operational we will incur MRP in the following year, therefore we need to transfer this saving to reserves to cover the potential future impact. Now that the final MRP figure for 2010-11 has been determined, which could not happen until the 2009-10 accounts were finalised and signed off, we are able to release a contingency held in case there was a detrimental impact in the current year from this MRP calculation. The current year write down of the discount saving from the debt restructuring undertaken in 2008-09 is being transferred to the Economic Downturn reserve as planned. A forecast pressure on the Insurance Fund largely due to a continued rise in the number of liability claims will be met by a drawdown from the Insurance reserve. In addition there is a saving on leasing costs. These savings are being partially offset by a pressure on the interest on cash balances budget.

It is proposed that £0.161m of this underspending on the debt charges budget is vired to a new budget line, also to be held and reported within the Finance portfolio, for Restructure costs, specifically to cover the costs of the Transformation Programme Manager and related project costs. Further restructure costs as they arise will also be charged here, to be met from either a drawdown from the Restructure reserve, or other appropriate funding to be determined prior to the expenditure being incurred. **Cabinet is asked to agree this virement.**

3.4.6.2 **Corporate Support & Performance Management portfolio:** Forecast **-£0.178m**
There is a small underspend on the local authority subscriptions and audit fees budgets.
Further details are provided in Annex 6.

3.4.7 A significant amount of management action is expected to be achieved by year end within the KASS and CFE portfolios. There is a risk that not all of this will be achieved. The position will be closely monitored throughout the remainder of the financial year so that, if necessary, a decision on further action can be taken as soon as possible.

3.5 Implications for future years/MTP

3.5.1 The key issues and risks identified above will need to be addressed in directorate medium term plans (MTP) for 2011-14. Although these are forecast to be largely offset by management action this year, a significant amount of the management action is one-off or not sustainable for the longer term. The Directorates are currently trying to assess the medium term impact of these issues. There are other pressures which, although not hugely significant this year, will also need addressing in the MTP. These are detailed in the Annex reports.

3.5.2 In addition we are expecting a significant reduction in Government funding over the medium term, following the Chancellor's emergency budget statement on 22nd June in which he outlined his plans to address the national budget deficit and the Spending Review announcement on 20 October. We will not know the full details of this until the announcement of the provisional local government finance settlement for 2011-12, which we anticipate will be in early December but the cuts are front loaded to the short term. The Autumn Budget Statement, which is also on this meeting's agenda, sets out the detail.

4. CAPITAL

4.1 Changes to budgets

4.1.1 The capital monitoring focuses on projects which are re-phasing by £1m or more and it distinguishes between real variances/re-phasing on projects which are:

- part of our year on year rolling programme or projects which already have approval to spend and are underway , and
- projects which are still only at the preliminary stage or are only at the approval to plan stage and their timing remains uncertain.

We separately identify projects which have yet to get underway, but despite the uncertainty surrounding their timing they were included in the budget because there is a firm commitment to the project. By identifying these projects separately, we can focus on the real re-phasing in the programme on projects which are up and running.

4.1.2 Since the last exception report presented to Cabinet on 11th October, the following adjustments have been made to the 2010-11 capital budget.

		£000s	*£000s*
		2010-11	*2011-12*
1	Cash Limits as reported to Cabinet on 11 October	497,676	*397,467*
2	Re-phasing agreed at Cabinet on 11 October		
	Children, Families & Education (CFE)	-685	*694*
	Environment, Highways & Waste	-955	*955*
	Communities	-332	*0*
	Corporate Support Services & Performance Management	-1,395	*1,645*
	Localism & Partnerships		
3	Integrated Childrens Systems - confirmed cuts grant funding - CFE portfolio	-90	
4	Early Years/Children Centres - confirmed cuts grant funding - CFE portfolio	-1,507	
5	Primary Improvement Programme - additional external funding - CFE portfolio	339	
6	Multi-Agency Specialist Hubs - confirmed cuts grant funding - CFE portfolio	-1,036	*-459*
7	Playbuilder capital funding - confirmed cuts grant funding - CFE portfolio	-231	
8	Specialist Schools - additional grant received - CFE portfolio	130	*10*
9	Fulston Manor - additional external funding - CFE portfolio	197	
10	Sittingbourne Community College - additional external funding - CFE portfolio	200	
11	Westlands - additional external funding - CFE portfolio	123	
12	The Towers - additional capital receipt received - CFE portfolio	400	*352*
13	Transforming Short Breaks - confirmed cuts grant funding - CFE portfolio	-549	
		492,285	***400,664***
14	PFI	45,101	*88,000*
		537,386	*488,664*

4.2 **Table 3** – Portfolio/Directorate position – capital

			Directorate				
Portfolio	**Budget**	**Variance**	CFE	KASS	E,H&W	CMY	CED
	£k	**£k**	£k	£k	£k	£k	£k
CFE	**+221,547**	**-8,232**	-8,232				
KASS	**+9,714**	**-1,575**		-1,575			
E,H&W	**+160,151**	**-5,870**			-5,870		
Communities	**+26,476**	**+125**				+125	
Regen & ED	**+11,996**	**-443**					-443
Corporate Support & PM	**+14,608**	**+1,651**					+1,651
Localism & Partnerships	**+503**	**0**					0
TOTAL (excl Schools)	**+444,995**	**-14,344**	-8,232	-1,575	-5,870	+125	+1,208
Schools	**+47,290**	**0**	0				
TOTAL	**+492,285**	**-14,344**	-8,232	-1,575	-5,870	+125	+1,208

Real Variance		**+2,416**	+532	-605	+47	-9	+2,451
Re-phasing (detailed below)		**-16,760**	-8,764	-970	-5,917	+134	-1,243
		2010-11	**2011-12**	**2012-13**	**Future yrs**		**Total**
Re-phasing		-16,760	+15,537	+33	+1,190		0

4.2.1 Table 3 shows that there is an overspend of £2.416m on the capital programme for 2010-11 and -£16.760m of re-phasing of expenditure into later years. Of the current -£16.760m forecast re-phasing, -£9.354m relates to projects with variances of £1m or more which are identified in table 6 and section 4.6 below, and reported in detail in the annex reports; -£6.607m relates to projects with variances between £0.25m and £1m which are also identified in table 6, and the balance of -£0.799m is made up of projects with variances of under £0.25m which do not get reported in detail in this report.

4.3 Table 4 below, splits the forecast variance on the capital budget for 2009-10 as shown in table 3, between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and the timing remains uncertain, and
- projects at the preliminary stage.

Table 4 – Analysis of forecast capital variance by project status

		Variance			
	budget	**real variance**	**re-phasing**	**total**	
Project Status	£'000s	£'000s	£'000s	£'000s	
Rolling Programme	86,993	3,495	-1,302	2,193	
Approval to Spend	287,905	-1,675	-9,926	-11,601	
Approval to Plan	70,097	596	-5,532	-4,936	
Preliminary Stage	0	0	0	0	
Total	444,995	2,416	-16,760	-14,344	
	2010-11	**2011-12**	**2012-13**	**future years**	**total**
	£'000s	£'000s	£'000s	£'000s	£'000s
Re-phasing:					
Rolling Programme	-1,302	692	17	593	0
Approval to Spend	-9,926	9,830	15	81	0
Approval to Plan	-5,532	5,016	0	516	0
Preliminary Stage	0	0	0	0	0
Total	-16,760	15,538	32	1,190	0

4.3.1 Table 4 shows that of the +£2.416m forecast capital variance (excluding devolved capital to schools), +£0.596m is due to projects which are still only at the approval to plan or preliminary stages and their timing remains uncertain. This leaves a variance of +£1.820m which relates to projects that are either underway or are part of our year on year rolling programme.

4.3.2 Table 5 below shows the effect of the capital variance on the different funding sources. The variance against borrowing (supported, prudential, prudential/revenue and PEF2 borrowing) is -£7.276m and this is a contributory factor in the treasury management underspend reported within the Finance portfolio.

Table 5: 2010-11 Capital Variance analysed by funding source (incl Devolved Capital to Schools)

	Capital Variance £m
Supported Borrowing	-0.018
Prudential	-7.169
Prudential/Revenue (directorate funded)	+1.723
PEF2	-1.812
Grant	-9.754
External Funding - Other	-0.658
External Funding - Developer contributions	+0.429
Revenue & Renewals	+3.622
Capital Receipts	+2.893
General Capital Receipts (generated by Property Enterprise Fund)	0.000
Transfer of Land in payment	-3.600
TOTAL	**-14.344**

4.4 Table 6 below details all projected capital variances over £250k, in size order. These variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications; or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m, which is due to phasing of the project, excluding those projects identified as only being at the preliminary stage, is explained further in section 1.2.4 of the individual Directorate annex reports, and all real variances are explained in section 1.2.5 of the individual Directorate annex reports, together with the resourcing implications.

Table 6 - All Capital Budget Variances over £250k in size order

			Project Status			
portfolio	Project	real/ phasing	Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
CED	Commercial Services	real	+2,034			
EHW	Integrated Transport Scheme	real	+1,540			
CMY	Libraries Invest to Save	phasing			+550	
EHW	Highway Major Maintenance	real	+494			
CFE	Development Opportunities	real			+400	
CFE	Modernisation Programme 2008/09/10	real	+276			
CMY	Turner Contemporary	phasing		+286		
			+4,344	**+286**	**+950**	**+0**
		real	+4,344	+0	+400	+0
		phasing	+0	+286	+550	+0

			Project Status			
portfolio	Project	real/ phasing	Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Underspends/Projects behind schedule						
CFE	Primary Improvement Plan - approval to plan	phasing			-3,991	
EHW	Re-shaping Kent Highways Accomodation	phasing		-1,712		
CFE	MASH - Swale	phasing		-1,310		
EHW	Non TSG Land, Compensation Claims and Blight	phasing	-1,243			
CFE	Transforming Short Breaks for Families with Disabled Children	phasing		-1,098		
EHW	Household Waste Recycling Centres - Approval to Spend	real		-1,074		
EHW	Sittingbourne Northern Relief Road	phasing		-909		
CFE	MASH - Thanet	phasing		-886		
CFE	Children's Centres Phase 1,2,3 & Early Years	phasing		-764		
CMY	Gravesend Library	phasing		-774		
EHW	East Kent Access PH2	phasing		-742		
KASS	Modernisation osf LD Services	phasing			-680	
EHW	Kent Thameside Strategic Transport Programme	phasing			-677	
CED	Euro Kent	phasing		-660		
EHW	Household Waste Recycling Centres - Approval to Plan	phasing			-650	
CED	Sustaining Kent	phasing		-450		
EHW	Non TSG Land, Compensation Claims and Blight	real	-414			
EHW	Rushenden Link Road	real		-364		
CFE	Services Redesign	phasing		-251		
			-1,657	**-10,994**	**-5,998**	**0**
		real	-414	-1,438	+0	+0
		phasing	-1,243	-9,556	-5,998	+0
			+2,687	**-10,708**	**-5,048**	**+0**
		real	+3,930	-1,438	+400	+0
		phasing	-1,243	-9,270	-5,448	+0

4.5 **Reasons for Real Variance and how it is being dealt with**

4.5.1 The real variance identifies the actual over and underspends on capital schemes and not re-phasing of projects. Table 3 shows that there is currently a +£2.416m real variance forecast. The main areas of under and overspending in 2010-11 are listed below together with their resourcing implications:-

- **Development Opportunities +£0.689m** (+£0.591m in 2010-11 and +£0.098m in 2011-12) The additional spend is mainly made up of :
  Swadelands School +£0.400m (all in 2010-11) – to provide the school with an All Weather Sports Pitch, to be funded by developer contributions.
  Dartford Campus +£0.257m (+£0.159m in 2010-11 and +£0.098m in 2011-12) - this relates to additional works required to complete this project. The overspend is to be met from the saving on the Bridge project.

- **Integrated Transport Schemes +£1.240m** (+£1.540m in 2010-11 and -£0.300m in 2011-12): This increased expenditure is due to undertaking various Members Highway Fund (MHF), S106 and externally funded schemes (£1.439m in total). £0.101m is to replace real time information signs, funded from Repairs and Renewals reserve.

  The Upper Stone street lay-by scheme is not considered viable within current plans and identified funding, and therefore it is proposed not to continue with this scheme. The £0.300m general capital receipt that was identified to fund the scheme could be re allocated to a different Maidstone town centre project. It is proposed that the receipt is used to support the Maidstone High Street improvement project, at a maximum cost to KCC of £0.4m and **Cabinet is asked to approve the use of the receipt.**

- **Highway Major Maintenance +£0.494m** (in 2010-11): The real overspend is mainly due to the following:
  - £0.120m of additional maintenance works has been agreed from MHF contributions
  - £0.124m of additional essential works on drainage, street lighting and structures to be funded from de-trunking commuted sum (revenue contribution).
  - £0.250m of emergency work, stabilising carriageway at Boughton Hill to be funded from revenue contribution.

- **Non TSG Land and Part 1 -£0.414m** (in 2010-11): A real over spend of £0.501m is mainly due to settling part 1 claims for developer funded schemes (Hawkinge Ph 2 and M20 J 4) and capitalisation of staff and Kent Property group's time in dealing with the claims and outstanding land settlements. This overspend will be funded from developer contributions and revenue.
  Land settlements for Edenbridge Relief Road are estimated to provide savings of at least £0.915m. **Cabinet is asked to approve the reallocation of this underspend to the East Kent Access phase 2 scheme to offset the Directorate's prudential/revenue contribution, which will be difficult to secure given the likely level of savings required in the revenue budget.**

- **Edenbridge Centre +£0.830m** (+£0.237m in 2010-11 and +£0.593m in 2011-12): This represents the change in specifications, all of which are funded by partner contributions. A report detailing the revised specifications of the project is to be taken to the Project Advisory Group prior to seeking approval to spend.

- **Commercial Services VPE +£2.344m** (in 2010-11): this will be matched by an increased contribution from their Renewals Fund so there is no funding implication.

- **Workplace Transformation (formerly Better Workplaces) -£2.616m** (-£0.394m in 2011-12, -£2.172m in 2012-13 and -£0.050m in later years): The underspend is due to a review of the scope of the Better Workplace Programme and the decision to relocate 17 Kings Hill Avenue within the Corporate Office estate rather than undertake a new build.

Further details of smaller real variances are provided in the annex reports.

4.6 **Main projects re-phasing and why**.

4.6.1 The projects that are re-phasing by £1m or more are identified below: -

- **Primary Improvement Programme (Approval to Plan) – re-phasing of -£3.991m**
  There are six projects at approval to plan where expenditure was expected during 2010-11. These projects are either not expected to incur expenditure during the current financial year, or will only spend a minimal amount on preparation and planning work.
  All of the projects are part of the Primary Capital Programme funded by Government grant supplemented by capital receipt and conceived of as a 14 year rolling programme. Five of these projects were expected to spend this year to take advantage of the rolling nature of the programme. Due to the economic downturn and uncertainty over future government funding there is a slowdown in the flow of capital. Given that it is not possible to enter into any contractual commitment until future funding streams have been confirmed it has been necessary to slow the rollout of current projects.
  The KCC spending on Archbishop Courtenay CEPS has been re-profiled to enable another funding stream to be secured by the Diocese from the Department for Education (DfE), which is required to be spent prior to the end of the 2010-11 financial year.

- **Swale Multi Agency Hub - re-phasing of -£1.310m**
  This is a joint venture between KCC and Eastern & Coastal Kent Primary Care Trust which is predominantly funded by a DfE Co-location grant (£3.590m) plus an additional contribution from KCC (£0.500m). The project has been delayed by planning issues and the disconnection of mains gas and electricity at the site to allow demolition works to commence.

- **Transforming Short Breaks programme – re-phasing of -£1.098m**
  -£1.095 of this re-phasing relates to the Ashford Multi Agency Hub. This is a joint venture between KCC and Eastern & Coastal Kent Primary Care Trust, which is to be funded by a grant from the Transforming Short Breaks Programme (£0.750m) and a contribution from the Primary Care Trust (PCT) (£3.900m). Planning delays and extensive archaeological investigations have caused significant delays to the commencement of this project.

- **Re-shaping Kent Highways Accommodation - re-phasing of -£1.712m**
  The scheme is designed to deliver service improvements in creating a depot in west Kent that is equivalent to the new Ashford depot in east Kent. Due to the current economic climate, it has been decided to redevelop the existing Aylesford site rather than purchase a new site. Planning approval has been granted and the internal demolition work was completed in September. The main building work has started and is expected to be completed by March 2011; with the mobilisation of staff being in the new building in April 2011. The depot work is anticipated to complete by July 2011, ready for the new term maintenance contract in September.

- **Non TSG Land and Part 1 compensations (LCA) - -£1.243m (-£1.243m in 2010-11, +£0.630m in 2011-12, +£0.020m in 2012-13 and +£0.593m in future years)**
  The revised phasing of £1.243m is primarily due to delays in the remaining land acquisition for Edenbridge Relief Road, some of which has been referred to the Land Tribunal.

4.7 **Key issues and risks**

4.7.1 The impact on the quality of service delivery to clients as a consequence of re-phasing a capital project is always carefully considered, with adverse impact avoided wherever possible. The impact on service delivery of projects which are re-phasing by £1m or more, as identified in table 6 above, is highlighted in section 1.2.4 of the annex reports.

4.7.2 The £2.416m ‘real’ overspend in 2010-11 is fully funded by additional revenue contributions and external funding.

4.8 **Implications for future years/MTP**

4.8.1 Directorates are continuously addressing issues around their capital programmes, in particular, careful consideration is given to the funding of these projects to ensure that as far as possible capital receipts and external funding, or agreement to utilising PEF2 is in place before the project is contractually committed. The ‘warning’ in paragraph 3.5.2 also applies to capital funding, where the reduction in funding could be even greater.

4.9 **Resourcing issues**

4.9.1 There will always be an element of risk relating to funding streams which support the capital programme until all of that funding is “in the bank”. The current economic situation continues to intensify this risk, with the continuing downturn in the property market, the number of new housing developments reducing and developers pulling out of new developments, all of which have a significant impact on our Section 106 contributions. This has largely been addressed in the capital programme approved at County Council on 18 February 2010, but there remains an element of risk for the reduced level of funding still assumed from these sources. It is not always possible to have receipts ‘in the bank’ before starting any replacement project, due to the obvious need to have the re-provision in place before the existing provision is closed. Management of the delivery of capital receipts and external funding is therefore rigorous and intensive. At this stage, there are no other significant risks to report.

4.10 Capital Project Re-phasing

We will continue with the practice adopted in 2009-10 of changing cash limits for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the rephasing will be shown. The proposed re-phasing is summarised in the table below, details of individual projects are listed within the directorate sections.

Table 7 – re-phasing of projects >£0.100m

Portfolio	2010-11	2011-12	2012-13	Future Years	Total
	£k	£k	£k	£k	£k
CFE					
Amended total cash limits	221,547	235,201	245,995	153,676	856,419
Re-phasing	-8,442	8,356	50	36	0
Revised cash limits	**213,105**	**243,557**	**246,045**	**153,712**	**856,419**
KASS					
Amended total cash limits	9,714	10,117	4,170	1,541	25,542
Re-phasing	-680	700	0	-20	0
Revised cash limits	**9,034**	**10,817**	**4,170**	**1,521**	**25,542**
E,H&W					
Amended total cash limits	160,151	92,965	89,404	247,685	590,205
Re-phasing	-5,933	4,820	20	1,093	0
Revised cash limits	**154,218**	**97,785**	**89,424**	**248,778**	**590,205**
Communities					
Amended total cash limits	26,476	12,398	3,392	350	42,616
Re-phasing	62	-62	0	0	0
Revised cash limits	**26,538**	**12,336**	**3,392**	**350**	**42,616**
Regen & ED					
Amended total cash limits	11,996	4,230	3,242	2,980	22,448
Re-phasing	-660	660	0	0	0
Revised cash limits	**11,336**	**4,890**	**3,242**	**2,980**	**22,448**
Corporate Support & PM					
Amended total cash limits	14,608	10,962	9,299	2,663	37,532
Re-phasing	-476	550	-74	0	0
Revised cash limits	**14,132**	**11,512**	**9,225**	**2,663**	**37,532**
Localism & Partnerships					
Amended total cash limits	503	500	500	0	1,503
Re-phasing	0	0	0	0	0
Revised cash limits	**503**	**500**	**500**	**0**	**1,503**
TOTAL RE-PHASING >£100k	**-16,129**	**15,024**	**-4**	**1,109**	**0**
Other re-phased Projects below £100k	-631	+514	+36	+81	0
TOTAL RE-PHASING	**-16,760**	**+15,538**	**+32**	**+1,190**	**0**

Table 8 – details individual projects which have further re-phased

	2010-11	2011-12	2012-13	Future Years	Total
	£k	£k	£k	£k	
CFE					
Kitchen and Dining Programme					
Original budget	+828	+432			+1,260
Amended cash limits	+101	-101			0
additional re-phasing	-142	+142			0
Revised project phasing	**+787**	**+473**	**0**	**0**	**+1,260**
CED					
Sustaining Kent - maintaining the infrastructure - (CSS&PM)					
Original budget	**+6,226**	**+1,150**	**+250**	**+250**	+7,876
Amended cash limits	**-1,076**	**+1,326**	**-250**		0
additional re-phasing	**-450**	**+450**			0
Revised project phasing	**+4,700**	**+2,926**	**0**	**+250**	**+7,876**
KASS					
Modernisation of LD Services					
Amended total cash limits	+3,853	+749	+1,152	+1,162	+6,916
Amended cash limits	-2,613	+1,786	+448	+379	0
additional re-phasing	-680	+700		-20	0
Revised project phasing	**+560**	**+3,235**	**+1,600**	**+1,521**	**+6,916**

5. FINANCIAL HEALTH

5.1 The latest Financial Health indicators, including cash balances, our long term debt maturity, outstanding debt owed to KCC, the percentage of payments made within 20 and 30 days and the recent trend in inflation indices (RPI & CPI) are detailed in **Appendix 3**.

5.2 The latest monitoring of Prudential Indicators is detailed in **Appendix 4**.

6. RISK MANAGEMENT

6.1 Since the last report to Cabinet in August the Strategic Risk Register has been updated and loaded onto the new Risk Management Information System. The new Information System will bring changes to the way risk is managed as well as improved operational performance, which should enable Members and officers to have a better understanding around the areas of concern. The updated Strategic Risk Register is reported elsewhere on this Cabinet agenda.

6.2 The impending reorganisation of the Council will have an impact upon the structure of directorate registers. Although it was intended to load directorate registers onto the database by the end of the year this has now been delayed until the restructuring of directorates has taken place and new registers prepared. Likewise it is deemed sensible to defer any significant changes to the Risk Management Strategy and framework until after the restructure has been finalised.

7. BALANCE SHEET AND CONSOLIDATED REVENUE ACCOUNT

7.1 Impact on reserves

7.1.1 A copy of our balance sheet as at 31 March 2010 is provided at **Appendix 1**. Highlighted are those items in the balance sheet that we provide a year-end forecast for as part of these quarterly budget monitoring reports, based upon the current forecast spend and activity for the year. The forecast for the three items highlighted are as follows:

Account	Projected balance at 31/3/11 £m	Balance at 31/3/10 £m
Earmarked Reserves	87.4	115.9
General Fund balance	26.7	25.8
Schools Reserves *	48.3	51.8

* Both the table above and section 2.3 of annex 1 include delegated schools reserves and unallocated schools budget.

7.1.2 The reduction of £28.5m in earmarked reserves is mainly due to the planned movements in reserves such as IT Asset Maintenance, Kingshill Smoothing, PRG, earmarked reserve to support 10-11 budget, insurance reserve, economic downturn reserve, revenue reserve to support projects previously classified as capital eg Member Highway Fund and PFI equalisation reserves, together with the anticipated movements in the Regeneration Fund, rolling budget, DSG and Supporting People reserves. In addition reserves have been drawn down in order to offset some of the Government grant reductions, as reported to Cabinet in July.

7.1.3 The £0.9m increase in general reserves is due to the proposed transfer of the forecast residual balance of the Asylum reserve. However, if the position on Asylum changes significantly during the remainder of the financial year, this transfer may not be possible.

7.1.4 The reduction of £3.5m in the schools reserves is due to an anticipated 23 schools converting to academy status and therefore taking their reserves with them. The value of school reserves is very difficult to predict at this early stage in the year and further updates will be provided in future monitoring reports following the collation of the first monitoring returns from schools.

8. STAFFING LEVELS

8.1 The following table provides a snapshot of the staffing levels by directorate as at 30 September 2010 compared to the numbers as at 30 June 2010 and 31 March 2010, based on active assignments.

					Movement in year	
		Mar-10	Jun-10	Sep-10	Number	%
KCC	Assignment count	52,131	52,036	51,640	-491	-0.94%
	Headcount (inc. CRSS)	44,583	44,557	44,281	-302	-0.68%
	Headcount (exc. CRSS)	39,402	39,435	39,232	-170	-0.43%
	FTE	**29,162.50**	**29,218.70**	**29,125.23**	**-37.27**	**-0.13%**
KCC - Non Schools	Assignment count	16,252	16,082	15,705	-547	-3.37%
	Headcount (inc. CRSS)	14,719	14,570	14,221	-498	-3.38%
	Headcount (exc. CRSS)	12,549	12,475	12,219	-330	-2.63%
	FTE	**10,530.87**	**10,477.39**	**10,259.14**	**-271.73**	**-2.58%**
CED	Assignment count	2,169	2,155	2,120	-49	-2.26%
	Headcount (inc. CRSS)	2,160	2,148	2,109	-51	-2.36%
	Headcount (exc. CRSS)	2,121	2,110	2,070	-51	-2.40%
	FTE	**2,003.23**	**1,993.37**	**1,954.71**	**-48.52**	**-2.42%**
CFE	Assignment count	4,617	4,573	4,342	-275	-5.96%
	Headcount (inc. CRSS)	4,450	4,420	4,208	-242	-5.44%
	Headcount (exc. CRSS)	3,956	3,938	3,838	-118	-2.98%
	FTE	**3,345.26**	**3,331.53**	**3,251.09**	**-94.17**	**-2.82%**
CMY	Assignment count	4,345	4,207	4,131	-214	-4.93%
	Headcount (inc. CRSS)	3,713	3,578	3,506	-207	-5.58%
	Headcount (exc. CRSS)	2,392	2,330	2,235	-157	-6.56%
	FTE	**1,758.52**	**1,709.86**	**1,629.94**	**-128.58**	**-7.31%**
EHW	Assignment count	799	823	836	37	4.63%
	Headcount (inc. CRSS)	782	803	808	26	3.32%
	Headcount (exc. CRSS)	659	673	683	24	3.64%
	FTE	**606.19**	**616.48**	**617.05**	**10.86**	**1.79%**
KASS	Assignment count	4,322	4,324	4,276	-46	-1.06%
	Headcount (inc. CRSS)	3,722	3,731	3,690	-32	-0.86%
	Headcount (exc. CRSS)	3,456	3,464	3,434	-22	-0.64%
	FTE	**2,817.67**	**2,826.15**	**2,806.35**	**-11.32**	**-0.40%**
Schools	Assignment count	35,879	35,954	35,935	56	0.16%
	Headcount (inc. CRSS)	30,180	30,288	30,312	132	0.44%
	Headcount (exc. CRSS)	26,954	27,060	27,107	153	0.57%
	FTE	**18,631.63**	**18,741.31**	**18,866.09**	**234.46**	**1.26%**

CRSS = Staff on Casual Relief, Sessional or Supply contracts

Notes:
If a member of staff works in more than one directorate they will be counted in each. However, they will only be counted once in the Non Schools total and once in the KCC total.
If a member of staff works for both Schools and Non Schools they will be counted in both of the total figures. However, they will only be counted once in the KCC Total.

9. RECOMMENDATIONS

Cabinet is asked to:

9.1 **Note** the latest monitoring position on both the revenue and capital budgets.

9.2 **Note** that management action will be required within the CFE & KASS portfolios in order to deliver a balanced outturn position

9.3 **Note** and **agree** the changes to the capital programme, as detailed in section 4.1.

9.4 **Agree** that £16.129m of re-phasing on the capital programme is moved from 2010-11 capital cash limits to future years. Further details are included in section 4.10 above.

9.5 **Agree** that £0.915m underspend against Non TSG Land and Part 1 compensations can be used for East Kent Access Phase 2 to offset prudential/revenue. Details are shown in 4.5.1 above.

9.6 **Agree** that a general capital receipt released from the Upper Stone Street lay-by scheme, which is no longer considered viable, can be used to contribute towards the Maidstone High Street improvement project at a maximum cost to KCC of £0.4m. Details are shown in 4.5.1 above.

9.7 **Note** the latest Financial Health Indicators and Prudential Indicators as reported in appendix 3 and appendix 4 respectively.

9.8 **Note** the directorate staffing levels as at the end of September 2010 compared with the end of 2009-10 and the previous quarter of 2010-11, as provided in section 8.

9.9 **Agree** a virement of £0.161m from the underspending on the debt charges budget within the Finance portfolio to a new Restructure budget line, also to be held and reported within the Finance portfolio, to cover the costs of the Transformation Programme Manager and related project costs. Further restructure costs as they arise will also be charged here, to be met from either a drawdown from the Restructure reserve, or other appropriate funding to be determined prior to the expenditure being incurred.

Balance Sheet

The County Fund Balance Sheet shows the financial position of Kent County Council as a whole at the end of the year. Balances on all accounts are brought together and items that reflect internal transactions are eliminated.

	31 March 2010		31 March 2009 Restated	
	£'000	£'000	£'000	£'000
Fixed assets				
Intangible fixed assets		2,544		3,551
Tangible fixed assets				
Operational assets				
Land and buildings	1,442,502		1,456,417	
PFI Assets	195,242		139,228	
Vehicles, plant and equipment	32,091		28,811	
Roads and other highways infrastructure	631,431		606,431	
Community assets	9,141		8,505	
Non-operational assets				
Investment property	5,848		6,624	
Assets under construction	412,693		327,734	
Surplus and non-operational property	52,463		99,869	
Total tangible assets		2,781,411		2,673,619
Total fixed assets		2,783,955		2,677,170
Long-term investments		35,671		96,267
Long-term debtors		59,154		54,712
Total long-term assets		2,878,780		2,828,149
Current assets				
Stocks and work in progress	6,231		5,937	
Debtors	210,803		193,644	
Investments	224,043		262,949	
Total current assets		441,077		462,530
Current liabilities				
Temporary borrowing	-45,240		-60,641	
Short term PFI Lease Liability	-3,114			
Creditors	-284,534		-298,747	
Cash balances overdrawn	-34,283		-103,339	
		-367,171		-462,727
Total assets less current liabilities (Net assets employed)		2,952,686		2,827,952
Long-term liabilities				
Long-term borrowing	-1,012,116		-998,427	
Deferred liabilities	-4		-255	
PFI Lease Liability	-160,397		-107,702	
Deferred credit - Medway Council	-49,198		-51,249	
Creditors due after one year	-823			
Provisions	-16,093		-14,489	
Government grant deferred account	-213,739		-196,454	

Balance Sheet

Liability related to defined benefit	- KCC	-1,129,229		-739,900	
pensions schemes	- DSO	-2,270		-2,199	
			-2,583,869		-2,110,675
Total assets less liabilities			368,817		717,277
Revaluation reserve		-183,753		-131,912	
Capital adjustment account		-988,810		-1,075,507	
Financial instruments adjustment account		26,229		27,715	
Collection Fund Adjustment Account		-4,475		-3,906	
Earmarked capital reserve		-139,706		-70,144	
Usable capital receipt reserve		-16,016		-14,379	
Pensions reserve	- KCC	1,129,229		739,900	
	- DSO	2,270		2,199	
Earmarked reserves		-115,884		-102,002	
General fund balance		-25,835		-25,835	
Schools reserves		-51,753		-63,183	
Surplus on trading accounts		-313		-223	
Total net worth			-368,817		-717,277

APPENDIX 2

Reconciliation of Gross and Income Cash Limits in Table 1c to the Budget Book

	CASH LIMIT			
Portfolio	**Gross**	**Income**	**Net**	
	£k	£k	£k	
CFE	419,548	-1,198,123	-778,575	
Schools	1,066,310	-80,967	985,343	
KASS	467,134	-122,545	344,589	
EHW	174,728	-23,125	151,603	
CMY	145,072	-56,407	88,665	
Localism & Partnerships	8,362	-86	8,276	
Corporate Support & PM	55,680	-45,413	10,267	
Finance	139,880	-14,089	125,791	
Public Health & Innovation	944	-377	567	
Regen & ED	9,500	-2,305	7,195	
Per September report	2,487,158	-1,543,437	943,721	
Subsequent changes:				
				Changes to grant/income allocations:
CFE	57	-57	0	Reversal of Qtr1 Correction to National College for School Leadership (NCSL) grant for succession planning - adjustment shown the wrong way round
CFE	57	-57	0	NCSL: Grant for succession planning
CFE	481	-481	0	Young People's Learning Agency (YPLA): Education Business Partnership Service
CFE	467	-467	0	YPLA: Correction to schools funding
CFE	20	-20	0	Additional income from schools for Outdoor Education Unit
CFE	-26	26	0	Correction to income from schools for KS4 engagement programme
KASS	4,350	-4,350	0	OP Other Services - PFI credits and unitary charge for Better Homes Active Lives
KASS	913	-913	0	LD Supported Accommodation - PFI credits and unitary charge for Better Homes Active Lives
KASS	2,000	-2,000	0	LD Supported Accommodation - funding from Health for additional S256 clients
KASS	1,000	-1,000	0	LD Residential - funding from Health for additional S256 clients
KASS	107	-107	0	MH Supported Accommodation - PFI credits and unitary charge for Better Homes Active Lives
KASS	-28	28	0	OP Other Services - realignment of Integrated Community Equipment Stores Health funding
KASS	-335	335	0	LD Other Services - realignment of Kent Supported Employment funding from DWP
KASS	-211	211	0	PD Other Services - realignment of Integrated Community Equipment Stores Health funding
KASS	35	-35	0	All Adults Assessment & Related - charges for client accounts administered by client financial affairs officers
KASS	16	-16	0	All Adults Assessment & Related - increased recharge to CFE for Area Benefits staffing

	CASH LIMIT			
Portfolio	Gross	Income	Net	
	£k	£k	£k	
KASS	43	-43	0	Strategic Business Support - additional rebate from Royal Bank of Scotland reflecting increased value of payments through TDM
EHW	30	-30	0	DEFRA grant for preliminary flood risk assessment work
CMY	24	-24	0	Youth: additional funding from the Prison Service for provision of services to Cookham Wood.
CMY	-488	488	0	Youth: Loss of funding from GOSE for Youth Opportunities Fund.
CMY	78	-78	0	Youth: Additional funding from Training Business Group learning for the Youth Foundation learning programme.
CMY	58	-58	0	Youth: additional funding from CFE to support Aiming High project.
CMY	-70	70	0	Youth: Loss of funding from CFE for Positive Activities for Young People (PAYP) programme.
CMY	30	-30	0	Youth: Additional funding from DCSF for payment to Contactpoint for Management Information Systems.
CMY	30	-30	0	Youth: Additional funding from GOSE for Youth Opportunities Fund.
CMY	10	-10	0	Youth: Funding from Youth Centre charities to support youth centre improvements and refurbishments.
CMY	-139	139	0	Arts: Repayment of Interreg claim.
CMY	22	-22	0	Arts: 2009-10 receipts in advance funding various projects.
CMY	12	-12	0	Arts: Additional funding from SE Coast Strategic Health to fund change for life project.
CMY	67	-67	0	Arts: Additional funding from Arts Council England (ACE) to support N11 project to improve audience participation at cultural events.
CMY	84	-84	0	Sports: Funding from Essex County Council for Beacon transition work.
CMY	29	-29	0	Sports: Additional funding from Private Sector for a variety of projects, including Dame Kelly Holmes Backing Talent Event and cycling event.
CMY	25	-25	0	Sports: Funding from Kent Disability Sports Advisory Group to support sports for the disabled.
CMY	7	-7	0	Sports: Funding from Sports England to support playground to podium activity.
CMY	3	-3	0	Sports: Funding for Volleyball England to support activities.
CMY	52	-52	0	Sports: 2009-10 receipts in advance to support various sports projects.
CMY	153	-153	0	SIP: Reimbursement of funding given to Thanet District Council to run Apprenticeship scheme in 2009-10.
CMY	-1,032	1,032	0	SIP - Reduction in funding from DWP for Future Jobs Fund due to reduced number of apprentices on this scheme.

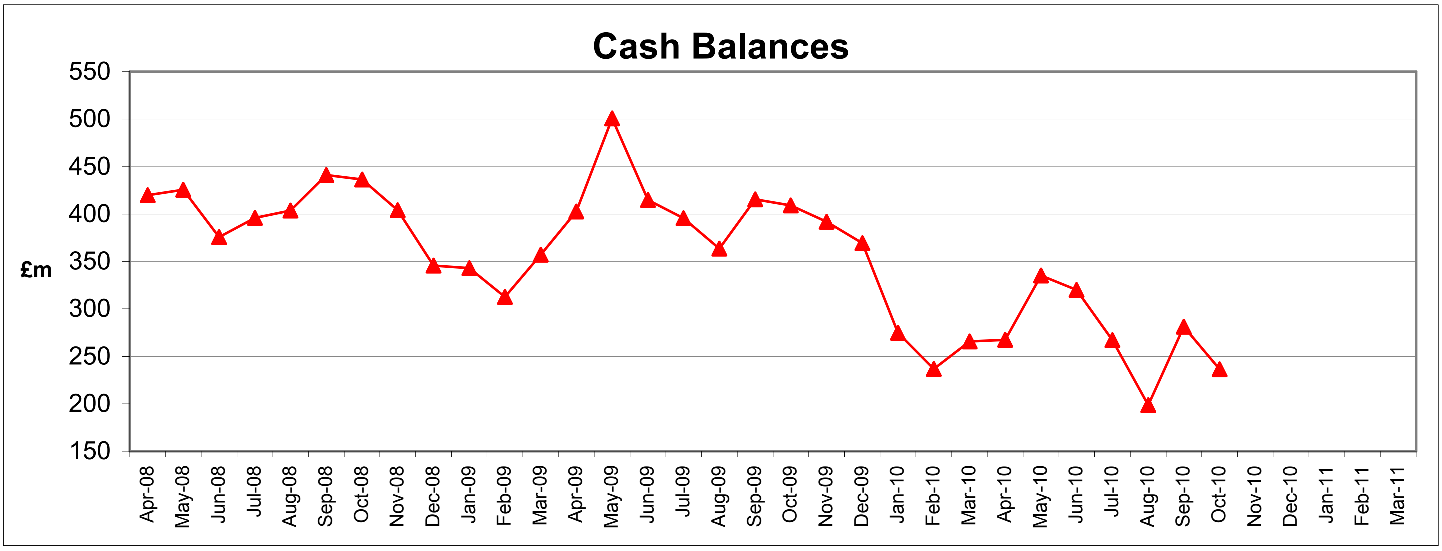
	CASH LIMIT			
Portfolio	**Gross**	**Income**	**Net**	
	£k	£k	£k	
CMY	-36	36	0	KDAAT: reduced funding from Home Office for Drugs Intervention Programme.
CMY	675	-675	0	KDAAT: additional funding from Home Office to support Integrated Drugs Treatment Service.
CMY	126	-126	0	KDAAT: additional funding from Probation to support the alcohol referral treatment programme.
CMY	146	-146	0	KDAAT: additional funding from WKPCT to support the alcohol referral treatment programme.
CMY	44	-44	0	KDAAT: Additional funding from KASS to support Substance Misuse Parents programme.
CMY	30	-30	0	KDAAT: Additional funding from KASS for Carers Strategy.
CMY	34	-34	0	KDAAT: Additional funding from Home Office as part of the Young Peoples Substance Mis-use Partnership grant (YPSMPG).
CMY	1,507	-1,507	0	KDAAT: 2009-10 Receipts in advance allocations approved by KDAAT Board.
PH&I	-150	150	0	Part reversal of EKPCT qtr 1 adj for 09-10 receipt in advance, due to delay to Mobile House Project which will now be completed in 2011/12. Funding transferred back to receipts in advance
				Technical Adjustments:
CFE	-24	24	0	Correction to expected income for self-funded Kent Safe School Projects (internal income)
CFE	-118	118	0	Adjustment to expected income for Specialist Teaching Service (internal income)
KASS	434	-434	0	LD Domiciliary - realignment of Supporting People recharges
KASS	-27	27	0	Strategic Management - inter-directorate charge no longer required
CMY	-32	32	0	Correction to Youth Outdoor Education (operations East) budget
CMY	-1,229	1,229	0	KDAAT: correction to gross & income budgets relating to funding arrangements from partners over the past two financial years taking account of changes in the commissioning and de-commissioning of services which were not reflected in the budget build.
CSPM	-41	41	0	incorrect treatment in budget of recovery of costs for a Corporate Communications post
CSPM	-14	14	0	Property Group - Cease Insight trading activities part way through year
Revised Budget	2,496,414	-1,552,693	943,721	

FINANCIAL HEALTH INDICATORS

1. CASH BALANCES

The following graph represents the total cash balances under internal management by KCC at the end of each month in £m. This includes principal amounts currently at risk in Icelandic bank deposits (£42.021m), balances of schools in the corporate scheme (£64.9m), other reserves, and funds held in trust. KCC will have to honour calls on all held balances such as these, on demand. The remaining deposit balance represents KCC working capital created by differences in income and expenditure profiles.
Pension Fund cash balances were removed from KCC Funds on 1 July and are now being handled separately.
The overall downward trend in the cash balance since September 2009 reflects the Council's policy of deferring borrowing and using available cash balances whenever possible to fund new capital expenditure (i.e. internalising the debt).

	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
2008-09	419.9	425.7	375.7	395.8	403.5	441.1	436.3	403.9	345.5	342.8	312.6	357.0
2009-10	402.7	500.9	414.6	395.7	363.6	415.4	409.1	391.7	369.1	275.0	236.7	265.8
2010-11	267.4	335.2	319.8	267.2	198.7	281.3	236.4					



2. LONG TERM DEBT MATURITY

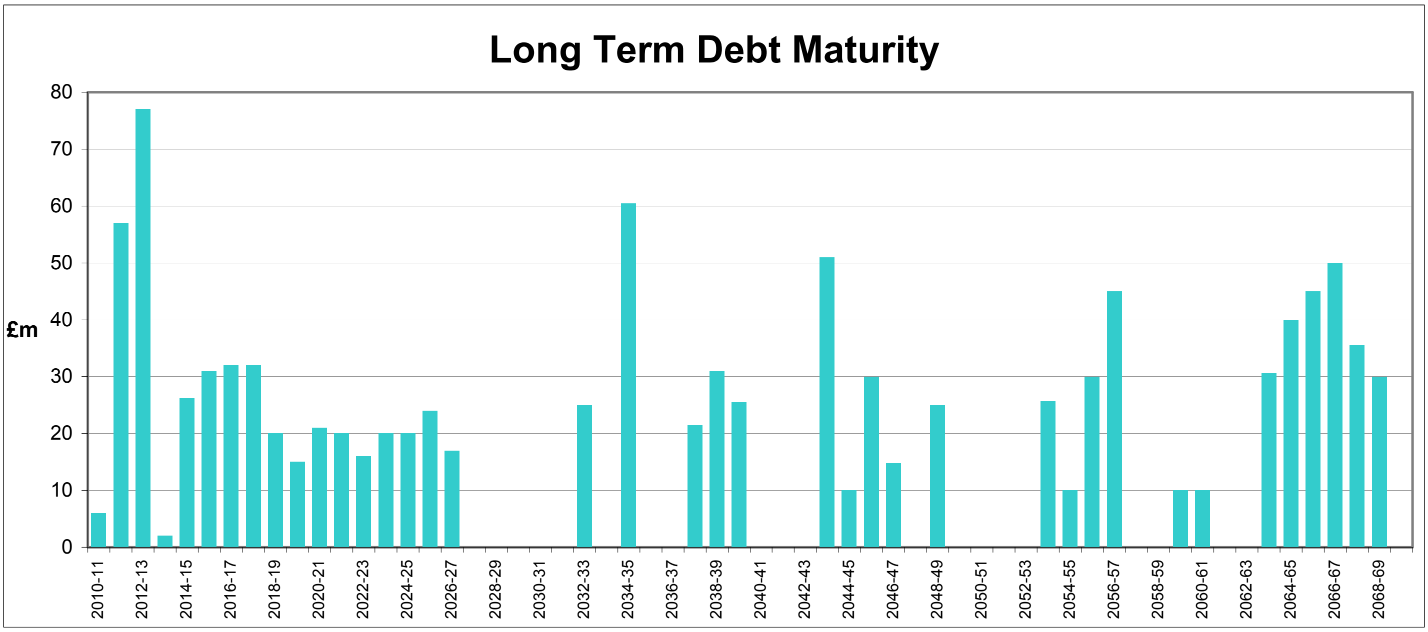
The following graph represents the total external debt managed by KCC, and the year in which this is due to mature. This includes £48.057m pre-Local Government Review debt managed on behalf of Medway Council. Also included is pre-1990 debt managed on behalf of the Further Education Funding council (£2.6m), Magistrates Courts (£1.4m) and the Probation Service (£0.24m). These bodies make regular payments of principal and interest to KCC to service this debt.
The graph shows total principal repayments due in each financial year. Small maturities indicate repayment of principal for annuity or equal instalment of principal loans, where principal repayments are made at regular intervals over the life of the loan. The majority of loans have been taken on a maturity basis so that principal repayments are only made at the end of the life of the loan. These principal repayments will need to be funded using available cash balances (i.e. internalising the debt), by taking new external loans or by a combination of the available options.

The total debt principal to be repaid in 2010-11 is £46.031m, £45m maturity loan and £1.031m relating to small annuity and equal instalment of principal loans. £40.027m has been repaid this quarter; hence the figure in the table of £6.004m represents the remaining debt still to be repaid in this financial year.

Two new PWLB loans of £25m each were advanced to KCC on 27 May 2010. The first is to mature in 2032-33 and the second in 2048-49. These loans were taken as part of the new borrowing requirement to fund the programme of capital expenditure.

Also £40m of new PWLB borrowing was taken on 3 September in three loans: two fixed interest maturity loans for £10m each and one EIP loan for £20m. The EIP loan principal will be repaid in 20 six monthly repayments of £1m over 10 years whereas the total principal will be repaid at maturity for the other two loans.

Year	£m	Year	£m	Year	£m	Year	£m	Year	£m
2010-11	6.004	*2023-24*	20.001	*2036-37*	0.000	*2049-50*	0.000	*2062-63*	0.000
2011-12	57.024	*2024-25*	20.001	*2037-38*	21.500	*2050-51*	0.000	*2063-64*	30.600
2012-13	77.021	*2025-26*	24.001	*2038-39*	31.000	*2051-52*	0.000	*2064-65*	40.000
2013-14	2.015	*2026-27*	17.001	*2039-40*	25.500	*2052-53*	0.000	*2065-66*	45.000
2014-25	26.193	*2027-28*	0.001	*2040-41*	0.000	*2053-54*	25.700	*2066-67*	50.000
2015-16	31.001	*2028-29*	0.001	*2041-42*	0.000	*2054-55*	10.000	*2067-68*	35.500
2016-17	32.001	*2029-30*	0.001	*2042-43*	0.000	*2055-56*	30.000	*2068-69*	30.000
2017-18	32.001	*2030-31*	0.001	*2043-44*	51.000	*2056-57*	45.000	*2069-70*	0.000
2018-19	20.001	*2031-32*	0.000	*2044-45*	10.000	*2057-58*	0.000		
2019-20	15.001	*2032-33*	25.000	*2045-46*	30.000	*2058-59*	0.000		
2020-21	21.001	*2033-34*	0.000	*2046-47*	14.800	*2059-60*	10.000	**TOTAL**	**1,092.337**
2021-22	20.001	*2034-35*	60.470	*2047-48*	0.000	*2060-61*	10.000		
2022-23	16.001	*2035-36*	0.000	*2048-49*	25.000	*2061-62*	0.000		



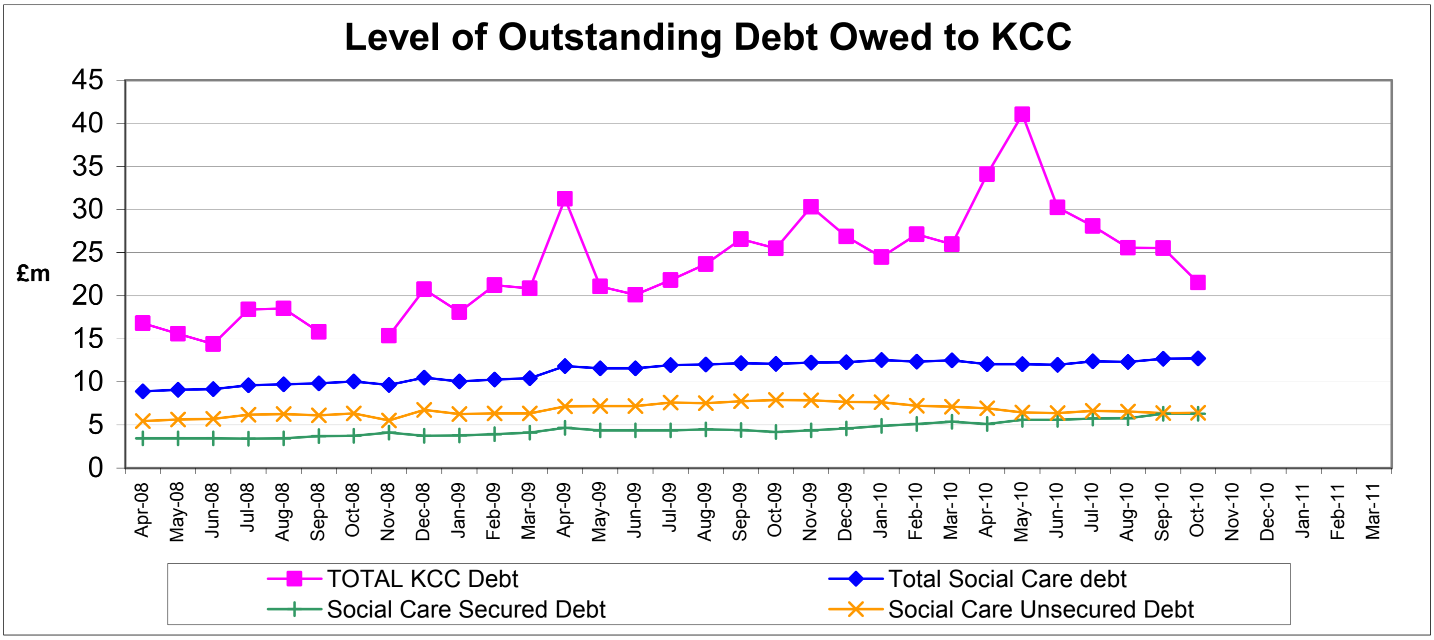
3. OUTSTANDING DEBT OWED TO KCC

The following graph represents the level of outstanding debt due to the authority, which has exceeded its payment term of 28 days. The main element of this relates to Adult Social Services and this is also identified separately, together with a split of how much of the Social Care debt is secured (i.e. by a legal charge on the clients' property) and how much is unsecured.

	Social Care Secured Debt £m	Social Care Unsecured Debt £m	Total Social Care debt £m	KASS Sundry debt £m	**TOTAL KASS debt £m**	All Other Directorates Debt £m	**TOTAL KCC Debt £m**
April 08	3.468	5.437	8.905	2.531	**11.436**	5.369	**16.805**
May 08	3.452	5.626	9.078	1.755	**10.833**	4.736	**15.569**
June 08	3.464	5.707	9.171	1.586	**10.757**	3.619	**14.376**
July 08	3.425	6.195	9.620	2.599	**12.219**	6.174	**18.393**
Aug 08	3.449	6.264	9.713	3.732	**13.445**	5.075	**18.520**
Sept 08	3.716	6.114	9.830	1.174	**11.004**	4.800	**15.804**
Oct 08	3.737	6.334	10.071	*	*	6.021	*
Nov 08	4.111	5.540	9.651	1.206	**10.857**	4.504	**15.361**
Dec 09	3.742	6.740	10.482	2.004	**12.486**	8.269	**20.755**

	Social Care Secured Debt £m	Social Care Unsecured Debt £m	Total Social Care debt £m	KASS Sundry debt £m	**TOTAL KASS debt £m**	All Other Directorates Debt £m	**TOTAL KCC Debt £m**
Jan 09	3.792	6.266	10.058	1.517	**11.575**	6.519	**18.094**
Feb 09	3.914	6.345	10.259	1.283	**11.542**	9.684	**21.226**
March 09	4.100	6.326	10.426	1.850	**12.276**	8.578	**20.854**
April 09	4.657	7.161	11.818	6.056	**17.874**	13.353	**31.227**
May 09	4.387	7.206	11.593	1.078	**12.671**	8.383	**21.054**
June 09	4.369	7.209	11.578	1.221	**12.799**	7.323	**20.122**
July 09	4.366	7.587	11.953	1.909	**13.862**	7.951	**21.813**
Aug 09	4.481	7.533	12.014	1.545	**13.559**	10.126	**23.685**
Sept 09	4.420	7.738	12.158	2.024	**14.182**	12.391	**26.573**
Oct 09	4.185	7.910	12.095	2.922	**15.017**	10.477	**25.494**
Nov 09	4.386	7.859	12.245	6.682	**18.927**	11.382	**30.309**
Dec 09	4.618	7.677	12.295	6.175	**18.470**	8.376	**26.846**
Jan 10	4.906	7.627	12.533	2.521	**15.054**	9.445	**24.499**
Feb 10	5.128	7.221	12.349	2.956	**15.305**	11.801	**27.106**
March 10	5.387	7.127	12.514	1.643	**14.157**	11.818	**25.975**
April 10	5.132	6.919	12.051	2.243	**14.294**	19.809	**34.103**
May 10	5.619	6.438	12.057	3.873	**15.930**	25.088	**41.018**
June 10	5.611	6.368	11.979	3.621	**15.600**	14.648	**30.248**
July 10	5.752	6.652	12.404	4.285	**16.689**	11.388	**28.077**
Aug 10	5.785	6.549	12.334	5.400	**17.734**	7.815	**25.549**
Sept 10	6.289	6.389	12.678	4.450	**17.128**	8.388	**25.516**
Oct 10	6.290	6.421	12.711	3.489	**16.200**	5.307	**21.507**
Nov 10							
Dec 10							
Jan 11							
Feb 11							
March 11							

* In October 2008, KASS Social Care debt transferred from the COLLECT system to Oracle. The new reports were not available at this point; hence there is no data available for this period. The October Social Care debt figures relate to the last four weekly billing run in the old COLLECT system

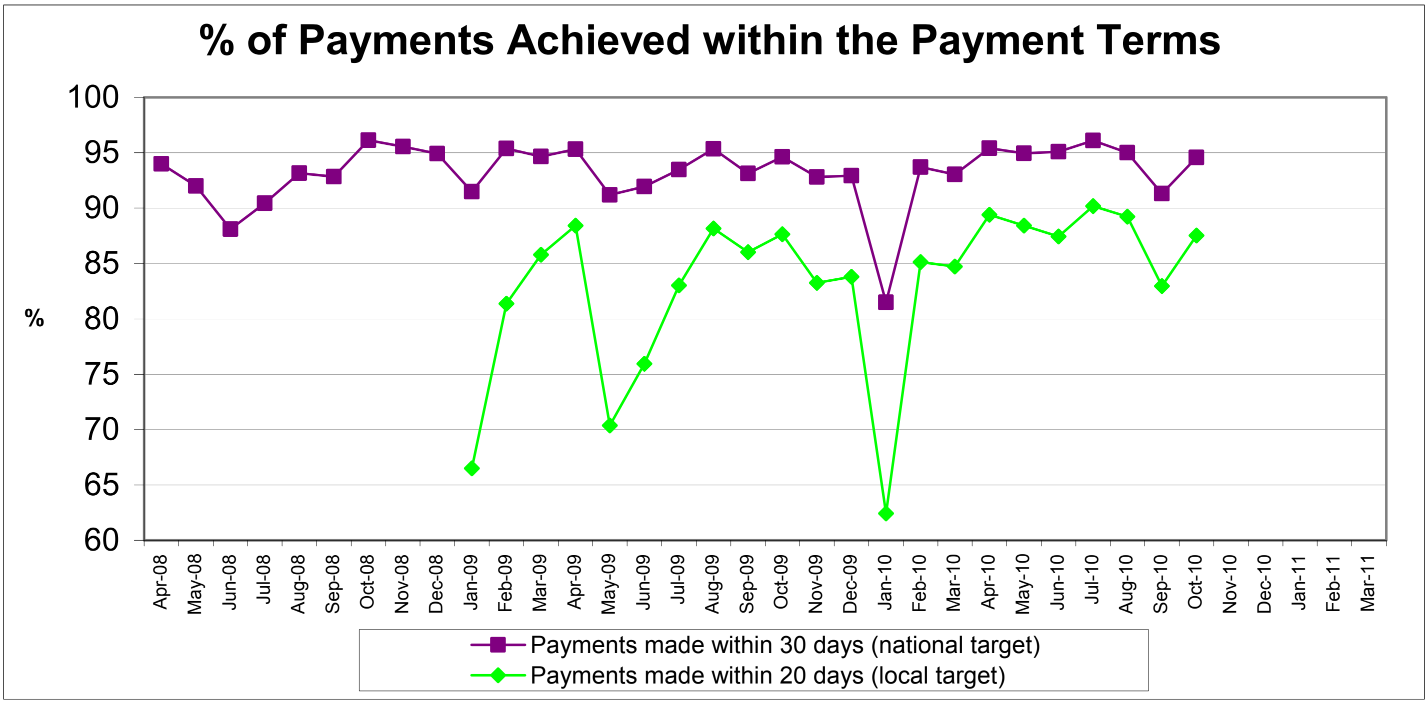


The overall KCC debt increased significantly in April and May 2010 due to two large invoices to Health raised within the Kent Drug Action Team and one large invoice raised within CFE to a youth charity, all of which have now been paid.

4. PERCENTAGE OF PAYMENTS MADE WITHIN THE PAYMENT TERMS

The following graph represents the percentage of payments made within the payments terms – the national target for this is 30 days, however from January 2009, we have set a local target of 20 days in order to help assist the cash flow of local businesses during the current tough economic conditions.

	2008-09		2009-10		2010-11	
	Paid within **30 days** %	Paid within **20 days** %	Paid within **30 days** %	Paid within **20 days** %	Paid within **30 days** %	Paid within **20 days** %
April	94.0	N/A	95.3	88.4	95.4	89.4
May	92.0	N/A	91.2	70.4	94.9	88.4
June	88.1	N/A	91.9	75.9	95.1	87.4
July	90.5	N/A	93.5	83.0	96.1	90.2
August	93.1	N/A	95.3	88.2	95.0	89.2
September	92.8	N/A	93.1	86.0	91.3	83.0
October	96.1	N/A	94.6	87.6	94.6	87.5
November	95.5	N/A	92.8	83.3		
December	94.9	N/A	92.9	83.8		
January	91.5	66.5	81.5	62.4		
February	95.4	81.4	93.7	85.1		
March	94.7	85.8	93.0	84.7		

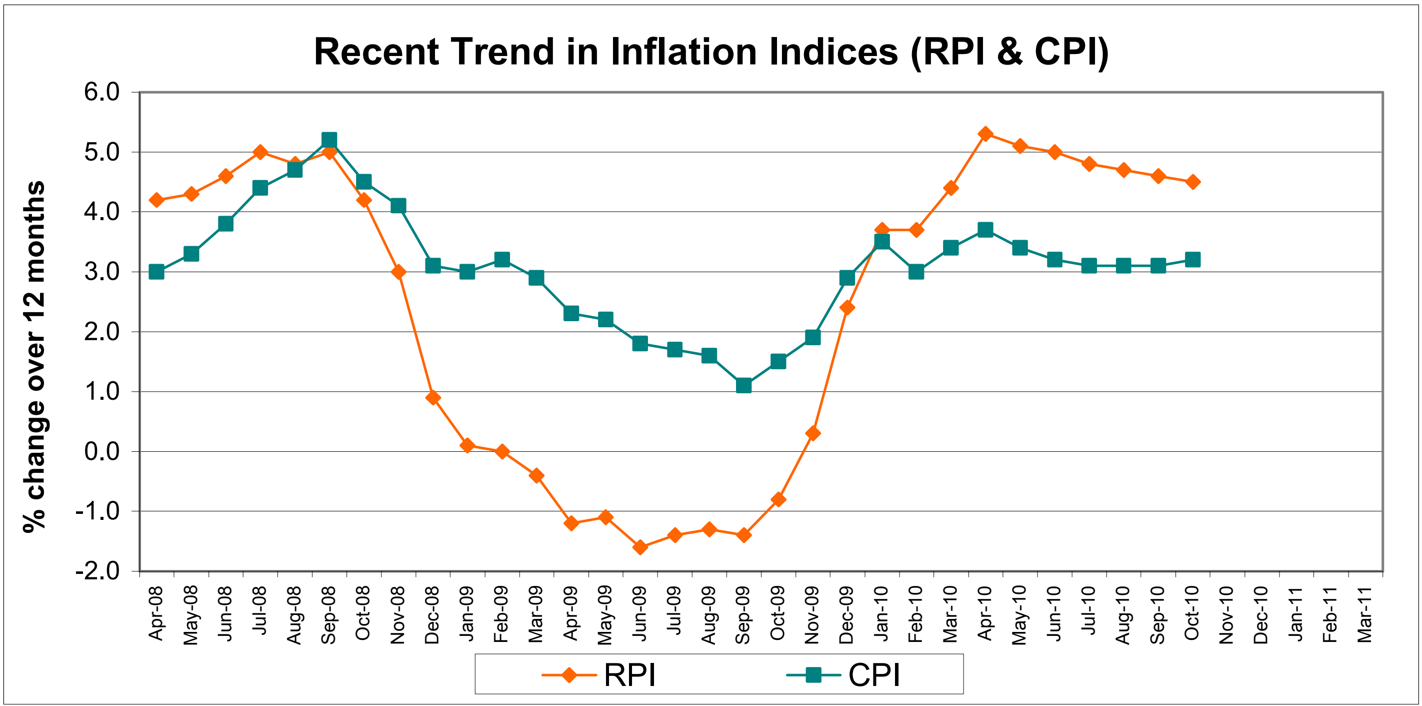


The percentages achieved for January were lower than other months due to the Christmas break. This is evident in both 2008-09 and 2009-10. This position was exacerbated in 2009-10 due to the snow. The 2010-11 year to date figure for invoices paid within 20 days is 88.0%, and within 30 days is 94.7%.

5. RECENT TREND IN INFLATION INDICES (RPI & CPI)

In the UK, there are two main measures of inflation – the Consumer Prices Index (CPI) and the Retail Prices Index (RPI). The Government's inflation target is based on the CPI. The RPI is the more familiar measure of inflation, which includes mortgage interest payments. The CPI and RPI measure a wide range of prices. The indices represent the average change in prices across a wide range of consumer purchases. This is achieved by carefully recording the prices of a typical selection of products from month to month using a large sample of shops and other outlets throughout the UK. The recent trend in inflation indices is shown in the table and graph below.

	2008-09		2009-10		2010-11	
	Percentage Change over 12 months					
	RPI %	CPI %	RPI %	CPI %	RPI %	CPI %
April	4.2	3.0	-1.2	2.3	5.3	3.7
May	4.3	3.3	-1.1	2.2	5.1	3.4
June	4.6	3.8	-1.6	1.8	5.0	3.2
July	5.0	4.4	-1.4	1.7	4.8	3.1
August	4.8	4.7	-1.3	1.6	4.7	3.1
September	5.0	5.2	-1.4	1.1	4.6	3.1
October	4.2	4.5	-0.8	1.5	4.5	3.2
November	3.0	4.1	0.3	1.9		
December	0.9	3.1	2.4	2.9		
January	0.1	3.0	3.7	3.5		
February	0.0	3.2	3.7	3.0		
March	-0.4	2.9	4.4	3.4		



2010-11 OCTOBER Monitoring of Prudential Indicators

1. Estimate of capital expenditure (excluding PFI)

Actual 2009-10	£344.065m	
Original estimate 2010-11	£460.330m	
Revised estimate 2010-11	£477.941m	(this includes the rolled forward re-phasing from 2009-10)

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

	2009-10 Actual	2010-11 Original Estimate	2010-11 Forecast as at 31-10-10
	£m	£m	£m
Capital Financing Requirement	1,230.100	1,333.075	1,328.009
Annual increase in underlying need to borrow	62.568	82.779	91.798

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

3. Estimate of ratio of financing costs to net revenue stream

Actual 2009-10	12.36%
Original estimate 2010-11	11.85%
Revised estimate 2010-11	11.44%

4. Operational Boundary for External Debt

The operational boundary for debt is determined having regard to actual levels of debt, borrowing anticipated in the capital plan, the requirements of treasury strategy and prudent requirements in relation to day to day cash flow management.

The operational boundary for debt will not be exceeded in 2010-11

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

	Prudential Indicator 2010-11	Position as at 31.10.10
	£m	£m
Borrowing	1,301	1,040.0
Other Long Term Liabilities	0	0.0
	1,301	1,040.0

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

	Prudential Indicator 2010-11	Position as at 31.10.10
	£m	£m
Borrowing	1,349	1,092.3
Other Long Term Liabilities	0	0.0
	1,349	1,092.3

5. Authorised Limit for external debt

The authorised limit includes additional allowance, over and above the operational boundary to provide for unusual cash movements. It is a statutory limit set and revised by the County Council. The revised limits for 2010-11 are:

(a) Authorised limit for debt relating to KCC assets and activities

	£m
Borrowing	1,341
Other long term liabilities	0
	1,341

(b) Authorised limit for total debt managed by KCC including that relating to Medway Council etc

	£m
Borrowing	1,389
Other long term liabilities	0
	1,389

The additional allowance over and above the operational boundary has not needed to be utilised and external debt, has and will be maintained well within the authorised limit.

6. Compliance with CIPFA Code of Practice for Treasury Management in the Public Services

The Council has adopted the Code of Practice on Treasury Management and has adopted a Treasury Management Policy Statement. Compliance has been tested and validated by our independent professional treasury advisers.

7. Upper limits of fixed interest rate and variable rate exposures

The Council has determined the following upper limits for 2010-11

(a) Borrowing

Fixed interest rate exposure	100%
Variable rate exposure	50%

(b) Investments

Fixed interest rate exposure	100%
Variable rate exposure	50%

These limits have been complied with in 2010-11. Total external debt is currently held at fixed interest rates.

8. Upper limits for maturity structure of borrowings

	Upper limit	Lower limit	As at 31.10.10
	%	%	%
Under 12 months	25	0	0.5
12 months and within 24 months	40	0	5.2
24 months and within 5 years	60	0	9.6
5 years and within 10 years	80	0	11.9
10 years and within 20 years	20	10	12.6
20 years and within 30 years	15	5	15.0
30 years and within 40 years	15	5	12.0
40 years and within 50 years	20	10	11.1
50 years and within 60 years	20	10	22.1

The 2010-11 limits were set based on the expected outturn for the year. Borrowing arrangements are kept under review and it is anticipated that by the year end the structure of the borrowings will fall below the upper limits.

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

Indicator	Actual
£50m	**£30m**

CHILDREN, FAMILIES & EDUCATION DIRECTORATE SUMMARY OCTOBER 2010-11 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 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" ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits have been adjusted since the last full monitoring report to reflect a number of technical adjustments to budget.
- The inclusion of a number of 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in appendix 2 to the executive summary.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Children, Families & Education portfolio							
Delegated Budget:							
- Delegated Schools Budgets	1,026,642	-80,967	945,675	3,481		3,481	
- Early Years free entitlement budget	40,135	0	40,135			0	
TOTAL DELEGATED	**1,066,777**	**-80,967**	**985,810**	**3,481**	**0**	**3,481**	Estimated drawdown of reserves following 23 schools converting to academies
Non Delegated Budget:							
Learning Group:							
- Early Years & Childcare	6,274	-92	6,182			0	
- Advisory Service Kent (ASK) - Early Years	9,708	-15	9,693	30	-30	0	
- ASK Primary	6,011	-400	5,611	46	-46	0	
- ASK Secondary	3,297	-276	3,021	68	-68	0	
- ASK Strategic Development	3,545	-1,615	1,930	83		83	
- ASK Partnerships & Professional Development	2,550	-658	1,892	25		25	
- International Development	94	0	94			0	
- 14 - 24 Unit	5,634	-2,498	3,136	-8	-31	-39	
- School Organisation	925	0	925			0	
- School Governance	737	-467	270	0	0	0	
- Extended Services	4,139	-562	3,577	-155	0	-155	Underspend on T2010 projects
- Minority Community Achievement	1,699	-116	1,583			0	
- Specialist Teaching Service	4,077	-417	3,660			0	
- Local Children's Service Partnerships	68,910	-9,487	59,423	385	-295	90	Increased spend on nursery provision offset by additional income & funding for 2 year olds
- Group Savings from restructure	-2,893	0	-2,893			0	
Total Learning Group	114,707	-16,603	98,104	474	-470	4	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Specialist Children's Services Group:							
- Residential Care	10,253	-2,014	8,239	673	-2	671	High demand for independent sector residential provision partially offset by underspend on secure accommodation
- Fostering Service	25,996	-254	25,742	2,479	-22	2,457	High demand for independent fostering allowances and in-house foster care placements partially offset by underspend in the county fostering team
- Adoption Service	7,400	-40	7,360	-6	-9	-15	
- Other Preventative Services	10,371	-425	9,946	540	-25	515	Increased demand of direct payments and daycare provision for children with a disability
- 16+ Service	7,738	0	7,738	1,086	0	1,086	Increased demand for residential care and in-house foster care placements, pressure on section 24/leaving care payments
- Childrens Support Services	4,095	-1,400	2,695	-163	-43	-206	Underspend on social work professional training
- Assessment & Related	33,945	-1,242	32,703	-1,776	56	-1,720	Staff vacancies
- Asylum Seekers	15,568	-15,111	457	777	0	777	Costs incurred in supporting young people categorised as All Rights Exhausted & naturalised
- Special Educational Needs (SEN)	16,813	-6,723	10,090	59		59	
- SEN Transport to Schools	18,740	0	18,740	-1,200		-1,200	Lower costs resulting from contract renegotiation & fewer children than budgeted level
- Independent Sector Provision	12,215	-697	11,518	0	0	0	
- Attendance & Behaviour Service	9,358	-1,671	7,687	0		0	
- Educational Psychology Service	3,692	-13	3,679	-70		-70	
- Common Assessment Framework & Contactpoint	538	-108	430			0	
- Group Savings from restructure	-290	0	-290			0	
Total Specialist Children's Services	176,432	-29,698	146,734	2,399	-45	2,354	
Commissioning & Partnership Group:							
- Strategic Planning & Review	2,049	0	2,049	-160		-160	NFER survey not due to be completed in 2010-11
- Policy & Performance (Vulnerable Children)	6,119	-1,077	5,042			0	
- Management Information	2,433	-116	2,317			0	
- Commissioning	15,291	-1,477	13,814			0	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Business Planning & Management Unit	7,065	-465	6,600	129	-20	109	Additional costs relating to children social services legal services
- Group Savings from restructure	-536	0	-536			0	
Total Commissioning & Partnerships Group	32,421	-3,135	29,286	-31	-20	-51	
Resources & Planning Group:							
- Finance	4,254	-1,128	3,126			0	
- Awards	5,453	-603	4,850	217		217	Staffing pressure resulting from handover of work to the Student Loans Company. High demand for home to college transport
- Personnel & Development	17,311	-1,519	15,792	-632	20	-612	ISA scheme has been put on hold and underspend on school crossing patrols
- Communication & Information Governance	426	-10	416	-10	5	-5	
- Managing Directors Support	822	-25	797			0	
- Strategic Management	1,523	-6	1,517	-66		-66	
- Grant income & contingency	454	-1,123,187	-1,122,733		0	0	
- Support Services purchased from CED	9,415	0	9,415			0	
- Group Savings from restructure	-975	0	-975			0	
Total Resources & Planning Group	38,683	-1,126,478	-1,087,795	-491	25	-466	
Capital Programme & Infrastructure Group:							
- Capital Strategy Unit	20,189	-17,041	3,148	-73	8	-65	
- BSF/PFI/Academy Unit	432	0	432			0	
- Client Services	6,439	-4,480	1,959	22	110	132	Under-recovery of income relating to the cleaning & refuse collection contract
- Facilities Management	3,701	-203	3,498			0	
- Strategic Technology & Digital Curriculum	8,974	-600	8,374	-29	41	12	
- Health & Safety	628	-315	313	2		2	
- Admissions & Transport	1,416	0	1,416			0	
- Mainstream Home to School Transport	16,025	-484	15,541	-1,038	95	-943	Fall in the number of children requiring transport and contract renegotiations
- Group Savings from restructure	-52	0	-52			0	
Total Capital Programme & Infrastructure Group	57,752	-23,123	34,629	-1,116	254	-862	
TOTAL NON DELEGATED	**419,995**	**-1,199,037**	**-779,042**	**1,235**	**-256**	**979**	
Total CFE portfolio	**1,486,772**	**-1,280,004**	**206,768**	**4,716**	**-256**	**4,460**	
Assumed Mgmt Action				**-979**	**0**	**-979**	
Total CFE portfolio after mgmt action	**1,486,772**	**-1,280,004**	**206,768**	**3,737**	**-256**	**3,481**	this relates to the schools delegated budget and will be funded by a reduction in the schools reserves

1.1.3 **Major Reasons for Variance**: *[provides an explanation of the 'headings' in table 2]*

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

1.1.3.1 Extended Services (gross)

Extended services are forecasting a gross underspend of -£155k due to an underspend on the Towards 2010 budgets for Healthy Eating and Parent Support. These budgets have been offered as a part year saving in the CFE restructure but the targets were met during 2009/10 and a full year saving has been achieved in 2010/11.

1.1.3.2 Local Children's Service Partnerships (gross and income)

Local Children's Service Partnerships are forecasting a gross pressure on Childrens Centres and nurseries of +£385k which is offset by an internal reallocation of Sure Start grant income for 2 year olds of £322k from the Management Information Unit and an increase in income from parents of £63k. There are other minor income variances totalling +£90k.

1.1.3.3 Residential Care (gross)

Residential care services are forecasting a gross pressure of +£673k. The service has experienced an increase in the number of children placed in independent sector residential placements resulting in an estimated gross pressure of +£1,015k although this has reduced since the first quarter monitoring due to a reduction in the number of clients. A review is ongoing of all high cost placements (including residential care placement), as to whether a child's needs may be better served in a more cost effective in-house foster placement, however this is dependant on the availability of suitable foster care placements.

This pressure is partially offset by forecast underspends on secure accommodation of -£352k. The budget for secure accommodation is sufficient to fund two full year placements. If these placements remain vacant, further savings will arise which will be declared in future months. There are other minor pressures of +£10k.

1.1.3.4 Fostering Service (gross)

The fostering service is forecasting a gross pressure of £2,479k due to pressures on independent fostering allowances (+£1,515k) and in-house foster care placements (+£1,147k) respectively, partially offset by an underspend in the fostering team (-£193k).

There continues to be a high demand for both independent fostering allowances and in-house foster care placements and although significant funding was made available as part of the 2010-13 MTP this has been insufficient to cover the full year effect of children placed in 2009-10 and additional placements expected in 2010-11. The activity data for in-house fostering and independent fostering client weeks (see section 2.5.1 and 2.5.2) shows a sharp increase in the number of client weeks between the first and second quarters of 2010-11. A review is ongoing of all high cost placements, as to whether a child's needs may be better served in a more cost effective in-house foster placement, however any savings the review may identify are likely to be offset by the significant increase in client weeks.
The county fostering team is forecasting an underspend of £193k partly due to staffing vacancies (-£93k) and delays in the commissioning of the county wide therapeutic service which is now expected to commence towards the end of the year (-£100k).

1.1.3.5 Other Preventative Services (gross)

These services are forecasting a gross pressure of +£540k largely due to a continual rise in the demand, leading to a pressure on both direct payments (+£358k) and daycare (+£295k) budgets. The increase in demand for these services may be attributable, at least in part, to the national publicity surrounding the Aiming High programme as the number of children with a disability receiving short break services from all sources has doubled during the life of the programme which began in 2008. These pressures are partially offset by an underspend of on the link placement scheme (-£60k) and other minor variances totalling -£53k.

1.1.3.6 16+ Service (gross)

The 16+ service is currently forecasting a gross pressure of +£1,086k due to significant demands on this service resulting from a peak in the number of children turning 16. There have been a high number of children transferring to this service in high cost placements, resulting in a pressure on residential care (+£582k) and in-house fostering (+£258k) although these figures have reduced substantially following a review of all high costs placements, transferring children to lower cost supported lodgings. The resulting pressure on Section 24/Leaving Care payments (including supported lodgings) is now +£562k. (Overall therefore the review of high cost placements has helped to reduce the pressure on this service from £1.703m to £1.086m since the quarter 1 report). These pressures are only partially offset by variances on other services including underspends on independent fostering allowances (-£290k) and Kinship (-£42k).

The overall pressure on this service is reducing, following the review of all high cost residential care and fostering placements, by transferring a number of children to lower cost supported lodgings. However, the Authority has a legal obligation to maintain the existing placement if the child requests. Further updates will be given in future monitoring reports.

1.1.3.7 Children's Support Services (gross)

These services are forecasting a gross underspend of -£163k mainly due to an underspend of -£146k in social care workforce training unit. This underspend has resulted from a number of staff vacancies coupled with the securing of additional external income (already reflected in the 2010-11 cash limit) to fund the social work training programme, allowing the rebadging of traditionally base funded activities, although this additional income is not certain each year.

1.1.3.8 Assessment and Related (gross)

The current forecast underspend of -£1,776k is due to a high level of staff vacancies. In 2009-10 there were a number of successful recruitment drives, both nationally and internally and we are continuing to advertise social work posts on a rolling basis. There has been continued success in foreign recruitment and higher than anticipated numbers of existing staff have been retained. All of this has resulted in a reduction in the underspend on this budget from £3.7m in 2009-10 to the £1.776m currently forecast for 2010-11.

1.1.3.9 Asylum Services (gross and income)

The asylum service is forecasting a gross pressure of +£777k due to the costs incurred in continuing to support young people (18+ care leavers) who are categorised as "All Rights Exhausted" (ARE) and "naturalised".

The UKBA will fund the costs of an individual for up to three months after the ARE process, but the LA remains responsible for costs under the Leaving Care Act until the point of removal. The UKBA are working on speeding up the ARE and removal process, however the processes have not been accelerated in tandem resulting in the widening of the gap between the dates of ARE and removal, exacerbating the pressure on the asylum budget. In addition, the service also has a duty of care under the Leaving Care Act to support those young people who have undergone the naturalisation process but are not eligible for benefits due to delays in being identified by the benefit system or when undertaking education courses.

The service is working towards bringing the average weekly cost of care leavers in line with the UKBA funded rates of £150 per week per client by the beginning of 2011-12. In order to achieve this, rent costs must be no more than £100 per week and positive discussions have taken place with accommodation providers to relocate clients to more affordable housing in the later part of the year, along with the greater use of housing benefit. However a series of one-off costs has been incurred as a result of the relocation and closing of more expensive placements which has led to average weekly costs for the first 6 months of 2010-11 of £227.79 per week (see section 2.8). Additional funding was made available as part of the MTP in 2010-11 to help fund the difference between the current average cost and the funded rate. However, this funding will be taken back as a saving in the 2011-14 MTP, therefore it is imperative the unit cost of £150 per week is reached by 1 April 2011.

On 12 August 2010, the UKBA wrote to all Local Authorities confirming the grant rules for the Unaccompanied Asylum Seeking Children (UASC) Grant and Leaving Care Grant for 2010-11 financial year. Whilst there are no changes to the Leaving Care Grant, a new regime has been implemented for the UASC Grant from 1 October and the intention is to carry forward these new grant arrangements into 2011-12. Early analysis suggests changes to the grant rules will not have a significant impact on this service.

1.1.3.10 <u>SEN Transport (gross)</u>

The budget is forecasting an estimated underspend of -£1,200k due to the full year effect of successful contract renegotiations in the previous years, coupled with ongoing contract reviews. The number of children requiring SEN transport remains high, however it is below the budgeted level due to additional funding made available as part of the MTP (see section 2.1), which also contributes to the underspend. The number of pupils is just one variable contributing to total cost of transport with other factors such as distance travelled, type of travel etc impacting on the forecast.

1.1.3.11 <u>Strategic, Planning and Review (gross)</u>

The National Foundation of Educational Research (NFER) survey is no longer due to take place in 2010-11 resulting in a forecast underspend of -£160k. The survey seeks the views of children on a range of subjects and the Directorate was hoping to use the ‘Tellus’ survey in the future, however this has recently been scrapped, and alternative options are now being considered.

1.1.3.12 <u>Business Planning and Management Unit (gross)</u>

The unit is forecasting a gross pressure of +£129k solely due to the pressure on the childrens social services legal budget following the introduction of the public law outline, a change in the way care proceedings are conducted, and increased demand for internal legal services, resulting in a forecast pressure of +£261k. This pressures is partially offset by an underspend on facilities of -£78k due to savings on building running costs and other minor underspends of -£54k.

1.1.3.13 <u>Awards (gross)</u>

The awards service is forecasting a gross pressure of +£217k due to a pressure on staffing of +£150k and home to college transport of +£67k. The assessment and processing of the student loans applications has been centralised and this is the final year of a three year transfer of this service to the Student Loans Company. The number of staff has reduced over this period however a staffing pressure has arisen whilst the handover is finalised and the unit is closed. This is a one-off pressure and will disappear in 2011-12.

1.1.3.14 <u>Personnel and Development (gross)</u>

The unit is forecasting a gross underspend of -£632k of which -£544k relates to CRB checks and -£67k to School Crossing Patrols. In 2010-11 additional funding was made available as part of the MTP for the Independent Safeguarding Authority (ISA) scheme and three yearly CRB checks, however, following the announcement by the Government, this has been put on hold indefinitely and may be scrapped. Existing procedures for CRB checks, which are currently only done as part of the appointment process, will continue until a new scheme has been agreed. There are other minor underspends of -£21k.

1.1.3.15 <u>Client Services (income)</u>

In 2009-10, the unit was expected, as part of the MTP, to implement full-cost recovery in relation to contract management of the cleaning and refuse collection contracts with schools. However, whilst they have made significant strides to achieve this, the service is struggling to achieve the necessary income to cover the costs of the contract team resulting in a forecast +£110k under-recovery of income.

1.1.3.16 <u>Mainstream Home to School Transport (gross)</u>

The budget is forecasting a gross underspend of -£1,038k due to the number of children requiring transport continuing to be below budgeted level (see 2.1), along with the full year effect of successful contract renegotiations in 2009-10 and ongoing contract reviews.

Other Issues

1.1.3.17 Payments to PVI providers for the free Entitlement for three and four year olds

The latest forecast suggests an underspend of around -£2.4 million on payments to PVI providers for 3 and 4 year olds. This underspend is in addition to the £1.5 million cash limit recently removed from this service to help fund the in year government grant reductions (as reported to Cabinet in July). The number of hours provided has increased by 17.8% over the same two terms last year as per Section 2.2 due to one more week in the summer term than last year, a significant increase (3.5%) in the number of children, and an increase in the average number of hours taken up mainly due to the introduction of extension of the free entitlement to 15 hours per week in pilot areas. The forecast assumes this trend will continue in the spring term. In addition, the extension of the free entitlement to 15 hours per week was rolled out across the County in September 2010 and it has been assumed there will be a similar level of take up as in the pilot area. A more accurate forecast will be available once the autumn term hours are confirmed at the end of November/beginning of December and a further update will be given in the November exception report to be reported to Cabinet in January. As this budget is funded entirely from DSG and standards fund, this underspend is transferred into the DSG reserve at the end of the year in accordance with regulations.

1.1.3.18 **Delegated Schools Budgets**

Following the Secretary of State's announcement that outstanding schools could convert to academy status and the passing of the Academies Act 2010, the latest position is as follows. Nine schools (including 2 primary schools) have converted since the beginning of September 2010. Another 3 schools are due to convert on 1st December and a further 6 at the beginning of 2011. In addition to this, 5 schools converted to 'old style' academies from 1st September.

The forecast £3.481m drawdown of schools reserves shown in tables 1 and 2 represents the estimated reduction in reserves resulting from these 23 schools converting to academies including the 18 schools converting to academies following the recent government announcements.

The first 2010-11 monitoring returns from schools are currently being collated and an update on the position will be provided in the next exception report to Cabinet in January.

1.1.3.19 **Restructure update**

The CFE restructure is being implemented and cash limits to reflect the new structure will be reported in the next full monitoring report to Cabinet in April. We expect the required savings to be achieved.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER
(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFE	Schools Delegated Budget: estimated drawdown of schools reserves due to 23 schools converting to academies	+3,481	CFE	Assessment & Related (gross): high level of staff vacancies due to difficulty in recruitment	-1,776
CFE	Fostering Service (gross): Continual high demand for Independent fostering allowances	+1,515	CFE	SEN Transport (gross): fewer than budgeted children travelling and contract renegotiation	-1,200
CFE	Fostering Service (gross): high demand for in-house foster care placements	+1,147	CFE	Mainstream Home to School Transport: fewer children than budgeted level	-1,038
CFE	Residential Care (gross): high demand for independent sector residential care placements	+1,015	CFE	Personnel and Development (gross): Independent Safeguarding Authority scheme & 3 yearly CRB checks put on hold indefinitely	-544
CFE	Asylum Service (gross): Providing support for young people categorised as "all rights exhausted" and naturalised	+777	CFE	Residential Care (gross): fewer placements in secure accommodation	-352
CFE	16+ Service (gross): high demand for residential care placements	+582	CFE	LCSPs (income): additional internal income for provision of 2 year old places	-322
CFE	16+ Service (gross): high demand for Section 24/leaving care services	+562	CFE	16+ Service (gross):fewer placements in independent fostering	-290
CFE	LCSPs (gross): pressure for provision of 2 year old places at Children's Centres & Nurseries	+385	CFE	Strategic, Planning and Review (gross): National Foundation of Educational Research survey will not take place in 2010-11	-160
CFE	Other Preventative Services (gross): high demand of direct payments	+358	CFE	Extended Services (gross): T2010 targets for Healthy Eating and Parent Support achieved in 2009-10	-155
CFE	Other Preventative Services (gross): high demand for daycare services for children with a disability	+295	CFE	Children's Support Services (gross): staff vacancies relating to social care professional training and use of external income to fund training programmes	-146
CFE	Business Planning and Management Unit (gross): Rise in costs due to change in care proceedings and high demand for children social services legal budget	+261	CFE	Fostering Service (gross): Delays in the implementation of the county wide therapeutic service	-100
CFE	16+ Service (gross): high demand for in-house fostering placements	+258			
CFE	Awards (gross): staffing pressure whilst finalising the handover of work to the Student Loan Company	+150			
CFE	Client Services (income): under-recovery of income relating to the cleaning and refuse collection contract	+110			
		+10,896			**-6,083**

1.1.4 **Actions required to achieve this position**:

N/A

1.1.5 **Implications for MTP**:

The base budget implications of issues identified in this monitoring report will be a call on the amounts identified in the 2010/13 MTP as emerging pressures in 2011/12 and 2012/13. The details of individual amounts will be included when the revised plan is published for consultation in January 2011 together with any new pressures forecast for 2011/12 and 2012/13. The significant issues for the Children, Families and Education portfolio arising from 2010/11 budget monitoring are as follows:

- Residential Care – in the current year the service has seen an increase in the number of children placed in independent sector residential placements resulting in an estimated gross pressure of +£1,015k (see paragraph 1.1.3.3 above). It is anticipated that this demand will continue for the medium term and therefore a pressure will be included within the Directorate's MTP submission.
- Independent and in-house Fostering – in the current year the fostering service is forecasting a gross pressure of £2,479k (see paragraph 1.1.3.4 above). Whilst a review is currently being undertaken of all high cost placements, it is anticipated that some of this demand will continue for the medium term and therefore a pressure will be included within the Directorate's MTP submission.
- Other preventative services – in the current year the service is forecasting a gross pressure of +£540k (see paragraph 1.1.3.5 above) largely due to a continual rise in the demand for these services leading to a pressure on both direct payments and daycare budgets. It is anticipated that this demand will continue for the medium term and therefore a pressure will be included within the Directorate's MTP submission.
- 16+ Leaving Care Services - The 16+ service is currently forecasting a gross pressure of +£1,086k (see paragraph 1.1.3.4). It is hoped the pressure on this service will reduce, following the review of all high cost residential care and fostering placements. However, if the reduction does not materialise and the future age profile of looked after children indicates a continuing pressure this will be included within the Directorate's MTP submission.
- Asylum Service – Funding was made available as part of the MTP in 2010-11 to help fund the difference between the current average cost and the funded rate for 18+ Care Leavers. However, this funding will be taken back as a saving in the 2011-14 MTP, therefore it is imperative the unit cost of £150 per week is reached by 1 April 2011. The service is confident that they will be able to achieve this by the start of 2011-12, however a pressure is expected to continue on the service for those young people who are not covered by the existing grant rules, including the first 25 care leavers and those categorised as either "All Rights Exhausted" and naturalised.
- LSC Transfer - In the previous monitoring report, submitted to Cabinet in July, concerns were raised regarding the funding for the costs of term time residential placements at Independent Specialist Providers (ISP) for post 18 learners. Prior to the transfer of post 16 funding responsibility on 1st April 2010, the Learning Skills Council (LSC) had picked up all associated placement costs. This was a unique situation for Kent learners. The Young People's Learner Agency (YPLA), the replacement to the LSC, has confirmed they will fund all costs for 2010-11 academic year. However, there is still a risk this position may be reconsidered in future years, resulting in an estimated £1million pressure. Following the recent announcements from the Secretary of State, the YPLA will now directly fund general FE & sixth form colleges and other work based learning providers for 16-19 learners (up to 25 with a learning disability), rather than funds being directed through the local authorities. The funding responsibilities for 19 – 24 learners are still unclear, however work is being undertaken on a process that would reduce costs by reducing expensive out of county placements with local provision. Full details of the change in responsibilities are not expected until the end of November/early December. If this results in a subsequent pressure this will be included within the Directorate's MTP submission.

The revised MTP will include proposals on how the in-year cuts in Government grants will be accommodated in base budgets once it has been confirmed that these reductions are permanent following the announcement of the provisional local government finance settlement for 2011/12 which we anticipate will be in early December. The revised plan will also include the strategy to address the likely reductions in funding over the lifetime of the current parliament following the Chancellor's emergency budget statement on 22nd June in which he outlined his plans to address the national budget deficit and the Spending Review announcement on 20 October.

1.1.6 **Details of re-phasing of revenue projects**:

N/A

1.1.7 **Details of proposals for residual variance**:

The Directorate is forecasting an overall pressure of £4,460k, of which, +£3,481k represents the drawdown from school reserves following the anticipated transfer of 23 schools to academy status and +£979k net pressures relating to other non-delegated units. We are expecting to balance the 2010-11 Children, Families and Education portfolio (excluding Schools) and CFE SMT will be discussing proposals to achieve this during November.

1.2 CAPITAL

1.2.1 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader, or relevant delegated authority.

The capital cash limits have been adjusted since last reported to Cabinet on 11th October 2010, as detailed in section 4.1.

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position excluding PFI projects.

	Previous Years £'000s	2010-11 £'000s	2011-12 £'000s	2012-13 £'000s	Future Years £'000s	TOTAL £'000s
Children, Families & Education						
Budget	348,571	224,256	234,604	246,005	154,816	1,208,252
Adjustments:						0
- re-phasing August monitoring		-685	694	-9		0
- Integrated Childrens Systems		-90				-90
- Early Years/Children Centres		-1,507				-1,507
- Primary Improvement Programme - spend		477	393	-7		863
- Primary Improvement Programme - plan		-138	-393	7		-524
- Multi-Agency Hubs - plan		-1,036	-459	-1		-1,496
- Playbuilder capital funding		-231				-231
- Specialist Schools		130	10			140
- Basic Need - Fulston Manor		197				197
- Basic Need - Sittingbourne Community College		200				200
- Basic Need - Westlands		123				123
- The Towers		400	352		-1,140	-388
- Transforming Short Breaks		-549				-549
Revised Budget	348,571	221,547	235,201	245,995	153,676	1,204,990
Variance		-8,232	+8,734	+51	+117	+670
split:						
- real variance		+532	+174	-36	0	+670
- re-phasing		-8,764	+8,560	+87	+117	0
Devolved Capital to Schools						
Budget	2,049	47,290	34,291	34,291		117,921
Adjustments:						0
Revised Budget	2,049	47,290	34,291	34,291	0	117,921
Variance		0	0	0	0	0
split:						
- real variance		0	0	0	0	0
- re-phasing		0	0	0	0	0
Directorate Total						
Revised Budget	350,620	268,837	269,492	280,286	153,676	1,322,911
Variance	0	-8,232	+8,734	+51	+117	+670

Real Variance		**532**	**174**	**-36**	**0**	**670**
Re-phasing		**-8,764**	**8,560**	**87**	**117**	**0**

1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2010-11 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and
- Projects at preliminary stage.

The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the preliminary stage, is explained further in section 1.2.4 below.

All real variances are explained in section 1.2.5, together with the resourcing implications.

Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER

			Project Status			
portfolio	Project	real/ phasing	Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
CFE	Dev Opps - Swadelands	real			400	
			+0	**+0**	**+400**	**+0**
Underspends/Projects behind schedule						
CFE	Primary Improvement Programme	phasing			-3,991	
CFE	Swale MASH	phasing		-1,310		
CFE	Transforming Short Breaks	phasing		-1,098		
CFE	Thanet MASH	phasing		-886		
CFE	Childrens Centres	phasing		-764		
CFE	Service Redesign	phasing		-251		
			0	**-4,309**	**-3,991**	**-0**
				-4,309	**-4,391**	**-0**

1.2.4 **Projects re-phasing by over £1m**:

1.2.4.1 **Primary Improvement Programme (Approval to Plan) – a variance in 2010/11 of -£4.032m (re-phasing of -£3.991m & real variance of -£0.041m)**

There are six projects at approval to plan where expenditure was expected during 2010-11. These projects are either not expected to spend during the current financial year, or will only spend a minimal amount on preparation and planning work. The projects involved are:

- Halfway Houses PS, Sheppey - Relocation to new site
- Richmond PS, Sheppey - Extension and refurbishment
- West Minster PS, Sheppey - Extension and refurbishment
- St John's CEPS, Sevenoaks - New hall and kitchen plus refurbishment
- St Paul's CEPS, Tunbridge Wells - Minor refurbishment
- Archbishop Courtenay CEPS, Maidstone - New build school.

All of the projects are part of the Primary Capital Programme funded by Government grant supplemented by capital receipt and conceived of as a 14 year rolling programme. Five of these projects were expected to incur expenditure this year to take advantage of the rolling nature of the programme. Due to the economic downturn and uncertainty over future government funding there is a slowdown in the flow of capital. Given that it is not possible to enter into any contractual commitment until future funding streams have been confirmed it has been necessary to slow the rollout of current projects.

The KCC spending on Archbishop Courtenay CEPS has been re-profiled to enable another funding stream to be secured by the Diocese from the Department for Education (DfE), which is required to be spent prior to the end of the 2010-11 financial year.

The total amount of the re-phasing in 2010-11 is £3.991m which represents 14.7% of the total value of the programme.

Revised phasing of the scheme is now as follows:

	Prior Years	2010-11	2011-12	2012-13	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	918	5,210	10,303	10,700	0	27,131
Forecast	918	1,178	14,258	10,657	36	27,047
Variance	**0**	**-4,032**	**+3,955**	**-43**	**+36**	**-84**
FUNDING						
Budget:						
Grant	34	5,210	10,303	10,700	0	26,247
Supported Borrowing	-75	0	0	0	0	-75
PEF2	959	0	0	0	0	959
TOTAL	918	5,210	10,303	10,700	0	27,131
Forecast:						
Grant	34	1,178	14,258	10,657	36	26,163
Supported Borrowing	-75	0	0	0	0	-75
PEF2	959	0	0	0	0	959
TOTAL	918	1,178	14,258	10,657	36	27,047
Variance	**0**	**-4,032**	**+3,955**	**-43**	**+36**	**-84**

1.2.4.2 **Swale Multi Agency Hub - re-phasing of -£1.310m**

This is a joint venture between KCC and Eastern & Coastal Kent Primary Care Trust which is predominantly funded by a DfE Co-location grant (£3.590m) plus an additional contribution from KCC (£0.500m).

The project is designed to deliver a multi-agency specialist hub for disabled children and their families living in Swale, one of the most deprived districts in Kent. The project will establish a strong link with the new Meadowfield Special School, which includes a specialist training centre, located 2.5 miles away. The centre will co-locate the following services: a multi-agency assessment centre, a specialist child and adolescent mental health service, specialist short breaks offered during the day and evening, a specialist nursery, a specialist training centre to promote inclusion & a carers centre.

The project has been delayed by planning issues and the disconnection of mains gas and electricity at the site to allow demolition works to commence.

The total amount of the re-phasing is £1.310m which represents 29.4% of the total value of the programme.

Revised phasing of the scheme is now as follows:

	Prior Years	2010-11	2011-12	2012-13	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	102	3,099	1,246	3	0	4,450
Forecast	102	1,789	2,529	30		4,450
Variance	**0**	**-1,310**	**+1,283**	**+27**	**0**	**0**
FUNDING						
Budget:						
Grant	102	3,099	749	0	0	3,950
Prudential	0	0	497	3		500
TOTAL	102	3,099	1,246	3	0	4,450
Forecast:						
Grant	102	1,789	2,059	0	0	3,950
Prudential	0	0	470	30	0	500
TOTAL	102	1,789	2,529	30	0	4,450
Variance	**0**	**-1,310**	**+1,283**	**+27**	**0**	**0**

1.2.4.3 **Transforming Short Breaks programme - re-phasing of -£1.098m**

-£1.095 of this re-phasing relates to the Ashford Multi Agency Hub. This is a joint venture between KCC and Eastern & Coastal Kent Primary Care Trust, which is to be funded by a grant from the Transforming Short Breaks Programme (£0.750m) and a contribution from the Primary Care Trust (PCT) (£3.900m).

The project will improve services to disabled children and other young people with complex needs. KCC and the PCT wish to continue providing the activities offered at the Ashford Child Development Centre, Jubilee House at the new premises to be located at Wyvern Secondary Special School. The premises are to include a child development centre, a resource centre for short breaks/respite care together with a nursery and 'SMILE' centre.

Planning delays and extensive archaeological investigations have caused significant delays to the commencement of this project.

The total amount of the re-phasing on this programme is £1.098m which represents 18.2% of the total value of the programme.

Revised phasing of the scheme is now as follows:

	Prior Years	2010-11	2011-12	2012-13	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	783	3,765	1,493	0	0	6,041
Forecast	783	2,667	2,591	0	0	6,041
Variance	**0**	**-1,098**	**+1,098**	**0**	**0**	**0**
FUNDING						
Budget:						
Grant	783	1,358	0	0	0	2,141
Ex Other	0	2,407	1,493		0	3,900
TOTAL	783	3,765	1,493	0	0	6,041
Forecast:						
Grant	783	1,358	0	0	0	2,141
Ex Other	0	1,309	2,591		0	3,900
TOTAL	783	2,667	2,591	0	0	6,041
Variance	**0**	**-1,098**	**+1,098**	**0**	**0**	**0**

1.2.5 **Projects with real variances, including resourcing implications:**

There is a real variance of +£0.670m (+£0.532m in 2010-11, +£0.174m in 2011-12 and -£0.036m in 2012-13) which is detailed as follows:

Development Opportunities +£0.689m (+£0.591m in 2010-11 and +£0.098m in 2011-12)
The additional spend is mainly made up of :

- Swadelands School +£0.400m (all in 2010-11) – the additional developer contributions has been combined with the Schools DFE Specialist Schools Grant of £0.200m to provide the school with an All Weather Sports Pitch.
- Dartford Campus +£0.257m (+£0.159m in 2010-11 and +£0.098m in 2011-12) - this relates to additional works required to complete this project. The main element of the extra work is associated with the re location of Adult Services from the old Yeomans Building on the Dartford Campus site to accommodation within North West Kent College. The overspend is to be met from the saving on the Bridge which is detailed in paragraph 1.2.5.2.

The Bridge -£0.237m (all in 2010-11) The settlement of contractor claims on this project have now been agreed and are significantly better than previously expected resulting in a net project saving. The saving of prudential borrowing on this project has been used to fund most of the additional costs on Dartford Campus.

Modernisation Programme 2008-10 +£0.294m (+£0.276m in 2010-11 and +£0.018m in 2011/-12) The major increase in costs in this programme relate to :

- Maidstone Grammar School for Girls +£0.207m (all in 2010/11) - the additional costs relate to the early development costs for the proposed building scheme at the school.
- Sissinghurst +£0.090m (+£0.072m in 2010-11 and +£0.018m in 2011-12) – the additional costs relate to Highways works which were omitted from earlier cost projections.

The additional costs are to be met from developer contributions.

Corporate Property Team -£0.108m (all in 2010-11). The majority of the saving relates to the fixed maintenance element of the recharge which has reduced from £0.350m in 2009-10 to £0.281m in 2010-11.

Overall this leaves a residual balance of +£0.032m on a number of more minor projects

1.2.6 **General Overview of capital programme**:

(a) Risks

The current programme carries with it significant risks primarily related to its funding. We already know that the proposed investment in the improvements and maintenance of our estate was simply addressing the committed and essential works but even the funding of this programme is uncertain following the CSR announcement which has confirmed a larger than expected reduction in education capital investment. The indications are also that the majority of the funding is going to be committed to the 600 BSF & Academy schemes that the government are continuing with although collectively these are being required to deliver a 40% reduction.

Until we receive our capital allocations significant uncertainty will continue & we are not expecting announcements until early 2011.

The position on the outstanding academy schemes is expected to be finalised before the end of 2010 albeit with perhaps significant reduced funding.

In addition to the above specifics there are a number of recent issues that could present additional financial challenges. These include a couple of school roofs & a sizeable amount of asbestos found at BSF Wave 3 sites.

(b) Details of action being taken to alleviate risks

The programme is monitored internally on a regular basis and any potential challenges noted and addressed wherever possible.

Following the BSF and Academies Programme announcement we have taken action to reduce our financial exposure as far as is possible.

1.2.7 **PFI Projects**

Building Schools for the Future (wave 3)

£69.6m of investment in the BSF Wave 3 programme represents investment by a third party. No payment is made by KCC for the new/refurbished assets until the assets are ready for use and this is by way of an annual unitary charge to the revenue budget.

	Previous years	2010-11	2011-12	2012-13	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Budget	64,806	4,801	0	0	69,607
Actual / Forecast	64,806	4,801	0	0	69,607
Variance	0	0	0	0	0

(a) **Progress and details of whether costings are still as planned (for the 3rd party)**

The contracts for the establishment of the first Local Education Partnership (Kent LEP1 Ltd), including the PFI Agreement for the construction of the three PFI schools, were signed on 24th October 2008. The three PFI schools were completed and handed over at the end of July 2010, as scheduled. Work has continued on the external areas including the demolition of the old buildings. A substantial amount of asbestos has been found below ground level during the demolition.

(b) **Implications for KCC of details reported in (a) i.e., could an increase in the cost result in a change to the unitary charge?**

The Contractor has submitted compensations claims in relation to the asbestos that has been found at the PFI schools. The amount of the compensation claims have yet to be agreed but will, where they relate to asbestos that was not identified as part of the Type 2 surveys, be the responsibility of the Authority. Any payments will be 'one-off' capital payments and will not affect the unitary charge.

- Building Schools for the Future (future waves 4, 5 and 6)

Although the table below indicates £179.1m of expenditure, this investment in the BSF future waves is currently on hold following the Government's recent announcements. Waves 4, 5 and 6 in Kent are currently **'stopped'**, although Wave 4 remains subject to representations made by the Council.

	2010-11	2011-12	Future Years	Total
	£'000s	£'000s	£'000s	£'000s
Budget	18,000	66,000	95,100	179,100
Actual / Forecast	18,000	66,000	95,100	179,100
Variance	0	0	0	0

(a) **Progress and details of whether costings are still as planned (for the 3rd party)**
At the present time there is no funding allocated for the future BSF waves. Any future expenditure is dependant on the outcome of representations made to the Government and the comprehensive spending review.

(b) **Implications for KCC of details reported in (a) i.e., could an increase in the cost result in a change to the unitary charge?**
The PFI Contractor bears the risk of any delays to the construction programme (with the exception of any agreed compensation events). Consequently, any delays that may arise in the construction programme will not impact on the unitary charge.

1.2.8 **Project Re- Phasing**

Cash limits are changed for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the rephasing will be shown. The proposed re-phasing is detailed in the table below.

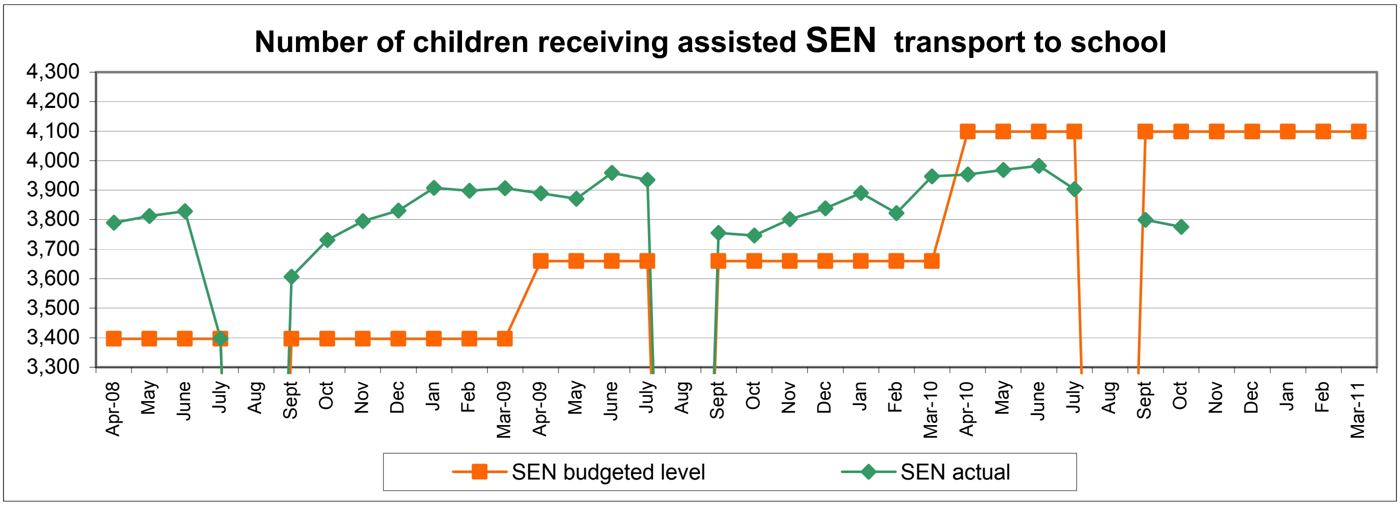
	2010-11	2011-12	2012-13	Future Years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Children's Centres Phase 1, 2, 3 & Early Years					
Amended total cash limits	+18,796	+7	0	0	+18,803
re-phasing	-764	+764			0
Revised project phasing	**+18,032**	**+771**	**0**	**0**	**+18,803**
Services Redesign					
Amended total cash limits	+251	0	0	0	+251
re-phasing	-251	+251			0
Revised project phasing	**0**	**+251**	**0**	**0**	**+251**
Transforming Short Breaks for Families with Disabled Children					
Amended total cash limits	+3,765	+1,493	0	0	+5,258
re-phasing	-1,098	+1,098			0
Revised project phasing	**+2,667**	**+2,591**	**0**	**0**	**+5,258**
Kitchen and Dining Programme					
Amended total cash limits	+929	+331	0	0	+1,260
re-phasing	-142	+142			0
Revised project phasing	**+787**	**+473**	**0**	**0**	**+1,260**
MASH - Thanet					
Amended total cash limits	+2,466	+1,395	+3	0	+3,864
re-phasing	-886	+863	+23		0
Revised project phasing	**+1,580**	**+2,258**	**+26**	**0**	**+3,864**
MASH - Swale					
Amended total cash limits	+3,099	+1,246	+3	**0**	+4,348
re-phasing	-1,310	+1,283	+27		0
Revised project phasing	**+1,789**	**+2,529**	**+30**	**0**	**+4,348**
Primary Improvement Programme - Approval to Plan					
Amended total cash limits	+5,210	+10,303	+10,700	0	+26,213
re-phasing	-3,991	+3,955		+36	0
Revised project phasing	**+1,219**	**+14,258**	**+10,700**	**+36**	**+26,213**
Total re-phasing >£100k	**-8,442**	**+8,356**	**+50**	**+36**	**0**
Other re-phased Projects below £100k	**-322**	**+205**	**+36**	**+81**	**0**
TOTAL RE-PHASING	**-8,764**	**+8,561**	**+86**	**+117**	**0**

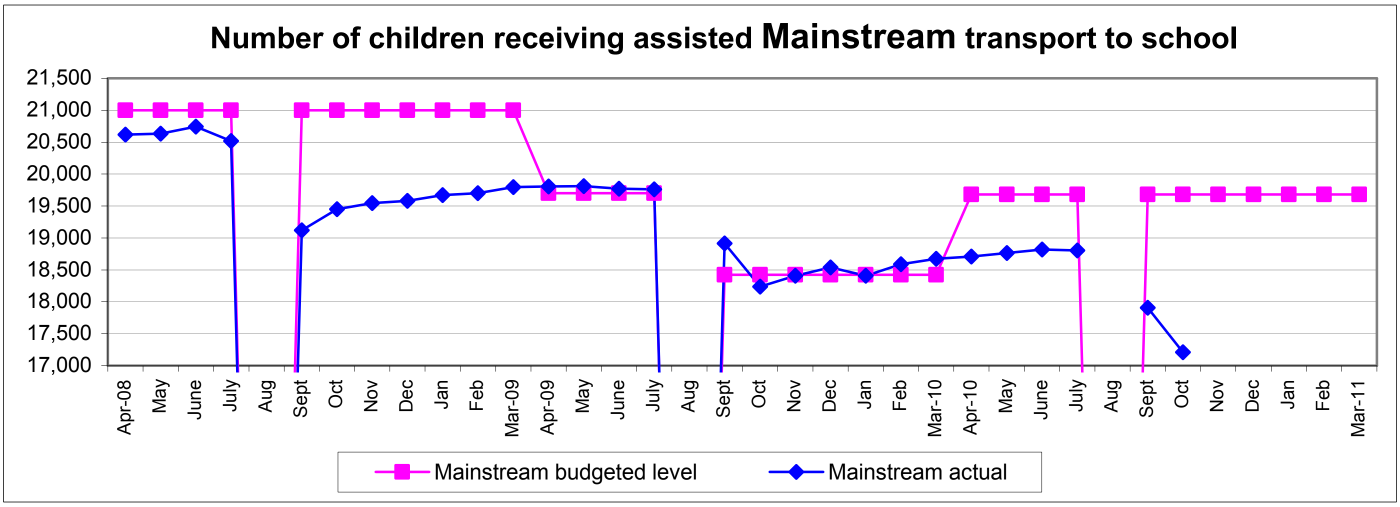
Annex 1

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 Numbers of children receiving assisted SEN and Mainstream transport to school:

	2008-09				2009-10				2010-11			
	SEN		Mainstream		SEN		Mainstream		SEN		Mainstream	
	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual
April	3,396	3,790	21,000	20,618	3,660	3,889	19,700	19,805	4,098	3,953	19,679	18,711
May	3,396	3,812	21,000	20,635	3,660	3,871	19,700	19,813	4,098	3,969	19,679	18,763
June	3,396	3,829	21,000	20,741	3,660	3,959	19,700	19,773	4,098	3,983	19,679	18,821
July	3,396	3,398	21,000	20,516	3,660	3,935	19,700	19,761	4,098	3,904	19,679	18,804
Aug	0	0	0	0	0	0	0	0	0	0	0	0
Sept	3,396	3,607	21,000	19,118	3,660	3,755	18,425	18,914	4,098	3,799	19,679	17,906
Oct	3,396	3,731	21,000	19,450	3,660	3,746	18,425	18,239	4,098	3,776	19,679	17,211
Nov	3,396	3,795	21,000	19,548	3,660	3,802	18,425	18,410	4,098		19,679	
Dec	3,396	3,831	21,000	19,579	3,660	3,838	18,425	18,540	4,098		19,679	
Jan	3,396	3,908	21,000	19,670	3,660	3,890	18,425	18,407	4,098		19,679	
Feb	3,396	3,898	21,000	19,701	3,660	3,822	18,425	18,591	4,098		19,679	
Mar	3,396	3,907	21,000	19,797	3,660	3,947	18,425	18,674	4,098		19,679	



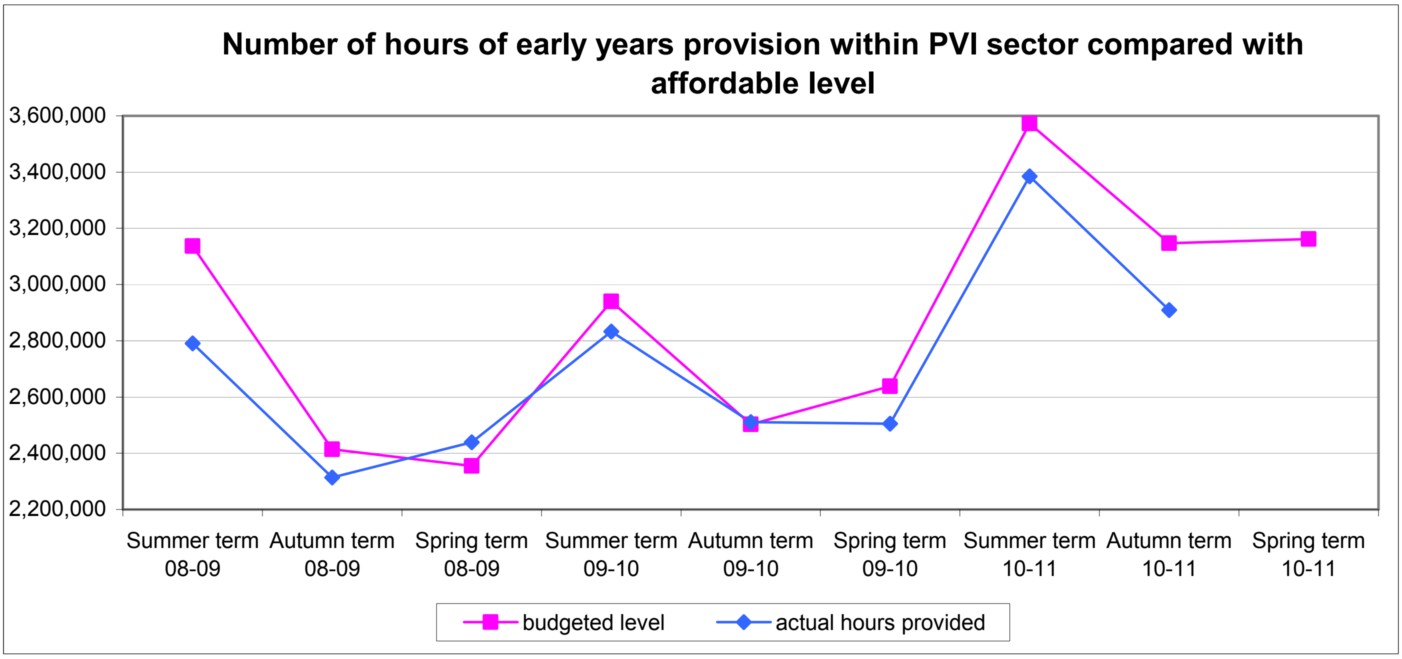


Comments:

- **SEN HTST** – The number of children is lower than the budgeted level contributing to the underspend of -£1,200k reported in section 1.1.3.10.
- **Mainstream HTST** – The number of children is lower than the budgeted level resulting in a corresponding underspend of -£943k (see section 1.1.3.16).

2.2 **Number of hours of early years provision provided to 3 & 4 year olds within the Private, Voluntary & Independent Sector compared with the affordable level:**

	2008-09		**2009-10**		**2010-11**	
	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided
Summer term	3,136,344	2,790,446	2,939,695	2,832,550	3,572,444	3,385,199
Autumn term	2,413,489	2,313,819	2,502,314	2,510,826	3,147,387	2,909,313
Spring term	2,354,750	2,438,957	2,637,646	2,504,512	3,161,965	
	7,904,583	**7,543,222**	**8,079,655**	**7,847,888**	**9,881,796**	**6,294,512**



Comments:

- The budgeted number of hours per term is based on an assumed level of take-up and the assumed number of weeks the providers are open. The variation between the terms is due to two reasons: firstly, the movement of 4 year olds at the start of the Autumn term into reception year in mainstream schools; and secondly, the terms do not have the same number of weeks.

- The phased roll-out of the increase in the number of free entitlement hours from 12.5hrs to 15 hrs per week began from September 2009 and was rolled out across the County in September 2010. The increase in the number of hours has been factored into the budgeted number of hours for 2009-10 and 2010-11. This increase in hours is funded by a specific DFE Standards Fund grant.

- The current activity suggests an underspend of approximately £2.4m on this budget which has been mentioned in section 1.1.3.17 of this annex.

- It should be noted that not all parents currently take up their full entitlement and this can change during the year.

2.3 **Number of schools with deficit budgets compared with the total number of schools**:

	2005-06 as at 31-3-06	2006-07 as at 31-3-07	2007-08 as at 31-3-08	2008-09 as at 31-3-09	2009-10 as at 31-3-10	2010-11 Projection
Total number of schools	600	596	575	570	564	541
Total value of school revenue reserves	£70,657k	£74,376k	£79,360k	£63,184k	£51,753k	£48,272k
Number of deficit schools	9	15	15	13	23	17
Total value of deficits	£947k	£1,426k	£1,068k	£1,775k	£2,409k	£2,474k

Comments:

- The information on deficit schools for 2010-11 has been obtained from the schools budget submissions. The LA receives updates from all schools through budget monitoring returns after 6 months, and 9 months as well as an outturn report at year end.

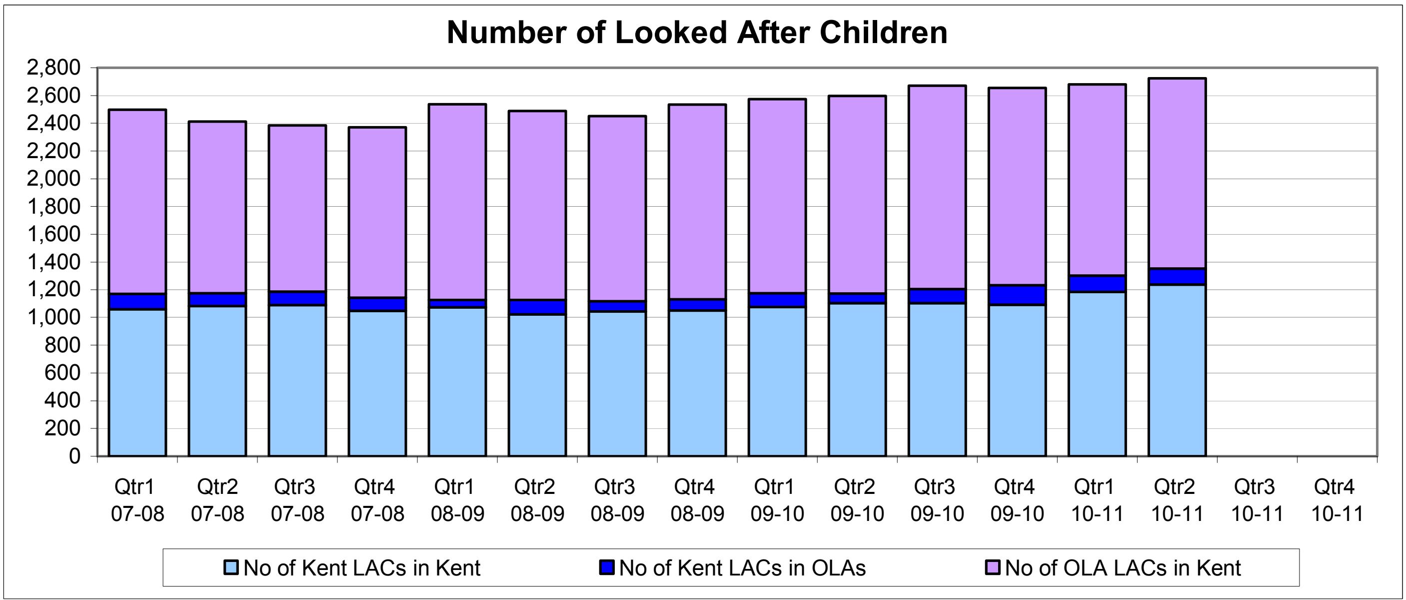
- KCC now has a “no deficit” policy for schools, which means that schools cannot plan for a deficit budget at the start of the year. Unplanned deficits will need to be addressed in the following year’s budget plan, and schools that incur unplanned deficits in successive years will be subject to intervention by the LA. The CFE Statutory team are working with all schools currently reporting a deficit with the aim of returning the schools to a balanced budget position as soon as possible. This involves agreeing a management action plan with each school.

- The number of schools is based on the assumption all 18 schools (including 14 outstanding secondary schools and 4 primary schools) will convert to academies before the 31st March 2011 in line with the government’s decision to fast track outstanding schools to academy status. This is in addition to the 5 secondary schools planned to transfer to academy status during 2010-11.

- The estimated drawdown from schools reserves of £3,481k represents the estimated reduction in reserves resulting from 23 schools converting to academy status, however the value of school reserves and deficits are very difficult to predict at this early stage in the year and further updates will be provided in future monitoring reports once we have collated the first monitoring returns from schools.

2.4 Numbers of Looked After Children (LAC):

	No of Kent LAC placed in Kent	No of Kent LAC placed in OLAs	TOTAL NO OF KENT LAC	No of OLA LAC placed in Kent	TOTAL No of LAC in Kent
2007-08					
Apr – Jun	1,060	112	**1,172**	1,325	**2,497**
Jul – Sep	1,084	91	**1,175**	1,236	**2,411**
Oct – Dec	1,090	97	**1,187**	1,197	**2,384**
Jan – Mar	1,047	97	**1,144**	1,226	**2,370**
2008-09					
Apr – Jun	1,075	52	**1,127**	1,408	**2,535**
Jul – Sep	1,022	105	**1,127**	1,360	**2,487**
Oct – Dec	1,042	77	**1,119**	1,331	**2,450**
Jan – Mar	1,048	84	**1,132**	1,402	**2,534**
2009-10					
Apr – Jun	1,076	100	**1,176**	1,399	**2,575**
Jul – Sep	1,104	70	**1,174**	1,423	**2,597**
Oct – Dec	1,104	102	**1,206**	1,465	**2,671**
Jan – Mar	1,094	139	**1,233**	1,421	**2,654**
2010-11					
Apr – Jun	1,184	119	**1,303**	1,377	**2,680**
Jul – Sep	1,237	116	**1,353**	1,372	**2,725**
Oct – Dec					
Jan – Mar					

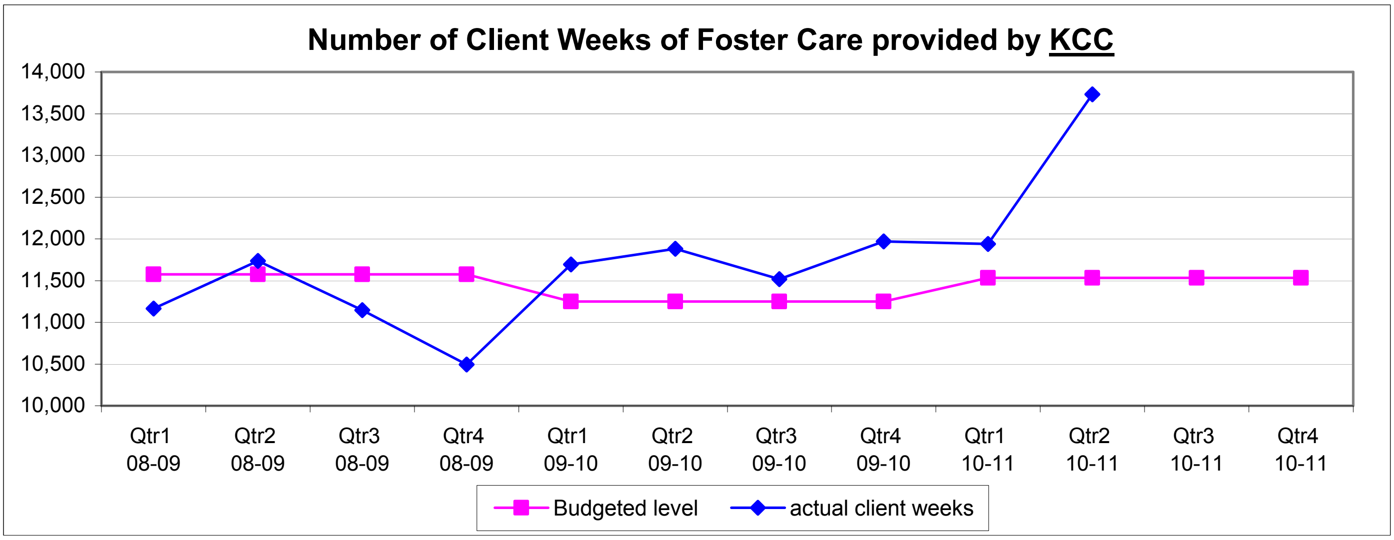


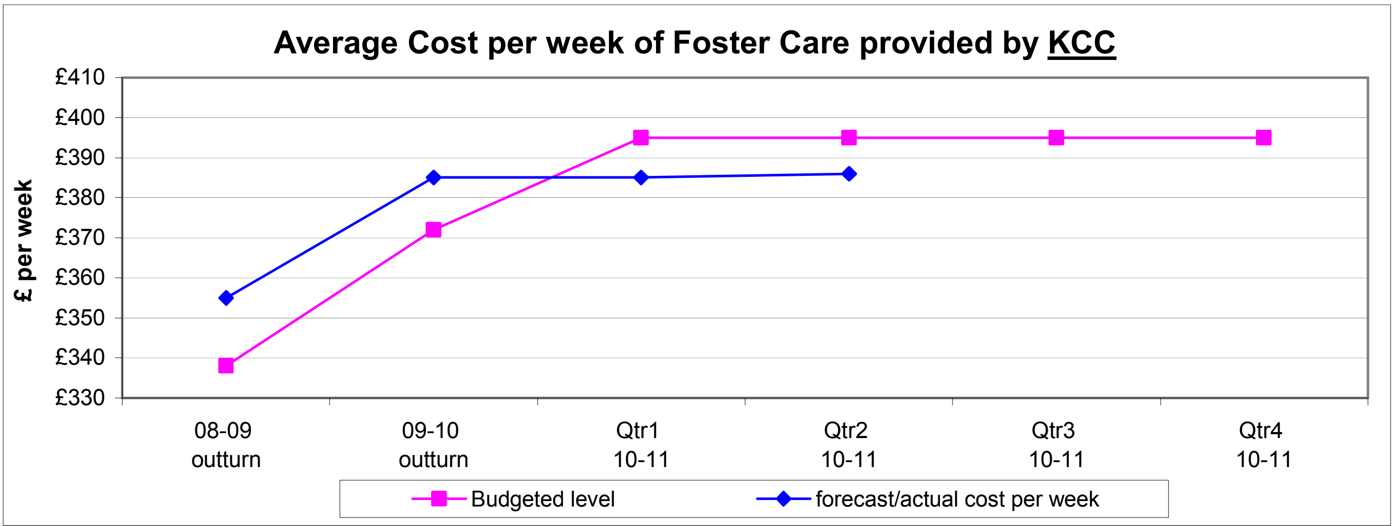
Comments:

- Children Looked After by KCC may on occasion be placed out of the County, which is undertaken using practice protocols that ensure that all long-distance placements are justified and in the interests of the child. All Looked After Children are subject to regular statutory reviews (at least twice a year), which ensures that a regular review of the child's care plan is undertaken. The majority (over 99%) of Looked After Children placed out of the Authority are either in adoptive placements, placed with a relative, specialist residential provision not available in Kent or living with KCC foster carers based in Medway.
- Please note, the number of looked after children for each quarter represents a snapshot of the number of children designated as looked after at the end of each quarter, it is not the total number of looked after children during the period. Therefore although the number of Kent looked after children has increased by 50, there could have been more during the period.
- The increase in the number of looked after children is reflected in the additional pressure on fostering (see section 1.1.3.4).

2.5.1 **Number of Client Weeks & Average Cost per Client Week of Foster Care provided by KCC**:

	2008-09				**2009-10**				**2010-11**			
	No of weeks		Average cost per client week		No of weeks		Average cost per client week		No of weeks		Average cost per client week	
	Budget Level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	forecast
Apr - June	11,576	11,166			11,249	11,695			11,532	11,937	£395	£386
July - Sep	11,576	11,735			11,249	11,880			11,532	13,732	£395	£386
Oct - Dec	11,576	11,147			11,249	11,518			11,532		£395	
Jan - Mar	11,576	10,493			11,249	11,969			11,532		£395	
	46,303	**44,451**	**£338**	**£355**	**44,997**	**47,062**	**£372**	**£385**	**46,128**	**25,669**	**£395**	**£386**



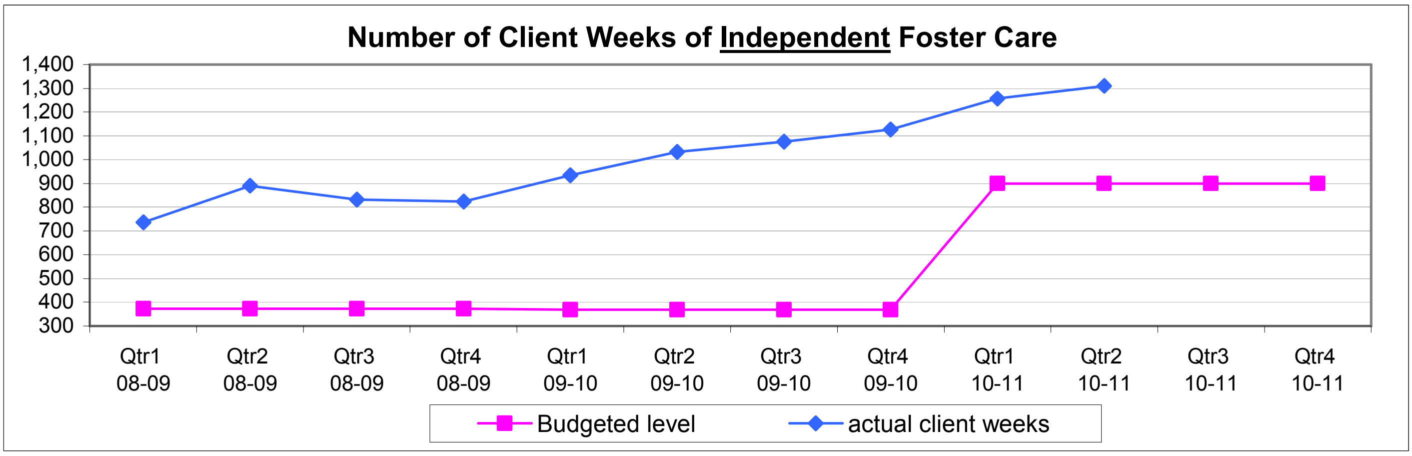


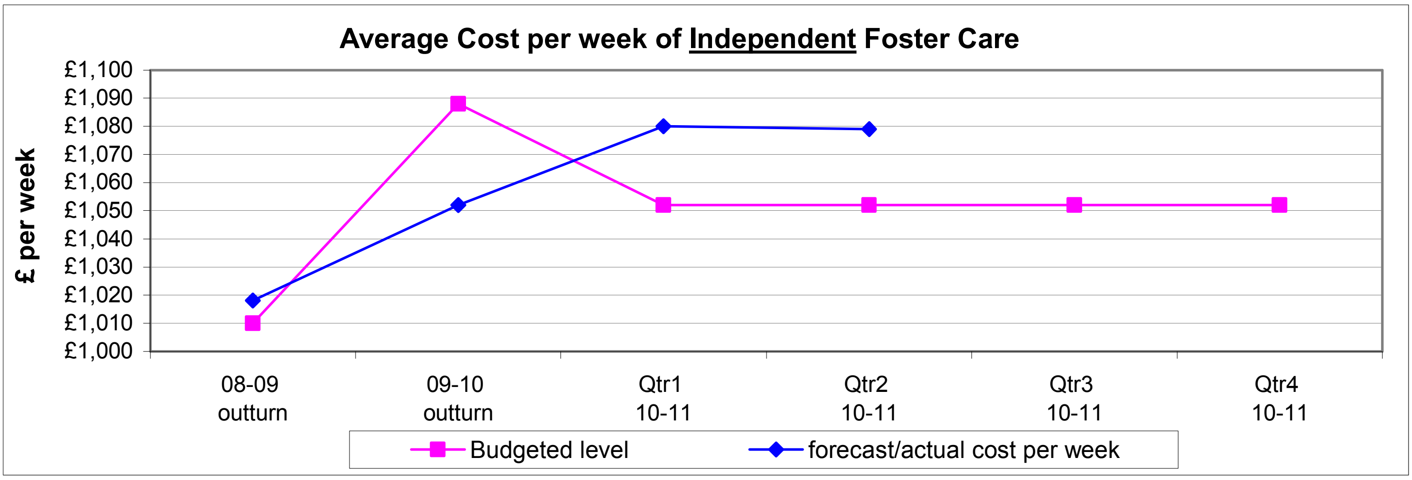
Comments:

- The actual number of client weeks is based on the numbers of known clients at a particular point in time. This may be subject to change due to the late receipt of paperwork.
- The budgeted level has been calculated by dividing the budget by the average weekly cost. The average weekly cost is also an estimate based on financial information which may be subject to change.
- The forecast unit cost of £386 is £9 below the budgeted level and when multiplied by the budgeted number of weeks, gives a saving of -£417k. However, this is more than offset by the high demand for in-house foster placements in both the fostering service (under 16s and those with a disability) and the 16+ service, therefore resulting in a combined net pressure of £1,405k (see sections 1.1.3.4 and 1.1.3.6). Although this forecast appears low compared with actual year to date activity, the forecast number of client weeks for the second 6 months of 2010-11 is lower than the first 6 months as it is based on all placements being forecast individually and takes into account all future placements identified by District managers.

2.5.2 **Number of Client Weeks & Average Cost per Client Week of Independent Foster Care**:

	2008-09				**2009-10**				**2010-11**			
	No of weeks		Average cost per client week		No of weeks		Average cost per client week		No of weeks		Average cost per client week	
	Budget Level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	forecast
Apr - June	372	737			369	935			900	1,257	£1,052	£1,080
July - Sep	372	890			369	1,032			900	1,310	£1,052	£1,079
Oct - Dec	372	831			369	1,075			900		£1,052	
Jan - Mar	372	823			369	1,126			900		£1,052	
	1,488	**3,281**	**£1,010**	**£1,018**	**1,476**	**4,168**	**£1,088**	**£1,052**	**3,600**	**2,567**	**£1,052**	



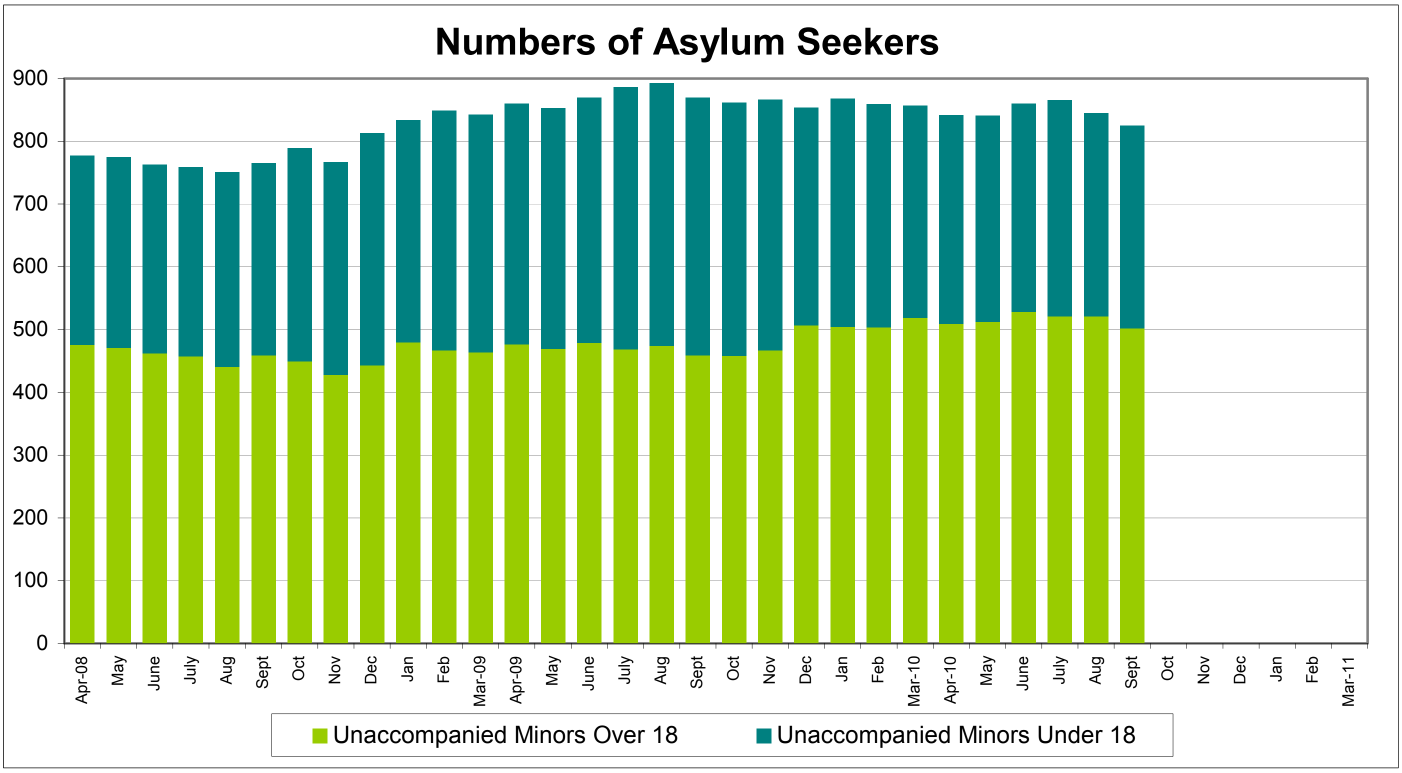


Comments:

- The actual number of client weeks is based on the numbers of known clients at a particular point in time. This may be subject to change due to the late receipt of paperwork.
- The budgeted level has been calculated by dividing the budget by the average weekly cost. The average weekly cost is also an estimate based on financial information which may be subject to change.
- The budgeted levels for 2010-11 are below the 2009-10 activity because although significant funding was made available as part of the MTP, this has been insufficient to cover the demands for this service. If current levels of activity continue throughout 2010-11, there will remain a pressure on the Independent Fostering budget of around £1,225k (see sections 1.1.3.4 and 1.1.3.6). Although this forecast appears low compared with actual year to date activity, all placements are forecast on an individual basis as identified by District managers and a number of placements are due to end. This service will require careful monitoring to identify potential overspends as early as possible during 2010-11.
- The forecast unit cost of £1,079 is £27 above the budgeted level and when multiplied by the budgeted number of weeks, gives a pressure of £97k. This is included within the £1,225k pressure explained within sections 1.1.3.4 and 1.1.3.6.

2.6 **Numbers of Unaccompanied Asylum Seeking Children (UASC)**:

	2008-09			2009-10			2010-11		
	Under 18	Over 18	**Total Clients**	Under 18	Over 18	**Total Clients**	Under 18	Over 18	**Total Clients**
April	302	475	**777**	383	477	**860**	333	509	**842**
May	304	471	**775**	384	469	**853**	329	512	**841**
June	301	462	**763**	391	479	**870**	331	529	**860**
July	302	457	**759**	418	468	**886**	345	521	**866**
August	310	441	**751**	419	474	**893**	324	521	**845**
September	306	459	**765**	411	459	**870**	323	502	**825**
October	340	449	**789**	403	458	**861**			
November	339	428	**767**	400	467	**867**			
December	370	443	**813**	347	507	**854**			
January	354	480	**834**	364	504	**868**			
February	382	467	**849**	355	504	**859**			
March	379	464	**843**	338	519	**857**			



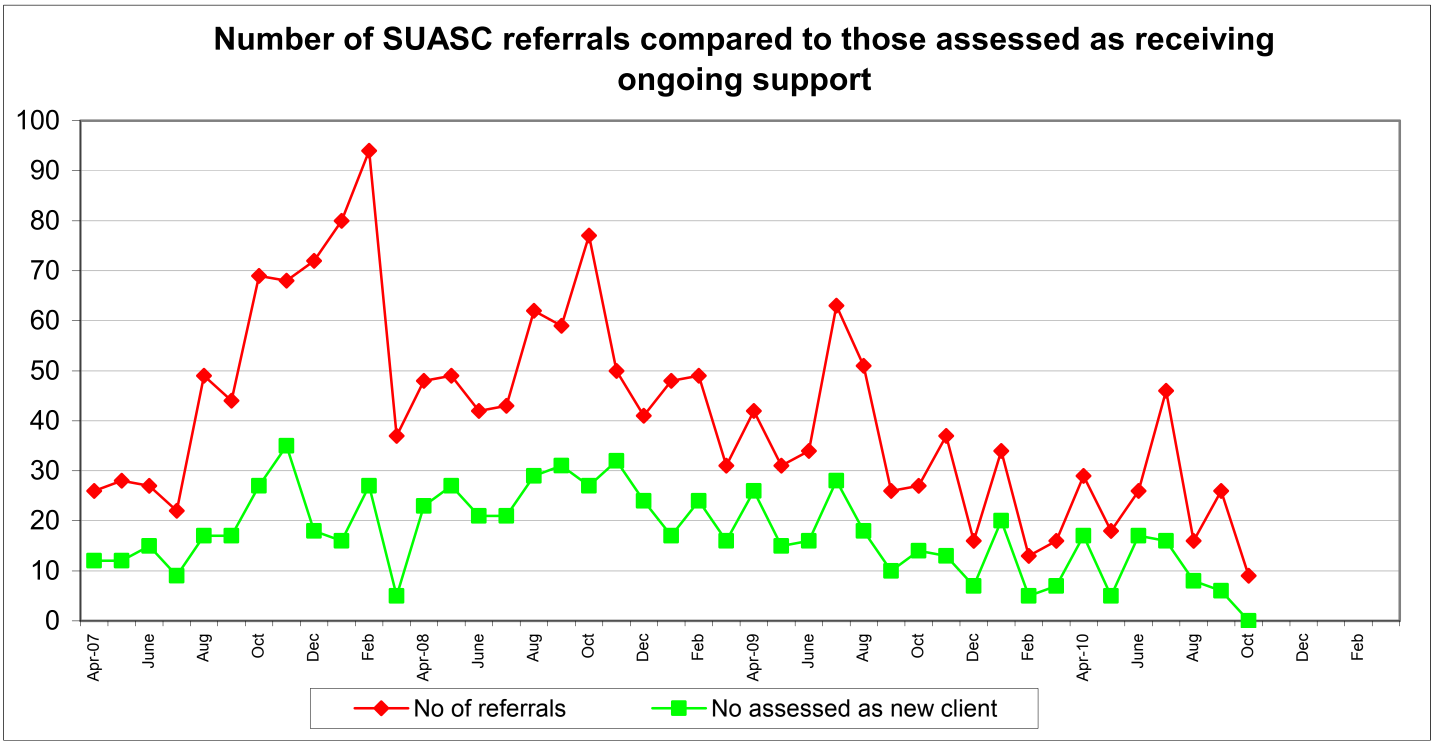
Comment:

- Client numbers have fallen for the past two months but remain higher than the projected number, which for 2010-11 is an average of 812 clients per month (approx 1.6% higher). This is largely due to over 18s not reducing as quickly as predicted, partly due to UKBA removals being significantly lower than anticipated, and also due to a number of over 21s remaining in the service while they complete their education courses (this is reflected in the pressure on this service of £777k, see section 1.1.3.9)
- The age profile suggests the number of over 18s is increasing compared to the same period last year, and it is this service which is experiencing the shortfall of funding. In addition the age profile of the under 18 children has reduced, with significantly higher numbers being placed in foster care.
- The data recorded above will include some referrals for which the assessments are not yet complete or are being challenged. These clients are initially recorded as having the Date of Birth that they claim but once their assessment has been completed, or when successfully appealed, their category may change.

2.7 Numbers of Asylum Seeker referrals compared with the number assessed as qualifying for on-going support from Service for Unaccompanied Asylum Seeking Children (SUASC) ie new clients:

	2007-08			2008-09			2009-10			2010-11		
	No. of referrals	No. assessed as new client	%	No. of referrals	No. assessed as new client	%	No. of referrals	No. assessed as new client	%	No. of referrals	No. assessed as new client	%
April	26	12	46%	48	23	48%	42	26	62%	29	17	59%
May	28	12	43%	49	27	55%	31	15	48%	18	5	28%
June	27	15	56%	42	21	50%	34	16	47%	26	17	65%
July	22	9	41%	43	21	49%	63	28	44%	46	16	35%
August	49	17	35%	62	29	47%	51	18	35%	16	8	50%
Sept	44	17	39%	59	31	53%	26	10	38%	26	6	23%
Oct	69	27	39%	77	27	35%	27	14	52%	9	0*	0%
Nov	68	35	51%	50	32	64%	37	13	35%			
Dec	72	18	25%	41	24	59%	16	7	44%			
Jan	80	16	20%	48	17	35%	34	20	59%			
Feb	94	27	29%	49	24	49%	13	5	38%			
March	37	5	14%	31	16	52%	16	7	44%			
	616	**210**	**34%**	**599**	**292**	**49%**	**390**	**179**	**46%**	**170**	**69**	**41%**

(* October 2010: 3 Assessments remain outstanding)



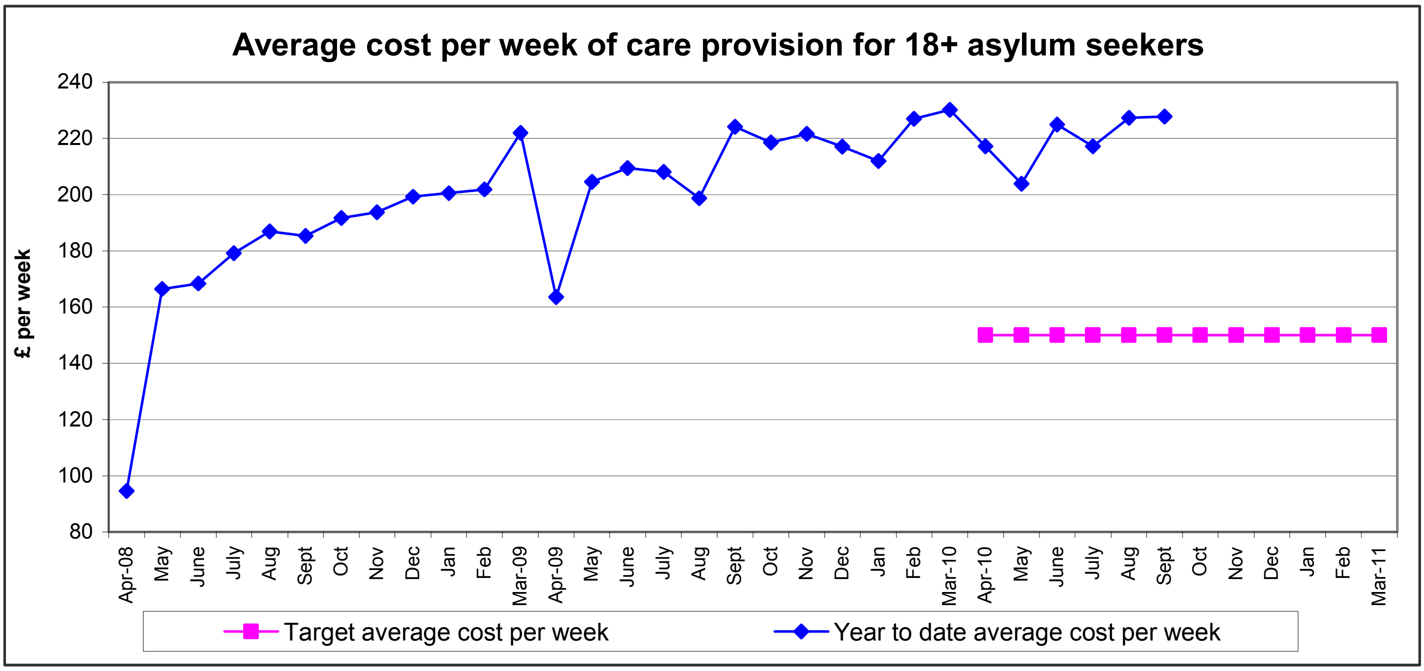
Comments:

- The number of referrals has tended to be lower since September 2009 which coincides with the French Government's action to clear asylum seeker camps around Calais and in October, is the lowest for over three years. Although the first 6 months of 2010-11 saw the number of referrals rise to an average close to the budgeted number of 30 referrals per month, the much lower number in October has reduced the average number of referrals to 24.3.

- The number of referrals has a knock on effect on the number assessed as new clients. The budgeted level is based on the assumption 50% of the referrals will be assessed as a new client. The number assessed as a new client had been higher than budgeted level, of 15 new clients per month, for three of the first four months of the year, but this has reduced for the past three months. This appears to follow the general trend experienced during the final seven months of 2009/10.

2.8 Average monthly cost of Asylum Seekers Care Provision for 18+ Care Leavers:

	2008-09		2009-10		2010-11	
	Target average weekly cost £p	Year to date average weekly cost £p	Target average weekly cost £p	Year to date average weekly cost £p	Target average weekly cost £p	Year to date average weekly cost £p
April		94.48		163.50	150.00	217.14
May		166.44		204.63	150.00	203.90
June		168.38		209.50	150.00	224.86
July		179.17		208.17	150.00	217.22
August		186.90		198.69	150.00	227.24
September		185.35		224.06	150.00	227.79
October		191.67		218.53	150.00	
November		193.71		221.64	150.00	
December		199.22		217.10	150.00	
January		200.46		211.99	150.00	
February		201.83		226.96	150.00	
March		221.97		230.11	150.00	



Comments:

- The funding levels for the Asylum Service agreed with the Government rely on us achieving an average cost per week of £150, in order for the service to be fully funded, which is also reliant on the UKBA accelerating the removal process. The UKBA will fund the costs of an individual for up to three months after the All Rights of appeal Exhausted (ARE) process, but the LA remains responsible for costs under the Leaving Care Act until the point of removal. As the gap between the date of ARE and the date of removal widens, then our ability to achieve a balanced position on the Asylum Service becomes more difficult.
- Since 1 April 2010, there have been over 80 young people declared ARE but there have only been 16 removed from the UK. This is partly why we are forecasting a £777k pressure on this service, as explained in section 1.1.3.9.
- Additional funding was made available as part of the MTP in 2010-11 to help fund the difference between the current average cost and the funded rate. This additional funding will be taken back as a saving in 11-14 MTP therefore it is imperative the unit cost of £150 per week is reached by 1 April 2011. In order to achieve this, rent costs must be no more than £100 per week and positive discussions have taken place with accommodation providers to relocate clients to more affordable housing in the later part of the year, along with the greater use of housing benefit. However a series of one-off costs has been incurred as a result of the relocation and closing of more expensive placements, which has led to average weekly costs for the first 6 months of 2010-11 of £227.79 per week.

KENT ADULT SOCIAL SERVICES DIRECTORATE SUMMARY OCTOBER 2010-11 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 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:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits have been adjusted since the last full monitoring report to reflect a number of technical adjustments to budget.
- The inclusion of a number of 100% grants (i.e. grants which fully fund the additional costs) awarded since the budget was set. These are detailed in appendix 2 to the executive summary.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Adult Services portfolio							
Older People:							
- Residential Care	87,616	-33,310	54,306	1,367	-371	996	Demographic pressure; staff cover for in-house; additional client/health income
- Nursing Care	45,690	-21,078	24,612	777	-896	-119	Forecast activity slightly below affordable level
- Domiciliary Care	47,498	-10,044	37,454	36	92	128	Activity in independent sector in excess of affordable offset by underspend on in-house
- Direct Payments	5,062	-532	4,530	425	-26	399	Demographic and placement pressures
- Other Services	24,509	-7,459	17,050	-872	83	-789	WSD underspend; uncommitted grants; small underspends on a number of lines
Total Older People	210,375	-72,423	137,952	1,733	-1,118	615	
People with a Learning Disability:							
- Residential Care	72,361	-19,794	52,567	2,331	513	2,844	Demographic and placement pressures
- Domiciliary Care	7,827	-1,556	6,271	-384	-51	-435	Forecast activity and price below affordable level
- Direct Payments	7,865	-143	7,722	436	-94	342	Demographic and placement pressures
- Supported Accommodation	26,230	-15,556	10,674	499	70	569	some demographic and placement pressures
- Other Services	21,268	-897	20,371	-2,207	33	-2,174	Releasing of Managing Director's continency to offset overall pressure; uncommitted grant funding; number of savings
Total People with a LD	135,551	-37,946	97,605	675	471	1,146	
People with a Physical Disability							
- Residential Care	12,526	-1,951	10,575	528	295	823	Demographic and placement pressures
- Domiciliary Care	7,661	-449	7,212	388	30	418	Demographic pressures

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
- Direct Payments	7,132	-249	6,883	974	-101	873	Demographic and placement pressures
- Supported Accommodation	394	-8	386	59	-14	45	
- Other Services	5,594	-685	4,909	-97	3	-94	
Total People with a PD	33,307	-3,342	29,965	1,852	213	2,065	
All Adults Assessment & Related	37,343	-2,071	35,272	96	3	99	
Mental Health Service							
- Residential Care	6,416	-882	5,534	908	205	1,113	Forecast activity in excess of affordable level; increased proportion of S117 clients who do not contribute to costs
- Domiciliary Care	623	0	623	-57	0	-57	
- Direct Payments	606	0	606	-78	0	-78	
- Supported Accommodation	542	-107	435	194	-19	175	Demographic pressures
- Assessment & Related	10,001	-876	9,125	-341	90	-251	Vacancy management; difficulties in recruiting
- Other Services	7,180	-902	6,278	-610	-90	-700	Releasing of Managing Director's contingency/ other uncommitted monies to offset overall pressure
Total Mental Health Service	25,368	-2,767	22,601	16	186	202	
Gypsy & Traveller Unit	662	-333	329	60	-55	5	
People with no recourse to Public Funds	100	0	100	0	0	0	
Strategic Management	1,222	0	1,222	-98	0	-98	
Strategic Business Support	24,716	-2,050	22,666	-1,390	-92	-1,482	Uncommitted funding held by Managing Director; vacancy management; non pay savings; grant funded posts
Support Services purchased from CED	6,787	0	6,787	29	0	29	
Specific Grants		-9,910	-9,910	0	0	0	
Total Adult Services controllable	**475,431**	**-130,842**	**344,589**	**2,973**	**-392**	**2,581**	
Assumed Management Action				**-2,581**		**-2,581**	
Forecast after Mgmt Action				**392**	**-392**	**0**	

1.1.3 **Major Reasons for Variance**: *[provides an explanation of the 'headings' in table 2]*

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

1.1.3.1 General Comment

Winter brings an increased level of pressure to the health and social care community. Seasonal variations in illness have historically resulted in increased emergency admissions and length of stay in hospital during the winter months with pressures peaking between December and March. Although the winter peak in demand is generally no worse than summer, the increased demand occurs alongside peaks in seasonal flu, swine flu and norovirus. This will lead to increased pressure for services from KASS and we expect to see increased levels of activity over the next few months, which is reflected in the forecast outturn.

1.1.3.2 **Older People:**

The overall position for services for Older People is a net pressure of £615k.

a. Residential Care

This line is reporting a gross pressure of £1,367k, and an over recovery of income of £371k, leaving a net pressure of £996k. As at September, there were 2,817 permanent clients in independent sector care compared with 2,751 in March, an increase of 66. The forecast for independent sector residential care is 159,125 weeks against an affordable level of 155,351 which is 3,774 more than budget. Using the forecast unit cost of £388.46 this increased level of activity generates a pressure of £1,466k. In addition the forecast unit cost is £1.45 lower than the affordable which results in a saving of £226k. Using the forecast unit income of £161.09 this increased level of activity generates additional income of £608k. In addition the forecast unit income is £3.20 lower than the affordable which results in a pressure of £497k.

The overall attrition rate within residential has been low during the first half of the year although it is expected that it will rise over the winter. The number of clients with dementia continues to cause concern as we have seen a net increase of 67 clients with the number of other residential clients actually reducing by one (net). Increased activity within the independent sector also results from not placing clients into permanent care within our own homes whilst the consultation on modernisation of Older People's care is taking place; however conversely there will be some reduction in respite care as we seek to maximise the spare capacity in-house for non-permanent placements. It should also be noted that where possible we seek to place people into residential care rather than nursing so there is some off-set of the pressure identified here against that line.

The forecast for Preserved Rights clients is showing minor variances on both gross and income.

Internal provision, including integrated care centres, is showing a forecast pressure of £126k against gross, primarily as a result of the continuing need to cover sickness and absence with agency staff in order to meet care standards. There will also be some reduction in cost because as mentioned above we are not placing anyone permanently in the homes affected by the consultation. There is an over-recovery in income of £236k of which £166k relates to additional recharges to health.

b. Nursing Care

This line is reporting a gross pressure of £777k, and an over recovery of income of £896k, leaving a net underspend of £119k. The number of permanent clients in independent sector placements has increased to 1,405 in September compared to the 1,374 reported in March, an increase of 31 clients. The forecast position is 79,029 weeks of care against an affordable level of 79,199 which is 170 less than affordable. The small underspend also results from the intention to place people into residential care rather than nursing care. As with residential the low level of attrition also remains an issue although it is expected to increase over the winter months. Using the forecast unit cost of £472.28 the reduced level of activity generates a saving of £80k. In addition the forecast unit cost is £2.27 higher than the affordable which results in a pressure of £180k. Using the forecast unit income of £163.48 this reduced level of activity creates a pressure of £28k. In addition the forecast unit income is £5.17 higher than the affordable which results in an over-recovery of £410k

Increased cost and activity for Registered Nursing Care Contribution clients is resulting in a forecast pressure of £544k, however this is completely off-set with additional income from health, meaning a net nil position for this service.

The remaining £133k pressure is due to small pressures, below £100k, against both activity and price on Preserved Rights, as well as a small increase in the bad debt provision.

c. Domiciliary Care

This line is reporting a gross overspend of £36k, and an under recovery of income of £92k, giving a net pressure of £128k. Domiciliary care continues to be the most difficult to forecast as there is a constant and significant churn in activity; the continuing trend in the number of clients remains volatile and the number receiving a domiciliary care package from the independent sector remains below the average of last year. The number of clients in receipt of a package through the independent sector in September was 6,216 compared with 6,227 clients in March. The forecast position is 2,530,908 hours of care which is 54,362 more than budgeted for. Using the forecast unit cost of £15.435 this increased level of activity generates a pressure of £839k. In addition the forecast unit cost is £0.017 lower than the affordable which results in a saving of £42k There is also a significant underspend of £572k relating to the in-house domiciliary service as the number of clients remains well below that afforded within the budget. There are also underspends against block contracts, extra care, and enablement, individually below £100k, but together totalling £217k.

d. Direct payments

This line is reporting a gross pressure of £425k, and an over recovery of income of £26k. Increasing client numbers mean that the forecast activity is 804 weeks higher than affordable. Using the average weekly cost of £131.96 this additional activity creates a pressure of £106k. The average cost is also £6.42 higher than affordable leading to an additional pressure of £255k. There is also a small pressure on one-off direct payments, e.g. for equipment.

e. Other Services

This line is reporting a gross underspend of £872k, and an under recovery of income of £83k. This lines covers a range of services, including day-care, meals, payments to voluntary organisations and occupational therapy, although individually below £100k, these services are reporting a collective underspend of £227k. A further £315k of underspend relates to the Whole System Demonstrator base funding, which was provided because it was expected that the remaining amount of health funding would be insufficient to meet this year’s costs. Fortunately the most recent forecast suggests that base budget funding will not now be required in 2010/11, and will instead be funded by the savings found through management actions driving down the cost of equipment & installations. There is also £330k of funding that was identified as uncommitted following a review of all grants in light of potential in-year cuts from Government and this is being used to offset the overall pressure.

1.1.3.3 **People with a Learning Disability:**

The overall position for services for Learning Disabled is a net pressure of £1,146k. However, as described further on in this section, this position is mitigated by underspends within Other Services without which the pressure would be over £3m. Services for this client group remain under extreme pressure, particularly within residential care as a result of both demographic and placement price pressures. This includes the impact of young adults transferring from Children’s Services, many of whom have very complex needs and require a much higher level of support. There are also increasing numbers of older learning disabled clients who are cared for at home by ageing parents who will begin to require more support. Cases of clients becoming/ or who could become “ordinarily resident” in Kent continue to be a problem. A client would become “ordinarily resident” when placed by another local authority in Kent and following de-registration of the home, the individual moves into supported accommodation. We have accepted responsibility for a number of clients, and we are still contesting a number of other applications. The issue of ordinary residence is under discussion nationally through the Association of Directors of Adult Social Services as the current system penalises those authorities, such as Kent, who have historically been a net importer of residential clients.

a. Residential Care

This line is reporting a gross pressure of £2,331k with an under recovery of income of £513k, giving a net pressure of £2,844k. Details of the individual pressures and savings contributing to this position are provided below.

The number of clients has increased from 632 in March to 697 in September however this includes the transfer of a further 34 clients since quarter 1 from Health under Section 256 arrangements. This is part of the overall transfer of responsibility for most Learning Disability placements from Health. These clients are 100% funded by Health and gross and income cash limits have been realigned to reflect this.

The forecast position for independent sector residential care is 37,757 weeks of care against an affordable level of 36,593 which is 1,164 more than affordable. Using the forecast unit cost of £1,237.49 this increased level of activity generates a pressure of £1,440k. In addition the forecast unit cost is £29.91 higher than the affordable which results in a pressure of £1,094k. This level of activity, using the forecast unit income of £337.77, generates additional income of £393k. In addition the forecast unit income is £1.85 lower than the affordable which results in an under-recovery of £68k.

For preserved rights, the forecast position is 31,038 weeks of care against an affordable level of 31,414 which is 376 less than affordable. Using the forecast unit cost of £805.63 this reduced level of activity generates a saving of £303k. In addition the forecast unit cost is £0.35 higher than the affordable which results in a pressure of £11k. Using the forecast unit income of £205.19 this reduced level of activity creates an under recovery of income of £77k. In addition the forecast unit income is £21.41 lower than the affordable which results in a pressure of £673k.

There is a small pressure on in-house provision, primarily due to the continuing need to cover sickness and absence with agency staff in order to meet care standards, and additional 1 to 1 support being provided. There are also small variances on in-house income lines.

b. Domiciliary Care

This line is reporting a gross underspend of £384k, and an over-recovery of income of £51k.
The forecast position for independent sector provision is 326,972 hours of care against an affordable level of 351,968 which is 24,996 less than affordable. Using the forecast unit cost of £11.76 this reduced level of activity generates a saving of £294k. In addition the forecast unit cost is £0.22 lower than the affordable which results in a saving of £77k. The effect of this on income is an over recovery of £79k.

There are also small saving on gross on other domiciliary lines including extra care sheltered housing and independent living scheme.

c. Direct payments

This line is reporting a gross pressure of £436k, and an over recovery of income of £94k. Forecast activity is 169 weeks under the budgeted level of 34,219 which when multiplied by the average weekly cost of £240.26 results in an underspend of £41k. However the average cost is £13.87 higher than affordable leading to a pressure of £474k. There is also a small variance against one-off direct payments, e.g. for equipment.

d. Supported Accommodation

The current position is a gross pressure of £499k and an under recovery of income of £70k giving a net pressure of £569k. The number of clients having increased from 309 in March to 408 in June and then to 478 in September with the increase almost solely relating to the further transfer of clients from Health under Section 256 arrangements. The gross and income cash limits have been realigned to reflect this further transfer of clients and 100% funding from Health. The current forecast is 775 weeks more than the affordable level of 24,851 creating a pressure of £768k which primarily relates to non-Section 256 clients. This is based on a forecast unit cost of £991.20, although within this are three distinct groups of clients: Section 256 clients, Ordinary Residence clients and other clients. Each client group has a very different unit cost, which when combined give this average forecast unit cost of £991.20. This combined forecast unit cost is £11.12 less than affordable, which reduces the pressure by £276k. Both the affordable and forecast unit costs have increased significantly from last year as a result of the placements transferred from Health under S256 arrangements due to the high cost of these placements. However it should also be noted that both the affordable and forecast unit costs have reduced significantly from those reported in Quarter 1 as a result of two changes. Firstly affordable and forecast activity now includes Ordinary Residence clients and secondly, much of supported accommodation is delivered through a supported living type arrangement which is counted in hours and not weeks. For the purposes of this report the average hours at that point in time are taken and used to convert the activity into weeks. This can fluctuate and in Quarter 1 a slightly higher hours per week figure was used to calculate the weeks which resulted in higher unit costs and lower forecast weeks. The Quarter 2 average is lower meaning an increase in the weeks forecast and lower average unit costs.

There are also small variances against group homes and the adult placement scheme.

It should be noted that the Residential Change Strategy is encouraging many small residential providers to move to providing supported accommodation giving people more choice and opportunities to remain within the community rather than live in a residential environment.

e. Other Services

This line is reporting a gross underspend of £2,207k, and an under recovery of income of £33k. The gross underspend includes the release of £830k Contingency held by the Managing Director, as well as £846k of uncommitted grant monies used to offset the overall pressure within this client group. There is also an underspend of £209k in supported employment, £113k of this is due to some activities being transferred to the private sector, with the remaining £96k made up of several other small underspends. This is partially offset by an under-recovery in income of £52k. The remaining underspend of £322k has been found primarily by further savings and reductions in the remaining services, including day-care and payments to voluntary organisations, through a range of changes to the cost and length of some contracts, together with savings on salaries, expenses and running costs; individually the savings are each under £100k.

1.1.3.4 **People with a Physical Disability:**

Overall the position for this client group is a net pressure of £2,065k. Services for this client group remain under pressure as a result of demographic and placement price pressures, and difficulties in forecasting remain, e.g. the number of road traffic accidents.

a. Residential Care

The overall forecast for residential care, including preserved rights clients, is a pressure on gross of £528k and an under recovery of income of £295k. Although the number of clients reduced to 218 in June from 222 in March, it has now increased back to 222 in September. The forecast assumes 598 weeks more than is affordable giving a pressure of £529k. The actual unit cost is £885.21 which is £7.55 higher than the affordable which increases the pressure by £92k. The additional client weeks add £60k of income to the position however the income per week is less than the level expected which causes a pressure of £327k.

The forecast number of client weeks of service provided to Preserved Rights clients is 128 lower than the affordable level because of increased attrition which is over and above that assumed in the budget. This reduced activity gives an underspend of £109k and the unit cost is slightly lower than the affordable level which further reduces the position by £45k. The reduced activity and a lower average of income per week means an under-recovery in income of £85k.

Increased cost and activity for Registered Nursing Care Contribution clients is resulting in a forecast pressure of £62k, however this is completely off-set with additional income from health, meaning a net nil position for this service.

b. Domiciliary Care

This budget is reporting a gross pressure of £388k, and an under-recovery of income of £30k.
The forecast position for independent sector provision is 590,488 hours of care against an affordable level of 556,354 which is 34,134 more than affordable. Using the forecast unit cost of £12.48 this increased level of activity generates a pressure of £426k. In addition the forecast unit cost is £0.06 lower than the affordable which results in a saving of £34k. There are minor variances against the other domiciliary budgets.

c. Direct Payments

This line is reporting a gross pressure of £974k, and an over recovery of income of £101k. Client numbers continue to increase meaning that the forecast activity of 40,964 weeks is 1,497 weeks higher than affordable. Using the average weekly cost of £193.46 this additional activity creates a pressure of £290k. The average cost is also £15.55 higher than affordable leading to an additional pressure of £614k. There is also a small pressure on one-off direct payments, e.g. for equipment.

1.1.3.5 **Mental Health**

The overall position for Mental Health is a net pressure of £202k.

a. Residential Care

The forecast for residential care, including preserved rights clients, is a pressure on gross of £908k and an under recovery of income of £205k. The affordable level for non-preserved rights was previously reduced following the decision to realign budgets to reflect the changed priorities in the Directorate to keep clients, wherever possible, within a community based setting such as supported accommodation or via direct payments, rather than residential care; however this change has not happened as quickly as anticipated. The intention to keep clients in the community remains, so budgets have been left as they are rather than adjusted back. The result is a forecast which is 1,957 weeks more than is affordable at a cost of £1,058k. The actual unit cost is £540.71 which is £8.69 lower than the affordable which reduces the pressure by £77k. The forecast also assumes a significant under-recovery in income as an increasing proportion of clients fall under Section 117 legislation meaning that they do not contribute towards the cost of their care. This has added £199k to the pressure.

There are small variances against gross and income for both preserved rights and Registered Nursing Care Contribution clients.

b. Supported Accommodation

The current position is £194k pressure on gross; the forecast assumes 560 weeks more than budget which at an average cost per week generates a £193k pressure, and there is an additional pressure of £1k as the unit cost is marginally higher than budget.

c. Assessment & Related

An underspend of £341k on gross expenditure is being forecast which in part results from vacancy management but also from difficulties in recruiting qualified social work staff. Savings also accrue from difficulties experienced in recruiting to senior positions for joint health/social care posts.

d. Other Services

This line is showing an underspend on gross of £610k following the release of £520k of Contingency and other uncommitted funding held by the Managing Director to offset the overall pressure within this client group. The balance of the underspend on gross is made up of small variances against day-care, payments to voluntary organisations, and community services. There is a small over-recovery in income of £90k.

1.1.3.6 **Strategic Business Support:**

This line is forecasting a significant underspend of £1,390k against gross expenditure with a small over recovery in income of £92k. Of the gross underspend £250k relates to funding that was declared as uncommitted following a review of all grants in light of potential in-year cuts from Government and this is being used to offset the overall pressure. There have also been significant savings in a number of areas including: £555k of vacancy management through continuing to hold posts vacant and delaying the recruitment process, £132k of printing, stationery, rent and room hire and reduced Girobank charges, and £153k of posts funded externally and not backfilled, a further £232k of other management actions including reducing project fees. The remaining balance of £68k is made up of numerous small savings. The over recovery of income is primarily due to £71k of extra income generated for Moving & Handling training, along with numerous smaller income variances.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER

(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

There are a number of savings which are referred to in section 1.1.3 above which are grouped together such as £217k within Older People Domiciliary, £227k within Older People Other Services and £322k within Learning Disability Other Services which do not appear in the table below as individually the savings are all below £100k. Therefore overall the net position in table 2 (+£3,484k) is significantly greater than the overall net position presented in table 1 (+£2,581k).

Pressures (+)			Underspends (-)		
Portfolio		£'000	Portfolio		£'000
KASS	OP Residential Gross - Independent Sector Activity higher than affordable	+1,466	KASS	LD Other Services Gross - uncommitted grant funding following review	-846
KASS	LD Residential Gross - Independent Sector Activity higher than affordable	+1,440	KASS	LD Other Services Gross - Release of Managing Directors Contingency	-830
KASS	LD Residential Gross - Independent Sector Unit Cost higher than affordable	+1,094	KASS	OP Residential Income - Independent Sector Activity higher than affordable	-608
KASS	MH Residential Independent Sector Gross - slower than anticipated switch to community based services	+1,058	KASS	OP Domiciliary Gross - In House - Number of Clients below affordable	-572
KASS	OP Domiciliary Gross - Independent Sector Activity higher than affordable	+839	KASS	Strategic Business Support Gross - vacancy management	-555
KASS	LD Supported Accommodation Gross - activity in excess of affordable	+768	KASS	OP Nursing Income - RNCC increased activity giving rise to increased health income	-544
KASS	LD Residential Income - Independent Sector average income lower than affordable	+673	KASS	MH Other Services Gross - released contingency & uncommitted funding	-520
KASS	PD Direct Payments Gross - Independent Sector Unit Cost higher than affordable	+614	KASS	OP Nursing Income - Independent Sector average income higher than affordable	-410
KASS	OP Nursing Gross - RNCC increased cost and activity	+544	KASS	LD Residential Income - Independent Sector Activity higher than affordable	-393
KASS	PD Residential Gross - Independent Sector Activity higher than affordable	+529	KASS	MH Assessment & Related Gross - vacancy management & problems in recruiting qualified care staff	-341
KASS	OP Residential Income - Independent Sector Unit Cost lower than affordable	+497	KASS	OP Other Services Gross - uncommitted grant funding following review	-330
KASS	LD Direct Payments Gross - Independent Sector Unit Cost higher than affordable	+474	KASS	OP Other Services Gross - Whole Systems Demonstrator Base Funding not required in 10/11	-315
KASS	PD Domiciliary Gross - Independent Sector Activity higher than affordable	+426	KASS	LD Residential Gross (Pres Rights) - Independent Sector Activity less than affordable	-303
KASS	PD Residential Income - Independent Sector average income lower than affordable	+327	KASS	LD Domiciliary Gross - Independent Sector Activity less than affordable	-294
KASS	PD Direct Payments Gross - Independent Sector Activity higher than affordable	+290	KASS	LD Supported Accommodation Gross - unit cost lower than affordable	-276
KASS	OP Direct Payments Gross - Independent Sector Unit Cost higher than affordable	+255	KASS	Strategic Business Support Gross - uncommitted grant funding following review	-250
KASS	MH Residential Independent Sector Income - increased number of clients falling under S117 who do not contribute to costs	+199	KASS	Strategic Business Support Gross - other management actions including reducing project fees	-232
KASS	MH Supported Accomodation Gross - activity in excess of affordable	+193	KASS	OP Residential Gross - Independent Sector Unit Cost less than affordable	-226
KASS	OP Nursing Gross - Independent Sector Unit Cost higher than affordable	+180	KASS	LD Other Services Gross - Kent Supported Employment	-209
KASS	OP Residential Gross - In House - Agency Staffing pressure	+126	KASS	OP Residential Income - In House - Additional recharges to Health	-166
KASS	OP Direct Payments Gross - Independent Sector Activity higher than affordable	+106	KASS	Strategic Business Support Gross - posts attracting external funding	-153

Pressures (+)			Underspends (-)		
Portfolio		£'000	Portfolio		£'000
			KASS	Strategic Business Support Gross - savings made on printing etc	-132
			KASS	PD Residential Gross (Pres Rights) - Independent Sector Activity less than affordable	-109
		+12,098			**-8,614**

1.1.4 **Actions required to achieve this position**:

The forecast pressure of £2,581k assumes that the savings identified within the MTP will be achieved and the Directorate remains confident that these savings will be achieved. 'Guidelines for Good Management Practice', also referred to below, are in place across the Directorate, and these, together with vacancy management, are anticipated to address the overall pressure.

1.1.5 **Implications for MTP**:

The MTP assumes a breakeven position for 2010-11.

The base budget implications of issues identified in this monitoring report will be a call on the amounts identified in the 2010/13 MTP as emerging pressures in 2011/12 and 2012/13. The details of individual amounts will be included when the revised plan is published for consultation in January 2011 together with any new pressures forecast for 2011/12 and 2012/13. The significant issues for the KASS portfolio arising from 2010/11 budget monitoring are related to demography.

It is assumed that the demographic pressures for KASS are likely to be £8.7m in future years. This is based on detailed calculations, on trends over the past year of increased clients and complexity. Clearly this will be reviewed on an on-going basis as part of the monitoring process.

The revised MTP will include proposals on how the in-year cuts in Government grants will be accommodated in base budgets once it has been confirmed that these reductions are permanent following the announcement of the provisional local government finance settlement for 2011/12 which we anticipate will be in late November/Early December. The revised plan will also include the strategy to address the likely reductions in funding over the lifetime of the current parliament following the Chancellor's emergency budget statement on 22nd June in which he outlined his plans to address the national budget deficit, and the Spending Review announcement on 20 October.

1.1.6 **Details of re-phasing of revenue projects**:

No revenue projects have been identified for re-phasing.

1.1.7 **Details of proposals for residual variance**: *[eg roll forward proposals; mgmt action outstanding]*

The KASS Directorate is wholly committed to delivering a balanced outturn position by the end of the financial year. KASS has 'Guidelines for Good Management Practice' in place across all teams in order to help us manage demand on an equitable basis consistent with policy and legislation. The Guidelines include ensuring all high cost placements and support packages are reviewed, plus a continued analysis and scrutiny of all requests for waiving of third party top ups to the cost of placements, and rigorous on-going panel arrangements. Furthermore the successful promotion and increased use of enablement continues to result in fewer people needing long term support. Robust monitoring arrangements are in place on a monthly basis to ensure that forecasts and expenditure are closely monitored and where necessary challenged. Through these arrangements the Directorate expects to balance the £2,581k pressure by the end of the year.

1.2 CAPITAL

1.2.1 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader, or relevant delegated authority.

The capital cash limits have been adjusted since last reported to Cabinet on 11th October 2010, as detailed in section 4.1.

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position excluding PFI projects.

	Prev Yrs Exp £000s	2010-11 £000s	2011-12 £000s	2012-13 £000s	Future Yrs £000s	TOTAL £000s
Kent Adult Social Services portfolio						
Budget	4,176	9,714	10,117	4,170	1,541	29,718
Adjustments:						
-						0
Revised Budget	4,176	9,714	10,117	4,170	1,541	29,718
Variance		-1,574	991	0	-20	-605
split:						
- real variance		-605	0	0	0	-605
- re-phasing		-970	+990	0	-20	0
Real Variance	**0**	**-605**	**0**	**0**	**0**	**-605**
Re-phasing	**0**	**-970**	**+990**	**0**	**-20**	**0**

1.2.3 **Main Reasons for Variance**

Table 4 below, details all forecast capital variances over £250k in 2010-11 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and
- Projects at preliminary stage.

The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the preliminary stage, is explained further in section 1.2.4 below.

All real variances are explained in section 1.2.5, together with the resourcing implications.

Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER

			Project Status			
portfolio	Project	real/ phasing	Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
			+0	**+0**	**+0**	**+0**
Underspends/Projects behind schedule						
KASS	Modernidation of LD Services	phasing			-680	
			0	**-0**	**-680**	**-0**
			-0	**-0**	**-680**	**-0**

1.2.4 **Projects re-phasing by over £1m**:

None

1.2.5 **Projects with real variances, including resourcing implications:**

There is a real variance of -£0.605m (in 2010-11) which is detailed as follows:

Asset Maintenance -£0.248m, Modernisation of Dementia Care -£0.152m and Public Access -£0.075m (all in 2010-11): these underspends are due to the projects no longer going forward, for which funding is no longer required.

Taking these into account there is an underlying variance of -£0.13m

1.2.6 **General Overview of capital programme**:

(a) Risks

The risks linked to KASS must be similar to those felt throughout the Authority in this current financially suppressed climate. As a Directorate that works alongside many partners such as District Councils, Private/Voluntary Organisations and Primary Care Trusts (PCT) in order to provide the most comprehensive service delivery to our users, the risks to KASS are potentially compounded.

(b) Details of action being taken to alleviate risks

The Directorate continues to closely monitor those risks associated with our partnership working arrangements on a regular basis through Area Asset Management Boards which run alongside its over-arching capital strategy. However, the Directorate may not always be able to influence/control the final outcome.

1.2.7 **PFI projects**

The £44.3m investment in the PFI Excellent Homes for All project also represents investment by a third party. No payment will be made by KCC for the newly built assets until they are ready for use. Again this will be by way of an annual unitary charge to the revenue budget.

	Previous years	**2010-11**	**2011-12**	**2012-13**	**TOTAL**
	£000s	£000s	£000s	£000s	£000s
Budget		22,300	22,000		44,300
Forecast		22,300	22,000		44,300
Variance					

(a) **Progress and details of whether costings are still as planned (for the 3rd party)**

Overall costings still as planned.

(b) **Implications for KCC of details reported in (a) ie could an increase in the cost result in a change to the unitary charge?**

The unitary charge is not subject to indexation as the contractor has agreed to a fixed price for the duration of the contract. Deductions will be made during the contract period if performance falls below the standards agreed or if the facilities are unavailable for use.

During the contract period if one of the partners proposes a change that either results in increased costs or a change in the balance of risk, this must be taken to the Project Board for agreement. Each partner has a vote and any decision resulting in a change to the costs or risks would need unanimous approval.

1.2.8 **Project Re-Phasing**

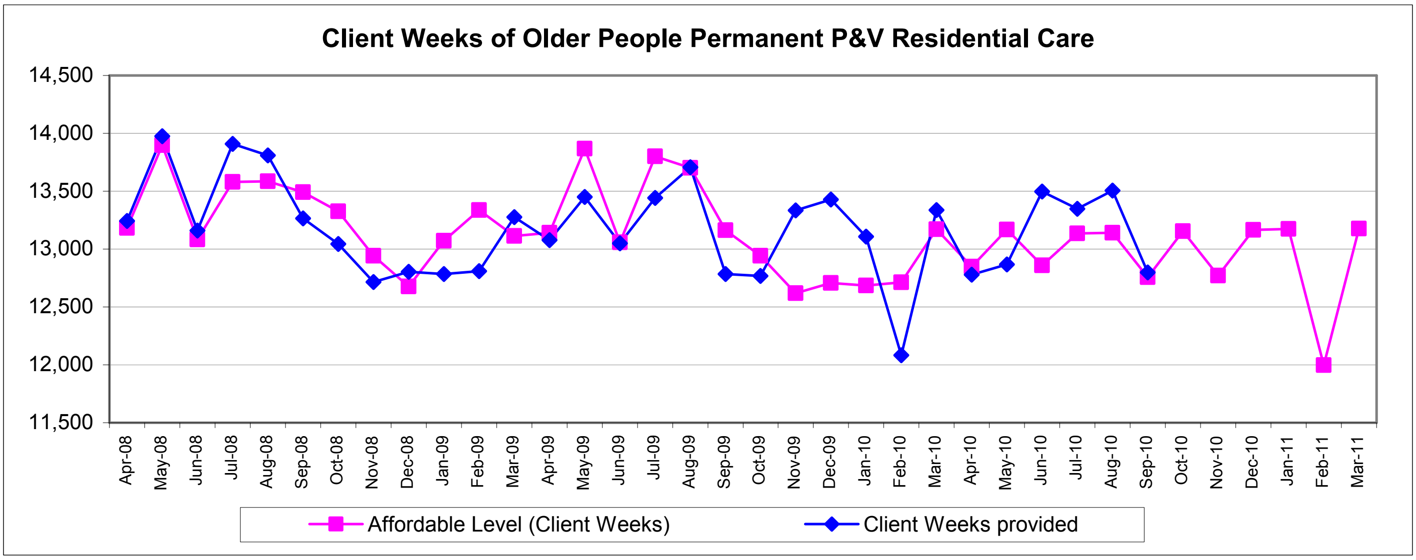
Cash limits are changed for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the rephasing will be shown. The proposed re-phasing is detailed in the table below.

	2010-11	2011-12	2012-13	Future Years	Total
	£k	£k	£k	£k	
Modernisation of Assets					
Amended total cash limits	+1,240	+2,535	+1,600	+1,541	+6,916
re-phasing	-680	+700		-20	0
Revised project phasing	**+560**	**+3,235**	**+1,600**	**+1,521**	**+6,916**
Total re-phasing >£100k	**-680**	**+700**	**0**	**-20**	**0**
Other re-phased Projects below £100k	-290	+290			
TOTAL RE-PHASING	**-970**	**+990**	**0**	**-20**	**0**

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1.1 **Number of client weeks of older people permanent P&V residential care provided compared with affordable level**:

	2008-09		2009-10		2010-11	
	Affordable Level (Client Weeks)	Client Weeks of older people permanent P&V residential care provided	Affordable Level (Client Weeks)	Client Weeks of older people permanent P&V residential care provided	Affordable Level (Client Weeks)	Client Weeks of older people permanent P&V residential care provided
April	13,181	13,244	13,142	13,076	12,848	12,778
May	13,897	13,974	13,867	13,451	13,168	12,867
June	13,084	13,160	13,059	13,050	12,860	13,497
July	13,581	13,909	13,802	13,443	13,135	13,349
August	13,585	13,809	13,703	13,707	13,141	13,505
September	13,491	13,264	13,162	12,784	12,758	12,799
October	13,326	13,043	12,943	12,768	13,154	
November	12,941	12,716	12,618	13,333	12,771	
December	12,676	12,805	12,707	13,429	13,167	
January	13,073	12,784	12,685	13,107	13,175	
February	13,338	12,810	12,712	12,082	11,998	
March	13,114	13,275	13,172	13,338	13,176	
TOTAL	**159,287**	**158,793**	**157,572**	**157,568**	**155,351**	**78,795**

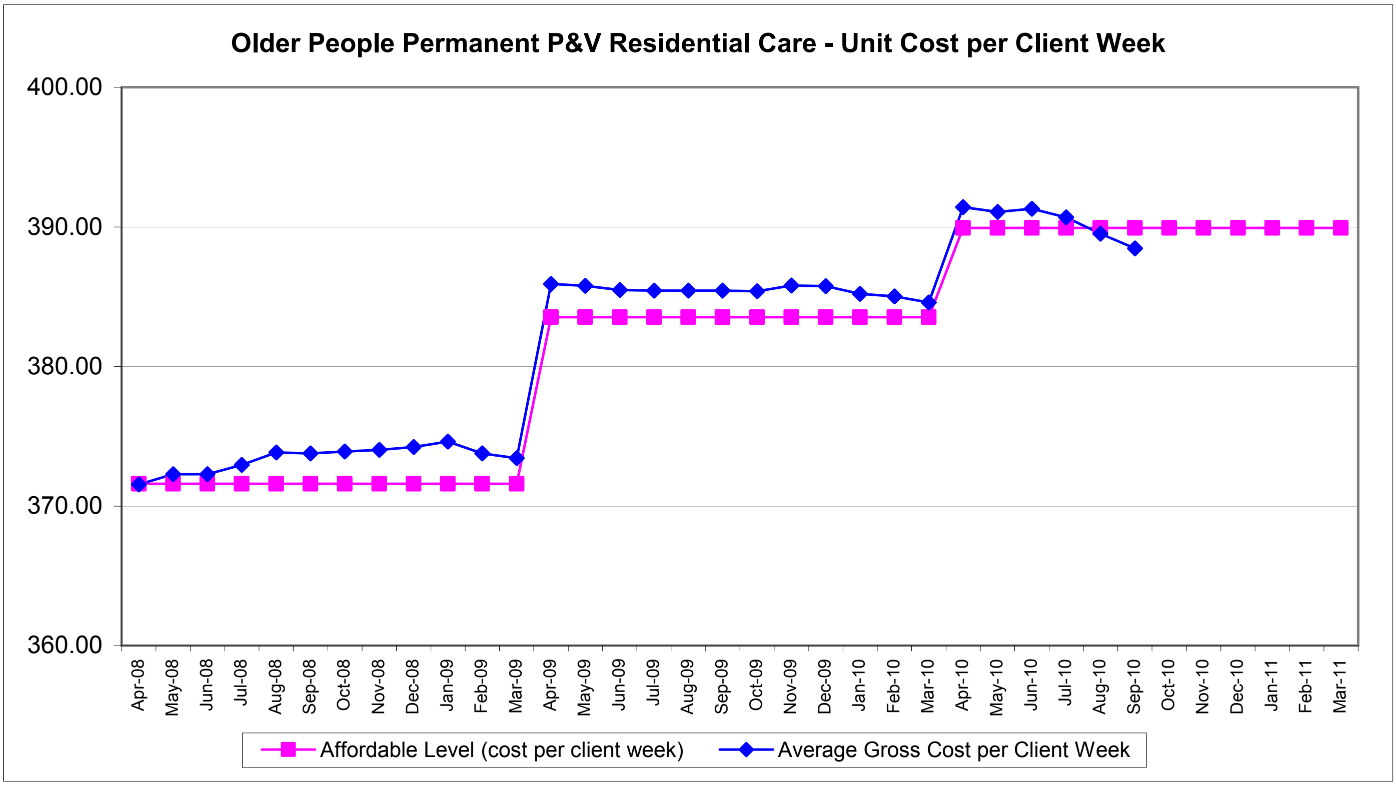


Comments:

- Actual weeks of care have been updated for previous months to reflect late data entry and provides a more accurate trend.
- The above graph reflects the number of client weeks of service provided as this has a greater influence on cost than the actual number of clients. The actual number of clients in older people permanent P&V residential care at the end of 2008-09 was 2,832, at the end of 2009-10 it was 2,751 and at the end of September 2010 it was 2,817. It is evident that there are ongoing pressures relating to clients with dementia. During this year, the number of clients with dementia has increased from 1,195 in March to 1,262 in September, and the other residential clients have decreased from 1,556 in March to 1,555 in September.
- The current forecast is 159,125 weeks of care against an affordable level of 155,351; a difference of +3,774 weeks. Using the forecast unit cost of £388.46 this increase in activity increases the forecast by £1,466k, as highlighted in section 1.1.3.2.a We are expecting an increase in both permanent clients, and non permanent episodes, which explains why the year to date (YTD) appears slightly low when compared to this forecast.
- To the end of September 78,795 weeks of care have been delivered against an affordable level of 77,910; a difference of +885 weeks.

2.1.2 **Average gross cost per client week of older people permanent P&V residential care compared with affordable level**:

	2008-09		2009-10		2010-11	
	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week
April	371.60	371.54	383.52	385.90	389.91	391.40
May	371.60	372.28	383.52	385.78	389.91	391.07
June	371.60	372.27	383.52	385.47	389.91	391.29
July	371.60	372.94	383.52	385.43	389.91	390.68
August	371.60	373.84	383.52	385.44	389.91	389.51
September	371.60	373.78	383.52	385.42	389.91	388.46
October	371.60	373.91	383.52	385.39	389.91	
November	371.60	374.01	383.52	385.79	389.91	
December	371.60	374.22	383.52	385.76	389.91	
January	371.60	374.61	383.52	385.20	389.91	
February	371.60	373.78	383.52	385.01	389.91	
March	371.60	373.42	383.52	384.59	389.91	

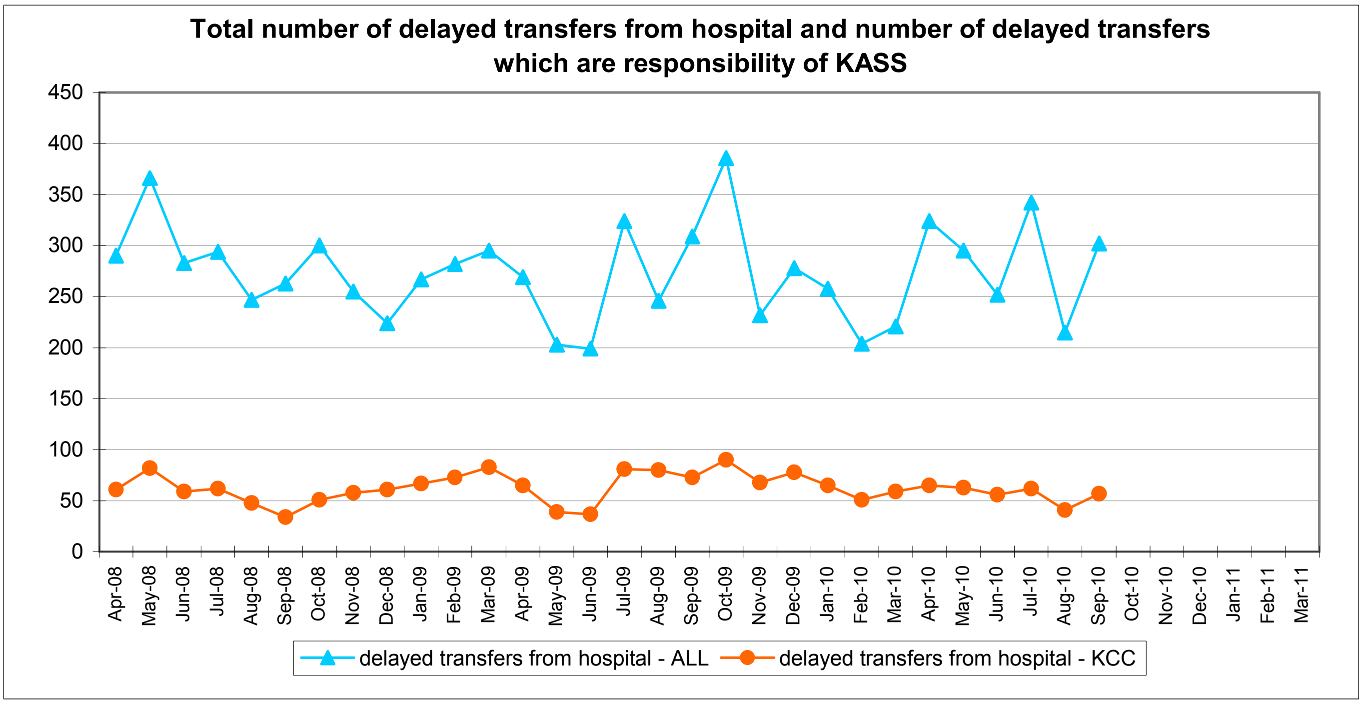


Comments:

- The forecast unit cost of £388.46 is higher than the affordable cost of £389.91 and this difference of +£1.45 creates a saving of £226k when multiplied by the affordable weeks, as highlighted in section 1.1.3.2.a

2.1.3 **Total of All Delayed Transfers from hospital compared with those which are KASS responsibility**:

	2008-09		2009-010		2010-11	
	ALL	KASS responsibility	ALL	KASS responsibility	ALL	KASS responsibility
April	290	61	269	65	324	65
May	366	82	203	39	295	63
June	283	59	199	37	252	56
July	294	62	324	81	342	62
August	247	48	246	80	215	41
September	263	34	309	73	302	57
October	300	51	386	90		
November	255	58	232	68		
December	224	61	278	78		
January	267	67	258	65		
February	282	73	204	51		
March	295	83	221	59		



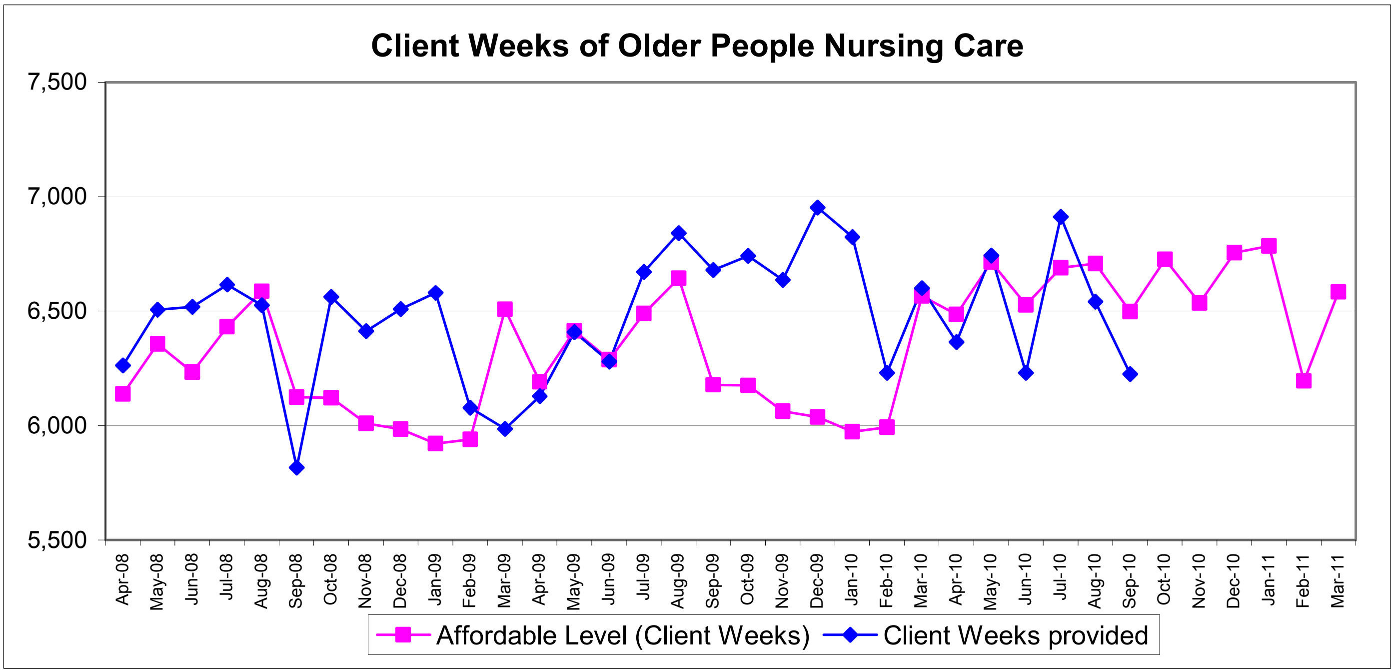
Comments:

- The Delayed Transfers of Care (DTCs) show the numbers of people whose movement from an acute hospital has been delayed. Generally, the main reasons for delay are 'Patient Choice' (just over 25%), with the reasons 'Awaiting non-acute NHS care' and 'Awaiting assessment' being the next highest (approx. 19% each). This figure shows all delays, but those attributable to Adult Social Services, and therefore subject to the reimbursement regime, are a minority. There are many reasons for fluctuations in the number of DTCs which result from the interaction of various different factors within a highly complex system across both Health and Social Care.

- This activity information is obtained from the KASS hospital teams who monitor delayed discharges on a weekly basis and validate the figures with the Hospital Trust.

2.2.1 **Number of client weeks of older people nursing care provided compared with affordable level:**

	2008-09		2009-10		2010-11	
	Affordable Level (Client Weeks)	Client Weeks of older people nursing care provided	Affordable Level (Client Weeks)	Client Weeks of older people nursing care provided	Affordable Level (Client Weeks)	Client Weeks of older people nursing care provided
April	6,137	6,263	6,191	6,127	6,485	6,365
May	6,357	6,505	6,413	6,408	6,715	6,743
June	6,233	6,518	6,288	6,279	6,527	6,231
July	6,432	6,616	6,489	6,671	6,689	6,911
August	6,586	6,525	6,644	6,841	6,708	6,541
September	6,124	5,816	6,178	6,680	6,497	6,225
October	6,121	6,561	6,175	6,741	6,726	
November	6,009	6,412	6,062	6,637	6,535	
December	5,984	6,509	6,037	6,952	6,755	
January	5,921	6,580	5,973	6,824	6,784	
February	5,940	6,077	5,992	6,231	6,194	
March	6,507	5,985	6,566	6,601	6,584	
TOTAL	**74,351**	**76,367**	**75,008**	**78,992**	**79,199**	**39,016**



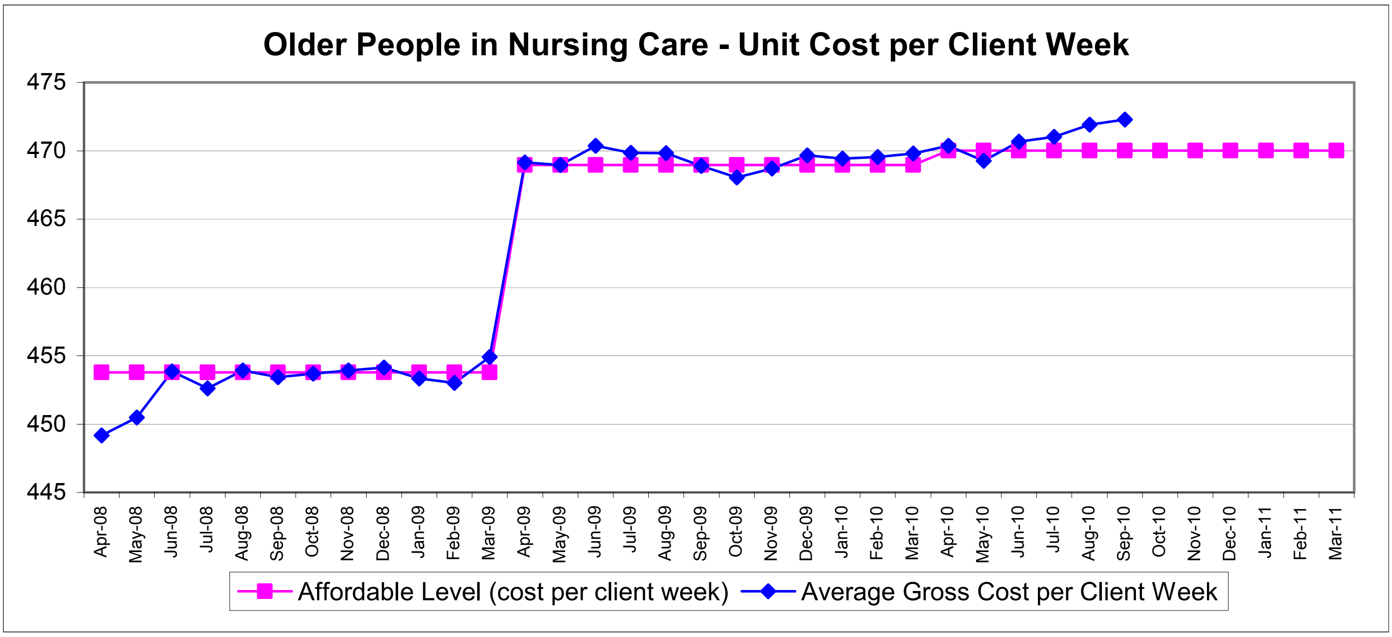
Comment:

- Actual weeks of care have been updated for previous months to reflect late data entry and provides a more accurate trend.
- The above graph reflects the number of client weeks of service provided as this has a greater influence on cost than the actual number of clients. The actual number of clients in older people nursing care at the end of 2008-09 was 1,332, at the end of 2009-10 it was 1,374 and at the end of September 2010 was 1,405. In nursing care, there is not the same distinction between clients with dementia, as with residential care. The difference in intensity of care for nursing care and nursing care with dementia is not as significant as it is for residential care, where the increase of 31 clients is made up of 11 dementia clients and 20 other nursing care clients.
- The current forecast is 79,029 weeks of care against an affordable level of 79,199 a difference of -170 weeks. Using the forecast unit cost of £472.28, this reduction in activity reduces the forecast by £80k, as highlighted in section 1.1.3.2.b. We are expecting an increase in both permanent clients, and non permanent episodes in the second half of the year compared to the first, which explains why the year to date (YTD) appears slightly low when compared to this forecast.
- To the end of September 39,016 weeks of care have been delivered against an affordable level of 39,621, a difference of -605 weeks.

- There are always pressures in permanent nursing care which may occur for many reasons. Increasingly, older people are entering nursing care only when other ways of support have been explored. This means that the most dependent are those that enter nursing care and consequently are more likely to have dementia. In addition, there will always be pressures which the directorate face, for example the knock on effect of minimising delayed transfers of care. Demographic changes – increasing numbers of older people with long term illnesses – also means that there is an underlying trend of growing numbers of people needing nursing care.

2.2.2 **Average gross cost per client week of older people nursing care compared with affordable level**:

	2008-09		2009-10		2010-11	
	Affordable Level (Cost per Week)	**Average Gross Cost per Client Week**	**Affordable Level (Cost per Week)**	**Average Gross Cost per Client Week**	**Affordable Level (Cost per Week)**	**Average Gross Cost per Client Week**
April	453.77	449.18	468.95	469.15	470.01	470.36
May	453.77	450.49	468.95	468.95	470.01	469.27
June	453.77	453.86	468.95	470.37	470.01	470.67
July	453.77	452.61	468.95	469.84	470.01	471.03
August	453.77	453.93	468.95	469.82	470.01	471.90
September	453.77	453.42	468.95	468.88	470.01	472.28
October	453.77	453.68	468.95	468.04	470.01	
November	453.77	453.92	468.95	468.69	470.01	
December	453.77	454.13	468.95	469.67	470.01	
January	453.77	453.33	468.95	469.42	470.01	
February	453.77	453.02	468.95	469.55	470.01	
March	453.77	454.90	468.95	469.80	470.01	



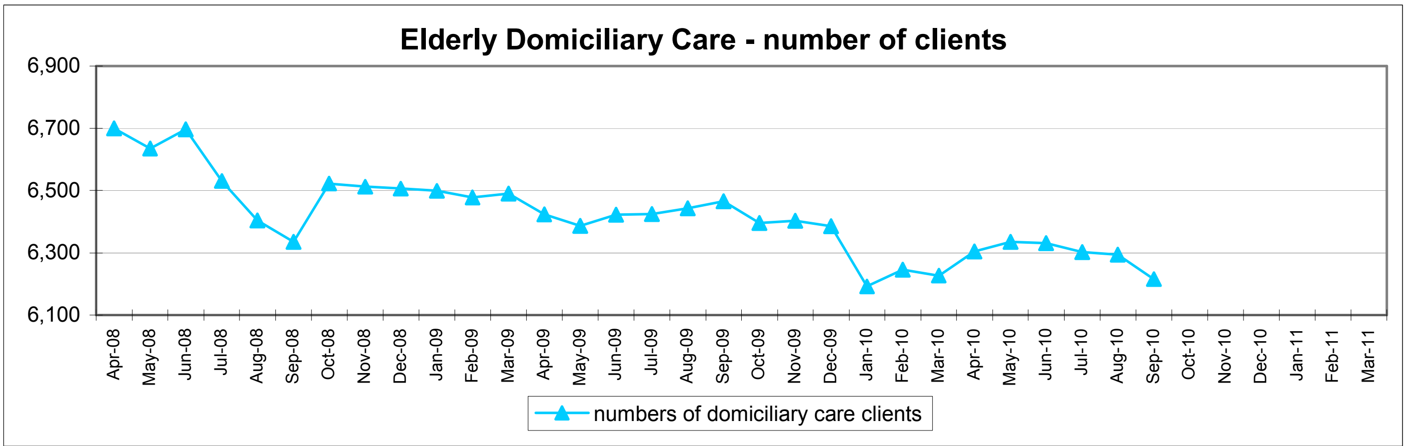
Comments:

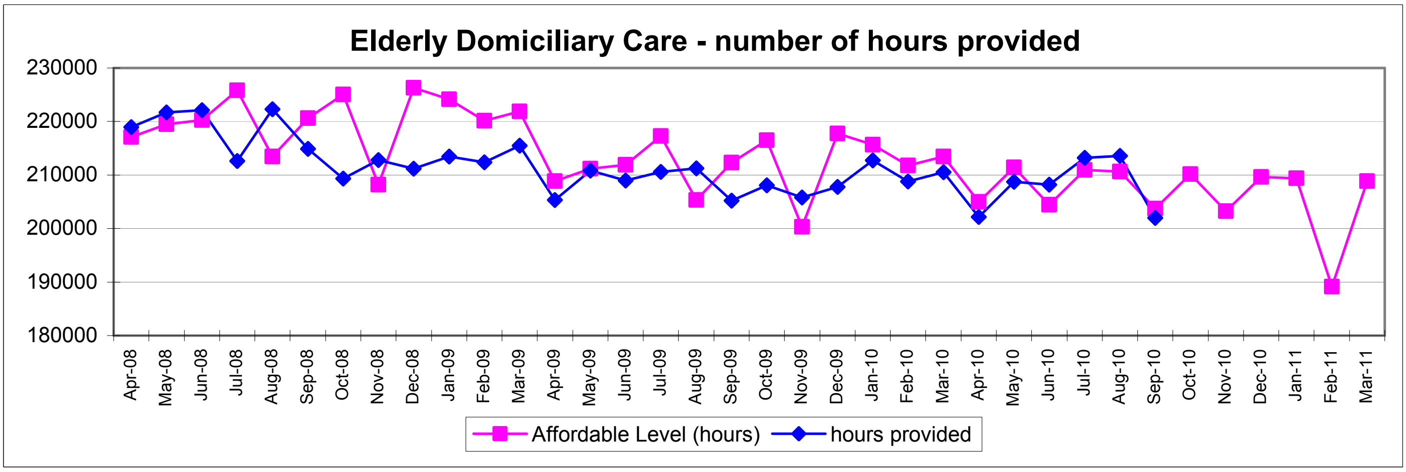
- As with residential care, the unit cost for nursing care will be affected by the increasing proportion of older people with dementia who need more specialist and expensive care.

- The forecast unit cost of £472.28 is higher than the affordable cost of £470.01 and this difference of +£2.27 adds £180k to the position when multiplied by the affordable weeks, as highlighted in section 1.1.3.2.b

2.3.1 **Elderly domiciliary care – numbers of clients and hours provided**:

	2008-09			2009-10			2010-11		
	Affordable level (hours)	hours provided	number of clients	Affordable level (hours)	hours provided	number of clients	Affordable level (hours)	hours provided	number of clients
April	217,090	218,929	6,700	208,869	205,312	6,423	204,948	202,167	6,305
May	219,480	221,725	6,635	211,169	210,844	6,386	211,437	208,757	6,335
June	220,237	222,088	6,696	211,897	208,945	6,422	204,452	208,177	6,331
July	225,841	212,610	6,531	217,289	210,591	6,424	210,924	213,241	6,303
August	213,436	222,273	6,404	205,354	211,214	6,443	210,668	213,561	6,294
September	220,644	214,904	6,335	212,289	205,238	6,465	203,708	201,986	6,216
October	225,012	209,336	6,522	216,491	208,051	6,396	210,155		
November	208,175	212,778	6,512	200,292	205,806	6,403	203,212		
December	226,319	211,189	6,506	217,749	207,771	6,385	209,643		
January	224,175	213,424	6,499	215,686	212,754	6,192	209,387		
February	220,135	212,395	6,478	211,799	208,805	6,246	189,143		
March	221,875	215,488	6,490	213,474	210,507	6,227	208,869		
TOTAL	**2,642,419**	**2,587,139**		**2,542,358**	**2,505,838**		**2,476,546**	**1,247,889**	





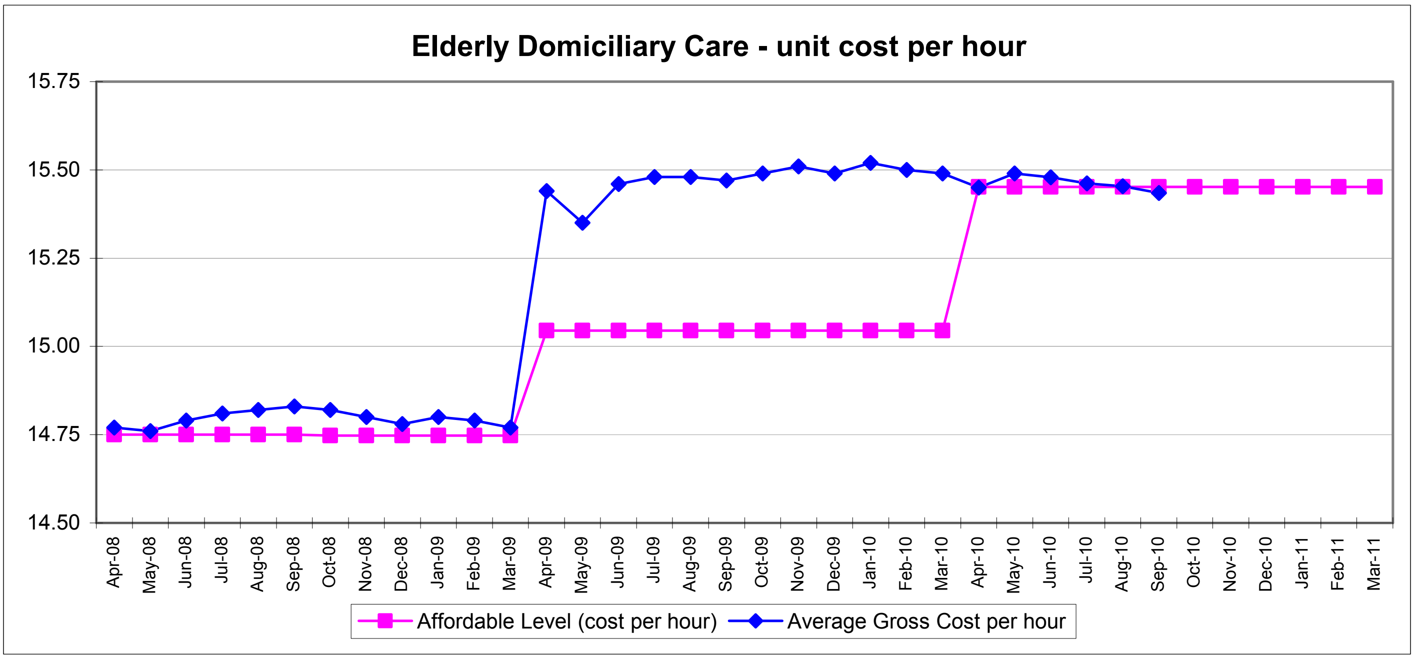
Comment:

- Actual hours of care have been updated for previous months to reflect late data entry and provides a more accurate trend.
- Figures exclude services commissioned from the Kent Enablement At Home service.
- The current forecast is 2,530,908 hours of care against an affordable level of 2,476,546, a difference of +54,362 hours. Using the forecast unit cost of £15.435 this additional activity increases the forecast by £839k, as highlighted in section 1.1.3.2.c. We are expecting an increase in permanent clients in the second half of the year compared to the first, which explains why the year to date (YTD) appears slightly low when compared to this forecast.

- To the end of September 1,247,889 hours of care have been delivered against an affordable level of 1,246,137, a difference of +1,752 hours. The higher figures in July and August follow a trend in previous years where the figures for the summer months appear to peak and then drop again.
- While the number of clients receiving domiciliary care has been decreasing over the past two years, this trend appears to have slowed, and flattened out as the number of clients forecast is now 6,380, 164 more than the current figure of 6,216, but only 49 more than the June figure. In addition, the intensity of care appears to have increased such that clients are receiving more hours per week on average than in previous years as a result of the implementation of Self Directed Support (SDS) within the Directorate.

2.3.2 **Average gross cost per hour of older people domiciliary care compared with affordable level**:

	2008-09		2009-10		2010-11	
	Affordable Level (Cost per Hour)	**Average Gross Cost per Hour**	**Affordable Level (Cost per Hour)**	**Average Gross Cost per Hour**	**Affordable Level (Cost per Hour)**	**Average Gross Cost per Hour**
April	14.75	14.77	15.045	15.44	15.45	15.45
May	14.75	14.76	15.045	15.35	15.45	15.49
June	14.75	14.79	15.045	15.46	15.45	15.48
July	14.75	14.81	15.045	15.48	15.45	15.46
August	14.75	14.82	15.045	15.48	15.45	15.45
September	14.75	14.83	15.045	15.47	15.45	15.44
October	14.75	14.82	15.045	15.49	15.45	
November	14.75	14.80	15.045	15.51	15.45	
December	14.75	14.78	15.045	15.49	15.45	
January	14.75	14.80	15.045	15.52	15.45	
February	14.75	14.79	15.045	15.50	15.45	
March	14.75	14.77	15.045	15.49	15.45	

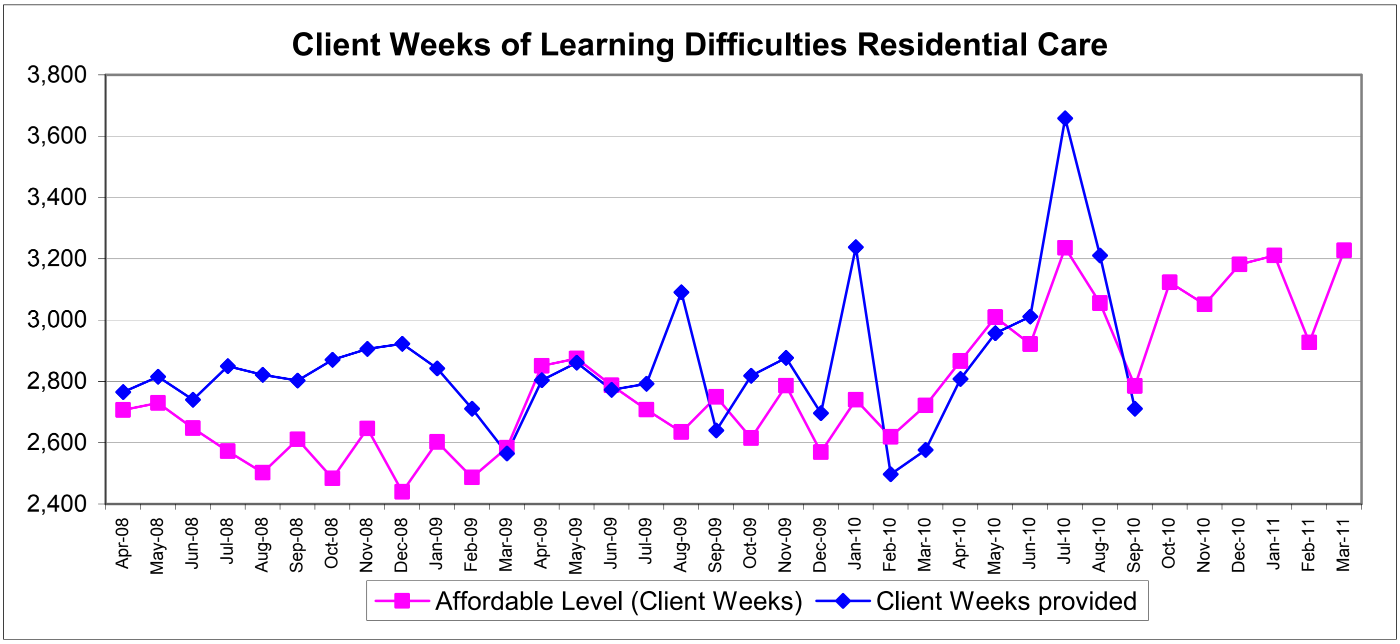


Comments:

- Average unit cost per week is increasing and may reflect the same issues outlined above concerning more intense packages and higher levels of need.
- The forecast unit cost of £15.435 is slightly lower than the affordable cost of £15.452 and this difference of -£0.017 creates a saving of £42k when multiplied by the affordable hours, as highlighted in section 1.1.3.2.c

2.4.1 **Number of client weeks of learning difficulties residential care provided compared with affordable level (non preserved rights clients):**

	2008-09		2009-10		2010-11	
	Affordable Level (Client Weeks)	Client Weeks of LD residential care provided	Affordable Level (Client Weeks)	Client Weeks of LD residential care provided	Affordable Level (Client Weeks)	Client Weeks of LD residential care provided
April	2,707	2,765	2,851	2,804	2,866	2,808
May	2,730	2,815	2,875	2,861	3,009	2,957
June	2,647	2,740	2,787	2,772	2,922	3,011
July	2,572	2,850	2,708	2,792	3,236	3,658
August	2,502	2,821	2,635	3,091	3,055	3,211
September	2,611	2,803	2,750	2,640	2,785	2,711
October	2,483	2,870	2,615	2,818	3,123	
November	2,646	2,906	2,786	2,877	3,051	
December	2,440	2,923	2,569	2,696	3,181	
January	2,602	2,842	2,740	3,238	3,211	
February	2,487	2,711	2,619	2,497	2,927	
March	2,584	2,565	2,721	2,576	3,227	
TOTAL	**31,011**	**33,611**	**32,656**	**33,662**	**36,593**	**18,356**

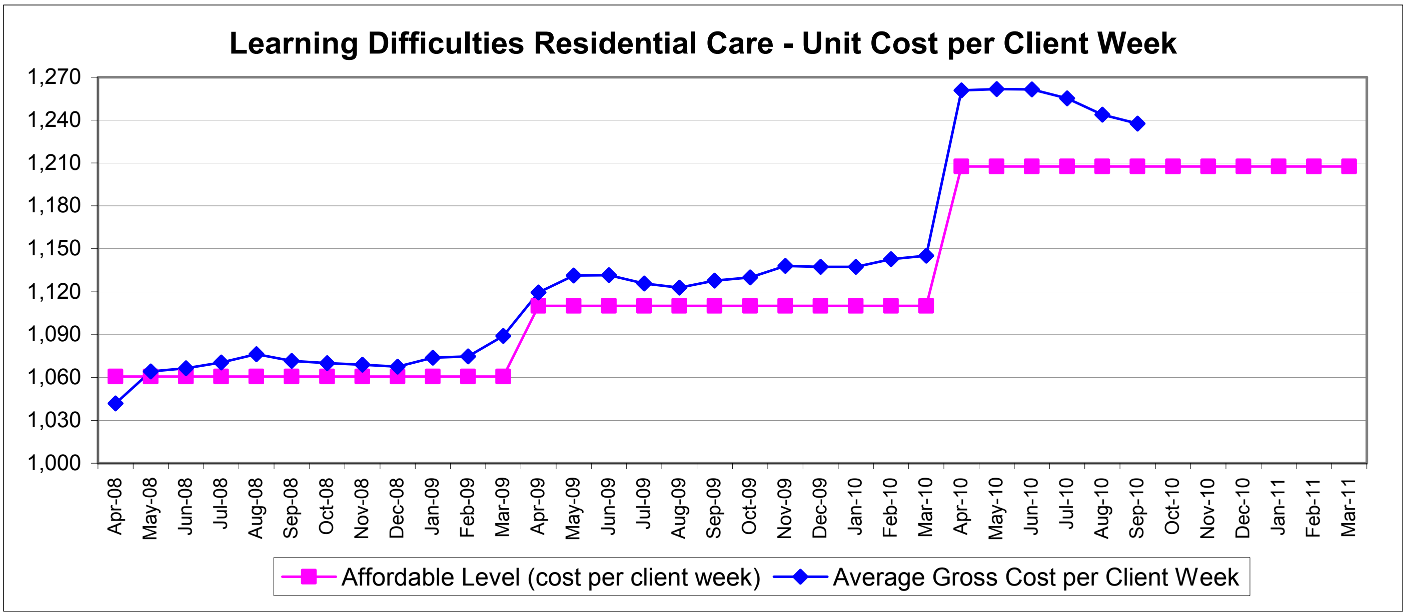


Comments:

- The affordable level of weeks has been amended to reflect the additional transfer of S256 clients and their funding from Health.
- Actual weeks of care have been updated for previous months to reflect late data entry and provides a more accurate trend.
- The above graph reflects the number of client weeks of service provided as this has a greater influence on cost than the actual number of clients. The actual number of clients in LD residential care at the end of 2008-09 was 640, at the end of 2009-10 it was 632 and at the end of September 2010 it was 697 of which 103 are S256 clients.
- The current forecast is 37,757 weeks of care against an affordable level of 36,593 a difference of +1,164 weeks. Using the forecast unit cost of £1,237.49 this additional activity adds £1,440k to the forecast, as highlighted in section 1.1.3.3.a. We are expecting an increase in both permanent clients, and non permanent episodes in the second half of the year compared to the first, which explains why the year to date (YTD) appears slightly low when compared to this forecast.
- To the end of September 18,356 weeks of care have been delivered against an affordable level of 17,873, a difference of +483 weeks.

2.4.2 **Average gross cost per client week of Learning Difficulties residential care compared with affordable level (non preserved rights clients)**:

	2008-09		2009-10		2010-11	
	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week
April	1,060.70	1,041.82	1,110.15	1,119.42	1,207.58	1,260.82
May	1,060.70	1,064.19	1,110.15	1,131.28	1,207.58	1,261.67
June	1,060.70	1,066.49	1,110.15	1,131.43	1,207.58	1,261.46
July	1,060.70	1,070.50	1,110.15	1,125.65	1,207.58	1,255.21
August	1,060.70	1,076.27	1,110.15	1,122.81	1,207.58	1,243.87
September	1,060.70	1,071.59	1,110.15	1,127.79	1,207.58	1,237.49
October	1,060.70	1,070.02	1,110.15	1,130.07	1,207.58	
November	1,060.70	1,068.95	1,110.15	1,137.95	1,207.58	
December	1,060.70	1,067.59	1,110.15	1,137.28	1,207.58	
January	1,060.70	1,073.71	1,110.15	1,137.41	1,207.58	
February	1,060.70	1,074.67	1,110.15	1,142.82	1,207.58	
March	1,060.70	1,089.10	1,110.15	1,145.12	1,207.58	

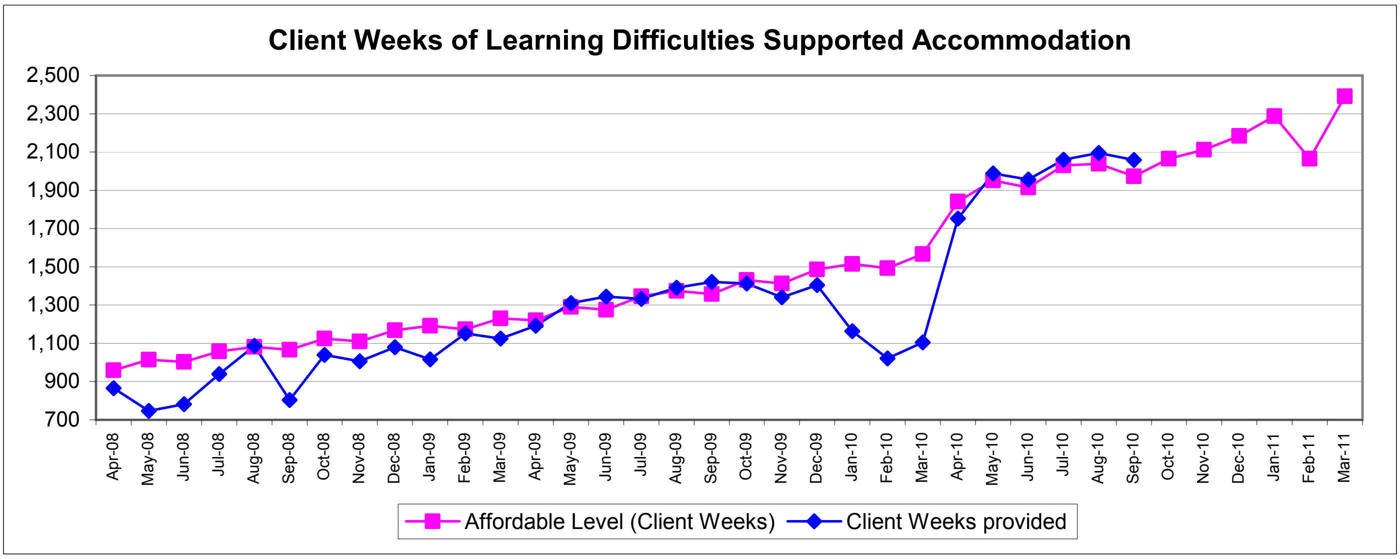


Comments:

- The affordable unit cost has been amended to reflect the inclusion of new S256 clients and their funding, transferred from Health.
- Clients being placed in residential care are those with very complex and individual needs which makes it difficult for them to remain in the community, in supported accommodation/supporting living arrangements, or receiving a domiciliary care package. These are therefore placements which attract a very high cost, with the average now being over £1,200 per week. It is expected that clients with less complex needs, and therefore less cost, can transfer from residential into supported living arrangements. This would mean that the average cost per week would increase over time as the remaining clients in residential care would be those with very high cost – some of whom can cost up to £2,000 per week. In addition, no two placements are alike – the needs of people with learning disabilities are unique and consequently, it is common for average unit costs to increase or decrease significantly on the basis of one or two cases.
- The forecast unit cost of £1,237.49 is higher than the affordable cost of £1,207.58 and this difference of +£29.91 adds £1,094k to the position when multiplied by the affordable weeks, as highlighted in section 1.1.3.3.a

2.5.1 **Number of client weeks of learning difficulties supported accommodation provided compared with affordable level:**

	2008-09		2009-10		2010-11	
	Affordable Level (Client Weeks)	**Client Weeks of LD supported accommodation provided**	**Affordable Level (Client Weeks)**	**Client Weeks of LD supported accommodation provided**	**Affordable Level (Client Weeks)**	**Client Weeks of LD supported accommodation provided**
April	960	865	1,221	1,192	1,841	1,752
May	1,014	747	1,290	1,311	1,951	1,988
June	1,003	782	1,276	1,344	1,914	1,956
July	1,058	939	1,346	1,333	2,030	2,060
August	1,081	1,087	1,375	1,391	2,039	2,096
September	1,067	803	1,357	1,421	1,973	2,059
October	1,125	1,039	1,431	1,412	2,065	
November	1,110	1,006	1,412	1,340	2,112	
December	1,169	1,079	1,487	1,405	2,183	
January	1,191	1,016	1,515	1,163	2,287	
February	1,174	1,151	1,493	1,021	2,065	
March	1,231	1,125	1,567	1,105	2,391	
TOTAL	**13,183**	**11,639**	**16,770**	**15,438**	**24,851**	**11,911**



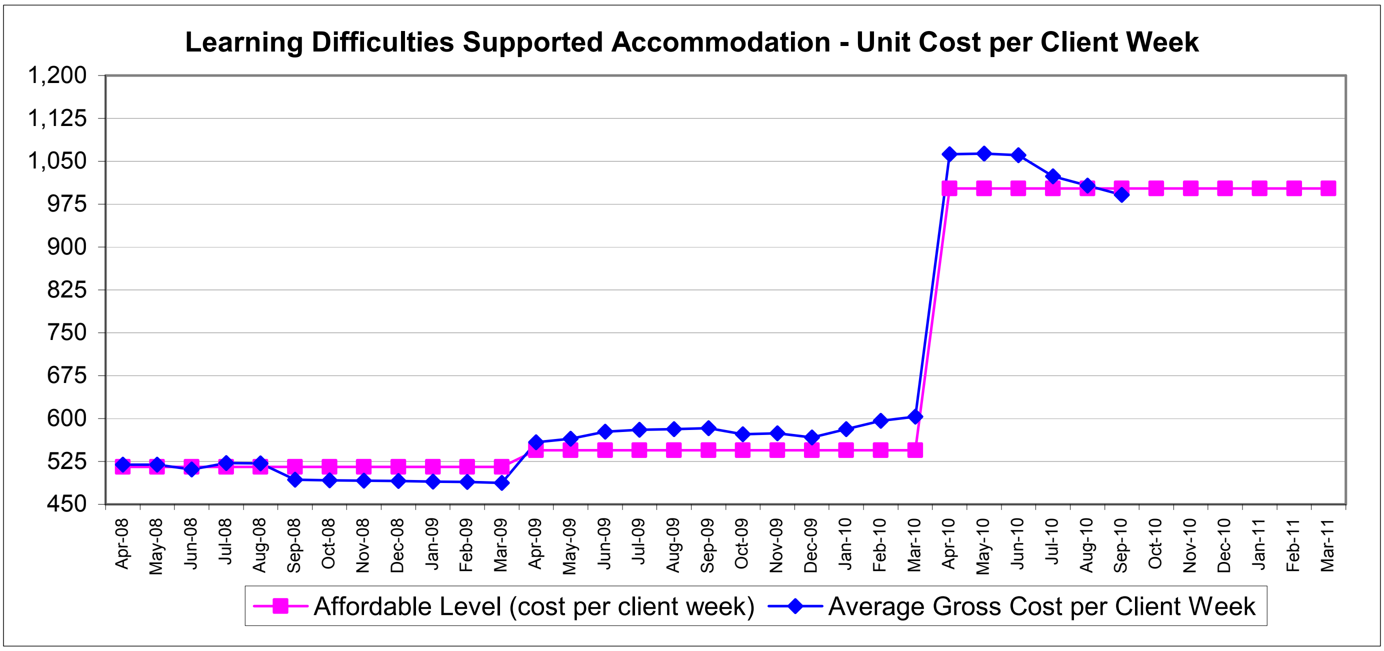
Comments:

- The affordable level of weeks has been amended to reflect the additional transfer of S256 clients and their funding from Health. It also now includes Ordinary Residence clients. The overall weeks have been increased to reflect the latest average hours per week for client in receipt of supported living. This service is counted in hours rather than weeks and the process for converting to weeks for this report uses the latest average hours per week. This has reduced slightly from Quarter 1 resulting in both an increased level of affordable activity as well as an increased forecast.
- Actual weeks of care have been updated for previous months to reflect late data entry and provides a more accurate trend.
- The above graph reflects the number of client weeks of service provided. The actual number of clients in LD supported accommodation at the end of 2008-09 was 233, at the end of 2009-10 it was 309 and at the end of September 2010 was 478. This increase is almost solely due to S256 clients.
- The current forecast is 25,626 weeks of care against an affordable level of 24,851, a difference of +775 weeks which relates entirely to non-S256 clients. Using the forecast unit cost of £991.20 this increased activity creates a pressure of £768k as highlighted in section 1.1.3.3.d.
- To the end of September 11,911 weeks of care have been delivered against an affordable level of 11,748, a difference of +163 weeks. The year to date looks low compared to forecast as there are approximately 1,100 weeks included within the forecast relating to Ordinary Residence clients who have yet to show within the year to date activity. The forecast assumes that we take responsibility for the majority of these clients from April but they will only appear in actual activity once responsibility is confirmed.

- Like residential care for people with a learning disability, every case is unique and varies in cost, depending on the individual circumstances. Although the quality of life will be better for these people, it is not always significantly cheaper. The focus to enable as many people as possible to move from residential care into supported accommodation means that increasingly complex and unique cases will be successfully supported to live independently.

2.5.2 **Average gross cost per client week of Learning Difficulties supported accommodation compared with affordable level (non preserved rights clients)**:

	2008-09		2009-10		2010-11	
	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week
April	515.41	519.60	544.31	558.65	1,002.32	1,062.38
May	515.41	519.40	544.31	564.49	1,002.32	1,063.22
June	515.41	511.10	544.31	577.33	1,002.32	1,060.59
July	515.41	522.30	544.31	580.27	1,002.32	1,023.90
August	515.41	521.40	544.31	581.76	1,002.32	1,007.58
September	515.41	493.33	544.31	583.26	1,002.32	991.20
October	515.41	491.85	544.31	572.59	1,002.32	
November	515.41	491.47	544.31	574.24	1,002.32	
December	515.41	490.83	544.31	566.87	1,002.32	
January	515.41	489.75	544.31	581.53	1,002.32	
February	515.41	488.90	544.31	595.89	1,002.32	
March	515.41	487.60	544.31	603.08	1,002.32	



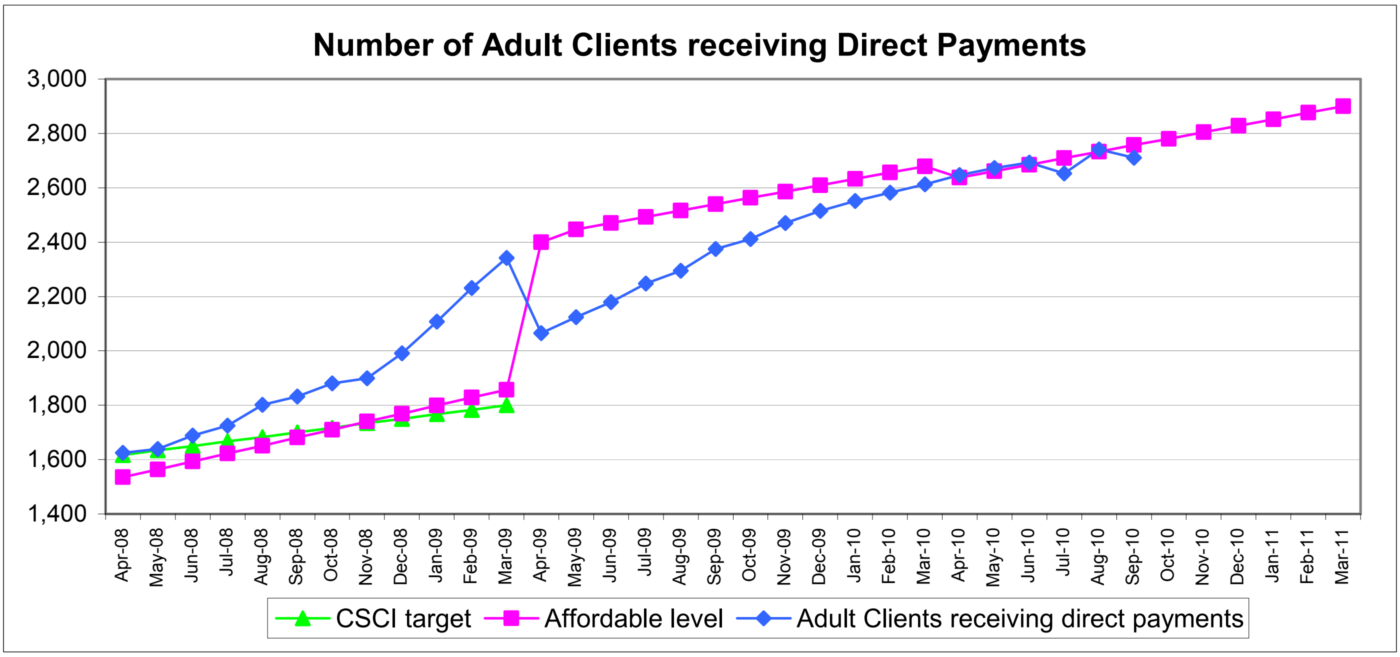
Comments:

- The affordable unit cost has been amended, both to reflect the inclusion of new S256 clients and their funding, transferred from Health, but also to include Ordinary Residence clients. The affordable unit cost has reduced to reflect an increase in affordable weeks as a result of using a lower average hours per week to convert supported living activity, which is provided in hours, in to weeks.
- The forecast unit cost of £991.20 is lower than the affordable cost of £1,002.32. This difference of -£11.12 creates a saving of £276k when multiplied by the affordable weeks, as highlighted in section 1.1.3.3.d. As referred to in section 1.1.3.3.d, there are three distinct groups of clients: Section 256 clients, Ordinary Residence clients and other clients. Each group has a very different unit cost which are combined to provide an average unit cost for the purposes of this report.

- The forecast unit cost has also reduced from July to reflect the inclusion of Ordinary Residence clients as well as the impact of a lower average hours per client per week for supported living which is used to convert supported living hours to weeks in this report.
- The costs associated with these placements will vary depending on the complexity of each case and the type of support required in each placement. This varies enormously between a domiciliary type support to life skills and daily living support.

2.6 Direct Payments – Number of Adult Social Services Clients receiving Direct Payments:

	2008-09			2009-10		2010-11	
	CSCI Target	Affordable Level	Adult Clients receiving Direct Payments	Affordable Level	Adult Clients receiving Direct Payments	Affordable Level	Adult Clients receiving Direct Payments
April	1,617	1,535	1,625	2,400	2,065	2,637	2,647
May	1,634	1,564	1,639	2,447	2,124	2,661	2,673
June	1,650	1,593	1,689	2,470	2,179	2,685	2,693
July	1,667	1,622	1,725	2,493	2,248	2,709	2,653
August	1,683	1,651	1,802	2,516	2,295	2,733	2,741
September	1,700	1,681	1,832	2,540	2,375	2,757	2,710
October	1,717	1,710	1,880	2,563	2,411	2,780	
November	1,734	1,740	1,899	2,586	2,470	2,804	
December	1,750	1,769	1,991	2,609	2,515	2,828	
January	1,767	1,799	2,108	2,633	2,552	2,852	
February	1,783	1,828	2,231	2,656	2,582	2,876	
March	1,800	1,857	2,342	2,679	2,613	2,900	



Comments:

- The activity being reported is as per the Department of Health definition for counting Direct Payments, which includes anyone who has received a Direct Payment during the preceding 12 months, but includes only those that are 'on-going'. i.e. in April the figures include clients who have received an on-going Direct Payment between 1st May 2009 and 30th April 2010, and the June figures includes clients who have received an on-going Direct Payment between 1st July 2009 and 30th June 2010. This compares with what was reported last year.

3. SOCIAL CARE DEBT MONITORING

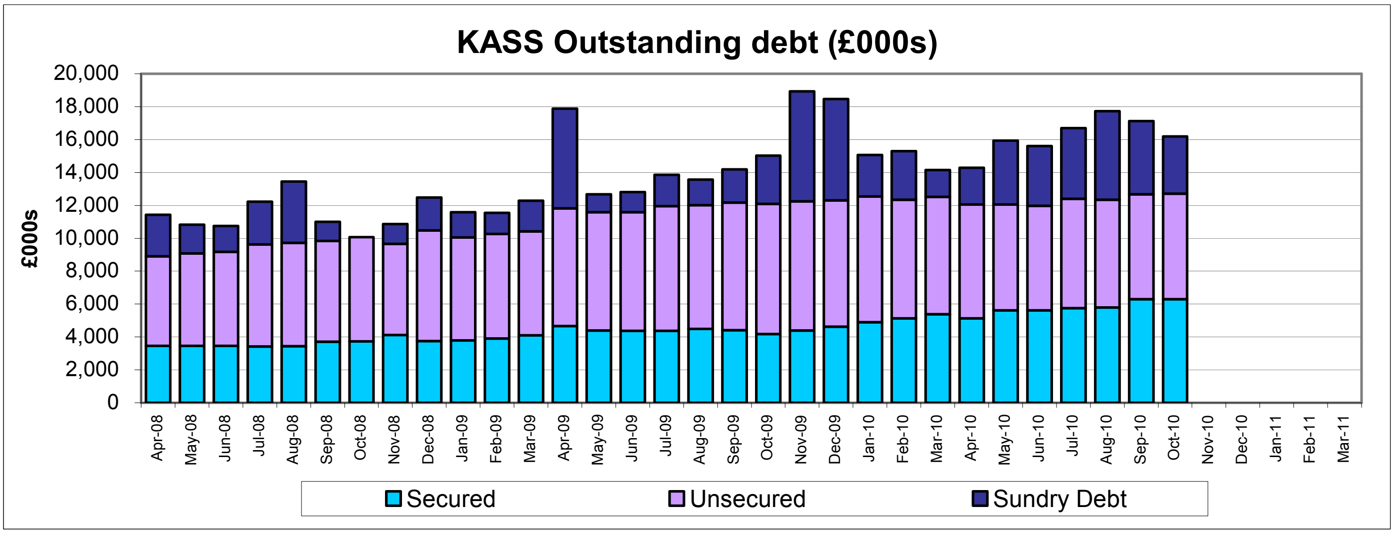
The outstanding due debt as at the October 2010 was £16.200m compared with July's figure of £16.689m (reported to Cabinet in September) excluding any amounts not yet due for payment (as they are still within the 28 day payment term allowed). Within this figure is £3.489m of sundry debt compared to £4.285m at the end of July. The amount of sundry debt can fluctuate for large invoices to health. Also within the outstanding debt is £12.711m relating to Social Care (client) debt which is an increase of £0.307m from the last reported position to Cabinet in September (July position). The following table shows how this breaks down in terms of age and also whether it is secured (i.e. by a legal charge on the client's property) or unsecured, together with how this month compares with previous months. For most months the debt figures refer to when the four weekly invoice billing run interfaces with Oracle (the accounting system) rather than the calendar month, as this provides a more meaningful position for Social Care Client Debt. This therefore means that there are 13 billing invoice runs during the year. It also means that as the Directorate moved onto the new Client Billing system in October 2008, the balance will differ from that reported by Corporate Exchequer who report on a calendar month basis, apart from the period November 2008 to March 2009, when the figures are based on calendar months, as provided by Corporate Exchequer, because reports at that time were not aligned with the four weekly billing runs. From April 2009 the debt figures revert back to being on a four weekly basis to coincide with invoice billing runs. The age of debt cannot be completed for the months between November 2008 and March 2009 as the switch to Client Billing meant that all debts transferring on to the new system became "new" for purposes of reporting therefore it was not possible to show ageing until April.

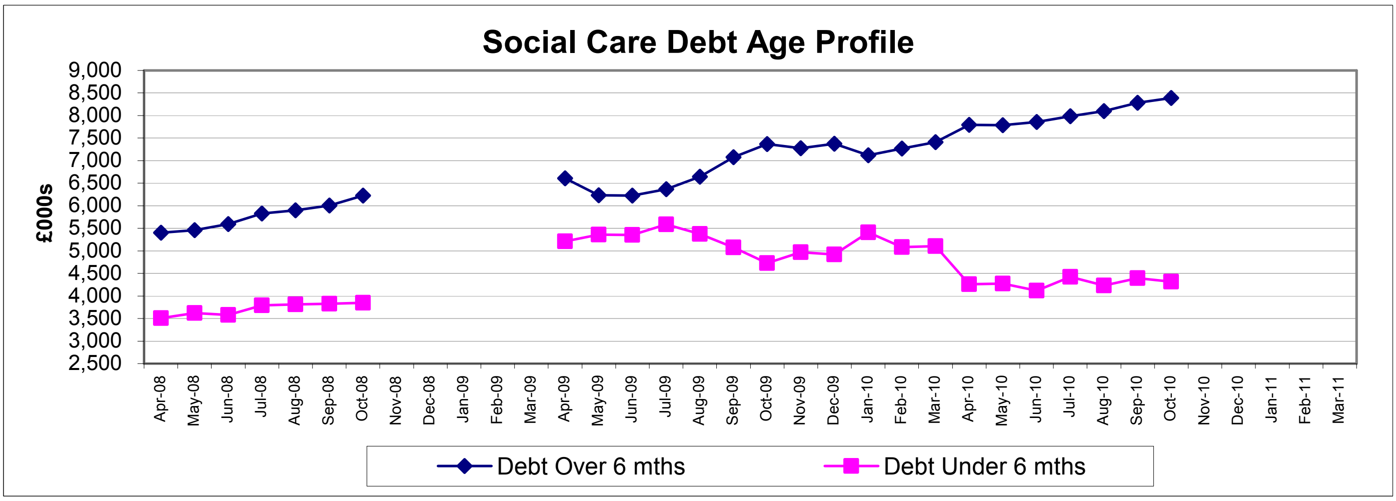
Now that the full client debt monitoring and recovery function has been fully integrated into KASS, we have been able to develop bespoke reports that accurately reflect the ageing of Social Care debt. This has therefore meant that since April there has been some slight changes to how debt is categorised between that which is over six months and that which is under six months and this has resulted in slightly more debt being classed as over six months.

			Social Care Debt				
Debt Month	**Total Due Debt (Social Care & Sundry Debt) £000s**	**Sundry Debt £000s**	**Total Social Care Due Debt £000s**	**Debt Over 6 mths £000s**	**Debt Under 6 mths £000s**	**Secured £000s**	**Unsecured £000s**
Apr-08	**11,436**	**2,531**	8,905	5,399	3,506	3,468	5,437
May-08	**10,833**	**1,755**	9,078	5,457	3,621	3,452	5,626
Jun-08	**10,757**	**1,586**	9,171	5,593	3,578	3,464	5,707
Jul-08	**12,219**	**2,599**	9,620	5,827	3,793	3,425	6,195
Aug-08	**13,445**	**3,732**	9,713	5,902	3,811	3,449	6,264
Sep-08	**11,004**	**1,174**	9,830	6,006	3,824	3,716	6,114
Oct-08	*****	*****	10,071	6,223	3,848	3,737	6,334
Nov-08	**10,857**	**1,206**	9,651			4,111	5,540
Dec-08	**12,486**	**2,004**	10,482			3,742	6,740
Jan-09	**11,575**	**1,517**	10,058			3,792	6,266
Feb-09	**11,542**	**1,283**	10,259			3,914	6,345
Mar-09	**12,276**	**1,850**	10,426			4,100	6,326
Apr-09	**17,874**	**6,056**	11,818	6,609	5,209	4,657	7,161
May-09	**12,671**	**1,078**	11,593	6,232	5,361	4,387	7,206
Jun-09	**12,799**	**1,221**	11,578	6,226	5,352	4,369	7,209
Jul-09	**13,862**	**1,909**	11,953	6,367	5,586	4,366	7,587
Aug-09	**13,559**	**1,545**	12,014	6,643	5,371	4,481	7,533
Sep-09	**14,182**	**2,024**	12,158	7,080	5,078	4,420	7,738
Oct-09	**15,017**	**2,922**	12,095	7,367	4,728	4,185	7,910
Nov-09	**18,927**	**6,682**	12,245	7,273	4,972	4,386	7,859
Dec-09	**18,470**	**6,175**	12,295	7,373	4,922	4,618	7,677
Jan-10	**15,054**	**2,521**	12,533	7,121	5,412	4,906	7,627
Feb-10	**15,305**	**2,956**	12,349	7,266	5,083	5,128	7,221
Mar-10	**14,157**	**1,643**	12,514	7,411	5,103	5,387	7,127

Debt Month	Total Due Debt (Social Care & Sundry Debt) £000s	Sundry Debt £000s	Social Care Debt: Total Social Care Due Debt £000s	Social Care Debt: Debt Over 6 mths £000s	Social Care Debt: Debt Under 6 mths £000s	Social Care Debt: Secured £000s	Social Care Debt: Unsecured £000s
Apr-10	**14,294**	**2,243**	12,051	7,794	4,257	5,132	6,919
May-10	**15,930**	**3,873**	12,057	7,784	4,273	5,619	6,438
Jun-10	**15,600**	**3,621**	11,979	7,858	4,121	5,611	6,368
Jul-10	**16,689**	**4,285**	12,404	7,982	4,422	5,752	6,652
Aug-10	**17,734**	**5,400**	12,334	8,101	4,233	5,785	6,549
Sep-10	**17,128**	**4,450**	12,678	8,284	4,394	6,289	6,389
Oct-10	**16,200**	**3,489**	12,711	8,392	4,319	6,290	6,421
Nov-10							
Dec-10							
Jan-11							
Feb-11							
Mar-11							

* In October 2008, KASS Social Care debt transferred from the COLLECT system to Oracle. The new reports were not available at this point, hence there is no data available for this period. The October Social Care debt figures relate to the last four weekly billing run in the old COLLECT system.





* The age of debt cannot be completed for the months between November 2008 and March 2009 as the switch to Client Billing meant that all debts transferring on to the new system became "new" for purposes of reporting therefore it was not possible to show ageing until April (i.e. once these debts became 6 months old in the new system).

ENVIRONMENT, HIGHWAYS & WASTE DIRECTORATE SUMMARY OCTOBER 2010-11 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 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" ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits have been adjusted since the last full monitoring report to reflect a number of technical adjustments to budget.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 2 of the executive summary.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Environment, Highways & Waste portfolio							
Kent Highways Services	62,942	-12,724	50,218	752	0	752	Find & fix completion +£0.372m, contract re-procurement +£0.130m, emergency works +£0.250m
Public Transport Contracts	21,490	-2,977	18,513	778	-100	678	Freedom Pass +£0.898m/-£0.1m income, Subsidised buses contract renewal - £0.120m
Waste Management	69,945	-1,973	67,972	-1,354	0	-1,354	Increase in contract prices +£1.1m, offset by reduced tonnage -£2.176m & new wood contract -£0.244m
Environmental Group	10,114	-4,860	5,254	0	0	0	
Planning & Development Group	770	-15	755	0	0	0	
Planning Applications	1,134	-477	657	0	0	0	
Transport Strategy Group	503		503	0	0	0	
Strategic Management	850		850	-25	0	-25	PA vacancy
Resources	5,242	-129	5,113	-375	0	-375	Vacancies -£0.175m, MIDAS replacement -£0.2m (rephasing)
Support Services purchased from CED	1,768		1,768	0	0	0	
Total E, H & W	**174,758**	**-23,155**	**151,603**	**-224**	**-100**	**-324**	
Assumed Management Action							
Forecast after Mgmt Action				**-224**	**-100**	**-324**	

1.1.3 **Major Reasons for Variance**: *[provides an explanation of the 'headings' in table 2]*

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

Kent Highways Services (KHS):

1.1.3.1 The pothole find and fix programme has now concluded. The project was a combination of revenue and capital expenditure, with £5.948m of funding found in revenue (Government £2.448m, reserves £2.5m and KHS redirection £1m). The revenue element of the programme has cost an extra £0.372m to complete. The remainder of the expenditure was on capital and was found from efficiencies in the existing capital budget.

1.1.3.2 KHS is incurring additional costs of £0.130m for the re-procurement of the highways term maintenance contract, which will come into effect from September 2011. KHS are using a competitive dialogue process with the bidders, to ensure the most appropriate and cost-effective final solution for the new contract.

1.1.3.3 There have been some emergency works for subsidence on Boughton Hill (£0.25m). These are being carried out in capital but will be funded from a revenue contribution.

1.1.3.4 The Freedom Pass numbers continue to grow due to the popularity of the pass and the number of journeys now being undertaken. Over 25,500 passes have been issued so far and the final figure for this year is expected to top 26,000, against a budget of 24,000. This brings a forecast net pressure of £0.798m, (£0.898m costs and £0.1m additional income), but it is now offset by an underspend of £0.120m on the support to socially necessary but uneconomic bus services. This underspend has resulted from cash set aside for the renewal of 25% of the contracts, not being needed, as keen prices were achieved from contractors.

Waste Management:

1.1.3.5 The RPI index for April was much higher than budgeted, which has put significant price pressure on some of the Waste contracts. The Allington waste to energy price per tonne is £2.38 more than the budgeted figure which increases costs (assuming minimum tonnage through Allington of 325,000 tonnes) by £0.773m. Inflation on other disposal and Household Waste Recycling Centre contracts is expected to increase the total price pressure on waste to £1.1m.

1.1.3.6 This price pressure is expected to be offset by overall tonnage being less than the budgeted 760,000 tonnes. Although the cumulative September and draft October tonnage figures are about 4,000 tonnes greater than for the same period last year, they are still below the affordable level for the two months. It is expected that overall tonnage for the year will be 32,000 tonnes below the affordable level. This will give a saving of around £2.176m at an average disposal cost per tonne of £68. As explained in previous reports, relying on waste tonnage to remain permanently low is not advisable and the next few months will be watched closely to see if they repeat the slight upward trend shown in September and October as illustrated in the key activities section 2.1 below.

1.1.3.7 A new wood recycling contract is due to be let shortly which is expected to save approximately £0.244m for the rest of this financial year.

Resources and Strategic Management

1.1.3.8 Staff vacancies of £0.2m are being held in order to help offset the pressure on the Freedom Pass and other highway issues; (£0.175m within Resources and £0.025m within Strategic Management).

1.1.3.9 The MIDAS financial system replacement project is progressing well and it is anticipated that the final phase will be completed by the end of this financial year. There will however be residual development costs for reporting, training and final configurations in the new year and it is expected that £0.2m will need to be rephased in to 2011-12.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER
(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
EHW	Waste contract prices including Allington WtE incinerator	+1,100	EHW	Waste tonnage	-2,176
EHW	Freedom Pass	+898	EHW	New wood recycling contract	-244
EHW	Find and fix completion	+372	EHW	Vacancy savings within Resources and Strategic Management	-200
EHW	Emergency road repairs Boughton Hill	+250	EHW	MIDAS financial system replacement rephasing	-200
EHW	Term maintenance re-procurement costs	+130	EHW	Subsidised buses contract renewal	-120
			EHW	Increase in Freedom Pass income	-100
		+2,750			**-3,040**

1.1.4 **Actions required to achieve this position**:

Vacancies in Resources and Strategic Management are being deliberately held in order to achieve this position.

1.1.5 **Implications for MTP**:

The base budget implications of issues identified in this monitoring report will be a call on the amounts identified in the 2010/13 MTP as emerging pressures in 2011/12 and 2012/13. The details of individual amounts will be included when the revised plan is published for consultation in January 2011 together with any new pressures forecast for 2011/12 and 2012/13. The significant issues for this portfolio arising from 2010/11 budget monitoring are:

- price increases on waste contracts – the April RPI figure, to which the indexation on many waste contracts is linked, was higher than expected in the MTP. Therefore if the index does not reverse in 2011, some catch up funding will be required, to maintain the purchasing power of the budget. This is estimated at about £1.2m currently.
- take-up and usage of the Freedom Pass – the Freedom Pass has proved extremely popular and the numbers of passes issued and the number of journeys undertaken is increasing. This will put a demand pressure on next year's budget of around £1.56m

The revised MTP will include proposals on how the in-year cuts in Government grants will be accommodated in base budgets once it has been confirmed that these reductions are permanent following the announcement of the provisional local government finance settlement for 2011/12 which we anticipate will be in early December. The revised plan will also include the strategy to address the likely reductions in funding over the lifetime of the current parliament following the Chancellor's emergency budget statement on 22nd June in which he outlined his plans to address the national budget deficit, and the Spending Review announcement on 20 October.

1.1.6 **Details of re-phasing of revenue projects**:

The MIDAS replacement project is progressing well and it is anticipated that the final phase will be completed by the end of this financial year. There will however be residual development costs for reporting, training and final configurations in the new year and it is expected that £0.2m will need to be rephased in to 2011-12.

1.1.7 **Details of proposals for residual variance**: *[eg roll forward proposals; mgmt action outstanding]*

It is proposed that the residual forecast underspend of £0.124m (having taken into account the MIDAS rephasing of £0.2m) is held at present to deal with possible future pressures. These pressures are likely to come from Highways for dealing with the extraordinary number of insurance claims currently being experienced, the popularity of the Freedom Pass, the possibility of another bad winter and general maintenance pressures (although KHS is working hard currently to contain these additional general pressures).

1.2 CAPITAL

1.2.1 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader, or relevant delegated authority.

The capital cash limits have been adjusted since last reported to Cabinet on 11th October 2010, as detailed in section 4.1.

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position excluding PFI projects.

	Prev Yrs Exp £000s	2010-11 £000s	2011-12 £000s	2012-13 £000s	Future Yrs £000s	TOTAL £000s
Environment, Highways & Waste Portfolio						
Budget	100,869	161,106	92,010	89,904	247,185	691,074
Adjustments:						
- rephasing August monitorng		-955	955	-500	500	
Revised Budget	100,869	160,151	92,965	89,404	247,685	691,074
Variance		-5,870	5,201	-108	-4,939	-5,716
split:						
- real variance		+47	+397	-128	-6,032	-5,716
- re-phasing		-5,917	+4,804	+20	+1,093	0
Real Variance		**+47**	**+397**	**-128**	**-6,032**	**-5,716**
Re-phasing		**-5,917**	**+4,804**	**+20**	**+1,093**	**0**

1.2.3 **Main Reasons for Variance**

Table 4 below, details all forecast capital variances over £250k in 2010-11 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and
- Projects at preliminary stage.

The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the preliminary stage, is explained further in section 1.2.4 below.

All real variances are explained in section 1.2.5, together with the resourcing implications.

Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER

			Project Status			
portfolio	Project	real/ phasing	Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
EHW	Integrated Transport Scheme	real	+1,540			
EHW	LCA Part1 and Land	real	+501			
EHW	Highways Maintenance	real	+494			
			+2,535	**+0**	**+0**	**+0**
Underspends/Projects behind schedule						
EHW	Kent Highways Accom	phasing		-1,712		
EHW	LCA Part1 and Land	phasing	-1,243			
EHW	Household Waste Recycling/ T.Station - Approval to Spend	real		-1,074		
EHW	LCA Part1 and Land	real	-915			
EHW	Sittingbourne N Relief Road	phasing		-909		
EHW	East Kent Access Road Ph2	phasing		-742		
EHW	Kent Thameside Strategic Transport	phasing			-677	
EHW	Household Waste Recycling/ T.Station - Approval to Plan	phasing			-650	
EHW	Rushenden Relief Road	real		-364		
			-2,158	**-2,361**	**-1,327**	**0**
			+377	**-2,361**	**-1,327**	**-0**

1.2.4 **Projects re-phasing by over £1m**:

1.2.4.1 **Re-shaping Kent Highways Accommodation - re-phasing of -£1.712m**

The scheme is designed to deliver service improvements in creating a depot in west Kent that is equivalent to the new Ashford depot in east Kent. Due to the current economic climate, it has been decided to redevelop the existing Aylesford site rather than purchase a new site. The redevelopment includes office accommodation and an operational depot with salt barn facilities. Planning approval has been granted and the internal demolition work was completed in September. The main building work has started and is expected to be completed by March 2011; with the mobilisation of staff being in the new building in April 2011. The depot work is anticipated to complete by July 2011, ready for the new term maintenance contract in September

Revised phasing of the scheme is now as follows:

	Prior Years	2010-11	2011-12	2012-13	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	17,286	4,300				21,586
Forecast	17,286	2,560	1,712			21,558
Variance	0	-1,740	+1,712	0	0	-28
FUNDING						
Budget:						
creditor provision	362					362
prudential	4,555				0	4,555
Ex Other	9					9
prudential/revenue	10,802	2,493				13,295
Capital Receipt	1,558	701				2,259
PEF2		1,106				1,106
TOTAL	17,286	4,300	0	0	0	21,586
Forecast:						
creditor provision	362					362
prudential	4,555					4,555
Ex Other	9					9
prudential/revenue	10,802	2,493				13,295
Capital Receipt	1,558	67	606			2,231
PEF2			1,106			1,106
TOTAL	17,286	2,560	1,712	0	0	21,558
Variance	**0**	**-1,740**	**+1,712**	**0**	**0**	**-28**

1.2.4.2 **Non TSG Land and Part 1 compensations (LCA) - -£0.228m (-£1.243m of re-phasing and -£0.414m real in 2010-11, +£0.630m of re-phasing and +£0.131m real in 2011-12, +£0.020m of re-phasing and +£0.065m real in 2012-13 and +£0.593m of re-phasing and -£0.010m real in future years)**

The revised phasing of £1.243m is primarily due to delays in the remaining land acquisition for Edenbridge Relief Road, some of which has been referred to the Land Tribunal. Alongside this re-phasing there is expected to be a real underspend of £0.915m as a result of more favourable projected settlement figures (see real underspend in S.1.2.5 below).

Revised phasing of the scheme is now as follows:

	Prior Years	2010-11	2011-12	2012-13	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget		3,275	1,071	373	453	5,172
Forecast		1,618	1,832	458	1,036	4,944
Variance	0	-1,657	+761	+85	+583	-228
FUNDING						
Budget:						
Ex Dev Con		16	16	8	10	50
Prudential		3,259	1,055	365	443	5,122
TOTAL	0	3,275	1,071	373	453	5,172
Forecast:						
Revenue		250				250
prudential		1,100	1,685	386	1,036	4,207
Ex Dev Con		267	147	73		487
TOTAL	0	1,617	1,832	459	1,036	4,944
Variance	**0**	**-1,658**	**+761**	**+86**	**+583**	**-228**

1.2.5 **Projects with variances, including resourcing implications:**

There is a real variance of -£5.716m (+£0.0497m in 2010-11, +£0.397m in 2011-12, -£0.128m in 2012-13 and -£6.032m in future years) which is detailed as follows:

Major Scheme Preliminary Design +£0.069m (in 2010-11): This net overspends is made up of the following:

- £0.136m is due to strategic project management fees which are expected to be charged by the Ashford Future team for managing the Smart Link Project. This will be funded from additional Growth Area Fund (GAF3).
- £0.067m is no longer required as no more major schemes designs costs are expected in this financial year.

Highway Major Maintenance +£0.494m (in 2010-11): The real overspend is mainly due to the following:

- £0.120m of additional maintenance works has been agreed from Member Highway Fund (MHF) contributions
- £0.124m of additional essential works on drainage, street lighting and structures to be funded from de-trunking commuted sum (revenue contribution).
- £0.250m of emergency work, stabilising carriageway at Boughton Hill to be funded from revenue contribution.

Integrated Transport Schemes +£1.240m (+£1.540m in 2010-11 and -£0.300m in 2011-12): This increased expenditure is due to undertaking various MHF, S106 and externally funded schemes (£1.439m in total). Also, £0.101m is to replace real time information signs, funded from Repairs and Renewals reserve.

The Upper Stone street lay-by scheme is not considered viable within current plans and identified funding, and therefore it is proposed not to continue with this scheme. The £0.300m general capital receipt that was identified to fund the scheme could be re-allocated to a different Maidstone town centre project. It is proposed that the receipt is used to support the Maidstone High Street improvement project at a maximum cost of £0.400m and **Cabinet is asked to approve the use of the receipt.**

Non TSG Land and Part 1 -£0.228m see details in1.2.4.2: There is a net real under spend of £0.414m in 2010-11 due to the following:

- A real over spend of £0.501m is mainly due to settling part 1 claims for developer funded schemes (Hawkinge Ph 2 and M20 J 4) and capitalisation of staff and Kent Property group's time in dealing with the claims and outstanding land settlements. This overspend will be funded from developer contributions and revenue.
- Land settlements for Edenbridge Relief Road are estimated to provide savings of at least £0.915m. **Cabinet is asked to approve the reallocation of this underspend to the East Kent Access phase 2 scheme to offset the Directorate's prudential/revenue contribution, which will be difficult to secure given the likely level of savings required in the revenue budget.**

Wetland -£0.478m (in 2011-12): The development of the wetland will now go ahead by the RSPB without the need for further KCC input or land purchase.

House Hold Waste Recycling Centre/Transfer Station – Approval to Spend and Plan – -£0.200m (-£0.650m of re-phasing and -£1.074m real in 2010-11, +£0.150m of re-phasing and +£0.899m real in 2011-12 and +£0.500m of re-phasing and -£0.025m real in later years):
The whole waste programme has been reviewed and the following savings have been identified to fund the additional costs on East Kent joint waste containerisation project.

- Herne Bay: revised estimated project cost delivers a saving of £0.532m.
- Lydd/New Romney: the project is currently underway and the revised forecast outturn identifies a saving of £0.328m.

The savings identified are sufficient to cover the additional East Kent costs. The additional capital costs on the East Kent waste programme are necessary to achieve maximum revenue savings.

A decision has been taken not to proceed with the Hawkinge incinerator capital project and this will save £0.200m.

Rushenden Relief Road -£0.417m (-£0.364m in 2010-11, +£0.42m in 2011-12 and -£0.195m in 2012-13): It was reported in quarter 1 that the scheme is expected to under spend by £0.344m in 2010-11. A further review of the scheme following completion of phase1 and assessment of remaining costs has identified that the overall scheme can be delivered at a cost of £11.8m. This has generated a further savings of £0.073m. There is a switch of funding of £2.08m from SEEDA to a developer contribution and this has already been reported in quarter 1 monitoring report.

Bredhurst Woodlotting -£0.100m (in 2010-11): This project would need additional funding to go ahead and it has therefore been put on hold.

After taking into consideration some of the small under and over spends on projects there is a real variance of +£0.25m that needs an additional revenue contribution (see revenue monitoring report).

1.2.6 **General Overview of capital programme**:

(a) Risks and action being taken to alleviate risks

East Kent Access Phase 2 - spend on this project is currently predicted to be ahead of the original DfT allocation for this year. DfT will be approached formally to bring forward its phasing of the budget in October. The total scheme outturn remains a concern particularly because of construction price inflation and utility costs but this is being closely monitored together with robust contract management to ensure that necessary management action can be taken at the appropriate time to reduce the risk.

Sittingbourne Northern Relief Road - spend on this project is also currently predicted to be ahead of the original DfT allocation for this year. DfT will be approached formally to bring forward its phasing of the budget in October.

Rushenden Relief Road - SEEDA has not been able to secure the £1.9m funding required to complete the scheme. The preferred option is not to leave this road part-finished because of the impact this will have on the development and regeneration of this area and therefore other ways of funding the shortfall are currently being explored. A charge on the land or S106 is being considered by Legal and it is thought they are likely to recommend S106. There is no work on-site at present while the completed earthworks are allowed to settle. Should the funding not be available the risk to KCC is minimal due to the fact that the construction of road has not started. A Member decision will be sought in the autumn, to approve the alternative funding (when secured) and to complete the road build.

Victoria Way, Ashford - this scheme is funded from the Community Infrastructure Fund. Funding expires at 31 March 2011. Late award has always made this completion date challenging and the need to remove unforeseen land contamination and difficulties with utilities are already threatening a delay beyond 31 March 2011. The project team are focused on preparing a plan of action to overcome the difficulties and to mitigate the risk of overrun beyond the funding deadline.

Drovers Roundabout - M20 Junction 9 - this scheme is funded by the Regional infrastructure Fund (RIF) and Growth Area Fund. As with Victoria way the funding expires on 31 March 2011. Progress is good so far but the feature bridge remains the biggest risk of delay. The team are focussed on plans to overcome that risk but if there is a RIF timing issue and consequent shortfall in funding, Ashford Borough Council has agreed that KCC will be able to claim S106 money to cover any underfunding. It is expected there will be sufficient S106 monies to cover any risk to KCC.

1.2.7 **Project Re-Phasing**

Cash limits are changed for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the rephasing will be shown. The proposed re-phasing is detailed in the table below.

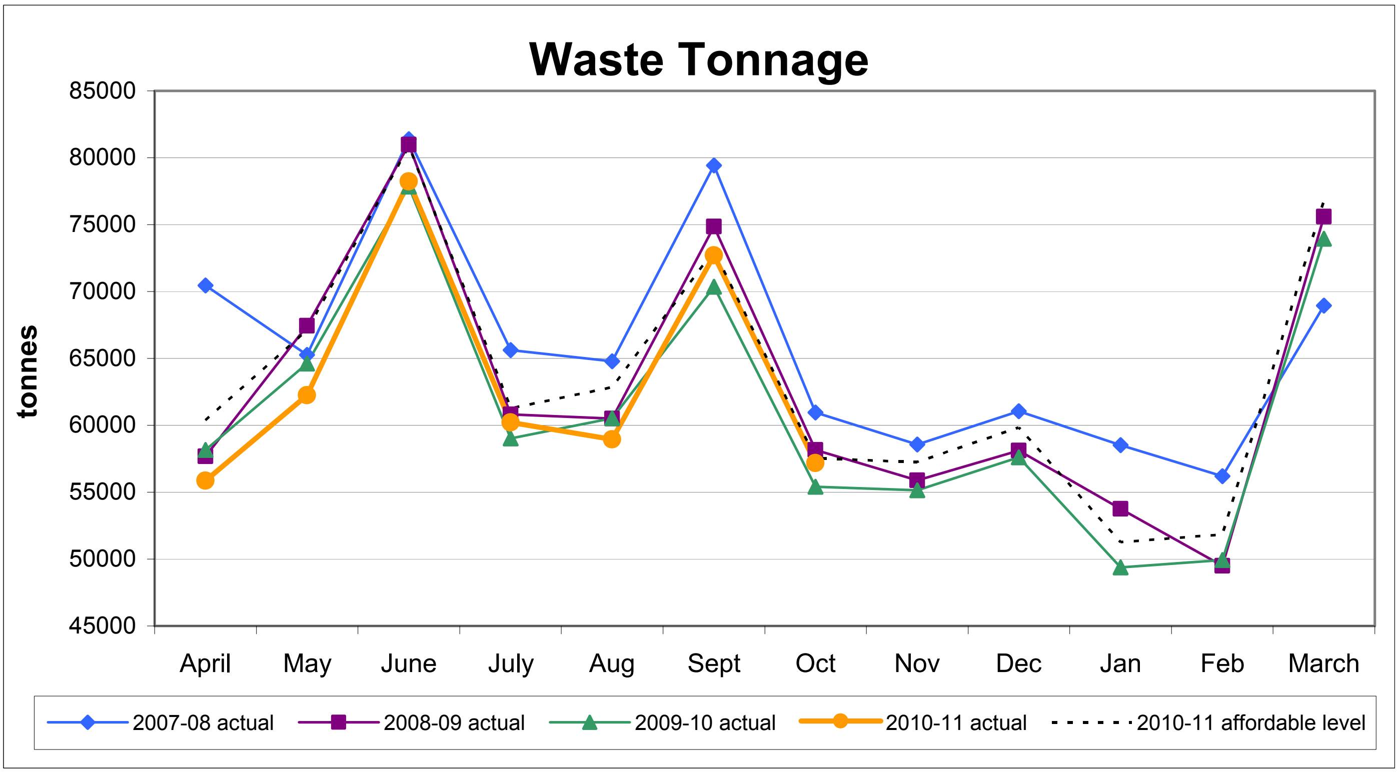
	2010-11	2011-12	2012-13	Future Years	Total
	£k	£k	£k	£k	
Non TSG Land, Compensation Claims and Blight					
Amended total cash limits	+3,275	+1,071	+373	+453	+5,172
re-phasing	-1,243	+630	+20	+593	0
Revised project phasing	**+2,032**	**+1,701**	**+393**	**+1,046**	**+5,172**
Sittingbourne Northern Relief Road					
Amended total cash limits	+13,820	+6,254	+1,701	+1,110	+22,885
re-phasing	-909	+909			0
Revised project phasing	**+12,911**	**+7,163**	**+1,701**	**+1,110**	**+22,885**
East Kent Access PH2					
Amended total cash limits	+47,049	+19,892	+5,850	+3,240	+76,031
re-phasing	-742	+742			0
Revised project phasing	**+46,307**	**+20,634**	**+5,850**	**+3,240**	**+76,031**
Re-shaping Kent Highways Accomodation					
Amended total cash limits	+4,300				+4,300
re-phasing	-1,712	+1,712			0
Revised project phasing	**+2,588**	**+1,712**	**0**	**0**	**+4,300**
Kent Thameside Strategic Transport Programme					
Amended total cash limits	+1,290	+1,947	+7,796	+140,034	+151,067
re-phasing	-677	+677			0
Revised project phasing	**+613**	**+2,624**	**+7,796**	**+140,034**	**+151,067**
Household Waste Recycling Centres and Transfer Station					
Amended total cash limits	+1,150	+8,932	+1,750	+500	+12,332
re-phasing	-650	+150		+500	0
Revised project phasing	**+500**	**+9,082**	**+1,750**	**+1,000**	**+12,332**
Total re-phasing >£100k	**-5,933**	**+4,820**	**+20**	**+1,093**	**0**
Other re-phased Projects below £100k	**+16**	**-16**			
TOTAL RE-PHASING	**-5,917**	**+4,804**	**+20**	**+1,093**	**0**

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 Waste Tonnage:

	2007-08	2008-09	2009-10	2010-11	
	Waste Tonnage	Waste Tonnage	Waste Tonnage	Waste Tonnage *	Affordable Level
April	70,458	57,688	58,164	55,870	60,394
May	65,256	67,452	64,618	62,248	67,096
June	81,377	80,970	77,842	78,231	80,826
July	65,618	60,802	59,012	60,219	61,274
August	64,779	60,575	60,522	58,951	62,842
September	79,418	74,642	70,367	72,709	73,065
October	60,949	58,060	55,401	57,182	57,526
November	58,574	55,789	55,138		57,252
December	61,041	58,012	57,615		59,825
January	58,515	53,628	49,368		51,260
February	56,194	49,376	49,930		51,845
March	68,936	76,551	73,959		76,795
TOTAL	**791,115**	**753,545**	**731,936**	**445,410**	**760,000**

** Note: waste tonnages are subject to slight variations between quarterly reports as figures are refined and confirmed with Districts*

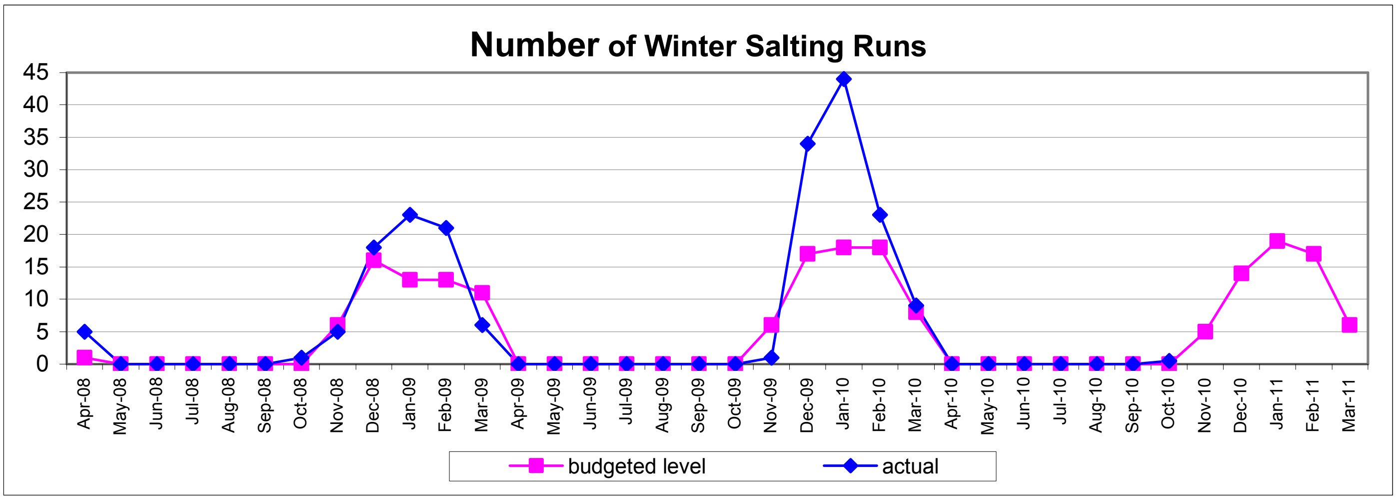


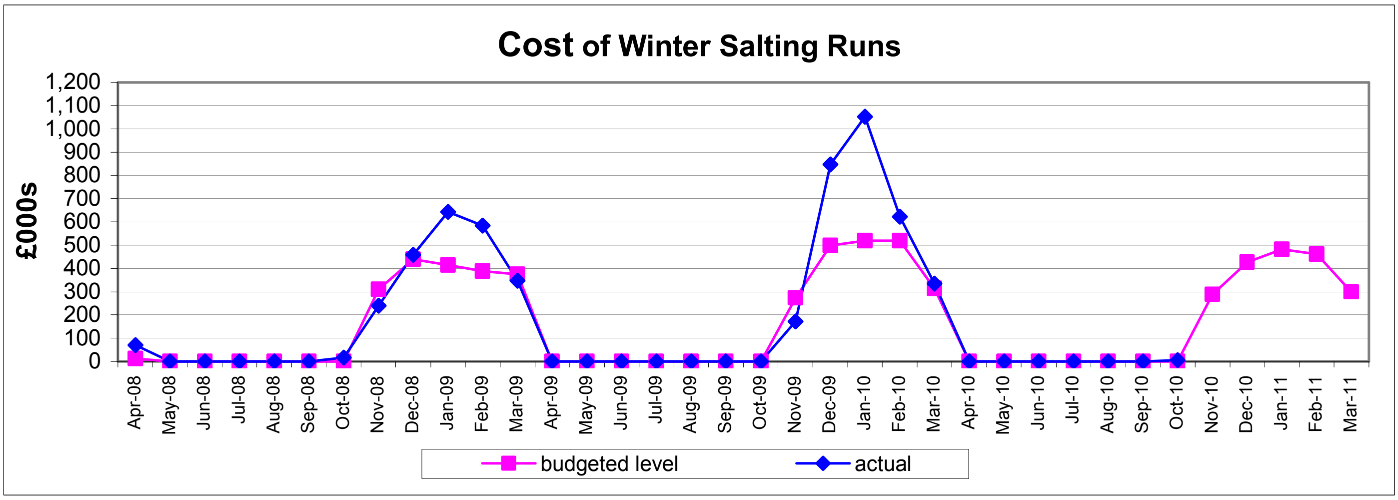
Comments:

- Waste volumes are below the affordable level for the first seven months of 2010-11 and the outturn assumptions in 1.1.3.6 above assume that tonnage will continue to remain below the budgeted levels for the rest of the year. It is estimated that outturn tonnage will 32,000 tonnes below budget based on current figures. However waste may start to increase again at any point, now that the economy is picking up and continued falls in waste cannot be relied upon. An early warning of this may be the September and draft October tonnage figures, which cumulatively are about 4,000 tonnes greater than for the same period last year. The next few months will be watched closely to see if they repeat this upward trend and if this does happen, the forecast underspend will be reduced.

2.2 Number and Cost of winter salting runs:

	2008-09				2009-10				2010-11			
	Number of salting runs		Cost of salting runs		Number of salting runs		Cost of salting runs		Number of salting runs		Cost of salting runs	
	Actual	Budgeted Level	Actual £000s	Budgeted Level £000s	Actual	Budgeted Level	Actual £000s	Budgeted Level £000s	Actual	Budgeted level	Actual £000s	Budgeted Level £000s
April	5	1	70	13	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-	-	-
August	-	-	-	-	-	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-	-	-	-	-	-
October	1	-	16	-	-	-	-	-	0.5	-	6	-
November	5	6	239	310	1	6	171	273		5		288
December	18	16	458	440	34	17	847	499		14		427
January	23	13	642	414	44	18	1,052	519		19		482
February	21	13	584	388	23	18	622	519		17		461
March	6	11	348	375	9	8	335	315		6		299
TOTAL	**79**	**60**	**2,357**	**1,940**	**111**	**67**	**3,027**	**2,125**	**0.5**	**61**	**6**	**1,957**



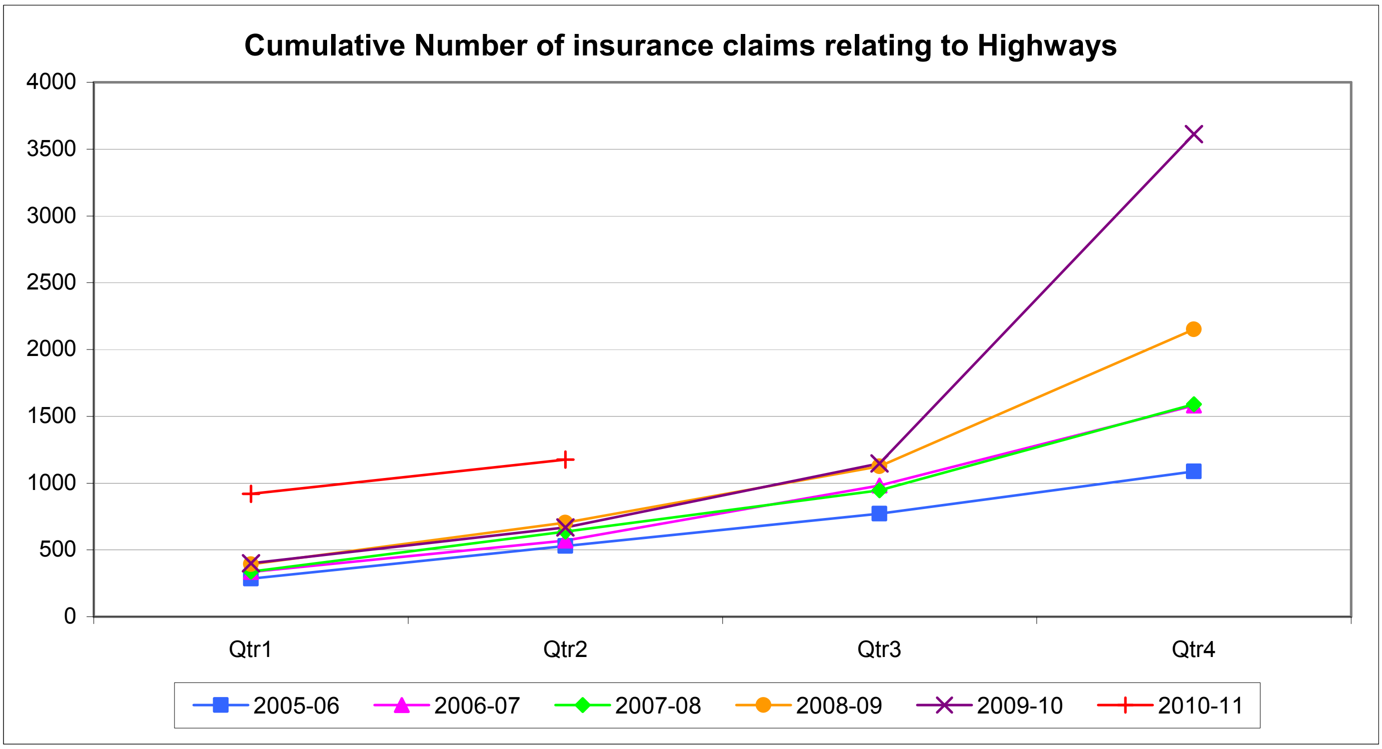


Comment:

- The charges for the Winter Maintenance Service reflect two elements of cost: the smaller element being the variable cost of the salting runs undertaken; the major element of costs, relating to overheads and mobilisation within the contract, have been apportioned equally over the 5 months of the salting period.

2.3 **Number of insurance claims arising related to Highways**:

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims
April – June	286	335	337	392	399	919
July – Sept	530	570	637	703	669	1,175
Oct – Dec	771	982	947	1,126	1,148	
Jan - Mar	1,087	1,581	1,590	2,150	3,611	



Comments:

- Numbers of claims will continually change as new claims are received relating to accidents occurring in previous quarters. Claimants have 3 years to pursue an injury claim and 6 years for damage claims. The data previously reported has been updated to reflect claims logged with Insurance as at 5 November 2010.

- The number of claims rose sharply at the end of 2008-09 and 2009-10. The particularly adverse weather conditions and the consequent damage to the highway seems a major factor with this along with some possible effect from the economic downturn. Claims for the first two quarters 2010-11 are also significantly above previous years (and will increase as more claims for that period are received in subsequent months).

- The Insurance section continues to work closely with Highways to try to reduce the number of successful claims and currently the Authority is managing to achieve a rejection rate on 2010-11 claims where it is considered that we do not have any liability, of about 89%.

- As previously reported, a new way of charging KHS for highways related insurance claims has been introduced for 2010-11 in order to more accurately reflect the risk and reward associated with managing risk within the Highways service. This will be reviewed at the end of the first year to see whether the new scheme has achieved this objective.

COMMUNITIES DIRECTORATE SUMMARY
OCTOBER 2010-11 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 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:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits have been adjusted since the last full monitoring report to reflect a number of technical adjustments to budget including the virement of £75k from the Finance portfolio for a contribution towards the Contemporary Coast marketing campaign, as approved by Cabinet in October.
- The inclusion of a number of 100% grants (i.e. grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 2 of the executive summary.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Communities portfolio							
Kent Drug & Alcohol Action Team	18,520	-16,230	2,290	0	0	0	
Youth Offending Service	6,757	-3,012	3,745	-32	-54	-86	Gross: service restructure resulting in the reduction of a senior post which is being back-filled from within existing resources. Income: Additional funding from YJB for Training Manager seconded to YJB & additional funding for the Summer Arts project from Unitas
Youth Services	11,699	-4,845	6,854	64	-95	-31	Additional expenditure on Outdoor education (£24k); Residual costs for Alternative Curriculum Programme (£10k); remaining £30k covers a multitude of variances. Additional fees from Outdoor Education & income generation from Youth Centres over budgeted target
Supporting People	32,314	-220	32,094	0	0	0	
Adult Education (incl KEY)	17,072	-17,172	-100	5	-5	0	
Arts Unit	2,315	-248	2,067	-15	0	-15	
Libraries, Archives & Museums	22,626	-3,045	19,581	36	-39	-3	Increased gross costs arising from Radio Frequency Identification (RFID) project offset by enhanced vacancy management savings; additional income from Home Office, reduced shortfall in AV income forecasts & back rent.
Sports, Leisure & Olympics	3,201	-1,572	1,629	0	-10	-10	
Supporting Independence	4,058	-3,281	777	-3	-2	-5	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Kent Community Safety Partnership	5,215	-382	4,833	-21	-36	-57	Reduced staff costs mainly due to part year Community Warden vacancies offset by contribution towards directorate vacancy savings target. Additional income from Future Jobs Fund.
Coroners	2,702	-475	2,227	266	20	286	Continuation of pressure reported in 2009-10, regarding long inquests and Body removal contract. Income variance relates to Medway Council SLA.
Emergency Planning	828	-199	629	-6	6	0	
Kent Scientific Services	1,271	-780	491	-29	32	3	Reduced staff costs arising from vacancy management, offset by higher than anticipated price increases of chemical & safety equipment. Income variance relates to an income target, which at present is deemed as not achievable.
Registration	3,856	-3,027	829	-88	-15	-103	Reduced staff & premises costs. Increased fees income.
Trading Standards	3,655	-322	3,333	-135	7	-128	Reduced staff costs due to vacancies being held, where possible, for duration of year offset by contributions towards directorate vacancy savings target; reduced spend on staff related, premises and transport costs. Reduced fees income
Policy & Resources	1,669	-361	1,308	-6	-2	-8	
Business Development & Support	699	-228	471	-33	66	33	Reduced costs and income from Regulatory Training Services (RTS) due to lower than anticipated take up of services, combined with reduced income from internal clients.
Strategic Management	929		929	0	0	0	
Centrally Managed directorate budgets	1,296	-1,228	68	279	-279	0	Centrally held vacancy management savings target offset by internal recharge income from Trading Standards & Community Safety
Support Services purchased from CED	4,760		4,760	0	0	0	
Total Communities controllable	**145,442**	**-56,627**	**88,815**	**282**	**-406**	**-124**	
Assumed Management Action						**0**	
Forecast after Mgmt Action				**282**	**-406**	**-124**	

1.1.3 **Major Reasons for Variance**: *[provides an explanation of the 'headings' in table 2]*

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

1.1.3.1 Supporting People

Commitments are in place that will result in gross expenditure being close to £2,916k in excess of the agreed cash limit for floating support. This is a demand led service provided by the unit, to assist customers to remain within their homes. Demand currently exceeds the resources allocated at the time of budget build and, therefore, additional support has been provided to cope with the increase in demand. These costs will be met by a drawdown from the existing supporting people earmarked reserve and, therefore, a balanced position is being forecast with regard to the main grant.

As a result of the 10 June Government savings announcement, the service was notified of a reduction in the Area Based Grant for supporting people administration of £736k. Cabinet, at its meeting in July, agreed that this reduction could be met by a drawdown from the supporting people earmarked reserve and the cash limit has been reduced accordingly to reflect this drawdown. However, the current forecast for supporting people administration indicates a modest underspend of -£48k, therefore the estimated drawdown from the reserve will be reduced accordingly to give a nil net effect on administration.

Overall therefore, the current estimated drawdown from the reserve is £2,868k (£2,916k - £48k) in order to present a balanced outturn position. This is in addition to the budgeted drawdown of £736k.

1.1.3.2 Libraries: +£36k Gross, -£39k Income, -£3k Net

The service has made savings on gross expenditure, mainly through vacancy management and advancement of planned restructuring (-£363k), all of which has been earmarked as a revenue contribution towards capital projects including the Radio Frequency Identification project (RFID) which will provide an electronic check-out service for customers for which no funding was identified in the budget process. Also savings have been realised on premises costs (-£140k) which have been achieved from one-off rates rebates for three libraries and reduced spend on utilities; offset by internal recharges (+£64k), other running costs (+£77k), specialist fees (+£19k) and third party payments (+£17k).

Libraries are forecasting a reduction in their Audio Visual and merchandising income streams of £126k, due to activity below target in Quarter 2, as illustrated in section 2.2 below. The budget was set at a lower level than in the prior year but even then; revised targets have not been met. Therefore, the forecast for the year has been reduced accordingly.

Income targets set for Kent on Canvas and the Centre for Kentish Studies (CKS) shop are no longer achievable which results in a shortfall of £22k and £16k respectively. This is being partly offset by various one-off income contributions from internal and external partners totalling -£192k, which is part of the reason for adverse variances on certain lines of gross expenditure.

1.1.3.3 Supporting Independence (-£3k gross, -£2k income, -£5k net)

a) Vulnerable Workers

The Vulnerable worker's programme supports young offenders, young parents, care leavers and young people with physical or mental health issues into apprenticeships. The project seeks to engage employers across the private sector in offering vulnerable workers short term placements of six-months by making a contribution towards their salaries. A target of 20 young people will be recruited by KCC to undertake a variety of apprenticeships supported by KCC and partners throughout the project.

The programme will be funded by a drawdown from reserves of up to £496k. The drawdown will be phased over two years, as a consequence of the late start to the project; £144k in 2010-2011 and £352k in 2011-12. The cost of employment is offset by the drawdown, so a nil net effect.

b) Margate Taskforce

The main focus of the project is to seek agreement with Thanet District Council to set-up a selective licensing scheme for private landlords in Margate Central and Cliftonville West wards to be funded from KCC's share of the Local Area Agreement Performance Reward Grant, which is held in reserves. To date we have spent £500k of an earmarked £750k, which will be matched by a drawdown from reserves.

1.1.3.4 Community Safety: -£21k Gross, -£36k Income, -£57k Net

The service has made savings of £162k on gross expenditure, mainly through enhanced vacancy management and targeted savings on running costs but these are largely offset by a £129k internal recharge to contribute towards directorate pressures. The income variance is mainly due to additional internal income from the Future Jobs Fund for funding and training of support wardens.

1.1.3.5 Coroners: +£266k Gross, +£20k Income, +£286k Net

The pressures affecting the service, and our inability to control Coroners' expenditure, have been fully documented in recent years.

Despite additional funding in each of the last three years to address the issue of long inquests and increasing pressures on Mortuary costs, the service continues to experience pressures due to a rise in the number of deaths that are deemed suspicious and subsequently referred.

The main existing pressures arise from specialist fees and premises costs associated with long inquests +£158k. This is being offset by various minor over/underspends which total -£22k.

The specialist fees pressure is being exacerbated by one of the coroners continuing to use an external provider for toxicology and other laboratory services, instead of using Kent Scientific Services. Negotiation remains ongoing in this respect to ensure that our in-house laboratory is used.

The service has recently been notified of an increase in Post Mortem and Body Storage charges from Dartford & Gravesham NHS Trust in the region of £150k, which follows changes to the methodology employed in calculating service income. The Head of Service and the Head of Finance have met with the Trust and negotiations are ongoing but the forecast reflects the full year effect on the in-year increase to the service level agreement.

These pressures are being partially offset because invoices relating to 2009-10 have come in at less than the estimated creditor provisions established at the end of the year.

1.1.3.6 Trading Standards: -£135k Gross, +£7k Income, -£128k Net

The service has made savings on gross expenditure, mainly through enhanced vacancy management and advancement of staff restructuring of £245k, offset by £150k internal recharge to contribute towards directorate pressures. A minor shortfall in fees income accounts for the income variance.

1.1.3.7 Centrally Managed Budgets

Within the directorates centrally managed budget, is an in-year pressure of £279k which relates to a vacancy management target. This pressure is being met by contributions from the Trading Standards and Community Safety units through vacancy management and advancement of staff restructuring.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER
(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			**Underspends (-)**		
portfolio		£000's	portfolio		£000's
CMY	Supporting People: planned increase in the level of Floating Support and small underspend on administration	+2,868	CMY	Drawdown from Supporting People reserve.	-2,868
CMY	Supporting Independence: Forecast spend on Margate Taskforce funded by drawdown from reserves.	+500	CMY	Supporting Independence: Drawdown from reserves to match spend on Margate Taskforce.	-500
CMY	Libraries: revenue contribution to capital programme	+363	CMY	Libraries: vacancy management & advancement of planned restructuring	-363
CMY	Centrally Managed Budgets:centrally held vacancy management savings target (offset by savings within Trading Standards & Community Safety).	+279	CMY	Centrally Managed Budgets: increased internal recharge income from Trading Standards & Community Safety towards centrally held directorate pressures.	-279
CMY	Coroners: long inquest costs	+158	CMY	Trading Standards: vacancy management & advancement of planned restructuring	-245
CMY	Coroners: increase in post mortem & body storage charges	+150	CMY	Libraries:one-off income contributions from internal and external partners.	-192
CMY	Trading Standards: increased internal recharge for contribution towards directorate pressures	+150	CMY	Community Safety: Vacancy management & targeted savings on running costs	-162
CMY	Supporting Independence: Forecast spend on Vulnerable Learners funded by drawdown from reserves.	+144	CMY	Supporting Independence: Drawdown from reserves to match spend on Vulnerable Learners.	-144
CMY	Community Safety: increased internal recharge for contribution towards directorate pressures.	+129	CMY	Libraries: Reduced spend on utilities and one off rates rebates.	-140
CMY	Libraries: reduced forecast on audio visual income stream due to reduction in activity compared with Q2 in 09-10 and anticipated shortfall in merchandising income.	+126			
		+4,867			**-4,893**

1.1.4 **Actions required to achieve this position**:

Community Learning & Skills

In order to mitigate against the grant reduction from the Skills Funding Agency of £469k, the service has enacted management action devised to deliver a balanced budget. (This was reported in the last full monitoring report to Cabinet in September and cash limits were amended to reflect this grant reduction, hence no variance reflected in this report).

Vacancy management

Due to the current financial climate and volatility regarding grant funding, the directorate has informed units to maintain and extend vacancies wherever possible, as well as bring forward any planned restructures, but on the basis that front line provision should not be adversely affected. In addition, services have also been asked to monitor and reduce all non essential expenditure.

Grant Reductions

A few directorate units have recently been notified of reduced grant income from internal and external partners. In all cases, management action has been enacted to contain expenditure and to deliver a balanced budget position.

Supporting People

The service expects to drawdown £3.604m from its reserve (£2.868m + £0.736m as reported in section 1.1.3.1 above), to address costs required to service existing contracts. The level of drawdown required, has been exacerbated by the removal of the administration grant in-year.

1.1.5 **Implications for MTP**:

The base budget implications of issues identified in this monitoring report will be a call on the amounts identified in the 2010/13 MTP as emerging pressures in 2011/12 and 2012/13. The details of individual amounts will be included when the revised plan is published for consultation in January 2011 together with any new pressures forecast for 2011/12 and 2012/13.

The significant issues for the Communities portfolio arising from 2010/11 budget monitoring are noted in the above report and will feed into the MTP process as emerging pressures.

The revised MTP will include proposals on how the in-year cuts in Government grants will be accommodated in base budgets, once it has been confirmed that these reductions are permanent. Confirmation will be following the announcement of the provisional local government finance settlement for 2011/12 which we anticipate will be in early December.

The revised plan will also include the strategy to address the likely reductions in funding over the lifetime of the current parliament following the Chancellor's emergency budget statement on 22nd June, in which he outlined his plans to address the national budget deficit, and the Spending Review announcement on 20 October.

1.1.6 **Details of re-phasing of revenue projects**:

None

1.1.7 **Details of proposals for residual variance**: *[eg roll forward proposals; mgmt action outstanding]*

N/A

1.2 CAPITAL

1.2.1 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader, or relevant delegated authority.

The capital cash limits have been adjusted since last reported to Cabinet on 11th October 2010, as detailed in section 4.1.

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position, excluding PFI projects.

	Prev Yrs Exp £000s	2010-11 £000s	2011-12 £000s	2012-13 £000s	Future Yrs £000s	TOTAL £000s
Communities Portfolio						
Budget	14,891	26,808	12,398	3,060	350	57,507
Adjustments:						
- re-phasing August monitoring		-332		332		
Revised Budget	14,891	26,476	12,398	3,392	350	57,507
Variance	0	+125	+457	0	0	+582
split:						
- real variance		-9	591			582
- re-phasing		134	-134			

Real Variance	**0**	**-9**	**591**			**582**
Re-phasing	**0**	**134**	**-134**			

1.2.3 **Main Reasons for Variance**

Table 4 below, details all forecast capital variances over £250k in 2010-11 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and
- Projects at preliminary stage.

The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the preliminary stage, is explained further in section 1.2.4 below.

All real variances are explained in section 1.2.5, together with the resourcing implications.

Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER

			Project Status			
portfolio	Project	real/ phasing	Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
CMY	Libraries Invest to Save Project	Phasing			+550	
CMY	Turner Contemporary	Phasing		+286		
			+0	**+286**	**+550**	**+0**
Underspends/Projects behind schedule						
CMY	Gravesend Library	Phasing		-774		
			-0	**-774**	**-0**	**-0**
				-488	**+550**	**-0**

1.2.4 **Projects rephasing by over £1m**:

None

1.2.5 **Projects with real variances, including resourcing implications:**

There is a real variance of +£0.582m (-£0.009m in 2010-11 and +£0.591m in 2011-12) which is detailed as follows:

Library Modernisation Programme +£0.061m (in 2010-11): Cost of additional works over and above the original programme matched with funding from other sources.

Modernisation of Assets -£0.134m (-£0.065m in 2010-11 and -£0.069m in 2011-12): There are increased costs of +£0.063m reflecting the capitalisation of additional assets funded from revenue contributions. The underspend of £0.197m reflects a switch of costs to revenue that cannot be capitalised and with the capital funding being transferred to the Kent History & Library Centre to reduce the prudential/revenue borrowing.

Edenbridge Centre +£0.830m (+£0.237m in 2010-11 and +£0.593m in 2011-12): No change since the last report (Quarter 1). This represents the change in specifications, all of which are funded by partner contributions.

Grove Green Library -£0.175m (in 2010-11): Following a review of library provision in East Maidstone, this project has been withdrawn from the programme.

The underlying real budget variance is nil in 2010-11.

1.2.6 **General Overview of capital programme**:

(a) Risks (mitigations in section b below):

Library Modernisation Programme – consists of several large individual projects, which if delayed could result in significant re-phasing of costs into 2011-12. As this programme is linked to the Modernisation of Assets budget, delays in relation to DDA and planned maintenance would also ensue.

The Beaney – The existing building needs significant restoration to the façade and roof, the cost of which may not be covered by the project contingency. The contingency has already been depleted and subsequently boosted in relation to archaeology costs. The delayed start could also lead to further weather related delays next winter.

Turner Contemporary– the external funding target of £2.9m, underwritten by KCC, may not be reached, therefore causing a potential funding shortfall.

Ashford Gateway Plus – the specification of the build was enhanced to incorporate partner requests, which were fully funded by the partners, however further changes to specification or schedule could result in additional costs.

Ramsgate Library – final agreement with the administrator is ongoing. It is anticipated that the settlement should be in line with the project budget; however there is small risk that this position may alter.

Kent History & Library Centre – project funding could be affected by both the state of the property market, by virtue of reduced capital receipts/land value, and rising costs.

Gravesend Library – delays to the programme could result in additional costs if the schedule cannot be adhered to.

New community facilities at Edenbridge – the project is partially dependent upon external partner funding and without this in place the KCC share of the project costs will rise.

(b) Details of action being taken to alleviate risks:

Library Modernisation Programme – the Library Modernisation Advisory Group, including support from the Property Group, is overseeing this programme and co-ordinating appropriate project management, design development, estates and financial advice and linking into the Modernisation of Assets programme as appropriate. Expenditure has been profiled over the coming year for each of the key locations.

The Beaney – a full assessment of the existing building by specialist consultants is now underway and further value engineering will follow if the allocated budget and contingency is insufficient to cover remedial works. The potential for securing additional grant funding from HLF and others is urgently being explored. Any weather related delays will be a call on the contingency, which was recently increased as a prudent measure.

KCC are working closely with the specialist consultants and Canterbury City Council – the lead partner in this venture – to ensure that this risk is mitigated and that the project is kept on schedule with regards to timing and cost.

Turner Contemporary– Turner Contemporary Art Trust has been established to raise funds to meet the funding target and a number of donations have been made in recent months, although the funding target has still to be fully mitigated.

Ashford Gateway Plus – with the steel frame and roof decking now in place the building is expected to be water tight in November. This will allow prompt progress for the remainder of the build. Specification changes are being strictly controlled and where approved will require either further value engineering or to be fully funded to ensure that there is no financial liability to the authority.

Ramsgate Library – the outstanding defects liability has been costed by the Quantity Surveyor and formed part of the settlement negotiations. Therefore it is considered that sufficient funds will be available to complete the works. Negotiations are ongoing but are at an advanced stage.

Kent History and Library Centre – Following a fall in the residential property market a revised funding strategy has been devised, which still relies on income from the sale of Springfield, where negotiations are continuing, to present a balance budget.

The borrowing funded from the revenue budget is being reduced by £300k to £2,262k, thereby reducing future pressure for revenue savings. This will be achieved by using one-off revenue savings from this year.

Gravesend Library – a number of unavoidable delays have occurred in the last month leading to a delayed completion now expected in early July. The QS is advising that this should not result in any additional costs to the project

New community facilities at Edenbridge – Heads of Terms and the Developer Agreement have been completed with a number of potential partners and with most funding being confirmed as available, thus alleviating the risk to the authority that funding will not be in place at the required juncture. This significantly reduces the risk associated with this project.

1.2.7 Project Re-Phasing

Cash limits are changed for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the rephasing will be shown. The proposed re-phasing is detailed in the table below.

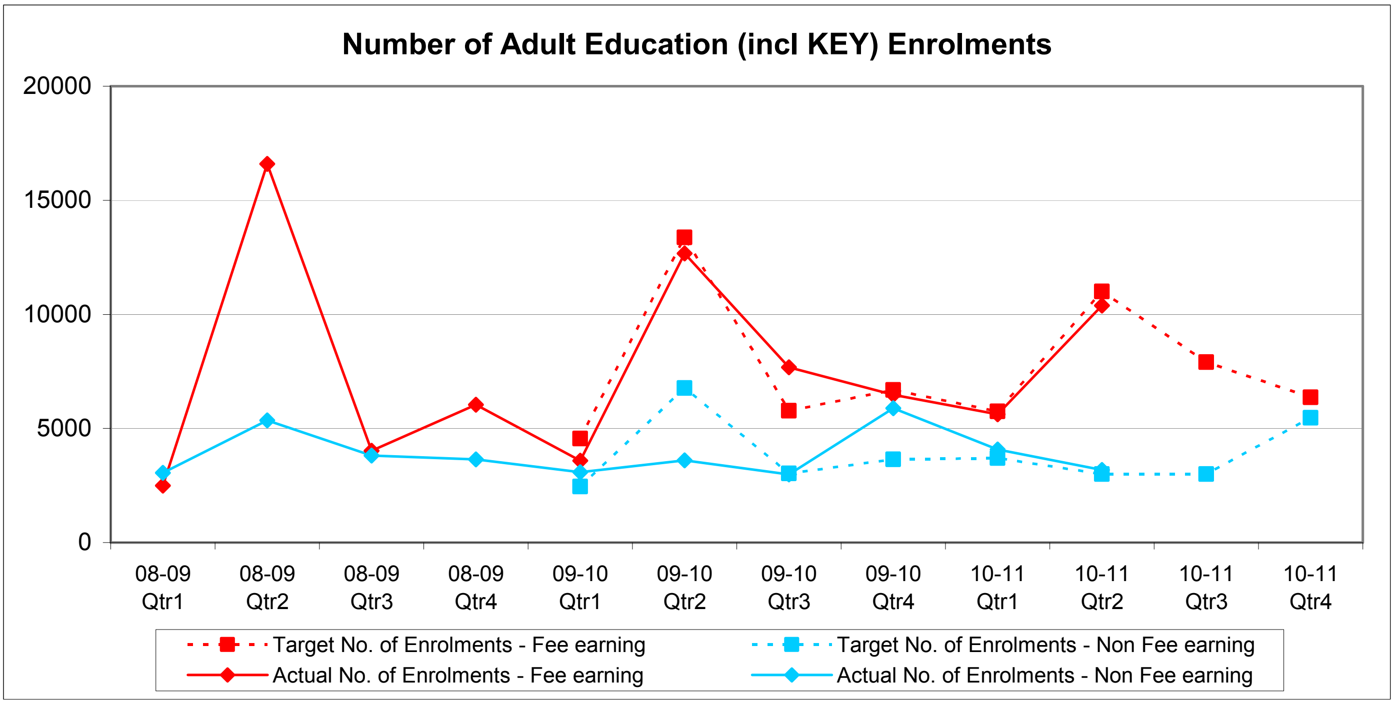
	2010-11	2011-12	2012-13	Future Years	Total
	£k	£k	£k	£k	
Turner Contemporary					
Amended total cash limits	+8,441	+286			+8,727
re-phasing	+286	-286			0
Revised project phasing	**+8,727**	**0**	**0**	**0**	+8,727
Gravesend Library					
Amended total cash limits	+2,094	+147			+2,241
re-phasing	-774	+774			0
Revised project phasing	**+1,320**	**+921**	**0**	**0**	+2,241
Libraries Invest to Save Project					
Amended total cash limits	+100	+1,400			+1,500
re-phasing	+550	-550			0
Revised project phasing	**+650**	**+850**	**0**	**0**	**+1,500**
Total re-phasing >£100k	**+62**	**-62**	**0**	**0**	**0**
Other re-phased Projects below £100k	**+72**	**-72**	**0**		**0**
TOTAL RE-PHASING	**+134**	**-134**	**0**	**0**	**0**

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 **Number of Adult Education & KEY enrolments**:

	2008-09			2009-10					
	ACTUALS			TARGET			ACTUALS		
	Fee earning	Non fee earning	TOTAL	Fee earning	Non fee earning	TOTAL	Fee earning	Non fee earning	TOTAL
Apr - Jun	2,496	3,049	**5,545**	4,560	2,456	**7,016**	3,589	3,087	**6,676**
Jul – Sept	16,590	5,360	**21,950**	13,377	6,774	**20,151**	12,667	3,598	**16,265**
Oct – Dec	4,024	3,816	**7,840**	5,776	3,029	**8,805**	7,680	2,986	**10,666**
Jan - Mar	6,039	3,639	**9,678**	6,689	3,651	**10,340**	6,474	5,880	**12,354**
TOTAL	**29,149**	**15,864**	**45,013**	**30,402**	**15,910**	**46,312**	**30,410**	**15,551**	**45,961**

	2010-11					
	TARGET			ACTUALS		
	Fee earning	Non fee earning	TOTAL	Fee earning	Non fee earning	TOTAL
Apr - Jun	5,750	3,700	**9,450**	5,619	4,075	**9,694**
Jul – Sept	11,000	3,000	**14,000**	10,382	3,186	**13,568**
Oct – Dec	7,900	3,000	**10,900**			
Jan - Mar	6,368	5,462	**11,830**			
TOTAL	**31,018**	**15,162**	**46,180**	**16,001**	**7,261**	**23,262**



Comments:

- The Skills Funding Agency (SFA) grants depend partly on enrolments to courses and are subject to a contract agreement with SFA. Students taking courses leading to a qualification are funded via Further Education (FE) grant based upon the course type and qualification. However, students taking non-vocational courses not leading to a formal qualification are funded via a block allocation not related to enrolments, referred to as Adult and Community Learning Grant (ACL) grant. Student enrolments are gathered via a census at three points during the academic year.
  Students pay a fee to contribute towards costs of tuition and examinations. There is a concession on ACL tuition fees for those aged under 19, those in receipt of benefits and those over 60. FE courses are free for those aged under 19 or in receipt of benefits undertaking Basic Skills or Skills for Life Courses.

- Enrolments (fee and non fee paying) are below the target set for 2010-2011 by 0.8% for the periods April – September. Enrolments on fee paying courses have reduced by 1.6% over that achieved for similar period last year, and are below target by 4.5%. Income remains unaffected, as the profile of courses with higher fees means there are more courses paid by learners, rather than grant income as in previous years. Forecast tuition income therefore exceeds target based on actual income received to date, profiled for the remainder of the year.

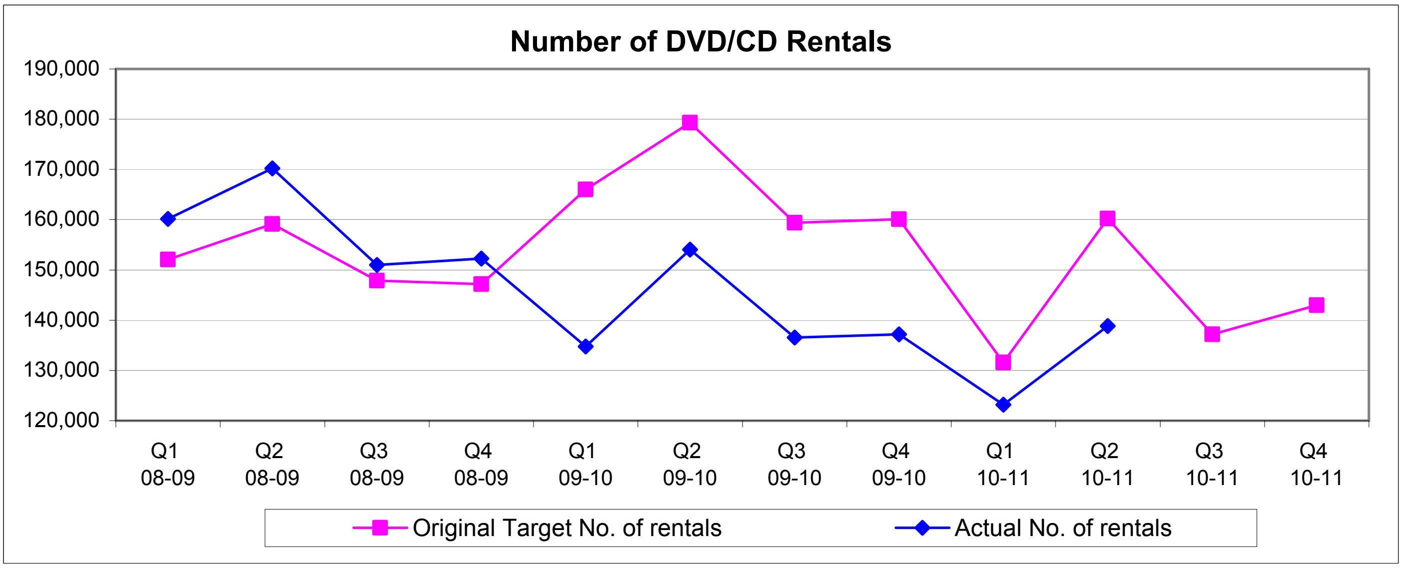
  Enrolments for courses where fees are not payable have increased by 8.6% over that achieved for similar period in 2009-10, and are 8.4% above target enrolments for 2010-2011.

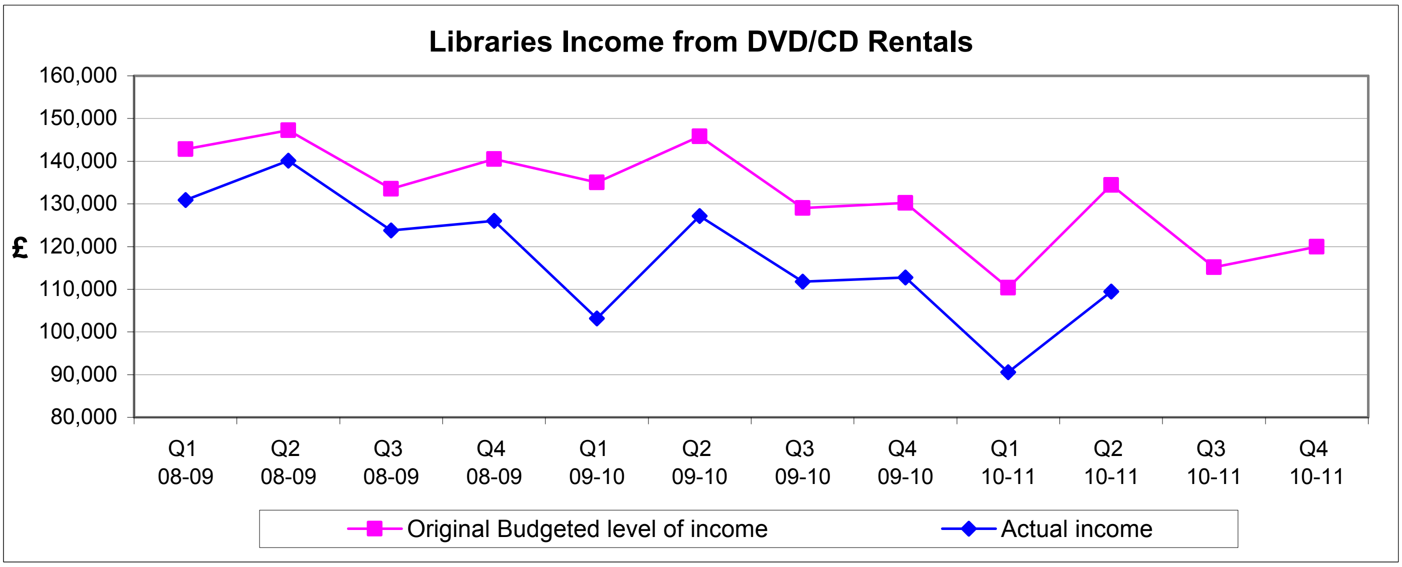
  The majority of these enrolments are for family learning and skills for life programmes, which are wholly funded by Skills Funding Agency (SFA) contracts. Performance on the contracts is regularly monitored to ensure the services will drawdown the total contract values for the academic year.

2.2 Number of Library DVD/CD rentals together with income raised:

	2008-09				2009-10			
	No of rentals		Income (£)		No of rentals		Income (£)	
	Budgeted target	actual	budget	actual	Budgeted target	actual	Budget	actual
April – Jun	152,059	160,162	142,865	130,920	166,000	134,781	135,000	103,135
July – Sep	159,149	170,180	147,232	140,163	179,300	154,044	145,800	127,156
Oct – Dec	147,859	150,968	133,505	123,812	159,400	136,516	129,000	111,827
Jan – Mar	147,156	152,249	140,533	126,058	160,100	137,172	130,200	112,775
TOTAL	**606,223**	**633,559**	**564,135**	**520,953**	**664,800**	**562,513**	**540,000**	**454,893**

	2010-11			
	No of rentals		Income (£)	
	Budgeted target	actual	Budget	actual
April – Jun	131,600	123,201	110,400	90,569
July – Sep	160,200	138,853	134,400	109,462
Oct – Dec	137,200		115,200	
Jan – Mar	143,000		120,000	
TOTAL	**572,000**	**262,054**	**480,000**	**200,031**





Comments:

- Rentals of audio visual materials (especially videos and CDs) continue to decline as videos become more obsolete and alternative sources for music become more widely available, which has resulted in a forecast reduction in AV income of £78k. Demand for spoken word materials and DVDs has remained reasonably stable despite the introduction of downloadable books on issues of spoken word material.

- Research undertaken by the service in order to mitigate this actual and forecast decline, indicates issues can be increased if loans are offered for longer periods at a reduced fee. The service has also identified that it has a niche market for certain genres where demand can be sustained and there is little competition e.g. old TV shows.

- The service has reviewed its marketing strategy and set more realistic levels of rentals both in terms of volume and value. The service increased income budgets from other merchandising to offset the loss of income from AV issues, but is also now falling short on this. Issues and income achieved in 2009-10 were below target, partly due to the impact on loans in the first quarter as the new computer system was being rolled-out, and visitor numbers declined; as customers stayed away, wary that things may go wrong with the new system. The position was exacerbated further by half day closures, the unavailability of the web catalogue and the facility to renew items, which resulted in a loss of income as DVD's could not be renewed.

- The service is currently working on an exit strategy for the audio visual rental service, in acknowledgment of the continual decline in demand and that merchandising income is no longer sufficient to plug the gap. It is expected that the outcomes of this will be reflected in the 2011-14 MTP.

- The actual number of rentals includes those from visits to lending libraries, postal loans and reference materials.

- To enable better comparison of AV issues and income data, the actual income reported for the previous quarter is changed from the figure previously reported, to reflect the late banking of income which has taken place during the current quarter but relates to rentals issued within the previous quarter. The number of rentals reported previously remains unchanged. It is likely that this adjustment will be required in each report.

CHIEF EXECUTIVES DIRECTORATE SUMMARY
OCTOBER 2010-11 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 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" ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits have been adjusted since the last full monitoring report to reflect a number of technical adjustments to budget.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 2 of the executive summary.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Localism & Partnerships portfolio							
Democratic Services:						0	
- core service	4,902	-3	4,899	-34	-7	-41	
- support to directorates	260	-260	0	0	0	0	
TOTAL Democratic Services	5,162	-263	4,899	-34	-7	-41	
International Affairs Group	572	-35	537	3	-3	0	
Kent Partnerships	414	-48	366	17	-4	13	
County Council Elections	255		255	0	0	0	
Public Consultation	100		100	0	0	0	
Provision for Member Community Grants	853		853	0	0	0	
Local Scheme Spending recommended by Local Boards	468		468	0	0	0	
District Grants for Local Priorities	808		808	0	0	0	
Budget Managed by this portfolio	8,632	-346	8,286	-14	-14	-28	
Less Support Costs delegated to Service Directorates	-260	260	0	0	0	0	
Total L&P portfolio	**8,372**	**-86**	**8,286**	**-14**	**-14**	**-28**	
Corporate Support & Performance Management portfolio							
Personnel & Development:						0	
- core service & PAYG activity	7,272	-5,271	2,001	-72	72	0	
- support to directorates	3,679	-3,679	0	0	0	0	
TOTAL P&D	10,951	-8,950	2,001	-72	72	0	
Business Solutions & Policy:							
- ISG core service & PAYG activity	14,857	-12,741	2,116	575	-575	0	IT project contractors funded by income
- ISG support to directorates	15,130	-15,130	0	0	0	0	
- Central Policy	656	0	656	1	-1	0	
- Performance, Improvement & Engagement	691		691	0	-50	-50	
TOTAL Business Solutions	31,334	-27,871	3,463	576	-626	-50	
Finance Group:						0	
- Procurement & Audit	320	-34	286	106	-15	91	Balanced with underspend in Finance portfolio below
- Audit support to directorates	735	-735	0	0	0	0	
TOTAL Audit & Procurement	1,055	-769	286	106	-15	91	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Property Group:							
- core service	5,583	-4,416	1,167	132	-137	-5	Addt costs & income from trading activities
- support to directorates	5,443	-5,443	0	0	0	0	
TOTAL Property Group	11,026	-9,859	1,167	132	-137	-5	
Legal Services	6,789	-7,764	-975	1,348	-1,664	-316	£730k disbursements costs & income; addt costs & income from trading activities
Strategic Management Unit	431		431	0	0	0	
Kent Works	0	0	0	32	1	33	
Corporate Communications	1,682	-215	1,467	-63	63	0	
Strategic Development Unit	2,604	-631	1,973	20	-20	0	Workplace transformation saving on 17 KHA rent, offset by costs of redeployments
Contact Kent	5,517	-2,248	3,269	-85	13	-72	Consumer Direct vacancies off-set by other costs & reduced income
Centrally Managed Budgets	2,013	-184	1,829	256	-15	241	£231k centrally held base saving on delegated budgets which is offset by savings on other budget lines within the portfolio
Support Services purchased from CED	4,094		4,094	0	0	0	
PFI Grant		-605	-605	0	0	0	
Dedicated Schools Grant		-4,289	-4,289	0	0	0	
Budget Managed by this portfolio	77,496	-63,385	14,111	2,250	-2,328	-78	
Less Support Costs delegated to Service Directorates	-24,987	24,987	0	0	0	0	
Total CS&PM	**52,509**	**-38,398**	**14,111**	**2,250**	**-2,328**	**-78**	
Finance Portfolio							
Finance Group:							
- core service	6,015	-4,046	1,969	-434	343	-91	Vacancies held & reduced drawdown from Funds. Underspend offsets Finance Group (procurement) overspend in CS&PM portfolio above
- support to directorates	1,577	-1,577	0	0	0	0	
TOTAL Finance Group	**7,592**	**-5,623**	**1,969**	**-434**	**343**	**-91**	
Less Support Costs delegated to Service Directorates	-1,577	1,577	0	0	0	0	
Total Finance portfolio	**6,015**	**-4,046**	**1,969**	**-434**	**343**	**-91**	
TOTAL CORPORATE POC	**66,896**	**-42,530**	**24,366**	**1,802**	**-1,999**	**-197**	
Public Health & Innovation portfolio							
Kent Department of Public Health	**794**	**-227**	**567**	**31**	**-31**	**0**	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Regeneration & Economic Development portfolio							
Supporting Business	2,468	-590	1,878	-25	0	-25	Staff vacancy savings
Growth Areas	1,694	-466	1,228	-40	0	-40	Staff vacancy savings
Kent wide & Strategic Projects	4,222	-1,011	3,211	-30	0	-30	Mgmt savings to meet costs of R&I Group restructuring
Research & Intelligence Group	435	-101	334	73	-43	30	Service restructuring costs
Kent Film Office	110		110	0	0	0	
Resources	604	-137	467	0	0	0	
TOTAL Regen & ED	**9,533**	**-2,305**	**7,228**	**-22**	**-43**	**-65**	
Total Directorate Controllable	**77,223**	**-45,062**	**32,161**	**1,811**	**-2,073**	**-262**	
Assumed Management Action:							
- L&P portfolio						**0**	
- CS&PM portfolio						**0**	
- Finance portfolio						**0**	
- PH&I portfolio						**0**	
- Regen & ED portfolio						**0**	
Forecast after Mgmt Action				**1,811**	**-2,073**	**-262**	

1.1.3 **Major Reasons for Variance**: *[provides an explanation of the 'headings' in table 2]*

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

Corporate Support & Performance Management portfolio:

1.1.3.1 Information Systems (Business Solutions & Policy): The main variances are **(+£620k)** on gross spend and income **(-£620k)** reflecting the increased demand for additional IT Pay-as-you-go projects. Project demand is difficult to predict during budget setting.

1.1.3.2 Property Group: Variances on gross spend **(+£140k)** and income **(-£140k)** reflect the increased demand for additional Pay-as-you-go projects. Project demand is difficult to predict during budget setting.

1.1.3.3 Legal Services: Variances on gross spend **(+£618k)** and income **(-£934k)** reflect the additional work that the function has taken on over and above that budgeted for, responding to both internal and external demand. Variances of **(+/-£730k)** are due to increased costs & their recovery for Disbursements.

1.1.3.4 Strategic Development Unit: Workplace Transformation: Variance on Gross Spend **(-£240k)** is generated from saving the 4th quarter's rent for 17 Kings Hill Avenue, due to the closure of that office in December 2010. There is also a gross variance of **+£240k** due to uncertainty around the total costs of one-off alterations and cabling costs to existing buildings needed to expand occupancy to accommodate these displaced staff. As the costs are finalised, any saving remaining will accrue to the Directorates as County Office rents is a fully delegated budget.

1.1.3.5 Contact Kent – Consumer Direct: Underlying variance on gross spend of **(-£160k)**, partially offset by other increased costs, reflects the holding of staff vacancies until the decision has been announced on the awarding of the new contract in December 2010. If awarded, staff will be recruited in the new year.

1.1.3.6 Centrally Managed Budgets: Budgeted base savings on delegated budgets of £231k have been held within Centrally Managed Budgets, but these savings are expected to be achieved by in-year opportunities on other service lines within the portfolio. There is therefore a pressure on this budget, which is offset by underspending elsewhere within the portfolio resulting in an overall underspend forecast for the portfolio.

Finance portfolio:

1.1.3.7 Pensions & Insurance Teams: The main variances are **(-£302k)** on gross spend, which has arisen due to a freeze on recruitment to staff vacancies in the Pensions and Insurance teams. A corresponding variance on income **(+£302k)** is due to the reduced drawdown from the Pension and Insurance Funds.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER
(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			**Underspends (-)**		
portfolio		£000's	portfolio		£000's
CSPM	Legal Services increased costs of Disbursements	+730	CSPM	Legal income resulting from additional work (partially offset by increased costs)	-934
CSPM	Information Systems costs of additional pay as you go activity	+620	CSPM	Legal Services increased income relating to Disbursements	-730
CSPM	Legal services cost of additional work (offset by increased income)	+618	CSPM	Information Systems income from additional pay as you go activity	-620
FIN	Reduced drawdown from Pension & Insurance funds to reflect reduced salary costs	+302	FIN	Vacancy freeze within pensions & insurance	-302
CSPM	Workplace Transformation - Possible one-off costs re: alterations for displacements from Kings Hill Avenue	+240	CSPM	Workplace Transformation - 4th Qtr rent for 17 King's Hill Avenue	-240
CSPM	Centrally Managed Budgets: centrally held base saving on delegated budgets which is offset by savings on other budget lines within the portfolio	+231	CSPM	Contact Kent - Consumer Direct holding vacancies until replacement contract is negotiated	-160
CSPM	Property - Increased staff costs for pay as you go activity	+140	CSPM	Property - increased income for pay as you go projects	-140
		+2,881			**-3,126**

1.1.4 **Actions required to achieve this position**:

N/A

1.1.5 **Implications for MTP**:

The base budget implications of issues identified in this monitoring report will be a call on the amounts identified in the 2010/13 MTP as emerging pressures in 2011/12 and 2012/13. The details of individual amounts will be included when the revised plan is published for consultation in January 2011 together with any new pressures forecast for 2011/12 and 2012/13. There are no significant issues for the CED portfolios arising from 2010/11 budget monitoring.

The revised MTP will include proposals on how the in-year cuts in Government grants will be accommodated in base budgets once it has been confirmed that these reductions are permanent, following the announcement of the provisional local government finance settlement for 2011/12 which we anticipate will be in early December. The revised plan will also include the strategy to address the likely reductions in funding over the lifetime of the current parliament following the Chancellor's emergency budget statement on 22nd June, in which he outlined his plans to address the national budget deficit, and the Spending Review announcement on 20 October.

1.1.6 **Details of re-phasing of revenue projects**:

None identified at the moment.

1.1.7 **Details of proposals for residual variance**: *[eg roll forward proposals; mgmt action outstanding]*

N/A

1.2 CAPITAL

1.2.1 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader, or relevant delegated authority.

The capital cash limits have been adjusted since last reported to Cabinet on 11th October 2010, as detailed in section 4.1.

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position excluding PFI projects.

	Prev Yrs Exp £000s	2010-11 £000s	2011-12 £000s	2012-13 £000s	Future Yrs £000s	TOTAL £000s
Corporate Support Services & Performance Management						
Budget	8,953	16,003	9,317	9,549	2,663	46,485
Adjustments:						
- August rephasing		-1,395	1,645	-250		0
						0
Revised Budget	8,953	14,608	10,962	9,299	2,663	46,485
Variance		1,651	263	-2,246	-50	-382
split:						
- real variance		+2,234	-394	-2,172	-50	-382
- re-phasing		-583	+657	-74	0	0
Localism & Partnerships Portfolio						
Budget	0	503	500	500	0	1,503
Adjustments:						
						0
						0
Revised Budget	0	503	500	500	0	1,503
Variance		0	0	0	0	0
split:						
- real variance		0	0	0	0	0
- re-phasing		0	0	0	0	0
Regeneration & Economic Development Portfolio						
Budget	15,312	11,996	4,230	3,242	2,980	37,760
Adjustments:						
-						0
						0
Revised Budget	15,312	11,996	4,230	3,242	2,980	37,760
Variance		-443	659	0	0	216
split:						
- real variance		+217	-1			+216
- re-phasing		-660	+660			0
Directorate Total						
Revised Budget	24,265	27,107	15,692	13,041	5,643	85,748
Variance	0	1,208	922	-2,246	-50	-166

Real Variance	**0**	**+2,451**	**-395**	**-2,172**	**-50**	**-166**
Re-phasing	**0**	**-1,243**	**+1,317**	**-74**	**0**	**0**

1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2010-11 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and
- Projects at preliminary stage.

The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the preliminary stage, is explained further in section 1.2.4 below.

All real variances are explained in section 1.2.5, together with the resourcing implications.

Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER

			Project Status			
portfolio	Project	real/ phasing	Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
CSS&PM	Commercial Services VPE	real	2,034			
			+2,034	**+0**	**+0**	**+0**
Underspends/Projects behind schedule						
CSS&PM	Sustaining Kent - Maintaining the Infrastructure	phasing		-450		
			0	**-450**	**-0**	**-0**
			+2,034	**-450**		**-0**

1.2.4 **Projects re-phasing by over £1m**:

None

1.2.5 **Projects with real variances, including resourcing implications:**

There is a real variance of -£0.166m (+£2.451m in 2010-11, -£0.395m in 2011-12, -£2.172m in 2012-13 and -£0.050m in later years) which is detailed as follows:

Commercial Services VPE +£2.334m (in 2010-11): This overspend is due to the following:

The increase in expenditure on vehicles, plant & equipment will be funded by an increased contribution to and drawdown from their Renewals Fund. There are therefore no implications on resources.

Workplace Transformation (formerly Better Workplaces) -£2.616m (-£0.394m in 2011-12, -£2.172m in 2012-13 and -£0.050m in later years): The underspend is due a review of the scope of the Better Workplace Programme and the decision to relocate 17 Kings Hill Avenue within the Corporate Office estate rather than undertake a new build.

Swale Parklands +£0.225m (+£0.226m in 2010-11 and -£0.001m in 2011-12): KCC has assumed the lead role in delivering this project as a constituent element to a larger programme funded by Communities and Local Government (CLG) and Homes and Communities Agency (HCA) for the adjoining areas of Milton Creek of £2.3m. The project comprises of two distinct components:

- Sheppey Cycle Routes with an overall budget of £0.725m, of which £0.225m is funded from Sustrans.
- Churchfield Wharf with an overall budget is £0.250m.

Taking these into account, there is a small real variance of £0.009m which is met from additional external contributions.

1.2.6 **General Overview of capital programme**:

(a) Risks

(b) Details of action being taken to alleviate risks

1.2.7 Project Re-Phasing

Cash limits are changed for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the rephasing will be shown. The possible re-phasing is detailed in the table below.

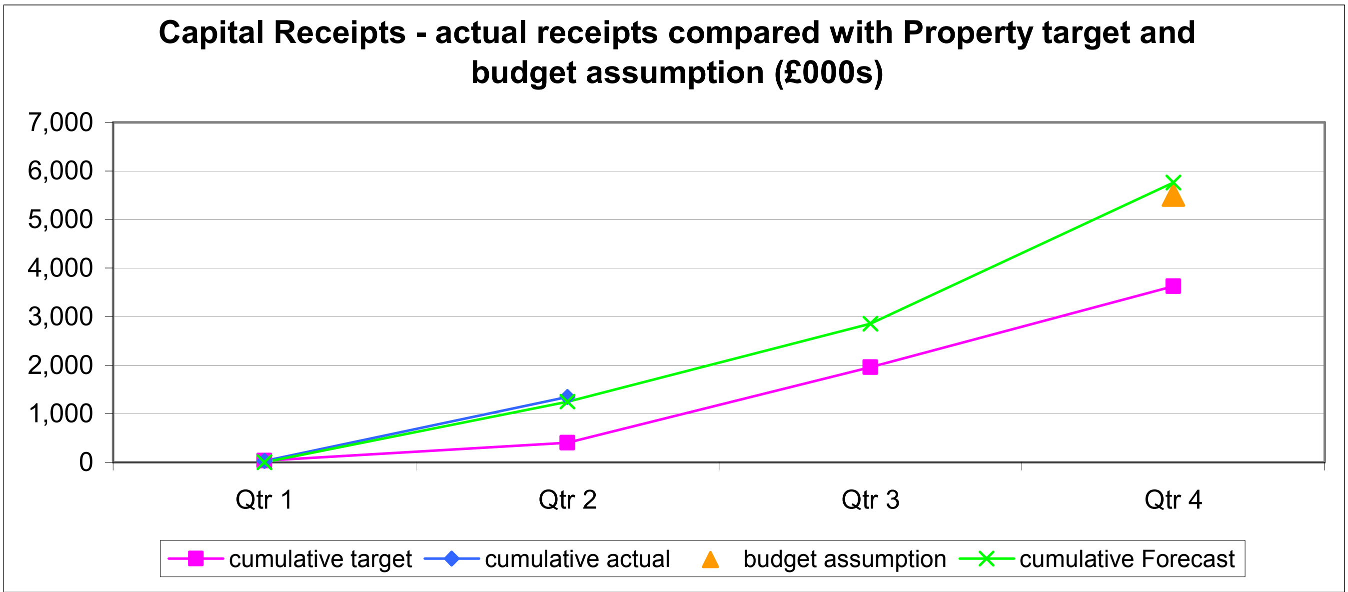
	2010-11	2011-12	2012-13	Future Years	Total
	£k	£k	£k	£k	
Gateways (CSS&PM)					
Amended total cash limits	+1,605	+720	+804		+3,129
re-phasing	-26	+100	-74		0
Revised project phasing	**+1,579**	**+820**	**+730**	**0**	**+3,129**
Euro Kent (R&ED)					
Amended total cash limits	+670	0			+670
re-phasing	-660	+660			0
Revised project phasing	**+10**	**+660**	**0**	**0**	**+670**
Sustaining Kent - Maintaining the Infrastructure					
Amended total cash limits	+5,150	+2,476		+250	+7,876
re-phasing	-450	+450			0
Revised project phasing	**+4,700**	**+2,926**	**0**	**+250**	**+7,876**
Total re-phasing >£100k	**-1,136**	**+1,210**	**-74**	**0**	**0**
Other re-phased Projects below £100k	**-107**	**+107**			**0**
TOTAL RE-PHASING	**-1,243**	**+1,317**	**-74**	**0**	**0**

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 Capital Receipts – actual receipts compared to budget profile:

	2010-11			
	Budget funding assumption £000s	Cumulative Target Profile £000s	Cumulative Actual Receipts £000s	Cumulative Forecast receipts £000s
April - June		36	25	0
July - September		399	1,345	1,250
October - December		1,960		2,850
January - March		3,630		5,765
TOTAL	**5,503**	**3,630**	**1,345**	**5,765**

The cumulative target profile shows the anticipated receipts at the start of the year totalled £3.630k. The difference between this and the budget funding assumption is mainly attributable to timing differences between when the receipts are anticipated to come in and when the spend in the capital programme will occur. There are banked receipts achieved in prior years which were not required to be used for funding until 2010-11.



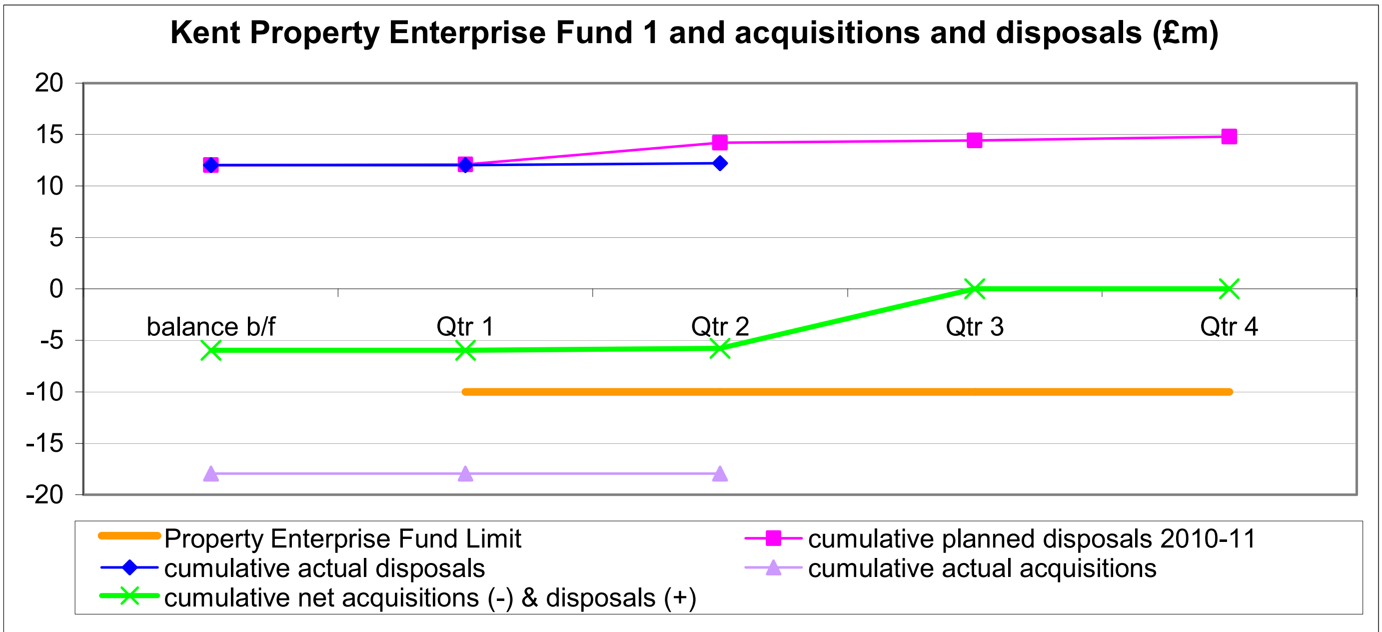
Comments:

- The table below compares the capital receipt funding required per the capital programme this year, with the expected receipts available to fund this.
- Property Group are actually forecasting a total of £5.765m to come in from capital receipts during the year. Taking into consideration the receipts banked in previous years and receipts from other sources there is a forecast surplus of £5.085m in 2010-11. This is due to receipts being forecast to be achieved during 2010-11 which are earmarked to fund spend in future years of the programme.

	2010-11 £'000
Capital receipt funding per revised 2010-13 MTP	6,170
Property Groups' actual (forecast for 10-11) receipts	5,765
Receipts banked in previous years for use	2,600
Capital receipts from other sources	2,890
Potential Surplus Receipts	**5,085**

2.2 Capital Receipts – Kent Property Enterprise Fund 1:

	2010-11				
	Kent Property Enterprise Fund Limit *£m*	Cumulative Planned Disposals (+) £m	Cumulative Actual Disposals (+) £m	Cumulative Actual Acquisitions (-) £m	Cumulative Net Acquisitions (-) & Disposals (+) £m
Balance b/f		12.019	12.019	-17.967	-5.948
April - June	*-10*	12.102	12.019	-17.967	-5.948
July - September	*-10*	14.199	12.209	-17.967	-5.758
October - December	*-10*	14.420			0
January - March	*-10*	14.778			0



Background:

- County Council approved the establishment of the Property Enterprise Fund 1 (PEF1), with a maximum permitted deficit of £10m, but self-financing over a period of 10 years. The cost of any temporary borrowing will be charged to the Fund to reflect the opportunity cost of the investment. The aim of this Fund is to maximise the value of the Council's land and property portfolio through:
  - the investment of capital receipts from the disposal of non operational property into assets with higher growth potential, and
  - the strategic acquisition of land and property to add value to the Council's portfolio, aid the achievement of economic and regeneration objectives and the generation of income to supplement the Council's resources.

    Any temporary deficit will be offset as the disposal of assets are realised. It is anticipated that the Fund will be in surplus at the end of the 10 year period.

Comments:

The balance brought forward from 2009-10 on PEF1 was **-£5.948m**.

A value of **£2.868m** has been identified for disposal in 2010-11. This is the risk adjusted figure to take on board the potential difficulties in disposing some of the properties.

As at the 30 September 2010 there has been one disposal which amounted to £0.19m.

The fund has been earmarked to provide **£1m** for Ashford Library and **£0.309m** for Gateways in this financial year.

At present there are no committed acquisitions to report, however forecast outturn for costs of disposals (staff and fees) is currently estimated at **£0.173m**.

Forecast Outturn

Taking all the above into consideration, the Fund is expected to be in a deficit position of £4.562m at the end of 2010-11.

Opening Balance – 01-04-10	-£5.948m
Planned Receipts (Risk adjusted)	£2.868m
Costs	-£0.173m
Acquisitions	-
Other Funding: - Ashford Library - Gateways	 -£1.000m -£0.380m
Closing Balance – 31-03-11	**-£4.562m**

Revenue Implications

In 2010-11 the fund is currently forecasting £0.033m of low value revenue receipts but, with the need to fund both costs of borrowing (£0.460m) against the overdraft facility and the cost of managing properties held for disposal (net £0.138m), the PEF1 is forecasting a £1.5m deficit on revenue which will be rolled forward to be met from future income streams.

2.3 **Capital Receipts – Kent Property Enterprise Fund 2 (PEF2)**:

County Council approved the establishment of PEF2 in September 2008 with a maximum permitted overdraft limit of £85m, but with the anticipation of the fund broadly breaking even over a rolling five year cycle. However, due to the slower than expected recovery, breakeven, is likely to occur over a rolling seven to eight year cycle. The purpose of PEF2 is to enable Directorates to continue with their capital programmes as far as possible, despite the downturn in the property market. The fund will provide a prudent amount of funding up front (prudential borrowing), in return for properties which will be held corporately until the property market recovers.

Overall forecast position on the fund

	2010-11 Forecast
	£m
Capital:	
Opening balance	-33.274
Properties to be agreed into PEF2	-26.686
Forecast sale of PEF2 properties	18.038
Disposal costs	-0.902
Closing balance	-42.824
Revenue:	
Opening balance	-2.153
Interest on borrowing	-1.522
Holding costs	-1.154
Closing balance	-4.829
Overall closing balance	-47.653

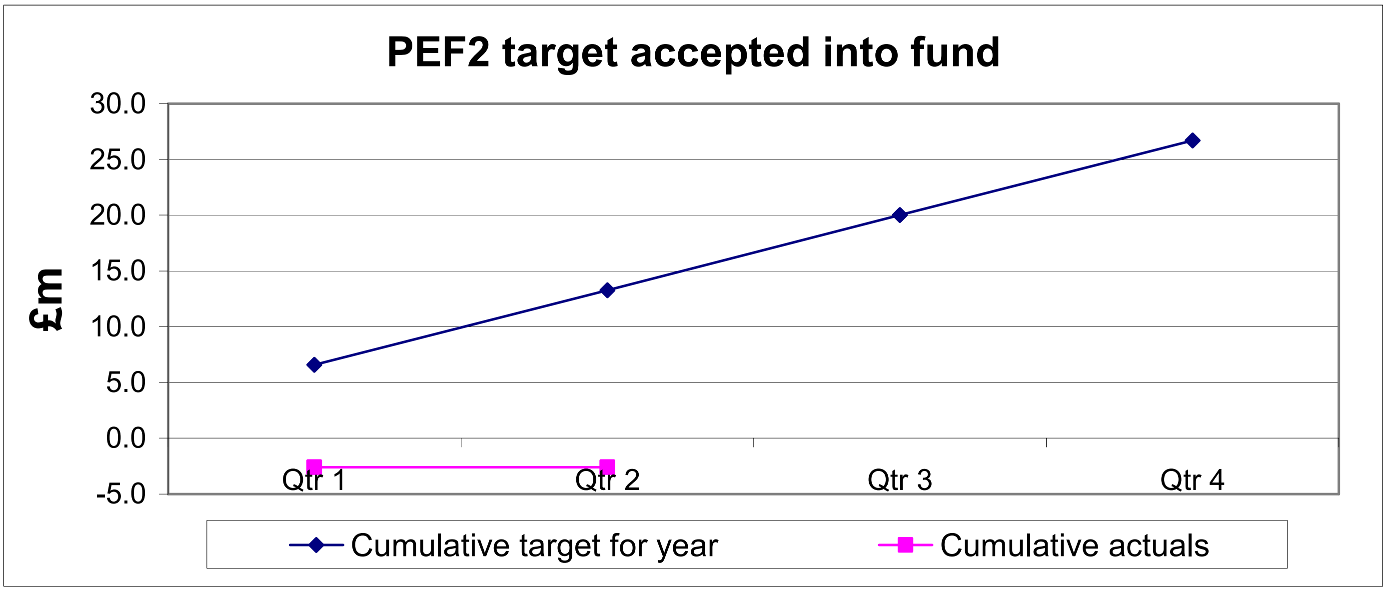
The forecast closing balance for PEF2 is -£47.653m, this is within the overdraft limit of £85m.

The target receipts to be accepted into PEF2 during 2010-11 equate to the PEF2 funding requirement in the 2010-13 budget book, and achievement against this is shown below:

	2010-11	
	Cumulative target for year	Cumulative actuals
	£m	£m
Balance b/fwd	-2.6	-2.6
Qtr 1	6.6	-2.6
Qtr 2	13.3	-2.6
Qtr 3	20.0	
Qtr 4	26.7	.

Comments:

- The above table shows a £2.6m deficit which is the net of a £5.4m deficit within CFE and £2.8m of PEF2 achieved in 2008-09 by KASS and EH&W that was not required until later years.
- To date no properties have been transferred into PEF2. Corporate Property and Directorates continue to work together to enable properties to be transferred into the fund.



<u>PEF2 Disposals</u>

To date seven PEF2 properties have been sold and four are in the process of completing. The cumulative profit on disposal to date is £1.29m. Large profits or losses are not anticipated over the lifetime of the fund.

<u>Interest costs</u>

At the start of the year interest costs on the borrowing of the fund for 2010-11 were expected to total £1.56m.

Latest forecasts show interest costs of £1.52m, a decrease of £0.04m. This is because there has been an increase in the forecast of properties being disposed during the year.

Interest costs on the fund are calculated at a rate of 4%.

FINANCING ITEMS SUMMARY
OCTOBER 2010-11 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 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” ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits have been adjusted since the last full monitoring report to reflect a number of technical adjustments to budget, including the virement of £75k from the debt charges budget to the Arts Unit within the Communities portfolio to fund a contribution towards the Contemporary Coast marketing campaign, as approved by Cabinet in October.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 2 of the executive summary.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Corporate Support & Performance Management portfolio							
Contribution to IT Asset Maintenance Reserve	2,352		2,352			0	
Audit Fees & Subscriptions	764		764	-178		-178	subscriptions -£112k; audit fees -£66k
Contribution from Commercial Services		-6,960	-6,960			0	
Total Corporate Support & PM	**3,116**	**-6,960**	**-3,844**	**-178**	**0**	**-178**	
Finance Portfolio							
Insurance Fund	3,479		3,479	1,000		1,000	increase in liability claims
Modernisation of the Council	3,810		3,810			0	
Environment Agency Levy	344		344			0	
Joint Sea Fisheries	264		264			0	
Interest on Cash Balances / Debt Charges	126,215	-10,043	116,172	-7,026	1,268	-5,758	2010-11 write down of discount saving from 2008-09 debt restructuring; saving on leasing costs; in year MRP reduction; savings on new borrowing
Transferred Services Pensions	22		22			0	
PRG	-1,500	0	-1,500			0	
Contribution to/from Reserves & Provisions	1,948		1,948	1,108		1,108	transfer of 10-11 write down of discount saving from 08-09 debt restructuring to reserves; transfer of MRP saving to reserves to fund potential impact on future years; drawdown of insurance reserve to cover pressure on Insurance Fund; review of balance sheet
Drawdown from Kings Hill reserve	-1,000		-1,000			0	
ABG Centrally Held Allocations	90		90			0	
Total Finance	**133,672**	**-10,043**	**123,629**	**-4,918**	**1,268**	**-3,650**	
Total Controllable	**136,788**	**-17,003**	**119,785**	**-5,096**	**1,268**	**-3,828**	

1.1.3 **Major Reasons for Variance**: *[provides an explanation of the 'headings' in table 2]*

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

Corporate Support & Performance Management portfolio:

1.1.3.1 There is an underspend of £0.112m on the local authority subscriptions budget and a £0.066m underspend on the External Audit Fee budget. The final amount of the External Audit fee is yet to be agreed, so there could be further savings. The current forecast takes into account the estimated fees for grant claim audits and a rebate to mitigate the increase in fees arising from the transition to International Financial Reporting Standards (IFRS).

Finance portfolio:

1.1.3.2 Insurance Fund:

A forecast pressure on the Insurance Fund is largely due to an increase in the value of outstanding liabilities, as a result of a continued rise in the number of liability claims recorded for 2010 (currently more than twice the annual average since 2001), together with some notable increases in reserves for some claims. This will be met by a drawdown from the Insurance Reserve (see 1.1.3.4(c) below).

1.1.3.3 Interest on Cash Balances and Debt Charges:

a) There is a saving of £1.016m which relates to the write-down in 2010-11 of the £4.024m discount saving on debt restructuring undertaken at the end of 2008-09. (£2.362m was written down in 2008-09 and 2009-10, therefore leaving a further £0.646m to be written down over the period 2011-12 to 2012-13).

b) There is an in-year saving in the Minimum Revenue Provision (MRP). This used to be based on 4% of our capital financing requirement but 2008-09 was the last year we were able to calculate it that way. Thereafter we must make an amount of MRP which we consider prudent. We have adopted the asset life method. This method provides authorities with the option of applying MRP over the life of the asset once it is in operation, so for assets that are not yet operational and still under construction we effectively have an "MRP holiday". MRP is based on capital expenditure incurred in the previous year and therefore cannot be calculated until the previous year's accounts have been finalised and audited. Due to the re-phasing in the capital programme during 2009-10, fewer assets became operational than anticipated and therefore MRP in 2010-11 is £1.9m less than budgeted. However, once these assets do become operational we will incur MRP in the following year, therefore we need to transfer this £1.9m to reserves in order to fund the potential impact in future years of this re-phasing.
As this method of calculating MRP is very complex and it is only the second year of calculating it this way, we were also holding a contingency of £0.7m (1.5% of the MRP budget) in case of any adverse impact compared to the budgeted amount; this contingency can now be released.

c) There is a saving on leasing costs of £0.277m.

d) There are savings of £2.409m on debt charges largely due to delays in taking new borrowing and achieving lower interest rates on new borrowing than assumed in the budget.

e) There is a pressure of £0.680m on the interest on cash balances budget which is due to:
- The downgrade of the Spanish sovereign rating resulting in the policy decision to remove £40m on call deposit with Santander UK and to place these funds with the Government's Debt Management Office has resulted in a reduction in the interest rate from 0.8% to 0.25%.
- The transfer out of Pension Fund cash, which now has to be handled wholly separately, and a reduction in government grants following the emergency budget has had an adverse impact on our cashflow and consequently our interest returns.
- Reduced cash balances compared to that assumed when the budget was set due to policy of internalising debt, as reported in the cash balances financial health indicator in Appendix 3.
- Reduced interest returns due to the impact of maturing long-term deposits.
- Additional brokerage costs on new borrowing, including two market loans taken in advance for 2011-12.

1.1.3.4 Contributions to/from reserves & provisions:

a) As planned, the £1.016m write down of the discount saving earned from the debt restructuring in 2008-09, will be transferred to the Economic Downturn reserve.

b) As referred to in 1.1.3.1(b) above, £1.9m will be transferred to reserves in order to fund the potential impact in future years of the current year saving on MRP.

c) In addition, £1m will be drawndown from the Insurance Reserve to fund a forecast pressure on the Insurance Fund (see 1.1.3.1 above)

d) As part of the balance sheet management process, regular reviews of balances held within the balance sheet are undertaken. Following this latest review and settlement of some of our outstanding liabilities, £0.807m has been identified which can be released back to revenue as it is no longer required.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER
(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
FIN	Contribution to economic downturn reserve of 2010-11 write down of discount saving from 2008-09 debt restructuring	+1,016	FIN	Treasury savings - lower debt charges	-2,409
FIN	Contribution to reserves of in year MRP saving to cover potential impact in future years	+1,899	FIN	In year Minimum Revenue Provision saving as a result of 2009-10 re-phasing of the capital programme	-1,899
FIN	Pressure on Insurance Fund due to rise in liability claims	+1,000	FIN	2010-11 write down of discount saving from 2008-09 debt	-1,016
FIN	Treasury - pressure on the interest on cash balances budget	+680	FIN	Drawdown from Insurance Reserve to cover pressure on Insurance Fund	-1,000
			FIN	release of provisions following review of balance sheet	-807
			FIN	release of Minimum Revenue Provision contingency	-739
			FIN	savings on leasing costs	-277
			CSPM	local authority subscriptions	-112
		+4,595			**-8,259**

1.1.4 **Actions required to achieve this position**:

N/A

1.1.5 **Implications for MTP**:

Please refer to section 1.1.5 in Annex 5.

1.1.6 **Details of re-phasing of revenue projects**:

N/A

1.1.7 **Details of proposals for residual variance**: *[eg roll forward proposals; mgmt action outstanding]*

A virement of £0.161m from the underspending on the debt charges budget to a new Restructure budget line, also to be held and reported within the Finance portfolio, is requested to cover the costs of the Transformation Programme Manager and related project costs. **Cabinet is asked to agree this virement**. It is proposed that further restructure costs, as they arise, will also be charged here, to be met from either a drawdown from the Restructure reserve, or other appropriate funding to be determined prior to the expenditure being incurred.

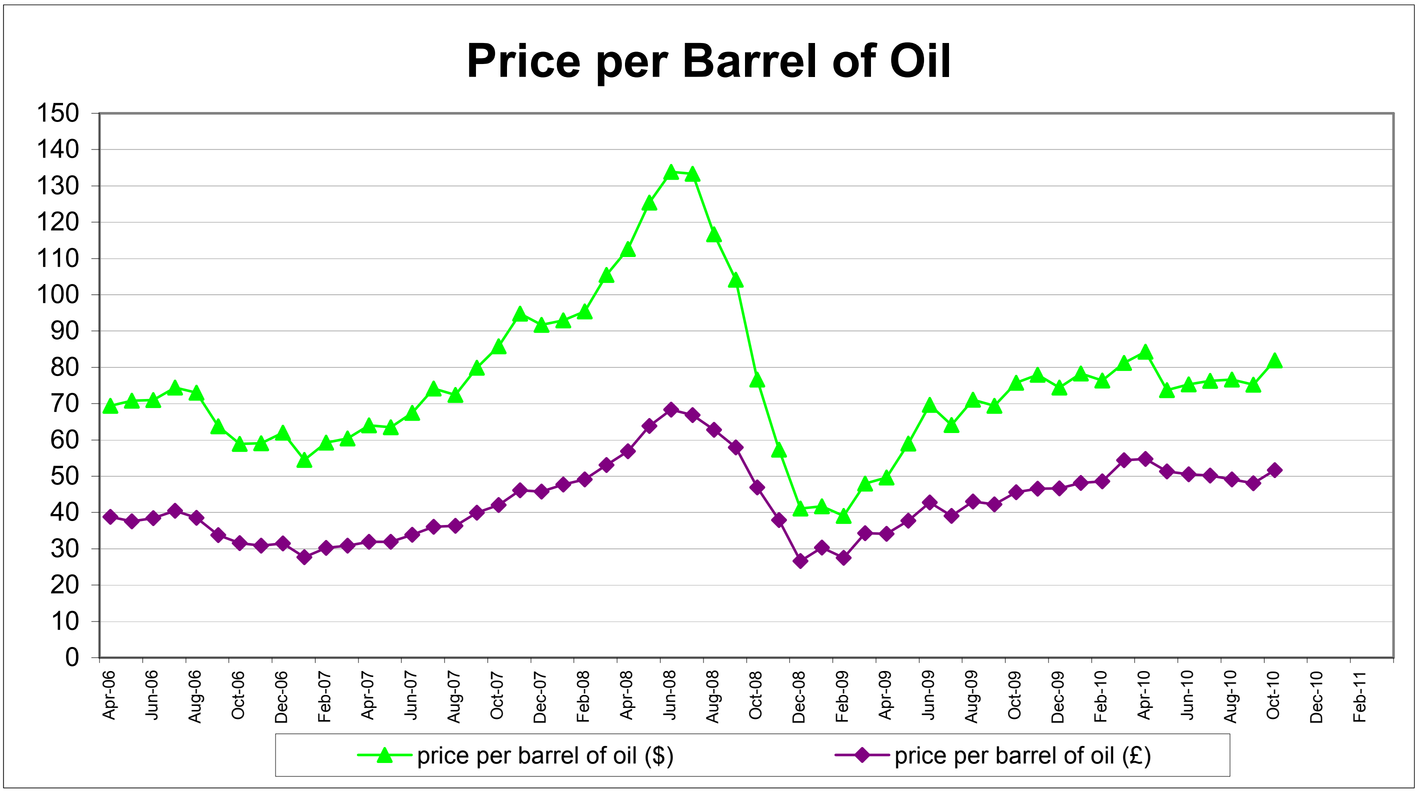
1.2 CAPITAL

N/A

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 **Price per Barrel of Oil – average monthly price in dollars since April 2006:**

	Price per Barrel of Oil				
	2006-07	2007-08	2008-09	2009-10	2010-11
	$	$	$	$	$
April	69.44	63.98	112.58	49.65	84.29
May	70.84	63.45	125.40	59.03	73.74
June	70.95	67.49	133.88	69.64	75.34
July	74.41	74.12	133.37	64.15	76.32
August	73.04	72.36	116.67	71.05	76.60
September	63.80	79.91	104.11	69.41	75.24
October	58.89	85.80	76.61	75.72	81.89
November	59.08	94.77	57.31	77.99	
December	61.96	91.69	41.12	74.47	
January	54.51	92.97	41.71	78.33	
February	59.28	95.39	39.09	76.39	
March	60.44	105.45	47.94	81.20	



Comments:

- The figures quoted are the West Texas Intermediate Spot Price in dollars per barrel, monthly average price.

- The dollar price has been converted to a sterling price using exchange rates obtained from the HMRC website.

Cabinet – 29th November 2010

By: Paul Carter, Leader of the Council
John Simmonds, Cabinet Member for Finance
Katherine Kerswell, Group Managing Director
Andy Wood, Head of Financial Management

AUTUMN BUDGET STATEMENT

Summary
This paper sets out the context at both the national and local level within which the County Council's revenue budget and medium term financial plan will be developed.

Following the Government's announcement of the Spending Review on 20th October 2010 and the likelihood that we will only get Local Government Finance settlement figures for 2011/12 and 2012/13, we are proposing to publish a detailed medium term financial plan for the next two years only although this will be set within the context of a four year strategy compatible with the Spending Review announcement.

The critical issues the council faces over the next two years are:

- A reduction in government grants to local authorities amounting to a stated 7.25% per annum in **real terms**
- The front loading of Formula Grant reductions for Local Government arising from a national reduction of 14.4% in **cash terms** for 2011/12 (16% in real terms) before the transfer of grants or funding for personal social services (the overall four year reduction in cash terms before transfers is 29.3%)
- The transfer of £74.2m worth of Area Based and Specific Grants to KCC (£3.4bn nationally) into Formula Grant with the consequential de-ring-fencing and potential for redistribution away from this Authority
- A pledge that schools budgets will increase by 0.1% per annum in **real terms** over the Spending Review period, including the new Pupil Premium, demographic pressures, and inflation
- The continued ring-fencing of the Dedicated Schools Grant (including both schools' and the local authority elements). Some previously ring-fenced specific grants will also transfer into DSG and thus remain ring-fenced
- The transfer of grants into a new un-ring-fenced Early Intervention Grant including the transfer of Sure Start grants
- The future of the remainder of Area Based and Specific Grants will not emerge until provisional settlements in December
- Inflationary, demand and legislative pressures on the budget at the same time grant funding is reducing
- The consequential need to make substantial savings to offset grant reductions and pressures in order to balance the budget
- The effective freeze on Council Tax increases for 2011/12 with the introduction of Council Tax Freeze Grant

Recommendations
National Context

To note
- The outcome of the Spending Review 2010 including the transfer of and reduction in Government Grants to Local Government
- The forthcoming Local Government Finance settlement which will give details of the provisional grant allocations to the County Council

Local Context

To note
- The unavoidable pressures which are anticipated will need to be funded for 2011/12 and 2012/13 (partially offset by pressures which have been resisted)
- The budget strategy proposed to close the gap through a combination of income generation, efficiency savings and re-prioritisation of services
- The re-presentation of the draft budget in a more transparent and user-friendly format
- The impact of KCC restructuring and how we translate budgets into new Portfolios

Autumn Budget Statement

1. Introduction

1.1 Each year, Cabinet receives a report titled the 'Autumn Budget Statement', which sets out the planning assumptions for the next years' revenue budget and medium term financial plan for this Council. The report is scheduled so that it can include the latest key planning information, especially that from Central Government following the Spending Review 2010 announcement on 20th October and the latest economic indicators, and coincides with the second quarter's budget monitoring report showing the up to date information on the current year's budget.

1.2 Cabinet will publish its draft 2011/12 budget and medium term financial plan on 6th January 2011 for formal consultation. Cabinet will consider its final budget proposals on 2nd February 2011 before the budget and medium term financial plan is presented for approval at County Council on 17th February 2011.

1.3 This report is presented in two parts. Part one deals with the national context and in particular explores what resources are likely to be available to Local Government and the changes that are being made to the grant system. Part two looks at the local context including the pressures the Council is likely to face in the coming years and the savings that would be necessary to balance the budget.

1.4 The budget and medium term financial plan will be developed to support the overall vision for the council as set out in Bold Steps for Kent. The Bold Steps consultation document foresaw the need to make £330m of savings over the next 4 years and there is nothing coming from the Spending Review which changes this assumption significantly other than the front-loading of Formula Grant reductions in 2011/12. In "Bold Steps" we set our aim to deliver the Council's services as efficiently as possible. We recognised that there might be a need to change some services, that users may have to pay more for some services and some may have to cease altogether. The budget strategy outlined in this in this statement is consistent with these principles although the detail will not be available until the draft budget and medium term financial plan is published in January.

Part One – National Financial Context

2. Spending Review 2010

2.1 The Chancellor of Exchequer announced the outcome of the spending review 2010 on 20th October. The announcement sets out the individual departmental spending totals for 2011/12 to 2014/15 in order to tackle the £149bn budget deficit identified in the Emergency Budget in June. The departmental limits are broadly in line with the total planned spending outlined in the budget after adjustments for the in-year grant reductions announced earlier this year and grant transfers between departments following the Spending Review. The grant transfers will be dealt with in more depth later in this section.

2.2 The published details of each departmental total revenue and capital expenditure limits are set out in appendix 1. This table shows that local government has taken one of the largest reductions with DCLG revenue spending down 27% in real terms over the 4 years, and overall government grants down 26% over the four years (the average of 7.25% per annum).

Department for Communities & Local Government

2.3 The announcements for this department are the most significant for local authorities as apart for Dedicated Schools Grant, DCLG Formula Grant is the next largest single grant and impacts on all local authority services. The position for DCLG is complex as the Spending Review includes the transfer of £3.4bn of Area Based and Specific Grants from other government spending departments into the DCLG budget for local authorities, the allocation of additional funding for personal social services and new grant to support Council Tax freeze for 2011/12 (albeit these latter elements are not new money and appear to be funded from the reductions in basic Formula Grant). Table 1 below summarises the changes for DCLG.

Table 1	2010/11 £bn	2011/12 £bn	2012/13 £bn	2013/14 £bn	2014/15 £bn	Cumulative on 2010/11 £bn
Total Formula Grant	29.0					
Less Police Grant from Home Office	4.4					
Original DCLG Formula Grant	24.6	21.1	19.1	18.7	17.4	
Area Based Grant Transfers	2.9	2.8	2.8	2.8	2.8	
Specific Grant Transfers	0.6	0.6	0.6	0.7	0.7	
PSS Funding	0.0	0.5	0.9	1.0	1.0	
Revised DCLG Formula Grant	28.0	25.0	23.4	23.2	21.9	
Council Tax Freeze	0	0.7	0.7	0.7	0.7	
Other DCLG Grants	0.5	0.5	0.4	0.4	0.4	
Total DCLG for Local Government	28.5	26.1	24.4	24.2	22.9	
Overall Cash Reduction		-2.4	-1.7	-0.2	-1.3	-5.6
Overall Real Terms Reduction		-2.9	-2.2	-0.8	-1.8	-7.7
Cash Reduction %		-8.4%	-6.5%	-0.8%	-5.4%	-19.6%
Real Terms Reduction %		-10.1%	-8.6%	-3.3%	-7.9%	-26.8%

Note – figures may not sum due to rounding

2.4 The reduction in base Formula Grant amounts to £3.6bn for 2011/12 (out of a total reduction of £7.2bn for the four years), this is equivalent to a 14.4% reduction in cash terms or 16% in real terms (overall four year reduction is 29.3% in cash terms or 35.6% in real terms). The transfer of Area Based and Specific Grants, and the allocation of PSS funding mitigates the overall reduction resulting in a 10.8% reduction in cash terms (12.5% real terms) in 2011/12 and 21.9% cash (28.9% real terms) over the four year period. The new Council Tax Freeze grant and other grants further mitigates the overall impact to the stated 26.8% reduction in real terms for all DCLG funding to local government over the four years as per the table in appendix 1. This equates to the stated average 7.25% reduction in real terms over the four year period but disguises the front loading of reductions in 2011/12 and 2012/13 as demonstrated in table 1.

2.5 The impact on KCC's estimated Formula Grant is outlined in Table 2 below. At this stage it is impossible to predict the impact of any redistribution of funding following the transfer of Area Based and Specific Grants into Formula Grant and we have assumed we will receive the same proportion of the national budget as we receive through the existing grants. As a consequence of the higher gearing for the transfer of Area Based and Specific Grants on upper tier authorities the reductions in 2011/12 appear less than the national percentage (10.8% cash, 12.5% real, as outlined in paragraph 2.4). There remains a risk that the transfers end up not on a like for like basis and the grant reductions for KCC could be more and closer to the national averages in table 1, these risks are explored in paragraph 2.6 below.

Table 2	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Cumulative on 2011/12 £m
Existing Formula Grant	275.7	235.9				
Transferred Grants & PSS	74.2	84.8				
Estimated New Formula Grant	349.9	320.7	300.2	297.6	280.9	
Cash Reduction		-29.2	-20.5	-2.6	-16.7	-69.0
Cash Reduction %		-8.4%	-6.4%	-0.9%	-5.6%	-19.7%
Real Terms Reduction %		-10.1%	-8.5%	-3.4%	-8.1%	-26.9%

2.6 We have previously reported that the changes made to the formula methodology from 2008/09 can result in the redistribution of funding between different classes of authority without intervention to amend the formula parameters. This is a significant risk for KCC through the transfers announced in the Spending Review as the majority of the grants transferring were previously only paid to upper tier authorities. We have also previously reported that the proxy indicators used in the formula can favour some authorities more than others causing further redistribution, and the operation of floor mechanism can mean that although additional funding is allocated through the formula it can then be recovered via the floor damping. We will not know the impact of these risks until we receive the provisional grant settlement in early December.

2.7 The Spending Review confirmed the government's proposals to provide local authorities with a grant equivalent to 2.5% on Council Tax provided the authority does not increase its basic level of Council Tax for 2011/12 compared to 2010/11. The arrangements will apply separately to individual billing and major precepting authorities but will not apply to town or parish councils. This ensures that the budget set by one authority will not impinge on the grant for another authority charged on the same Council Tax bill. In effect this means that to raise any extra revenue an authority would have would have to raise Council Tax by more than 2.5%. The grant is confirmed at the same level for each year of the Spending Review period (and thus fear that the income forgone by not raising Council Tax would be lost in subsequent years has been allayed for at least the next 4 years), although there is no additional funding to support freezes beyond 2011/12.

Department for Education

2.8 The announcement for DFE provided a £3.1bn increase in revenue funding over the 4 year period and £4.2bn reduction in capital. The revenue settlement should result in a 0.1% increase in real terms for schools budgets for 5 to 16 year olds although this includes the new allocation for the Pupil Premium. The introduction of the Pupil Premium is likely to mean some schools' budgets increasing above the 0.1% while others face a real terms reduction. The settlement takes into account demographic pressures as a result of the rising birth rate throughout the last decade.

2.9 We are anticipating that some of the Area Based and Specific Grants from DFE are likely to transfer into the Dedicated Schools Grant although the Spending Review announcement included no details. We are unlikely to get the details of these transfers until provisional grant settlements are announced in December. Since DSG will remain ring-fenced the authority is restricted how to use this funding.

2.10 Sure Start will be transferring into a new un-ring-fenced Early Intervention grant. The Spending Review announcement protected Sure Start grants in cash terms but within this authorities will have to fund the cost of health visitors. Grants for early years' placements will also transfer into the new Early Intervention grant.

2.11 The overall position for DFE is far from clear and will not be resolved until provisional grants are announced in December. At this stage we are planning on a fairly cautious basis assuming grant reductions impacting on the local authority share of DFE grants equivalent to the 7.25% average per annum reduction in real terms. Any reductions in grants within the DSG will need to be ring-fenced within the CFE budget. We are planning that schools' budgets will be protected.

Department for Health
2.12 All the Area Based and Specific Grants previously received from Department for Health have transferred into DCLG Formula Grant. We remain concerned that this presents a risk for a substantial redistribution of funds. In particular we are concerned that the grant for Preserved Rights will transfer from an allocation based on actual numbers in receipt of care to a formula. Kent has a disproportionately high number of clients with preserved rights and although the funding has transferred into an un-ring-fenced grant we will still have an obligation to provide for them.

2.13 The Spending Review announced additional funding within the DH budget to support social care. This funding is in addition to the grants which have transferred into Formula Grant and the increase in personal social services within the Formula Grant announcement. At this stage we have not made any forecast for any additional receipts from this grant on the grounds that any additional funds are likely to bring with them additional responsibilities.

Other Departments
2.14 Other than the grant transfers outlined in appendix 2 there is no detail of grants from other departments e.g. Home Office, Department for Transport, etc. At this stage we are planning on a 7.25% per annum reduction in real terms.

Overall Impact
2.7 Grants from other Government departments amount to a total of £195m including the local authority's share of DSG, and the remaining Area Based and Specific Grants after the transfer to Formula Grant described above and the notified in-year reduction in 2010/11, and excluding schools. Details of these grants for KCC are detailed in appendix 2. At this stage we are assuming these will reduce in line with the average 7.25% per annum in real terms over the next four years although there remains a risk that reductions could be greater and/or front loaded. The latest estimated reduction in government grants is set out in table 3.

Table 3	Original 2010/11	Reductions in 2010/11	Transfers to Formula	Revised 2010/11	2011/12	2012/13	2013/14	2014/15	Cumualtive on 2010/11
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Formula Grant	275.7				320.7	300.2	297.6	280.9	
Area Based Grants	96.6	-8.3	-65.4	22.9	21.8	20.9	20.0	19.1	
Specific Grants	184.8	-3.5	-8.8	172.5	165.0	157.7	150.8	144.1	
Council Tax Freeze					14.3	14.3	14.3	14.3	
Total Grants	557.1	-11.8	-74.2	195.4	521.8	493.1	482.7	458.5	
Cash Reduction					-35.3	-28.7	-10.4	-24.2	-98.6
Cash Reduction %					-6.3%	-5.5%	-2.1%	-5.0%	-17.7%
Real Terms Reduction %					-8.1%	-7.4%	-4.2%	-6.6%	-25.1%

Part Two – Local Financial Context

4. Council Tax

4.1 Within the 2010/11 budget we have just under £1.5m of income representing KCC's share of the district collection fund surpluses. In most years the districts end up with a surplus or deficit on their Council Tax collection funds due to higher or lower than anticipated receipts arising from a combination of collection rates, number of tax payers in the tax base, and discounts & exceptions. At this stage we plan budgets assuming no surplus or deficit on the collection fund, and thus we cannot plan to not have this £1.5m income in 2011/12 or 2012/13. We usually report the collection fund surplus to Cabinet in February and amend the final budget proposals prior to County Council.

4.2 We have experienced an increase in the Council Tax base for a number of years. Typically this had been running at around 1% increase per annum. The impact of Council Tax base increases is usually much more significant than collection fund surpluses/deficits and we have included an estimate of the additional resultant income in the budget strategy. This additional income goes someway to offsetting the budget pressures arising from demographic changes. In 2010/11 we reduced the forecast increase in the tax base in response to the economic downturn. For 2011/12 and 2012/13 we are planning for an even lower rate of growth in the tax base (0.5% for 2011/12 and 0.3% for 2012/13). Nonetheless, even at these reduced levels of increase this would still yield an additional £4.6m over the two years.

4.3 In light of the Council Tax Freeze Grant we are not planning for any increase in the rate of Council Tax for 2011/12, and the KCC charge for a band D would remain at £1,047.78. A 3% increase would raise an additional £17.1m from tax payers in Kent but the loss of the grant would mean KCC would only see a net increase in income of £2.7m. This equation is simply not justifiable and therefore we cannot plan for any increase in 2011/12. Our longer term strategy is to keep increases as low as possible beyond 2011/12. At this stage we are assuming no additional income in 2012/13 from Council Tax other than the 0.3% on the tax base, although some increase cannot be ruled out as a mechanism to balance the budget and avoid undesirable cuts in services. The overall planning assumptions for council tax over the forthcoming MTFP as set out in table 4.

Table 4	2010/11 £m	2011/12 £m	2012/13 £m
Council Tax Yield	569.4	572.3	574.0
Collection Fund Surplus	1.5	-1.5	
Overall Change in Council Tax		1.4	1.7

5. Unavoidable Budget Pressures

5.1 In the current MTFP we identified potential pressures of £103m for 2011/12 and 2012/13. During the course of the year we have taken the opportunity to review these pressures. Inevitably in some instances this reveals that we need to put more money into the budget where pressures are rising, e.g. number of adults seeking support for social care, referrals to children's services, etc. In other instances new pressures have arisen which could not be foreseen at the time the current MTFP was approved e.g. increase in 1% on PWLB loans, increase in uptake of Freedom Pass, etc. To offset these increases there are some pressures where we have been able to reduce the amount we need e.g. price increases on contracts, National Insurance increases, etc.

5.2 These pressures have been thoroughly scrutinised to ensure that we are only identifying genuine unavoidable pressures or providing additional funding to meet the key policy objectives for the council as set out in "Bold Steps". This scrutiny includes detailed quarterly budget monitoring reports to Cabinet (with exception reports in the intervening months), regular reports to Policy Overview and Scrutiny Committees as well as internal challenge through the appropriate boards. As a result of this scrutiny we have been able to resist/reject nearly £28m of pressures for 2011/12 and 2012/13 originally put forward.

5.3 The latest revised estimated pressures for 2011/12 and 2012/13 amount to £119m and are summarised in table 5 below. A more detailed presentation of the budget pressures is shown in appendix 3 together with a comparison to the current published MTFP.

Table 5	2011/12 £m	2012/13 £m
DSG	5.4	13.0
Pay & Prices	11.7	12.3
Government Legislative	6.0	8.2
Demand/Demographic	15.0	8.6
Service Strategies & Improvements	6.3	10.7
Emerging	0.0	21.8
Total	44.4	74.7

6. The Overall Challenge

6.1 Putting together the overall impact of the latest forecast grant reductions, estimated changes in Council Tax and spending pressures we need to plan to make savings of over £161m over the next 2 years. This has increased from the £136m announced at the County Council meeting on 13th October as a result of the front loading of DCLG grant reductions and additional pressures on financing the capital programme and meeting the cost of Carbon Reduction Commitment stemming from the Spending Review. The scale of the challenge is set out in table 6 below (we need to bear in mind the grant reductions could be worse either because of redistribution within Formula Grant as a result of the transferred grants or larger/earlier reductions in grants from other government departments than the 7.25% per annum in real terms included in our assumptions).

Table 6	2011/12 £m	2012/13 £m	Cumulative Total £m
Grant Reductions (table 3)	-35.3	-28.7	-64.0
Council tax Increases (table 4)	1.4	1.7	3.1
Net Reduction in Tax Revenue	-33.9	-27.0	-60.9
Spending Pressures (table 5)	39.0	61.7	101.7
Overall Challenge	72.9	88.7	161.6

6.2 This is a significant challenge but we are confident that the strategy outlined below will enable Cabinet to publish a draft budget and MTFP for consultation in early January 2011. This budget will be based on the priorities that we have outlined for the County Council and the challenge we have been set by the Coalition Government to make our contribution to reducing the national deficit. Our strategy for balancing the budget will be based on the following principles:

- Reduce to an absolute minimum the pressures and cost increases on service delivery by resisting as far as is possible price increases for bought-in services and providing our staff with an appropriate reward package recognising the difficult financial position for all public services. At the same time we have to accept that in many cases increases are unavoidable and need to be adequately planned and funded
- Continuing to drive out efficiency savings through more effective commissioning and procurement, eradicating duplication, ceasing non essential expenditure and delivering a lean organisation which works together
- Maximising income potential and determine which services we can provide for others at viable price, which we should continue to provide ourselves from tax revenues, and which can be brought in or provided by other organisations. Income generation would include modest Council Tax increases after the 2011/12 freeze
- And finally, as a last resort, we may have to make decisions on what we may have to stop doing or do to a lesser extent

7. Budget Presentation

7.1 We are considering making some changes to the presentation of the budget book and MTFP. Our aim behind these changes is to make the budget more transparent by clearly distinguishing between the provision of services recognisable to the public and the necessary approval for the delegations to budget managers. This will necessitate two distinct sections in the budget book; section 1 being the public facing document setting out the overall amount we plan to spend, an A to Z of spending on services, council tax levels and reasons why the annual budget has changed; and section 2 setting out the detail of delegations to individual managers. We also intend to more clearly identify the grants we receive from Government (in the current budget book grant income is indistinguishable from service income from fees and charges within individual portfolios).

7.2 As well as a more transparent presentation, the changes we are proposing will remove duplication between the approved budget and business plans. We are also working with other councils so that the presentation of budgets is more consistent and we can more easily make comparisons of relative spend and performance.

7.3 Due to the interaction with the restructuring of the council (Change to Keep Succeeding) we are proposing that the draft budget published in January will only be section 1. This will include information about the proposed spend within each portfolio but will have to be based on the current structure as the new structure is not due to be considered by County Council until 16th December. The budget report to County Council on 17th February will need to make sure that approval is granted to delegate authority to Cabinet members to move budgets to fit the new structure without changing the totality of the approved budget. At this stage we propose that section 2 will be published in March to take account of the delegations to the new structure.

Recommendations

Cabinet are asked to note:

1. The outcome of the Spending Review 2010 including the transfer of and reduction in government grants to Local Government, and the associated risks of those transfers

2. The forthcoming Local Government Finance settlement which will give more details of the provisional grant allocations to the County Council

3. The unavoidable pressures which are anticipated will need to be funded for 2011/12 and 2012/13

4. The budget strategy proposed to close the gap between spending requests and likely tax revenue funding sources through a combination of income generation, efficiency savings and re-prioritisation of services

5. The proposed re-presentation of the draft budget book in a more transparent and public facing format

6. The impact of KCC restructuring on the approval of delegations to manage in-year expenditure

7. The proposed Medium Term Financial Planning key milestone dates set out in Appendix 4.

Background Documents: None

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Dave Shipton, Finance Strategy Manager on 01622 694597

Departmental Expenditure Limits (DELs) Announced in the Spending Review 2010

	£ billion					Per cent
	Baseline	Plans				
	2010-11	2011-12	2012-13	2013-14	2014-15	Cumulative real growth
Departmental Programme and Administration Budgets						
Education	50.8	51.2	52.1	52.9	53.9	-3.4
NHS (Health)	98.7	101.5	104.0	106.9	109.8	1.3
Transport	5.1	5.3	5.0	5.0	4.4	-21
CLG Communities	2.2	2.0	1.7	1.6	1.2	-51
CLG Local Government	28.5	26.1	24.4	24.2	22.9	-27
Business, Innovation and Skills	16.7	16.5	15.6	14.7	13.7	-25
Home Office	9.3	8.9	8.5	8.1	7.8	-23
Justice	8.3	8.1	7.7	7.4	7.0	-23
Law Officers' Departments	0.7	0.6	0.6	0.6	0.6	-24
Defence	24.3	24.9	25.2	24.9	24.7	-7.5
Foreign and Commonwealth Office	1.4	1.5	1.5	1.4	1.2	-24
International Development	6.3	6.7	7.2	9.4	9.4	37
Energy and Climate Change	1.2	1.5	1.4	1.3	1.0	-18
Environment, Food and Rural Affairs	2.3	2.2	2.1	2.0	1.8	-29
Culture, Media and Sport	1.4	1.4	1.3	1.2	1.1	-24
Olympics	-	0.1	0.6	0.0	-	-
Work and Pensions	6.8	7.6	7.4	7.4	7.6	2.3
Scotland	24.8	24.8	25.1	25.3	25.4	-6.8
Wales	13.3	13.3	13.3	13.5	13.5	-7.5
Northern Ireland	9.3	9.4	9.4	9.5	9.5	-6.9
HM Revenue and Customs	3.5	3.5	3.4	3.4	3.2	-15
HM Treasury	0.2	0.2	0.2	0.2	0.1	-33
Cabinet Office	0.3	0.4	0.3	0.2	0.4	28
Single Intelligence Account	1.7	1.7	1.7	1.7	1.8	-7.3
Small and Independent Bodies	1.8	1.8	1.6	1.5	1.4	-27
Reserve	2.0	2.3	2.4	2.5	2.5	-
Special Reserve	3.4	3.2	3.1	3.0	2.8	-
Green Investment Bank	-	-	-	1.0	-	-
Total	**326.6**	**326.7**	**326.9**	**330.9**	**328.9**	**-8.3**
memo:						
Central government contributions to local government	29.7	27.5	26.3	25.5	24.2	-26
Local Government Spending	51.8	49.8	49.5	49.5	49.1	-14
Central government contributions to po	9.7	9.3	8.8	8.7	8.5	-20
Police Spending (including precept)	12.9	12.6	12.2	12.1	12.1	-14
Regional Growth Fund	-	0.5	0.5	0.4	-	-

	£ billion					Per cent
	Baseline	Plans				
	2010-11	2011-12	2012-13	2013-14	2014-15	Cumulative real growth
Capital DEL						
Education	7.6	4.9	4.2	3.3	3.4	-60
NHS (Health)	5.1	4.4	4.4	4.4	4.6	-17
Transport	7.7	7.7	8.1	7.5	7.5	-11
CLG Communities	6.8	3.3	2.3	1.8	2.0	-74
CLG Local Government	0.0	0.0	0.0	0.0	0.0	-100
Business, Innovation and Skills	1.8	1.2	1.1	0.8	1.0	-52
Home Office	0.8	0.5	0.5	0.4	0.5	-49
Justice	0.6	0.4	0.3	0.3	0.3	-50
Law Officers' Departments	0.0	0.0	0.0	0.0	0.0	-46
Defence	8.6	8.9	9.1	9.2	8.7	-7.5
Foreign and Commonwealth Office	0.2	0.1	0.1	0.1	0.1	-55
International Development	1.6	1.4	1.6	1.9	2.0	20
Energy and Climate Change	1.7	1.5	2.0	2.2	2.7	41
Environment, Food and Rural Affairs	0.6	0.4	0.4	0.4	0.4	-34
Culture, Media and Sport	0.2	0.2	0.2	0.1	0.1	-32
Olympics	1.0	1.1	0.2	0.0	-0.1	-
Work and Pensions	0.2	0.2	0.3	0.4	0.2	-5.5
Scotland	3.4	2.5	2.5	2.2	2.3	-38
Wales	1.7	1.3	1.2	1.1	1.1	-41
Northern Ireland	1.2	0.9	0.9	0.8	0.8	-37
HM Revenue and Customs	0.2	0.3	0.1	0.1	0.1	-44
HM Treasury	0.0	0.1	0.0	0.0	0.0	-30
Cabinet Office	0.0	0.0	0.0	0.1	0.0	-28
Single Intelligence Account	0.3	0.4	0.3	0.3	0.3	-2.8
Small and Independent Bodies[12]	0.1	0.1	0.1	0.1	0.1	-52
Reserve	2.1	1.0	1.0	1.0	1.1	-
Special Reserve	0.7	0.7	0.8	0.8	0.8	-
Total Capital DEL	**51.6**	**43.5**	**41.8**	**39.2**	**40.2**	**-29**

Appendix 2

Details of Grant Transfers

Former Grant	Dept	Original £000s	Transfers to Formula £000s	In Year reduction £000s	Remaining ABG £000s
Aggregate Levy Sustainability Fund	DEFRA	0			0
Environmental Damage Regulations	DEFRA	0			0
Pitt review implementation – Surface Water Management Plans	DEFRA	35			35
School Gates Employment	DWP	0			0
Community Call for Action/Overview Scrutiny Cmmtte	Home Office	26			24
Stronger Safer Communities	Home Office	1,385		-132	1,277
Young People Substance Misuse Partnership	Home Office	283			261
Detrunking	DfT	279	279		0
Road Safety Grant	DfT	2,281		-608	1,673
Rural Bus Subsidy	DfT	2,457	2,457		0
School Development Grant	DCSF	2,868			2,123
Extended Schools Start-Up Grants	DCSF	1,554			1,150
Primary National Strategy - Central	DCSF	831			615
Secondary National Strategy - Central Co-ordination	DCSF	670			496
Secondary National Strategy - Behaviour and Attendance	DCSF	183			136
School Improvement Partners	DCSF	646			478
Education Health Partnerships	DCSF	261			194
School Travel Advisers	DCSF	189			140
Choice Advisers	DCSF	80			59
School Intervention Grant	DCSF	410			303
14 - 19 Flexible Funding Pot	DCSF	419			310
Sustainable Travel - General Duty	DCSF	113			84
Extended Rights to Free Transport	DCSF	1,174		-6,873	869
Connexions	DCSF	11,836			8,761
Children's Fund	DCSF	3,083			2,282
Child Trust Fund	DCSF	27			20
Positive Activities for Young People	DCSF	786			582
Teenage Pregnancy	DCSF	501			371
Children's Social Care Workforce	DCSF	431			319
Youth Taskforce	DCSF	0			0
Care Matters White Paper	DCSF	1,260	1,260		0
Child Death Review Processes	DCSF	182	182		0
Young Peoples Substance Misuse	DCSF	176			130
Designated Teacher Funding	DCSF	86			64
January Guarantee	DCSF	132			98
LSC Staff Transfer	DCSF	781	781		0
Adult Social Care Workforce	DH	3,409	3,409		0
Carers	DH	6,242	6,242		0
Child & Adoloescent Mental Health	DH	2,432	2,432		0
Learning & Disability Development Fund	DH	992	992		0
Local Involvement Networks	DH	495	495		0
Mental Capacity Act & Independent Mental Capacity	DH	694	694		0
Mental Health	DH	3,494	3,494		0
Preserved Rights	DH	10,609	10,609		0
Cohesion	CLG	0			0
Economic Assessment Duty	CLG	65	65		0
Supporting People Administration	CLG	736		-736	0
Supporting People	CLG	32,025	32,025		0
Local Enterprise Growth Initiative	CLG	0			0
Stronger Safer Communities Fund	CLG	0			0
Working Neighbourhood Fund	CLG	0			0
Prevent	CLG	0			0
Climate Change	CLG	0			0
NI160 STATUS Survey	CLG	0			0
Familiarisation costs of new statutory guidance on social housir	CLG	0			0
		96,619	65,417	-8,348	22,854

Specific Grants	Dept	2010/11 Total	2010/11 Schools	2010/11 Net	In Year Reduction	Transfer to Formula	Remaining Specific Grant
		£000s	£000s	£000s	£000s	£000s	£000s
Within AEF							
Dedicated Schools Grant (DSG)	DCSF	806,151	725,353	80,798			80,798
ContactPoint	DCSF	259			-151		
School Standards Grant (including Personalisation)	DCSF	41,509					
Standards Fund (excluding elements now in ABG)	DCSF	88,741					
Sure Start, Early Years and Childcare Grant	DCSF	42,640			-462		
Play (Pathfinders & Playbuilders)	DCSF	18	123,933	52,309	-18		51,678
Consortia Support Grant	DCSF	900					
Diploma Specific Formula Grant	DCSF	1,637					
Think Family Grant	DCSF	387					
Targeted Mental Health in Schools	DCSF	150					
Youth Opportunity	DCSF	734		734			734
AIDS Support	DH	284		284		284	0
Social Care Reform	DH	5,770		5,770		5,770	0
Learning Disability Campus Closure Programme	DH	2,553		2,553		2,553	0
Stroke Strategy	DH	166		166		166	0
Local Authority Business Growth Incentives (LABGI) scheme	CLG	750		750	-750		0
Local Public Service Agreement (LPSA) Performance Reward Grant	CLG	1,500		1,500	-1,500		0
The Private Finance Initiative (PFI)	CLG	605		605			605
Asylum Seekers	HO	15,611		15,611			15,611
Drug Action Teams	HO	1,790		1,790			1,790
Sub Total		1,012,155	849,286	162,870	-2,881	8,773	151,216

Specific Grants	Dept	2010/11 Total	2010/11 Schools	2010/11 Net	In Year Reduction	Transfer to Formula	Remaining Specific Grant
		£000s	£000s	£000s	£000s	£000s	£000s
Outside AEF							
Further Education funding from Learning and Skills Council (LSC) - 19+ funding	BIS	10,314		10,314			10,314
Further Education funding from Young People's Learning Agency (YPLA) - 16-18 funding	DCSF	2,576		2,576			2,576
Adult and Community Learning from Learning and Skills Council (LSC)	BIS	467		467			467
Sixth forms funding from Young People's Learning Agency (YPLA)	DCSF	93,483					
Employment Based Initial Teacher Training scheme	TDA	580					
Children's workforce in schools modernisation & development	TDA	332			-579		
Support staff training and qualifications	TDA	497					
Returning teachers training and development	TDA	128					
Golden Hellos	TDA	665					
Young Apprenticeships	DCSF	798	91,665	6,808			6,229
14-19 Prospectus and Common Application Process Grant	DCSF	11					
LSN Quality Assurance	LSN	10					
Post 16 Access Fund	YPLA	130					
Kent Transport Partnership	YPLA	106					
Kent Community Action Pilot	DCSF	950					
Poverty Pilots	DCSF	745					
Rural Transport Coordinator	DCSF	38					
Youth Sports Project	YST	177		177			177
New Deal for Communities (NDC)	CLG	70		70			70
Kent Downs AONB	Nat England	305		305			305
North Downs Way National Trail	Nat England	91		91			91
Other Natural England grants	Nat England	29		29			29
Forestry Commission		7		7			7
European Community grants		952		952			952
English Heritage		24		24			24
Portable Antiquities Scheme (via British Musem)	DCMS	25		25			25
Environment Agency		62		62			62
Sub Total		113,572	91,665	21,907	-579	0	21,328
Total		**1,125,728**	**940,951**	**184,777**	**-3,460**	**8,773**	**172,544**

Appendix 3

Details of Budget Pressures

	Current MTFP		Proposed MTFP	
	2011/12 £000s	2012/13 £000s	2011/12 £000s	2012/13 £000s
Dedicated School Grant	5,441	12,977	5,441	12,977
Prices				
Transport	1,511	1,562	1,511	1,562
Social Care	5,219	6,329	5,476	6,588
Waste	1,387	1,468	2,606	1,468
Highways	921	955	921	955
Energy	852	1,541	852	1,541
Other	280	187	287	191
Unavoidable Legislative				
Landfill Tax Escalator	1,818	1,802	1,818	1,802
Concessionary Fares			1,500	1,000
Flood Risk assessment			150	0
National Insurance	2,800	0	900	0
Carbon Reduction Commitment			0	3,500
Other	203	38	203	38
Demand Demographic				
Adult Social Services	5,448	5,448	8,730	8,730
Children's Services			4,800	0
Pensions	4,000	0		
Freedom Pass Take-up			859	0
Coroners			250	0
Democratic Services			319	0
Other	79	-88	79	-88
Service Strategies				
Replace One-offs	-2,149	-80	-2,149	-80
Prudential Borrowing	1,042	419	1,042	456
Capital Financing	4,786	9,811	6,533	12,211
EH&W Various	296	50	361	50
CMY Various	345	-1	432	181
IT Asset Maintenance	1,853	0	1,853	0
Gateways	300	0	550	300
CED Various	200	0	309	25
Use of Reserves	-1,166	0	-1,203	0
Modernisation of Council	0	-500	0	-500
Emerging	10,600	15,000		21,810
Total	46,066	56,918	44,430	74,717

Appendix 4

Date	Milestone
2010	
20 October	Comprehensive Spending Review announced
4 - 24 November	POSCs to consider budget priorities
29 November	Cabinet Autumn Budget Statement
Early December	Announcement of provisional Formula Grant, Area Based Grant and Specific Grant settlements
17 December	Draft Budget Book and MTP to print
2011	
6 January	Draft Budget proposals published for formal consultation
10 January	Cabinet receives details of provisional grant settlements
11 - 18 January	POSCs to consider draft budget
24 January	Cabinet Scrutiny Committee
Mid/Late January	Confirmation of Final Grant settlement
28 January	Collection fund and taxbase information from districts
2 February	Cabinet to resolve final proposed budget
10 February	County Council papers released
17 February	County Council
24 February	Reserve County Council
16 March	Final Budget Book and MTFP to print

By: Paul Carter, Leader of the Council

Katherine Kerswell, Group Managing Director

To: Cabinet - 29th November 2010

Subject: **Bold Steps for Kent**

Classification: Unrestricted

Summary: Asks Cabinet to endorse of the latest draft of *Bold Steps for Kent* and make a recommendation to County Council to approve the final version at its meeting on the 16th December 2010.

Introduction

1. *Bold Steps for Kent* will replace *Towards 2010* as the new four year medium term plan for Kent County Council (KCC). As the strategic statement it is required to go before County Council for 'approval and debate' under Appendix 3 (Policy Framework) of the KCC Constitution. This report seeks Cabinet's endorsement of the latest draft of *Bold Steps for Kent* and for Cabinet to recommend to County Council approval of the final version *Bold Steps for Kent*.

Relevant priority outcomes

2. As the new four year plan and strategic statement for Kent County Council, *Bold Steps for Kent* sets out the administrations ambitions and priorities for the next four years, centred around three aims of 'helping the Kent economy to grow', 'putting the citizen in control' and 'tackling disadvantage'. However, in response to the financial and policy environment facing local government and the wider public sector over the medium term, *Bold Steps for Kent* is necessarily very different from the pervious four/five year plans and strategic statements approved by the County Council. Underpinning *Bold Steps for Kent* is a desire to move to a new way of working which places joint service delivery with public service partners across Kent at its heart; which embeds the principle of subsidiarity in Kent by putting localism into action; and which creates a more dynamic, productive and cost efficient mixed economy of service provision which seeks to increase the role of the voluntary and social enterprise sector in the delivery of public services. As part of this agenda it is important to consider *Bold Steps for Kent* alongside the report of the Group Managing Director, *Change to Keep Succeeding,* and the restructure proposals within that report to re-shape the organisation so that it is able to deliver the ambitious agenda set out in *Bold Steps for Kent.*

Financial Implications

3. Central to *Bold Steps for Kent* is the need to respond to the challenging financial climate faced by local government and the need to save an expected £340million from KCC budget over the next four years. Therefore there will be financial implications resulting from this new approach to service delivery which aims to reduce cost, but also resulting from some specific commitments which will require some funding, such as the proposal to establish a Big Society Fund. It is too early to judge the exact financial implications arising from *Bold Steps for Kent*, but these financial implications will be considered by Cabinet, County Council and its Committees through the authority's decision making framework as specific policy/services changes resulting from the Bold Steps are developed and proposed.

Legal Implications

4. There are no identifiable legal implications arising directly from the publication of *Bold Steps for Kent*.

Main body and purpose of report

5. As has been noted by the Leader previously, *Bold Steps for Kent* is being prepared at a time of significant change in public policy as a result of the new Government and actions taken through the Comprehensive Spending Review (CSR) to reduce the national deficit over the next four years, as well as a radical new policy framework being created through the publication of a series of White Papers and subsequent legislation. Therefore there is a need to ensure *Bold Steps for Kent* reflects these policy changes as far as possible before the final version is published for consideration by County Council.

6. The latest draft of *Bold Steps for Kent* will be circulated separately to Cabinet Members, the Chairman and spokesmen of the Cabinet Scrutiny Committee and Chief Officers during the course of next week. This will allow time for further editorial changes to be made to the document following the close of the consultation and any Government announcements before it is considered by Cabinet. A copy of the document will also be placed in the Members Lounge with other copies being available on request by contacting the Corporate Policy Unit (corporate.policy@kent.gov.uk).

7. One of the critical and time sensitive areas for change in the document will be firming up the exact size of the financial savings required by KCC over the next four years. Whilst the CSR 2010 may have given broad indication of the level of savings expected nationally, it will not be until the release of the Local Government Financial Settlement (expected on the 2nd December) and subsequent grant details that the exact savings requirement, and the sequencing of those savings, will be known. This will therefore require the document to go through some changes to reflect these financial details as they emerge from the settlement after Cabinet has considered the document but before it is debated at County Council on the 16th December.

8. The intention is to embed *Bold Steps for Kent* into the day-to-day working of the organisation. As such, delivery will be built into directorate and team business plans and monitoring and reporting will be through existing reporting arrangements such as the Core Monitoring Report and the Annual Report. There will of course be a requirement to develop both quantitative and qualitative indicators to measure the progress against the priorities and actions that are set out in *Bold Steps for Kent* not currently covered by any monitoring/reporting arrangements.

9. Recommendation 3 from the Cabinet Scrutiny committee meeting of 20th October was for the "*Cabinet Member for Corporate Support Services and Performance Management to ensure that members are fully involved in the formulation of the targets that will comprise Bold Steps for Kent".* It is intended to take a separate paper to POSCs following approval of *Bold Steps for Kent* by County Council to engage all Members in developing appropriate measures and indicators to be used in monitoring and managing delivery of *Bold Steps for Kent*, following a similar process as was used for *Towards 2010.*

Consultation and Communication

10. Emerging key themes and priorities for *Bold Steps for Kent* were considered by each Policy Overview & Scrutiny Committee (POSCs) pre-publication of the consultation draft in September round of meetings. Appendix A sets the issues raised by Members and a response to each, including where the consultation draft of *Bold Steps for Kent* changed as a result of Member comment or where the issue raised is dealt with in the content.

11. *Bold Steps for Kent was* open for public and partner consultation from the 18 October 2010 until Friday 12th November (4 weeks). A total of 101 consultation responses were received and a list of those who provided a response is set out at Appendix B. 23% of the responses were from residents, 22% from voluntary and community organisations, 9% from other public authorities, 21% from Parish/Town Councils and 1% from private enterprises. All comments are being analysed and key issues factored into the ongoing development of the final version of Bold Steps for Kent.

12. Overall, the vast majority of the comments demonstrated support for the priorities, themes and approach set out in *Bold Steps for Kent*, and a clear understanding as to 'why' KCC was adopting such an approach at this time. A full analysis of all consultation responses is still being undertaken, but some broad issues are already identifiable:

- Concern about 'how' the agenda set out in Bold Steps will be delivered in practice.
- More explicit mention of the important role of Parish/Town Councils in the future public service delivery mix.
- Concern that KCC should not seek wholesale off-shoring/contracting out of services in place of directly provided services.
- Concern that the ambition to see the voluntary and community sector, including new forms of staff ownership/enterprise, should not lead to unfair competition or preferential treatment in the commissioning and procurement of KCC services.

These issues are currently being considered and are likely to lead to further changes being made to the document ahead of it being considered by Cabinet and County Council.

13. Given the nature of the document one of key piece of feedback from both elected Members and through the consultation has been a request for a shorter summary version of the document to be made available and this is currently being developed.

Risk and Business Continuity Management

14. There are no identifiable business continuity issues directly arising from *Bold Steps for Kent*. There is some residual reputational risk in regard to limited period made available for consultation, but was partly mitigated through direct mailing of hard copy versions of the consultation draft to all County Councillors, MPs, Kent Partnership stakeholders (inc. District Leaders and Chief Executives) and Parish Councils for their consideration and the consideration of consultation responses after the formal closing date of the consultation wherever possible.

Customer Impact Assessment

15. A customer impact assessment (CIA) has been prepared for *Bold Steps for Kent* has and has been approved by the Directorate Equality Lead officers and the Corporate Diversity Team.

Conclusion

16. *Bold Steps for Kent* sets out the clear strategic direction for residents, partners and staff alike as to how KCC will meet the strategic challenges it faces over the next four years. Under the KCC Constitution it must be considered by County Council for approval and debate, and whilst possible to take it to a later County Council meeting than 16th December, given that February is the County Council meeting dedicated to approving the budget, seeking approval for *Bold Steps for Kent* at the March 2011 meeting or beyond is considered too late. It is imperative to get *Bold Steps for Kent* approved as soon as possible, so the organisation can focus on delivering the agenda set out for it. Given this, seeking approval from County Council on 16th December is vital despite the ongoing uncertainties in public policy and financial landscape noted in the report.

Recommendations:

17. That Cabinet:

(a) Note the report.

(b) Endorse *Bold Steps for Kent: The Medium Term Plan to 2014/15*.

(c) Recommend to County Council approval of the final version of Bold Steps for Kent, to be considered at its meeting on the 16th December 2010.

Appendices:

Appendix A: Bold Steps for Kent: Emerging Themes and Priorities – Response to Member comments raised through September POSC Meetings
Appendix B: List of those who provided a response to the consultation draft of Bold Steps for Kent

Background Documents:

Change to keep succeeding: The transformation of the Council's operating framework, Report ot Group Managing Director to KCC Cabinet, 11 October 2010
Bold Steps for Kent: Medium Term Plan to 2014/15 – Consultation Draft
Bold Steps for Kent: Customer Impact Assessment
Bold Steps for Kent: Consultation Responses

Contact Officer:

David Whittle
Policy Manager,
Corporate Policy Unit – CED
Tel: 01622 696969
Email: david.whittle@kent.gov.uk

Appendix A

Bold Steps for Kent: Emerging Themes and Priorities
Response to Member comments raised through September POSC Meetings

Issue raised by Members through POSC:	Response:
Concern about commitment to Free Schools in emerging priorities and themes.	The explicit commitment of supporting parents who wish to establish Free Schools is now a broader commitment to "*support quality and choice from a diverse range of providers*". This may well include Free Schools where there is a desire to create them and approval is granted by the Secretary of State, but now reflects that education provision will be provided by a mixed economy of providers, of which Free Schools may be one education provider amongst many, that KCC must maintain effective working relationships with.
Focus on commissioning/downplaying service delivery role.	Bold Steps for Kent envisages a greater mixed economy of providers delivering public services, including increased use of the voluntary and social enterprise sector. The document is explicit in stating that KCC will be focused on commissioning services from providers who can best deliver the greatest value for money on behalf of Kent taxpayers, irrespective of whether providers are from the public - including in-house - voluntary or the private sectors (p.12).
Examine whether Children Social Services and Adult Social Services should be structured to work better as a means to support all vulnerable people.	Bold Steps for Kent makes a specific commitment to restructure adult and children social services so that it provides a more integrated and resilient service – and it s in a better position to serve the interests of vulnerable adults and children in Kent.

Need to define what the Big Society is and what it means.	Two specific sections defining the Big Society have been included in Bold Steps for Kent. P.30 attempts to define the Big Society as it has been interpreted by KCC going forward in the short-medium term – together with examples of how the Big Society agenda is already in operation in Kent (p.32). As the Government begins to firm up its Big Society agenda - including through policies, projects and services approaches (starting with the Big Society Green Paper due before the end of the year) the definition of Big Society approach may develop further, but in the meantime the statements made in Bold Steps for Kent represent a foundation for delivering the Big Society in Kent.
Assessment speed and thoroughness where assessments overlap or are dependent on other assessment processes – including those of other public service agencies.	Bold Steps for Kent now makes an explicit commitment to move to a single initial assessment framework in order to reduce duplication and speed up assessment and access to specialist assessment for Kent residents. It also makes a specific commitment to simplify and rationalise assessment processes shared with other public bodies to reduce delay and provide a more integrated and seamless service (p.39).
Specific focus on climate change needs to be included in the document.	By embedding the Regeneration Framework as the delivery mechanism of Bold Steps for Kent – the Kent Environment Strategy becomes a key delivery mechanism for the document. Bold Steps for Kent explicitly reflects this under the section 'Meeting the Climate Challenge' (pp.20-21).

Appendix B

List of those who provided a response to the consultation draft of Bold Steps for Kent

Resident/Organisation	Contact Name Provided
Connexions Kent and Medway	Andrew Dennis
North West Kent Carers Support Service	Peter Webber
Kent Police Authority	Mark Gilmartin
Carers First	Ron Alexander
Resident	Stanley West
Resident	Richard Boden
Community Action South & East Kent	Ms Jan Perfect
The Kent CYP VCS Forum	Richard Eason
Resident	Stephen Bell
Pembury Parish Council	Barbara Russell
Kent Arts Development Unit	N/A
Coxheath Parish Council	Terry Ketley
Maidstone and Malling Carers Project	Barbara Hagan
Gypsy and Traveller Unit & Kent Supported Employment	Bill Forrester
Kent LINK	Graham Hills
Kent Libraries & Archives	Gill Bromley
Regeneration & Economy Division	N/A
Action with Communities in Rural Kent	Keith Harrison
CFE, Learning Group	Alex Gamby
Headcorn Parish Council	Martin Round
Resident	John Davies
Mereworth Parish Council	Jon Regan
Kent Community Care Association	Brigitte Grutzmackher
Sustainability Actions	Vera Elliot
Environment Agency	Andrew Pearce
Quality and Standards Team, KCC	
Community Safety and Regulatory Services	N/A
Kent Downs AONB	Chris Reynolds / Nick Johannsen
Kent Community Action Network (CAN)	Keith Morris
Natural England	Claudia Chambers
Langdon Parish Council	Janine Hyde
Seal Parish Council	Lorna Talbot
Hadlow Parish Council	Melanie Stepkowski
KCC Staff	Katherine Stephens
Kent Partnership Team, KCC	Graeme Brown
Addington Parish Council	Mrs L Goldsmith
Royal National Institute for the Blind (RNIB)	Lynsey Brooks
Resident	Dan Pyke
Resident	Miss Chris Owlett
Resident	Dennis Brown
West Malling Parish Council	Carole D'Sliva

Every Family Matters - CIC	Alan Wilson
Volunteer Centre Thanet	Alastiar James
Kent Supporting People Team, KCC	Claire Martin
Swale Council for Voluntary Service & Volunteer Centre	Sarah Williams
KASS System Support & Projects Team, KCC	Christina Thomas
KCC Staff	Jo Frazer
Maidstone Volunteer Centre	Charlotte Osborn-Forde
Enterprising Opportunities CIC	John Bland
Eastern and Coastal Kent NHS	Dr Jonathan Sexton
Kent Volunteers, KCC	Carole Kincaid
Leybourne Parish Council	Julie Pibeam
Voluntary Action Maidstone	Sue Towns Okorodudu
Resident	Mr T Barton
Hugh Lowe Farms	Jon Regan
KCC Staff	Lydia Jackson
Sellindge Parish Council	Colin Abbott
Benenden Parish Council	Bonny Sullivan
Gravesham Borough Council	Cllr Michael Snelling
Queenborough Town Council	Lionel Robbins
Epilepsy HERE	Laurence Ward & Melinda Barker
Wingham Parish Council	N/A
Canterbury City Council	N/A
New Romney Town Council	Mrs V Tully
Thanet District Council	Cllr Robert Bayford
Swale Borough Council	Cllr Andrew Boles
Resident	Julie Segwick
Resident	Priscilla McBean
Resident	Ray Featherstone MBE
Resident	Hugh Stirk
Ditton Parish Council	Mrs Sue Kavanagh
Resident	William Leetham
Minister-on-Sea Parish Council	Trish Codrington
Resident	Mike Taylor
KCC Staff	Paul Withington
KCC Staff	Mark Bucknall
Sturry Parish Council	N/A
KCC Staff	Catherine Brady
Resident	Stephen Shires
Chevening Parish Council	Howard Dilley
Resident	Laura Probert
Resident	Vanessa Fielding
Resident	Parker Jones
Resident	Chirs Walker
Cruse Bereavement Care	Mrs S E Leslie
Resident	N/A
Maidstone Deaf Pub	Zoe Tugwell
Resident	J Shoer
Resident	Mrs J Blackburn
Community Action South East - Shepway & Dover	Tony Hamlin
Resident	Zoe Morgan

KCC Staff	Chris Cummins
KCC Staff	Chris Cordrey
KCC Staff	Bob White
KCC Staff	Kate Philips
Kent & Medway Citizens Advice	Pi Townsend
Whitfield Parish Council	Michelle Cooper
Aylesham Parish Council	Linda Keen
KCC Staff	Chirs Hespe
KCC Staff	Frances Rehal MBE
KCC Staff	Gerry Hunt

To: **Cabinet Members**
Chairman of Cabinet Scrutiny
Cabinet Scrutiny Lead Spokesmen
Corporate Management Team (CMT)

CORPORATE POLICY
G57 Sessions House
County Hall
Maidstone
Kent
ME14 1XQ
Tel: 01622 694027
Ask For: David Whittle

Date: 25 November 2010

Dear all,

Re: Cabinet, Monday 29th November 2010, **Agenda Item 6** ***Bold Steps for Kent: The Medium Term Plan to 2014***,

As set out in paragraph 6 of the above report to Cabinet next Monday, please find attached a hard copy of the latest version of Bold Steps for Kent. A PDF copy of this version has also been added to the KCC website today, and further copies have been placed in the Members lounge.

Please note that we have shaded new text or where substantive changes have been made from the Consultation Draft in yellow, in order to allow Members to more easily identity where the main changes have been made.

If you have any questions, or require further copies, please do not hesitate to contact me on the contact details above.

Yours sincerely,

David

David Whittle
Policy Manager
Corporate Policy – CED

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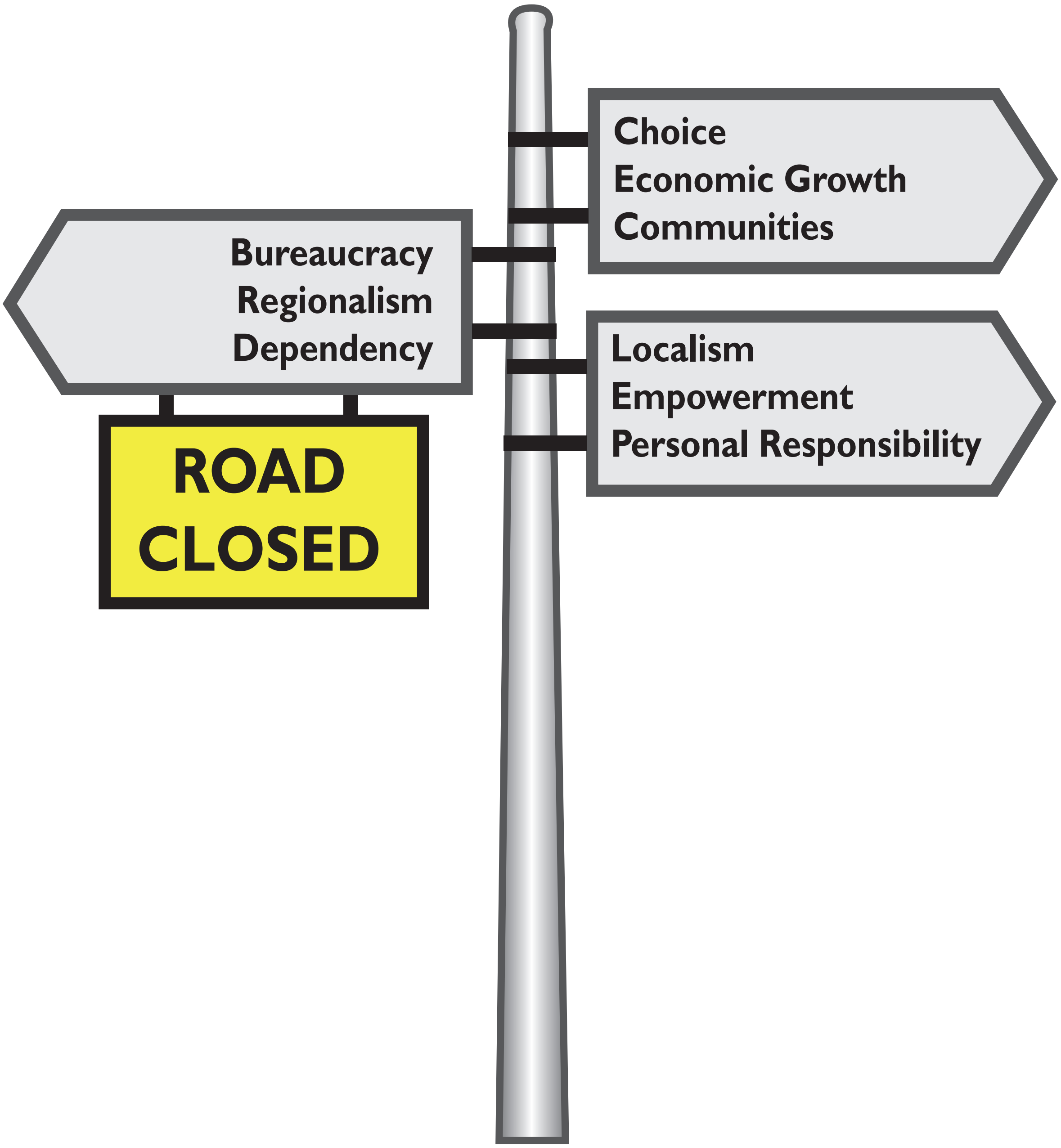


Bold Steps for Kent

The Medium Term Plan to 2014/15

November 2010
(Cabinet Version)

Contents

Foreword

In 2006 KCC published its corporate plan for the next four years, *Towards 2010*.

We are proud of what we have achieved over the last four years. This includes maintaining KCC as a four star authority; delivering one of the lowest council tax rates of any County Council; driving forward the transformation of the schools curriculum through an extensive range of pre-vocational provision; providing new 21st century facilities across much of our school estate; leading the personalisation agenda in social care and developing a single front line access to Kent public services through Gateways.

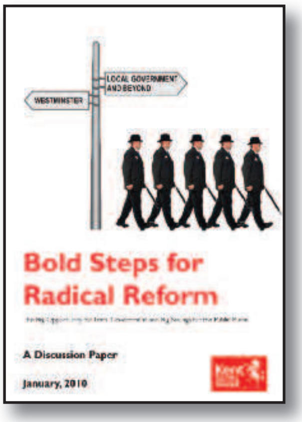
In January 2010, ahead of the General Election, we published *Bold Steps for Radical Reform*, a blueprint for the future of local government and local public service delivery. Recognising the need for the future government in Westminster to deliver unprecedented savings, we concluded that some £15-21 billion of savings could be achieved through radical devolution of public services to the local level, so they can be reshaped around local need, and reduce the national deficit through abolition of unnecessary regional bureaucracy and quangos.

Under the new coalition Government the centralised and bureaucratic Government machine is being rapidly dismantled. We now have the opportunity, and the responsibility, to deliver the new vision for public services as set out in *Bold Steps for Radical Reform*.

Bold Steps for Kent is therefore our new medium term plan to 2014/15, and it sets out how we will deliver this radical reform. It will not be easy. The challenges of today are fundamentally different to those faced when we published *Towards 2010* in 2006. Over the next four years, funding for public services will fall significantly as the Government seeks to tackle the massive hole in the UK's public finances. We expect to have to make budget savings of between 25-40% over the next four years.

At the same time, the relationship between the citizen and the state is changing. Access to information and the ability to mobilise people through the internet is empowering citizens and local communities like never before. The balance of power between citizen and state is shifting absolutely and irreversibly towards the citizen. Those public bodies that do not respond to this shift in power will be seen not just as outdated, but also as increasingly irrelevant.

To meet these huge challenges we cannot stay as we are. We need to take big, bold steps to rethink what we do as a County Council and how we do it. *Bold Steps for Kent* therefore outlines a very different approach from *Towards 2010*. It again sets out our ambitions and priorities for the next four years, but also our determination to transform how Kent County Council works and engages with the communities it serves and our partners in the public, private and voluntary sector.



Called for:	Delivered:
Abolition of Comprehensive Area Assessment (CAA)	Comprehensive Area Assessment (CAA) abolished
A reduction in inspection & audit burden	Audit Commission axed
Removal of the regional governance framework	Government Offices for the Regions to be abolished - Regional Development Agencies abolished
Roll back of quangos	192 quangos axed
Return of spatial planning powers to government	Regional Housing Targets and Regional Spatial Strategies abolished - Infrastructure Planning Commission abolished
Move to area based budgets	Place based budget to be introduced through the Comprehensive Spending Review 2010
Greater role for Local Government in commissioning public services	Commissioning role for Local Government set out in Health White Paper

Running throughout *Bold Steps for Kent* are three clear aims:

- **To help the Kent economy to grow** - our role must be to support and facilitate new growth in the Kent economy and deliver against the key priorities set out in *Unlocking Kent's Potential*, our regeneration framework for Kent. We will focus on building strong relationships with key business sectors in the Kent economy, improving skills, delivering new housing and new infrastructure whilst ensuring we meet the challenge of a changing climate.

- **To put the citizen in control** - whether that is as individuals, local communities or through their democratic representatives, power and influence must be in the hands of local people so they are empowered to take responsibility for their own community and service needs - reducing the role of the state and encouraging the growth of the Big Society.

- **To tackle disadvantage** - by being a county of opportunity. Aspiration rather than dependency must be supported, particularly for those who are most disadvantaged or who struggle to help themselves and their families.

Hard and difficult choices lie ahead over the next four years. An absolute focus on the real priorities for Kent will be needed if we are to overcome the huge financial challenges we face. Not every issue will be a priority, not every concern can be funded, but this Administration is absolutely committed to making these difficult decisions in the best interests of Kent as a whole.

I am confident that Kent can successfully rise to meet the challenge.

Paul Carter,
Leader, Kent County Council

Executive Summary

Bold Steps for Kent sets out how KCC needs to change the way it work to reflect the changing shape of public services, as the Government has set out plans to fundamentally reform how key public services, such as education and health, will be provided in the future, underpinned by clear message that residents should have more influence on how services are provided locally.

Bold Steps for Residents

KCC wants to put power into the hands of residents so that they have the opportunity to shape how services are provided to them and their local communities.

- We will develop place based commissioning of local services through new Locality Boards, together with public service partners such as District Councils, Police, Health etc more decisions about local services will be taken at the local level, increasingly managing local Community Budgets.
- We will establish a 'right to bid' process to allow individuals, community groups and members of staff to develop new, innovative ways to provide services.
- We will move to a single initial assessment framework – reducing duplication in assessment processes residents that go through to access KCC services.
- We will further drive personalisation agenda and expand the use of the visa enabled Kent Card so service users can purchase services to suit their individual needs and requirements.
- We will expand our successful 'Gateway' programme to make it easier for residents to access a wider range of public services online, by phone and through Gateway offices.
- We will publish senior officer salaries and expenses data, information about our performance and what we spend on providing your services so residents have the information needed to hold us to account.

Bold Steps for Education

Schools are being given more freedom to make decisions independent of the local authority. We will have to build a new relationship with schools to reflect this. KCC will still have an important role in ensuring that pupils and parents can access education provision, ensuring the overall quality of education in schools and improving outcomes for all pupils.

- We will establish a new Kent Schools Association to ensure KCC has strong working relationship with all schools and which helps develop the policies and practices to ensure all Kent schools succeed.
- We will work with all schools in Kent so that best practice and expertise in the highest performing schools is shared with schools who are struggling, so that all schools in Kent are helped to improve.
- We will work with schools to improve pupil attainment in Kent, with a particular focus at primary level and on closing the gap in attainment from those in disadvantaged backgrounds.
- We will agree a new financial deal with schools in Kent, devolving more grants where schools wish to use this money to purchase support services directly.

- We will continue to secure high quality education for all 3 to 4 year olds, and provide targeted provision for 2 year olds, to ensure that children enter at primary school at the appropriate level of development.
- We will create a vehicle to provide school support services, using our trading experience and expertise to offer a competitive package of services to schools in Kent and other areas of the country.

Bold Steps for Transport

KCC will focus on the strategic transport challenges facing Kent as a means to unlock new economic and housing growth, manage increasing traffic volumes and support a high quality of life for Kent residents.

- We will work to relieve pressure on the Channel Corridor by seeking to upgrade stretches of the A2 in East Kent and develop a lorry park between junctions 10 and 11 of the M20 to relieve the pressure when Operation Stack is in place.
- We will support the development of a third lower Thames crossing to ease traffic congestion and support new economic growth and development in the Thames Gateway.
- We will lobby Government for a greater role for Manston Airport to provide additional passenger runway capacity in the South East and support the wider regeneration of East Kent.
- We will work towards developing a Thanet parkway station linked to High Speed 1, through line speed improvements between Ashford and Ramsgate, bringing journey times to London to around an hour.
- We will work with Government to develop innovative financial models to fund improvements to the transport infrastructure in Kent, exploring the use of vignette schemes, tolls and other charges that can leverage private sector investment into the delivery of new transport infrastructure.

Bold Steps for Health

The health reforms proposed by the Government will give greater power to GPs to choose the best services for their patients, with local government having strategic responsibility to ensure the County's health needs are met. We must use this opportunity to improve the quality of health service in Kent.

- We will help ensure that GP commissioning plans meet the health needs of all residents and communities in Kent.
- We will work with GP consortia to encourage new healthcare providers to enter the market for health services in Kent. This will drive up standards, provide competition, increase choice and drive greater value for money for GPs and patients.
- We will work to join up and integrate health and social care service provision to reduce costs and demand that could be avoided - for example, by joining up our assessment processes.
- We will focus on a preventative approach to public health, supporting people to make better lifestyle choices and consider their own future health needs – so expensive health services aren't required as frequently.

Bold Steps for Business and the Economy

We recognise the importance of working

closely with businesses to deliver economic growth and will support them by better matching education and training provision to the skills business need in the Kent economy.

- We will continue our sector-based approach to business engagement so we better understand the unique needs of different business sectors across the Kent economy and identify the key issues KCC can provide help and support so they continue to prosper.
- We will develop a new relationship with business community through the new East Sussex, Greater Essex and Kent Enterprise Partnership, which will become a strong voice both nationally and internationally in attracting substantial inward investment in the Kent economy.
- We will work to unlock development opportunities in the Thames Gateway to ensure the 200,000 jobs the Thames Gateway Programme can provide become a reality.
- We will use Tax Incremental Financing as a means to pay for new infrastructure that will generate new economic growth.

Bold Steps for Employment and Skills

Growing the Kent economy will be critical to the creation of new jobs for Kent residents and we recognise that Kent business needs a skilled and motivated workforce to prosper.

- We will continue to support the growth of apprenticeships, in particular promoting the benefits of apprenticeships to small and medium sized businesses in Kent.
- KCC will employ, through our Kent Success Apprenticeship scheme, at least another 350 apprentices over the next four years.
- Through our economic development role, KCC will work with the business community to ensure the skills needed in the local Kent economy; make sure that school leavers and graduates have the skills that local businesses are seeking.
- We will help young people to develop career management skills, so that they can plan and manage their careers throughout life, and are better able to respond to new opportunities as the economy changes.
- We will increasingly focus adult education provision on the skills needed in the Kent economy and improve access to adult education provision.

Bold Steps to Tackle Disadvantage

The best way to tackle disadvantage is to provide strong economic growth and job opportunities so people can earn a salary to support themselves and their families. Our focus on tackling disadvantage will be on providing opportunity – not supporting dependency.

- We will focus on reducing the number of welfare claimants in Kent, through aligning our Supporting Independence Programme (SIP) with the Government's new Single Work Programme.
- We will help develop the role of social enterprises in reducing the number of benefit claimants, by exploring new ventures that can provide real work experience and placements for those on benefits.
- We will support the expansion of apprenticeships as means to help keep young people engaged in training and learning post 16 by offering a wage, on the job training and work relevant

qualifications, especially for those not suited to classroom based learning.

- We will reduce the number of disruptive moves for young people in foster care.
- We will move towards greater integration between the young service and young offending service to better target services at young people most at risk of offending.

Bold Steps to Support the Vulnerable

Following the tragic Baby Peter case, there has been an enormous increase in child protection referrals to children's social services in Kent, and across the country. We are absolutely determined to ensure our Child Protection Services are robust.

- We will implement, in full, all recommendations emanating from the November 2010 Ofsted inspection of Children's Social Services in Kent, and ensure that the issues flagged in the report are dealt with and the service improved.
- We will support our front line social workers with child protection responsibilities, who operate in what can be challenging, stressful and demanding circumstances.
- We will work to retain experienced social workers by ensuring they are incentivised to stay in the profession, attract new talent to consider social work, and ensure a culture of supportive supervision and continuing professional development.
- We will continue to help vulnerable families by supporting them before problems occur, and co-ordinating the support we provide between different public agencies for example by supporting parents with access to services such as community midwives and health visitors, and by providing basic skills training that will help them gain employment.
- We will tackle high-cost disruptive families by taking a firm approach across public agencies, including sanctions where necessary, to require change in their behaviour.

Bold Steps for Housing

KCC recognises that choice and affordability of housing is a key issue for Kent residents and has a strong link with quality of life.

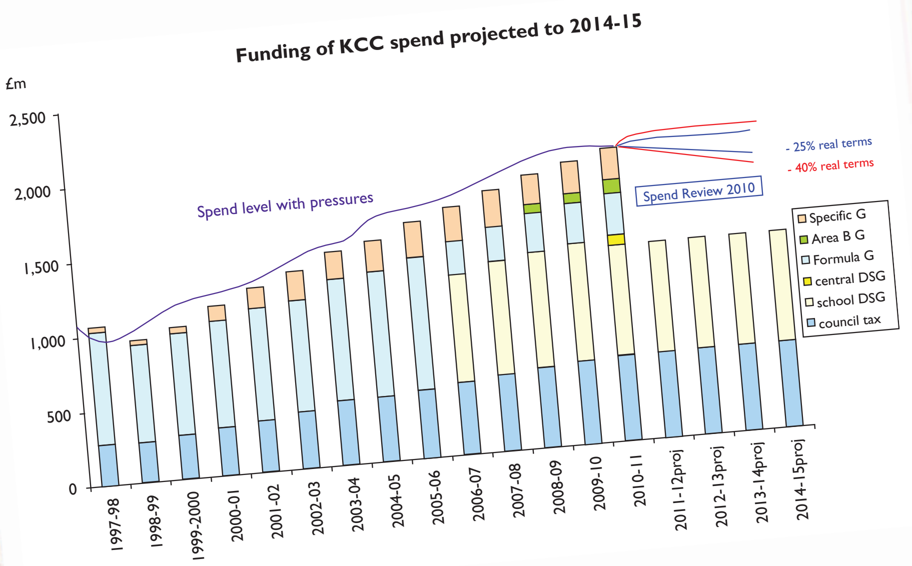
- We will ensure new housing is developed intelligently - building homes with a sense of place, that are connected to existing local communities, and are planned with the infrastructure and services new residents will need such as roads, health and education facilities.
- With our partners across Kent, we will deliver the Kent and Medway Housing Strategy which focuses on regeneration, providing high quality affordable housing, increasing tenure choice in housing supply and improving existing homes to make them fit for the future.
- We will work with partners and developers to help ensure new affordable housing is provided in Kent at a time when grant funding to the Homes & Communities Agency and resources for other housing providers are falling in real terms.
- We will support access to high speed broadband by working with the telecoms sector - access to high-speed broadband is an essential for residents and businesses (particularly in rural locations), offering opportunities for learning, socialising and communication.

Bold Steps for Social Enterprise, Community and Voluntary Groups

The voluntary and community sector has a significant and influential role to play in the future delivery of public service. We value their skills, expertise and commitment and want to make it easier for voluntary organisations and community groups to deliver our services.

- We will create a Big Society Fund for Kent to help establish, and provide project funding for, new social enterprises in Kent.
- We will support the voluntary and community sectors and social enterprises in becoming more efficient so they can provide better value for money and compete for contracts to run services.
- We will support local community groups to gain skills and knowledge that will allow them to develop sustainable solutions to local problems without the need for ongoing state support.
- We will develop a new approach to Community Asset Transfer so that community groups, the voluntary sector and social enterprises can take on the management of KCC buildings/facilities as part of new service delivery models.
- We will continue to support the use of the Sustainable Communities Act, which allows local residents, and communities to suggest changes in the law and government policy to deliver more sustainable communities.

The challenge we face



The graph above shows a breakdown of funding received since 1997-98 and projections for the next four years to 2014-15. As can be seen, we have struggled to keep up with demand for services highlighted by the pressures line on the graph. These pressures tend to be unavoidable, such as meeting the demands of an ageing population and supporting the costs of new school buildings. These will continue to rise throughout the next four years. The reduction in revenue funding will predominately be borne from the loss of central government grants (specific grant, Area Based Grant and formula grant).

Chapter 1:

The need for a new approach

The challenge we face:

The need for a radical new approach to public services has never been more urgent given the pressure currently on public finances.

As national government attempts to reduce the financial deficit, we are expecting to make savings on the KCC budget in the region of 25-40% over the next four financial years (2011/12 – 2014/15). Our expectation is that the savings requirement will be at the upper end of this scale.

The challenge we face as an Authority is how to bridge the significant gap between reduced revenue and the funding pressures that will grow over the next four years and beyond. To bridge this gap KCC must radically rethink its approach to the design and delivery of services. In short, the Council must choose to either 'make', 'buy' or 'sell' services. In other words, should we continue to provide the service in-house or is it more cost effective to buy in services from other bodies, and should we sell services to other organisations both within Kent and beyond?

So the financial challenge also provides a real opportunity to develop a new approach to public service delivery. The new government has already started to devolve powers by removing regional bureaucracy and some quangos and freeing up local government from the shackles of top-heavy performance inspection and monitoring. Their message to local government is clear: *"just get on with it"*.

Bold Steps for Kent is our plan to do just that.

We will meet the financial challenge head on and be organised to be more effective and productive:

One of our top priorities will be to ensure our finances are sound and that we live within our means. We must drive ever-greater value for money from our services, seeking more efficient provision where services are too expensive, changing providers if they aren't cost effective and ceasing provision altogether if there is little public need or value derived from the service.

We will restructure KCC so that it is fit to meet the challenges ahead over the next four years:

KCC must adapt to ensure it is fit for purpose to respond to the significant financial, policy and service challenges it faces over the next four year. In accordance with the design principles set out in the Appendix, we will restructure the organisation so that it is leaner; more focussed on key priorities, but also delivers a structure that supports an organisational culture centred on being a single organisation, delivering shared priorities for the people of Kent.

We must ensure Kent has equivalent powers and responsibilities of City Regions:

The importance of City Regions - such as Greater Manchester and Leeds City Region - as drivers of new economic growth is increasingly reflected in government policy, with City Regions having been granted additional responsibilities over issues such as housing, skills and transport. Kent has the opportunity to deliver greater economic growth than many UK cities given our position as the Gateway to Europe as well as the opportunities that exist within the Thames Gateway and the regeneration of our coastal towns. We will call for any new additional powers and responsibilities for City Regions to be made available to Kent – either directly to the County Council or through our proposed Local Enterprise Partnership with Essex.

We must develop a new model for the delivery of public services in Kent:
The financial landscape and the push for greater localism and citizen empowerment will require public authorities across Kent to rethink how services are designed and delivered. We must remove duplication and inefficiency that exists not just within authorities, but also between different authorities, whilst at the same time finding ways to involve local residents more in the decisions that affect their local communities. The move to Locality Boards and local place-based commissioning of a range of services delivered by different public authorities - and developing a greater role for Parish and Town Councils - will be central to this new model.

Changes to the financial arrangements for local government will also require new thinking across the public sector. The development of Community Budgets (for which Kent is a first phase pilot) and the possibility of Government allowing local areas to keep the business rates generated by businesses in their local area will require local authorities to think radically about how such financial innovations can best be delivered. We will ensure that the position of public authorities across Kent is fed into national Government thinking on this important issue, so that any national model works in the best interests of Kent, and Kent can be an early adopter of any new financial offer from central government.

We will gain maximum commercial value from our services:
KCC has some of the best services in local government. As provision across the public sector is increasingly opened up to competition, we will be in a position to offer our services to the wider public, private, voluntary and community sectors, both within Kent and beyond, to generate new revenue and reduce pressure on the council tax base. However, we will withdraw from markets where these commercial enterprises fail to compete, whether in Kent or beyond, and irrespective of the market they operate in.

We will drive efficiency through a new focus on competition and market testing:
The difference between in-house, voluntary and private sector provision will become irrelevant as we continually market test and challenge all of our services to drive greater value for money from them. We will focus on identifying services outcomes and then commission those providers best placed to deliver these outcomes at the lowest cost and highest quality.

We will utilise the opportunities from the expected general power of competence:
Local government has traditionally been constrained by what it was allowed to do rather than what it needed or wanted to do. Through the expected general power of

competence, the power of local authorities will be permissive, allowing local government to do whatever it believes is in the best interests of its local community. We will explore all opportunities to use this new power, whether that is in relation to the services we provide, how we might provide them or how we might structure them in the near future.

We will continue to be international in focus:
KCC has a unique strength in its strong international ties with regional and local government in the USA and Europe that have been important to learning and innovation in service delivery. KCC is also one of the leading local authorities in the UK at using its influence to maximise funding from EU programmes into Kent. We will remain international in focus, and will work towards increasing the amount of EU funding that the county has access to, and on maximising the added value EU funding can bring to public services in Kent.

We will continue to focus on supporting a high quality of life for Kent residents:
It is important to recognise that despite economic uncertainties day to day life goes on, and a high quality of life is not just derived from economic security but having access to a range of pastimes and activities that allow residents to enjoy life. This is one of the fundamental attractions to living in Kent. We will continue to support a range of projects which allow residents to enjoy all that Kent has to offer, from the Kent School Games to the support for the 2012 London Olympics, so that the quality of life in the County remains one of the most attractive places to live, as well as to work.

Delivering *Unlocking Kent's Potential*:

Sectors Strategy

Skills Strategy

Growth without Gridlock

Environment Strategy

Framework for Later Life

What Price Growth?

Kent & Medway Housing Strategy

Cultural Strategy

Connected Kent

In Kent, we recognise that regeneration is not simply about economic growth - vital though this is - it is also about transformation in education and skills, a cultural renaissance in the county and an efficient transport system that supports the economy, residents and the growth agenda. It is about improved housing conditions, particularly for the most vulnerable, young and old.

This is why our Regeneration Framework *"Unlocking Kent's Potential"* launched in January 2009 commissioned a suite of strategies that set out the policies and actions required to deliver the regeneration priorities it set out.

These strategies, listed above, ranging from how we engage with different business sectors to how we respond to and maximise opportunities from aging population, provide the backbone of how KCC will deliver services so that what we do, and how we provide, contributes to the economic development and regeneration of Kent.

Ensuring the delivery of the actions and approach set out within this suite of strategies will be absolutely central to the supporting our aim of helping the Kent economy to grow, and will be built into the delivery and monitoring arrangements for *Bold Steps for Kent*.

Chapter 2:

Driving economic prosperity

Kent has the greatest potential in South East England to deliver new economic growth and provide new jobs, new homes and a higher standard of living for Kent residents. Our role is to ensure the business community in Kent is able to lead the recovery from recession by helping to create the conditions in which new businesses and entrepreneurship flourishes. This is vital if we are to move to an economy that is balanced, sustainable and begins to close the gap in output between the Kent economy and that of the wider South East region.

In 2009 Kent County Council published *Unlocking Kent's Potential*, a framework for regeneration in the county. This looks ahead to the next 20-25 years, setting out the key cross-cutting challenges and the opportunities that Kent faces in delivering economic prosperity. It identified five key priorities:

- *Unlocking talent to support the Kent economy*
- *Building homes and communities, not estates*
- *Embracing a growing and changing population*
- *Building a new relationship with business*
- *Delivering growth without transport gridlock*

As well as two cross-cutting themes:

- *Recognising Kent's Diversity*
- *Meeting the climate challenge*

Delivery of these priorities and cross-cutting themes remains central to supporting economic growth and regeneration over the next four years.

Building a new relationship with business

Delivering a sector-based approach:

We recognise that it is the business community that delivers economic growth and prosperity, but that the Kent economy is diverse and changing rapidly to reflect new market realities. Our sector-led approach to engagement with the Kent business community aims to tailor the assistance we can provide to key business sectors in Kent so that it meets their needs.

One example of this sector-based approach is the Kent Cultural Strategy, commissioned by the regeneration framework and developed with partners within the cultural economy in Kent. The strategy sets out the support needed to facilitate growth across the cultural sector over the next five years by building critical mass to make Kent a cultural destination of national significance. Central to this is supporting the creative industries - the vast majority of which operate as small businesses or sole traders - to operate effectively through the development of flexible workspaces and supporting access to high speed broadband so they can interact with cultural networks both nationally and internationally.

A new relationship with business through the Local Enterprise Partnership:

With the abolition of Regional Development Agencies and the transfer of most economic development functions to new Local Enterprise Partnerships (LEPs) the Government has indicated that they want the business community to play an increasingly important leadership role in helping to set the strategic priorities and approaches needed to deliver new economic growth.

We are delighted that Government accepted proposals from Kent, Essex and East Sussex to form a joint Enterprise Partnership. Combined this will be England's largest LEP. We will use this scale to secure maximum private sector leverage, provide capacity for devolution of powers and public funding and generate real impetus for economic growth. In particular, we will focus on the Thames Gateway and Growth Areas, coastal regeneration and rural Essex, Kent and East Sussex to:

- Support job creation by developing new innovative solutions for infrastructure financing and physical development
- Support the critical transport links we need to support growth
- Promote investment in our cities, towns, Growth Areas and rural communities (including rural broadband), to deliver inward investment and job creation
- Ensure that businesses have the skilled workforces that they need to compete, building a new relationship between our seven universities, Further Education colleges, businesses and local authorities
- Set a new, streamlined framework for business support, together with a positive approach to business development

The Kent, Greater Essex and East Sussex Enterprise Partnership will be larger than all City Regions except London, and will be a strong voice both nationally and internationally in attracting substantial inward investment and resources at a time when attracting such funding will become increasingly competitive.

Unblocking the Thames Gateway:

The Thames Gateway is the largest regeneration project in Europe with the potential to create 225,000 jobs over the next twenty years. The coalition Government remains committed to the successful delivery of the Thames Gateway programme and we will work with Ministers to design solutions that ensure the Thames Gateway ambition is delivered. Our aim is to move towards a single delivery vehicle for the Thames Gateway in Kent – owned by all local partners – to streamline decision making and the interface between developers, local authorities and central government.

Ultimately, delivery of the Thames Gateway vision is dependent on private sector developers committing resources to build there. The construction industry is recovering slowly from the recession, and we will work with developers to identify blockages preventing development. We will engage with other local authorities and central government to deliver the solutions necessary to get significant regeneration underway. Central to this will be ensuring that the importance of the Thames Gateway is reflected in the forthcoming National Planning Framework.

Unlocking talent to support the Kent economy

Linking skills to economic need:

Business needs a skilled and motivated workforce if it is to succeed, expand and generate growth, whilst individuals should have the means to skill and re-skill themselves to adapt to changing economic circumstances. Through our economic assessment duty we will help shape education and skills provision to ensure it meets the need of the Kent and Medway economy, whether that is provided by KCC or by partners in the Further and Higher Education sectors. Adult education remains one of the key means to allow residents to re-skill themselves to succeed in a fast changing economy. We will increasingly focus this provision on the skills needed in the local Kent economy, and seek to co-locate provision in schools and other community buildings to both reduce cost and improve access.

Delivering a higher level skills base:
In order to remain competitive in a globalised economy, ensuring the workforce has high level technical skills is paramount. This is a gap that needs to be addressed with Kent lagging behind the wider south east in relation to the percentage of the population educated to degree level and a lower proportion of residents educated beyond GCSE standard. We must ensure that more Kent residents have high level technical and vocational skills. Not only do they increase lifetime earning capacity for individuals and their families, but they also generate a higher level of spending power in the Kent economy.

Apprenticeships remain central to providing a skilled workforce:
We will continue to support apprenticeship take up across Kent. Through the Kent Success Apprenticeship Scheme, KCC has directly employed over 340 apprentices over the last four years (against an original target of 200) and will provide at least another 350 apprenticeships over the next four years. Through our relationship with the Kent Association of Training Providers and through a KCC owned commercial training provider, we will continue to provide and promote apprenticeships across the private and public sectors. We will continue to press the case for the National Apprenticeship Service (NAS) role to be fully devolved to KCC, as we are in a better position to use our relationships with the business community of Kent to promote and support a significant increase in the take up of apprenticeships.

Shifting from careers advice to career management skills:
With economic markets more prone to rapid change and longer working lives, future generations will increasingly have multiple and varied careers. Our approach should be to develop young people's career management skills so they have the ability to understand employment markets and tailor their own training and development to emerging opportunities. This has real economic value; international research suggests that making the right career choices throughout life, with employees fully able to utilise their skills and being contented in the work they do, can add 1% to GDP. In Kent getting career choices right could add more than £230 million to our GDP.

Building homes and communities, not estates

Delivering the Kent & Medway Housing Strategy:
Local authorities and other public sector organisations in Kent and Medway have already recognised the need to work together on housing to find solutions for local housing need and to meet local growth and regeneration ambitions. The abolition of the Regional Spatial Strategy represents a real opportunity for local control of local development and the

delivery of managed growth. Our ambition is to ensure that new housing is developed intelligently, building homes with a sense of place, rather that soulless estates disconnected from the wider community of which they must be a part.

The Kent and Medway Housing Strategy is the first of its kind in a two tier local government area in the country. It provides the over-arching strategic investment requirements for housing, infrastructure and managed growth in Kent and Medway, and a framework for the Local Investment Plans which Councils have developed with the Homes and Communities Agency (HCA). It recognises the diversity of housing need, quality and condition across the County and that what is appropriate for one neighbourhood may not be right in another. It does not propose a 'one size fits all' approach but provides a menu of solutions to assist authorities in achieving their local aims.

The Strategy is unique as it looks across a whole county area and brings District, Borough, Unitary and County Council ambitions together through a bottom-up approach. This is not about the County imposing targets or housing numbers on Districts and Borough Councils. This is about lower tier and unitary authorities identifying their own local housing needs and requirements, whilst recognising the added value that can be gained by adopting a common approach to meeting these where appropriate. The Housing Strategy sets out five key themes around which collective action will be focussed:

- **the continued delivery of key infrastructure to support managed growth and housing delivery across the County.**
- **the continued regeneration of our disadvantaged neighbourhoods to bring them in line with more affluent parts of the county.**
- **the provision of choice and affordability in housing for the citizens of Kent and Medway, including rural communities, which meets their needs and aspirations.**
- **the managed improvement and retrofit of existing homes to make them fit for now and in the future.**
- **to support vulnerable people to lead high quality lives through the provision of excellent housing and support services.**

We will make full use of tax increment financing (TIF) to unlock development opportunities.
A core ask of government in the Housing Strategy is the move to tax increment financing. Widely used in the United States, TIF essentially allows local authorities to borrow against future new tax revenue to fund infrastructure that would help unlock delivery of new businesses and homes that yields that additional tax income. We will press government to bring forward legislation to allow this model to be used by local authorities at their discretion.

Ensure new housing comes with the appropriate infrastructure:
As a major service provider and the local transport authority in Kent, KCC will work closely with our District Council partners to ensure that new housing identified in Local Development Frameworks is supported with the right infrastructure such as roads, education and health facilities rather than placing further strain on services often already operating at capacity. We will continue to press the case for

infrastructure costs to be met by appropriate central government grant, so that prescriptive developer contributions do not impede growth. As part of this, we will also explore new financial models that will encourage investors to support new housing development, offering a broader range of tenure types that would better meet people's housing aspirations.

Facilitate access to a high-speed broadband infrastructure:
Access to high-speed broadband is a business prerequisite, especially for small to medium sized enterprises for which it is vital to provide access to customers. It is also vital to delivering a high quality of life for Kent residents, as it opens up new opportunities for learning, communication and socialising across the world. KCC has committed to working with the telecoms sector to improve access to broadband - and this will be set out in our emerging ICT strategy, Connected Kent. We will work to ensure that isolated and rural communities have access to broadband provision, and ensure that there is well developed approach to allowing companies to develop the infrastructure necessary to support high speed broadband in Kent.

Delivering growth without transport gridlock

Delivering the priorities set out in our integrated transport strategy *Growth without Gridlock*:
Growth without Gridlock will set out the key strategic transport priorities to ensure that Kent's infrastructure can support economic growth. These will include:

- **Developing new innovative financial models to pay for strategic transport infrastructure:** As an area that can provide high levels of new economic growth, we have a strong case to make to Government for continued investment in our transport infrastructure to support the national growth agenda. However, at a time when resources are falling in real terms, the reality is that we also need to think radically about how new transport infrastructure can be funded. We will work with Government to develop innovative financial models to fund improvements to the transport infrastructure in Kent, exploring the use of vignette schemes on foreign goods vehicles, the use of tolls and other charges that can leverage in private sector investment into the delivery of new transport infrastructure which limits the up-front cost to the public purse but delivers the new infrastructure vital to economic growth in Kent.

- **Delivering a lower Third Thames Crossing:** We will continue to press Government to support a third Thames Crossing to alleviate pressure on the Dartford Tunnel and Queen Elizabeth II Bridge, as well as the M25. This scheme is also central to support the bifurcation of traffic heading to the Port of Dover (see below). A new crossing is not only vital to delivery of new economic growth in the Thames Gateway and to keep Kent moving, but also to ensuring the continued prosperity of London and the greater South East.

- **Relieving pressure on the Channel Corridor:** As the Gateway to Europe, the Channel Corridor is under constant pressure from high volumes of traffic, which are expected to grow over the next 20 years. Kent taxpayers bear the brunt of maintenance and capital costs of being the Gateway to Europe. Relieving this pressure is vital if Kent's lifeline to Europe and London is not to become choked by congestion. KCC has a long called for a 'vignette' or 'permit' scheme on foreign registered HGVs that use UK roads but who pay no tax and which places the UK haulage industry at a competitive disadvantage. Income raised from the scheme could be used to support the development of a solution to Operation Stack by funding a permanent lorry park between Junctions 10 and 11 of the M20, and support the upgrading of stretches of the A2 in East Kent to deliver the bifurcation of access into the Port of Dover.

- **Delivering radical transport solutions for East Kent:** Transport is vital to East Kent's regeneration and radical transport options are required to support this. We will explore the options for developing a Thanet Parkway station linked to the expansion of Kent International Airport at Manston in Thanet. Manston Airport remains one of the most underused strategic assets in the South East of England, at the very time when runway capacity is operating a maximum in the region's major passenger airports. Manston has the potential to create 7,500 jobs by 2033. We will lobby government to consider the use of Manston as additional runway capacity for the South East. We will also explore options to link Thanet Parkway to High Speed 1 through line speed enhancement between Ashford and Ramsgate. Initial studies suggest this could be done with relatively modest investment and provide a cost-benefit ratio of £4 for every £1 of investment. This would bring the journey times to Thanet within touching distance of an hour from London – opening up a significant passenger market to the airport whilst offering huge regeneration opportunities to East Kent.

Embracing a growing and changing population

Embed the Framework for Later Life in service planning:

By 2026 the older population of Kent is expected to have increased by 30.7% on 2006 levels, whilst the ratio of traditional working age population compared to those of current state pension age will have fallen from 3.1: to 2:1. This demographic shift represents a significant challenge to public services, and the Framework for Later Life sets out our broad approach to:

- **ensuring that individuals increasingly plan for and take responsibility for preparing for later life themselves, so that they can continue to live comfortably, independently and securely.**
- **help develop the preventative agenda that will reduce future dependency and pressure on public services from an ageing population.**
- **harness the huge economic and social capital of this age group to benefit themselves and the wider economy of Kent.**

The later life agenda cuts across many service issues and the framework sets out how meeting this challenge will be embedded into planning service provision going forward. Of particular focus will be how, through supporting the Big Society agenda, the experience and expertise of older people can be used - for example through volunteering and other community projects - to help reduce the financial burden on an decreasing working age population.

Meeting the climate challenge

Delivering the themes and priorities set out in the Kent Environment Strategy:
The Kent Environment Strategy focuses on making the most of the environmental opportunities we have in Kent such as offshore wind power, moving to low carbon buildings and construction – especially through our regeneration programmes - and clean technologies, tapping into a global market for low carbon goods and services that is now worth £3 trillion globally. Underpinning our approach is a commitment to delivering this agenda without placing ever-increasing burdens on Kent businesses.

The Environment Strategy sets out 10 priorities based around three key themes:

- **Living within our environmental limits, leading to Kent consuming resources more efficiently, eliminating waste and maximising opportunities from the green economy.** The priorities include focussing on making Kent more water efficient, ensuring new development is low carbon and resource efficient, turning waste into new resources, and reducing the ecological footprint of what we consume.

- **Meeting the climate change challenge and working towards a low carbon economy that is prepared for, and resilient to, climate change.** Priorities are focussed on reducing future carbon emissions, managing the impacts of climate change and in particular, extreme weather events, and to support the development of green jobs and businesses in Kent.

- **Valuing our natural, historic and living environment.** The priorities within this theme are to ensure we utilise the full social and economic potential of the natural historic and living environment in Kent, conserving and enhancing the quality of Kent's natural heritage and ensuring residents have access to the benefits of Kent's coast, green spaces and cultural heritage.

Resisting unsuitable and unsustainable forms of development:
KCC will continue to actively oppose inappropriate development that harms the Kent environment and countryside and which is clearly against the wishes of local residents.

Recognising diversity

The demographic and geographic diversity of Kent is one of its most important strengths. Recognising that diversity and ensuring our priorities and services meet the needs of all Kent residents remains a key priority, and this can best be achieved through the localist focus we have set out in this paper and in particular the shift to local place-based commissioning of services - where local issues and the needs of the local population can best be addressed.

Moving to place-based commissioning

We will consult on which KCC services are suitable for place-based commissioning and indicative district based budgets will be calculated for those services and pooled into a single commissioning pot. KCC elected members for each district will then meet to decide which priorities should be funded for those ser vices within their own district (without falling below a minimal service level) and how those priorities should be met by setting a local commissioning plan. Local Members will be responsible for public and partner consultation, priority setting, oversight and delivery of their local commissioning plan, holding local ser vice managers directly to account for delivery. Over time, we expect more KCC services to be able to move into this model.

However, we think there is considerable opportunity for a more joined-up approach and greater efficiencies if there is a single district based commissioning plan that is shared by local KCC Members and District Councillors – for both local KCC services and District Council ser vices. This integration would lead to more effective targeting of priorities, allowing for transfer of resources across organisational boundaries if priorities dictated, but also driving rationalisation of expensive and siloed partnership arrangements. For example it would be possible to merge Local Strategic Partnerships into these new arrangements, bringing in wider public service partners and merge the responsibilities of local Crime & Disorder Reduction Partnerships, Local Children's Trust Boards and GP commissioning into the model, thus moving towards a 'Locality Board' covering all public services in a district area.

The Locality Board would then be responsible for further engagement with other key local bodies – such as Parish and Town Councils - about local service needs and also the best way services might be delivered in their communities, with Parish and Town Councils potentially playing a more prominent role in the delivery of some services where there is an appetite from them to do so.

Chapter 3:

Building new partnerships

The new Government is introducing fundamental reform to local public services - in particular in health and education - focussed on empowering front line leaders such as head teachers and GPs. It also involves freeing up the market to encourage the formation of new service providers to support GPs and head teachers to innovate in service delivery. We will seize the opportunity this agenda provides to redesign the partnership landscape in Kent and reshape our relationship with our partners in Kent.

Partnership working should not exist for its own sake but must provide value and improved outcomes for the residents of Kent. That is why our partnership working will be based on three clear principles. Firstly, all our partnership arrangements must be focussed and not merely become 'talking shops'. Secondly, our partnerships will be primarily local in focus, wherever possible built around district and borough boundaries as the building blocks of public services in Kent. Finally, these partnerships will be time limited, with sunset clauses specifying the date on which partnerships will cease unless a clear evidence based decision is taken to renew the partnership.

Building new partnerships at the district level

Kent is a big and diverse county. The challenges faced in one area are often not the same as those faced in another. The economic and demographic make up of Kent varies on a district by district basis, and this often presents unique local challenges which require bespoke local solutions - a "one size fits all" approach isn't always appropriate.

We need to find a way to tailor countywide services to local need whilst still maintaining economies of scale. However, localism isn't just about pushing decisions down to the lowest appropriate level. It also requires a local infrastructure to ensure priorities are identified, concerns listened to and decisions are acted upon so that services improve and problems are resolved. We believe that a shift to place-based commissioning can provide this infrastructure.

We realise that this is a huge change from how we work today, and it will require energy and drive to deliver. Therefore the scheme will be **piloted** in the first instance, and the model then rolled out so that there is a local KCC commissioning plan for every district area by 2014. The level of engagement of District and Borough Councils and wider partners is a matter for themselves, and we recognise that some may wish to engage more speedily and deeply than others in this agenda. We therefore expect the model to develop at variable speeds across the county.

Building a new partnership with the voluntary sector

The voluntary sector plays a hugely significant and successful role in the life of Kent, and the voluntary and community sector together will be fundamental to the Big Society agenda and what we can do to support it, as outlined in the Putting Citizens in Control section of this plan.

What is undoubtedly clear is that the voluntary sector will be asked to play an ever greater role in the delivery of public services in the future and this will require a new partnership to facilitate this new working relationship. It must be a mature relationship based on mutual understanding of the value each can offer the other.

A competitive sector:

We recognise that the voluntary sector is a significant and diverse part of the Kent economy, encompassing very different organisations, with differing aims, ambitions and levels of development ranging from the very local to countywide organisations with professional expertise. All add significantly to the quality of life in Kent. However, in an era of falling resources and a drive for ever greater value for money, the voluntary sector must accept that competition for services will increase and they must provide and evidence excellent value for money and quality if they are to win and retain contracts.

Understand voluntary sector capacity and capability in Kent:

The voluntary sector is not the private sector. Very rarely do voluntary organisations have the finances needed to sell themselves or to develop highly detailed bids for service contracts, and we do not want to unnecessarily add to their costs when every pound possible should be going on front line services. We will work with the voluntary sector to better understand its capabilities, and shape our commissioning approach so that is accessible and transparent. Where the voluntary sector does provide services for KCC, we will ensure that the performance management of those contracts is fair and proportionate, based on outcomes and value for money.

We will explore a range of contract models for the voluntary sector:

These might take the form of developing framework contracts for voluntary sector organisations allowing KCC to use "call off" type arrangements, to potentially allowing larger voluntary organisations or voluntary sector consortia to take on contracts in the role of 'prime providers' which then subcontract out packages of work to smaller local voluntary bodies. Nothing will be off the agenda and we will work with the voluntary sector to develop and design contract models which work both for KCC and the voluntary sector.

Building a new partnership with schools

The aim of the new Government's policy on schools is to transform the education sector by introducing new provision, in the form of more new academies and free schools, to increase competition and parental choice and improve standards. Central to this transformation is the empowerment of head teachers and school governors so that they have greater financial control and decision making over how their school is run.

KCC recognised long ago that it is not local authorities that run schools but head teachers and school governors. The best role KCC can play is to provide and facilitate the support necessary so that schools can get on with the job of providing excellent teaching and learning for the children and young people of Kent.

We will respond positively to the changing role for local authorities in education:

Schools will always be at the very heart of the local communities irrespective of their legal status, who runs them or who funds them. KCC will continue to work with all school providers in Kent to help them meet the aspirations of parents and pupils. We will work with head teachers to create a new Kent Schools Association consisting of all schools in Kent - both maintained and non-maintained (academies). We want the Association working in partnership with KCC, and as a community of schools working closely together, to develop the policies and practices necessary to ensure that Kent schools continue to succeed and have a collective strategic voice at County and national level.

Further improve primary attainment, particularly in literacy and numeracy, to close the gap in attainment for disadvantaged children:

Success at primary school is the foundation upon which learning at secondary school and throughout life is built. Yet attainment at primary level in Kent remains below the national average. We will work with primary schools to support improvements in attainment, particularly in regard to literacy and numeracy, and will monitor progress across all Kent primary schools. Children should be up to the appropriate standard in reading, writing and maths before they enter secondary school. This is vital if we are to begin to close the gap in attainment between children from disadvantaged backgrounds and those who are more advantaged. Our role in securing and quality assuring early years' education for all 3 and 4 year olds, and providing some targeted provision for 2 year olds, also supports this agenda, ensuring that children are at an appropriate level of development as they enter primary school.

Discuss with the primary and secondary sector options for further devolution of funding:

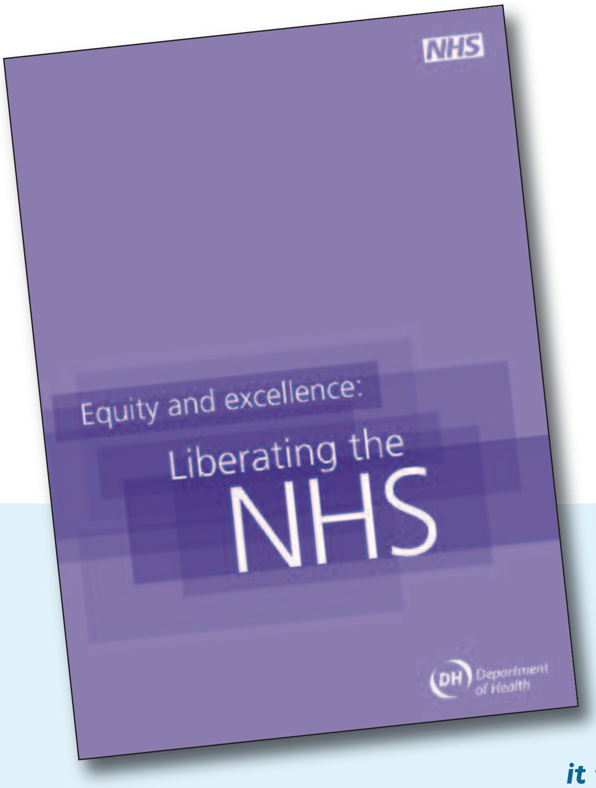
KCC already devolves the majority of Dedicated Schools Grant to schools, retaining just 8.7% for those services undertaken centrally or which schools have asked us to provide on their behalf. This 'top slice' is low compared to most local authorities, where in some areas it as much as 16-17%. We are ready to devolve more of this grant to schools if they wish, where it is possible and makes sense to do so, but there must be an open and honest dialogue between schools and KCC about which services KCC should continue to offer centrally and which services might be better procured by schools through commercial arrangements, either from KCC or other market providers.

We understand that schools in Kent are hugely diverse, not just between the primary, secondary and special school sectors, but also within each sector. Whilst secondary schools might be of a scale that can procure services at reasonable cost from the market, many primary schools are too small to be able to procure efficiently from the market. In those circumstances devolution of grant will simply increase their costs. We will work across and within each sector to arrive at a financial deal that is in the interests of all schools and pupils in Kent.

KCC will shape its school support provision so that it is competitive and attractive:

As the education landscape changes with more schools likely to take increasing responsibility for more of their own budget, the market for school support services (from back office management such

Transformation of the health economy



"...probably the most significant new statement in the White Paper— is not that we are going to have general practice-led commissioning, which we were always clear about, but that we are going to ally it to a strategic role for local authorities, which is not just about meshing together public health and social care, although that is important, it is not just about integrating health and social care services, although it will allow that to happen to a greater extent, it is also about the local authority explicitly having a responsibility, together with the consortia, to agree on what the Health Service commissioning strategy looks like.......... Proactively, local authorities will be participants in creating a strategic assessment of need in their area and how the commissioning plan should meet it.........."

Rt. Hon Andrew Lansley CBE MP, Secretary of State for Health, oral evidence to the House of Commons Health Select Committee. July 2010

as HR and payroll to front line activities such as specialist teaching support) will grow, with an increasing number of commercial providers offering these services.

Our support services to schools will be cost efficient and of high quality. We believe we can make a strong, broad and competitive offer to schools in covering the full range of support functions that most other providers would struggle to match, both within Kent and in other local authority areas.

KCC will establish a vehicle offering education support services within this emerging market. We are open to the form that such a venicle will take - whether as a KCC company or some other form of partnership or co-operative body jointly owned by schools, or as one vehicle or several to reflect the differing needs across the primary, secondary and specialist school sectors. The shape of the vehicle and the services it provides will be determined by the need of schools themselves. We will work with head teachers to help identify and design an offer that would best meet their needs.

Support quality and choice from a diverse range of providers:

KCC believes in choice and diversity in education provision and has a track record of providing some of the most diverse provision in the country, from grammar schools to specialist vocational skills centres. We welcome further diversity in the education sector in Kent, but diversity must not become an excuse for poor quality provision or competition which harms other local schools. We will ensure high quality provision is available to all pupils and parents, and will challenge any school where attainment falls or where their policies materially harm the wider family of schools in the local area.

Establish a support framework based on a sector-led approach and sharing best practice:

Kent needs successful schools and we have some of the most successful schools in the country. We want to harness that expertise and understanding and transform our support model for schools so that schools themselves lead it. This sector-led approach will focus on sharing best practice and new innovation in the classroom, and on the continuing professional development of teachers, the very people who make schools a success. Our role will be on facilitating this sector-led approach, rather than managing it directly.

Building a new partnership with GPs

Like schools, the aim of government policy on the NHS is to empower the front line. The new white paper *Equity and Excellence: Liberating the NHS*, signals the new Government's commitment to empower General Practitioners to take responsibility for commissioning primary care for their patients. Local authorities will play a key role in this process, working with GP consortia to ensure their commissioning plans meet the needs of patients and the local community. We must support GP consortia, through their commissioning plans, to open up the primary care market in Kent to new and innovative providers. For example, through the development of mutual trusts or co-operates across a range of services - such as district nurse and mental health provision - we can increase choice and drive up standards.

Without this increased choice, GPs will be forced to simply re-commission existing provision, and we will miss the opportunity to improve the quality of health services to the people of Kent.

Develop an attractive offer to support GPs in their new commissioning role:

The focus of the new Government's health reforms is to empower GPs and add value to the service they provide to patients, not burden them with additional bureaucracy and paperwork. KCC has a strong track record in commissioning a broad range of services for local residents and that expertise - combined with our understanding of community need and the economies of scale we can provide - means we are in a strong position to help GPs undertake their new commissioning responsibilities.

KCC will establish vehicle that can provide an attractive support offer to GP consortia. We will work with GP consortia across Kent to develop a broad based offer to support their new role, whether that is in effective back office support or professional advice in commissioning processes, undertaking joint commissioning or GP consortia fully delegating their commissioning responsibilities to KCC on individual care pathways. Our support offer to GPs in Kent will be designed to meet needs of individual GP consortia.

The form that these vehicles will take is a matter for discussion and agreement, whether as a company, some form of mutual trust between KCC and GP consortia (and possibly other local bodies), or more than one enterprise to reflect the differing needs of GP consortia in Kent or a single countywide body. The landscape of the new health economy will develop and mature over time, but we are very clear that the best approach is to design our offer with GP consortia so that the relationship between KCC and the new health economy in Kent is dynamic and built on strong foundations.

Better integrate health and social care services:

Through the Joint Strategic Needs Assessment we will identify where health and social services can better integrate to deliver a more responsive service, reduce duplication and deliver greater value for money for both KCC and the NHS, e.g. through a single assessment model or through joint commissioning of services. We will jointly work with GP consortia to develop the most appropriate model that best fits the needs of Kent. We will also work with the emerging Community Health Service Trusts to identify opportunities where delivery of health service and social services can be better integrated or rationalised to improve services and be delivered more cost effectively, including opening up opportunities for new service providers to enter the market.

Reduce avoidable demand on health and social care services:

Through KCC's new role in public health and our new partnership with the health economy we want to focus on a preventative approach. The pressure on acute health and social care services from poor lifestyle choices is as significant as the demographic pressure from an increasingly ageing population. Better public health can help reduce this future pressure, and as part of our broader preventative approach, we will use our new responsibilities as part of the national Public Health Service to identify and tackle the major public health issues in the county, supporting people to make better lifestyle choices and consider their own future health – so expensive health provision becomes less frequently required.

Build a leaner more effective countywide partnership

Whilst we remain absolutely committed to local partnership architecture, there will remain a need for countywide groups that can take a strategic overview, providing a Kent wide perspective of the key issues and policy questions affecting the county. Unlike the form of partnership arrangements that have encouraged by the previous government, these will be slimmed down and focused on delivering the principles set out in the Kent Re-Commitment. This new agreement between KCC and District and Borough Councils to work more closely together in the best interests of our residents is the foundation stone upon which County-District Council relationship will be based going forward. The new countywide bodies will be focussed on joining up priorities and coordinating the delivery of front line services across the county.

We will establish the Kent Forum:
Comprised principally of democratically elected public service leaders in Kent, the Forum will be the countywide body that agrees shared priorities and targets across authorities, endorses countywide strategies and considers the County's strategic response to emerging challenges. It will also oversee the move towards local place-based commissioning. The Forum will maintain strong relationships with other public service agencies in Kent, bringing them into the decision making process when necessary and will develop a strong strategic relationship with the voluntary and community sectors. We will also invite Kent MPs to join meetings of the Kent Forum to build better understanding of decision-making and improve accountability across the full range of public services in Kent.

Through the Kent Forum we wil review the Kent Public Service Board(PSB):
Our aim is to transform the Public Service Board (PSB) into the body responsible for the delivery of the joint priorities agreed by the Kent Forum, and as such the Kent Forum and the PSB will have the tight working relationship, with the Forum setting out the PSB work programme and the PSB providing professional advice and guidance to the Kent Forum. We will review the membership and terms of reference of the PSB ensure it is fit for purpose to deliver this role, with the expectation that Chief Executives and equivalent officers in other public agencies will form the basis of its membership.

A task-force approach to shared front line services:
The Kent PSB will focus on delivering more shared front line services, through co-location and single tasking arrangements for multi-disciplinary teams. Not only will this deliver efficiencies, but also provide a more responsive service for local residents. The Margate Task Force is already a model for this type of targeted approach. We want to see similar opportunities rolled out across other areas of the county – commissioned and managed by the PSB.

The Big Society in Kent

The Big Society is the new government's focus on reshaping the relationship between the state, the individual citizen and local communities. The core analysis running through the Big Society agenda is that the growth in what is termed Big Government over recent years has transferred too much power from individuals to the State, to the extent that it has encouraged a dependency culture in which individuals now turn to the State for help and support in the first instance rather than as a last resort, no matter how minor or trivial the problem. Yet State support is expensive and often far less effective than individual initiative and community activism. This dependency culture is no longer affordable, in both financial terms and in the impact it has on individuals and communities.

At the heart of the Big Society is a twofold approach to tackling this dependency culture and empowering citizens and local communities. The first is to increase volunteering and civic activism, getting individuals and local communities to help themselves to tackle local problems. The second is a desire to see the voluntary and community sectors to take on more responsibility for running some local public services, rather than have them delivered by the State.

By definition, KCC should not lead on the Big Society agenda, as to truly take hold it must organically develop in local communities themselves, becoming embedded as more individuals and communities begin to see the opportunities provided by this agenda. We do, however, believe we have a role in facilitating and encouraging the growth of the Big Society in Kent. We think there are three distinct areas where we can do more to support the Big Society.

Firstly, we can seek to further liberalise the market for our own goods and services, doing more to open up our procurement and commissioning frameworks so that the voluntary and community sectors, especially social enterprises, are encouraged and in a position to deliver more KCC services.

Secondly, we can support the development and growth of the voluntary and community sectors in Kent. In particular, providing the relatively small cash injections needed to facilitate new social enterprises and working capital for existing social enterprises to compete for contracts from local public services. We can also support these voluntary and community enterprises by helping them to become more efficient, providing back office support so that they can effectively compete with private companies.

Thirdly, we can support community development. Not all local communities and groups will have the knowledge and understanding to simply take the reins from government, and we understand that they will need some support to help them build confidence and the skills required.

These three broad themes will be the basis on which KCC embraces and contributes to the Big Society in Kent.

Chapter 4:

Putting the citizen in control

Individuals, families and local communities, not the state, are best placed to decide their own choices - local authorities and other public services exist to serve the people, not to dictate how they should live their lives or restrict their choices. The role of public authorities going forward should be facilitative - supporting and empowering individuals and communities to make their own choices - with power and influence in the hands of local people, thus encouraging the growth of the Big Society.

Transparency and access

We will be an open and transparent organisation, giving residents the information they need to hold us to account:
We will publish salary and expenses data online of our senior officers bringing them into line with the existing arrangements for publishing Member allowances and expenses online. Organisational performance and the financial cost of services will also be published online. This will be updated regularly, with our ambition to move to real time reporting wherever possible. Raw data will be available but we will also provide an interactive website so that residents and businesses can understand and interpret this data and better hold us to account for delivery of services and value for money.

Expand the 'Gateway' programme to cover multi-channel access to services through the internet and telephone:
The Kent public service Gateway(s) have been hugely popular with residents, creating a single point of access to a wide range of public services in convenient town centre locations. This model will be rolled out further to extend coverage, but will also include the development of a single Gateway website and single Gateway telephone number, so residents can access services they wish. Our aim will be to make all KCC services accessible online, so residents can use them at a time and place to suit them. Such services include applying for school places, social care support, transport to schools and college and other payments of fees and charges. This will include moving towards online self-assessment for KCC services.

Always through the right door:
The Gateway concept has been hugely successful. However, KCC has a significant number of public facing facilities in local communities, in particular libraries, used by many residents on frequent basis which can also be in a position to offer similar 'gateway' approach solutions, providing the full range of access, information and guidance around services provided by the dedicated Gateway offices. We want the gateway approach to be embedded across the range of KCC front facing facilities so whichever door the customer walks through, it is always a gateway to KCC being able to help them meet their needs.

Driving personalisation of services

Further drive personalisation across our services:
Entitlement to services shouldn't mean the state monopolising the design and delivery

What does the Big Society mean for KCC?

The 'Big Society' is not new to KCC. We have always valued the expertise and commitment that the voluntary and community sector can offer, and already work with them to deliver a range of services to Kent residents. The principles of citizen and community led service development have driven our approach to public service delivery:

Member Grants, such as community grants of up to £10,000 each year, enable each of our 84 county councillors to provide financial support for small scale projects that benefit the local communities they represent. This funding has supported youth groups, environmental projects and facilities for older people. For example the Member Highway Fund was used by three members to fund a minibus service that runs 4 days a week to replace the Wormshill-Sittingbourne Postbus service that was withdrawn by Royal Mail in November 2009. This eight seater vehicle is well utilised by residents of Wormshill and Frinsted; without this service, many elderly people in particular would be effectively stranded in their villages.

Bulk Buying project: In 2009, the Social Innovation Lab for Kent (SILK) facilitated a community-led project in Parkwood, Maidstone aimed at reducing child poverty. Local residents decided to focus the project on bulk-buying commodities (such as nappies and washing powder) for the neighbourhood and setting up a shop to trade these at an affordable rate. With support from the SILK team, 'R' shop was opened in May 2010 from a community room in a local school and the space is being used for a range of community functions. After supporting local residents to initiate this project, SILK will withdraw so that the project can continue independently.

Kent Savers Credit Union was established following recognition of the need for access to affordable credit and savings facilities for those on low incomes. KCC assisted the establishment of a Kent-wide Credit Union; however Kent Savers is now set up as a mutual co-operative with its own board of directors. The development of the Union should increase the financial resilience of vulnerable individuals in Kent, and foster a sense of community through its members' shared ownership of the co-operative. As the ability of the Union to lend to its members relies on savings invested by other members, its success will lie in the commitment of Kent communities to support each other.

Clean Kent Watch is a volunteering project which has established a network of neighbourhood volunteers to provide grass roots information on fly-tipping, abandoned vehicles and rubbish fires. Volunteers make reports to KCC's Contact Centre which operates 24 hours a day.

We are now looking at innovative ways of using social enterprise to deliver areas such as community health, social care and helping people back into work.

of services, especially when individuals and families are better placed to understand their own needs and who can best provide for them. Not only does this empower service users to design services around their own needs - leading to better quality provision - but because services are focussed on actual need rather than on standardised provision they can often be more cost-effective.

KCC has been at the forefront of the personalisation agenda - particularly in adult social care - over the last ten years and we will continue to drive personalisation across our entire service offer. Our aim is for residents to be able to choose how they receive their entitlement to services. For example, this could mean offering parents of children entitled to SEN transport a cash alternative rather than KCC choosing how that transport entitlement will be provided.

We will expand the use of the Kent Card:
The visa enabled Kent Card - pre-loaded with an individual's personal budget or cash alternative to KCC service delivery - is a unique way of allowing service users the freedom and choice to pay for their service in the same way as millions of consumer transactions occur on the high street everyday. The possibilities for the Kent Card far exceed social service users, and through the drive for greater personalisation and choice, we will expand the number of KCC services that offer the Kent Card, and want to see take up of the Kent Card significantly expanded.

Support the voluntary & community sector

Establish a Big Society Fund for Kent:
This will invite applications for capital start-up and project based funding for social enterprises, social entrepreneurs and other not-for-profit groups that provide employment opportunities which support social inclusion in Kent. The Funds principal aim will be to facilitate new social enterprise in Kent, and we will explore a range of options to provide income to the fund, using both existing resources but also potentially recycling monies from the disposal of assets into the Fund so that resource continues to be used for community benefit. One of the central aims of the Fund will be to leverage in further resources from Government and philanthropic bodies and individuals to maximise the resources available to social enterprises.

Support the voluntary and community sector in accessing contracts to run services - especially those operating payment by results - which limits voluntary and community sectors opportunities:
The liberalisation of the market for public services presents a huge opportunity for the voluntary and community sectors, as well as social enterprises, to be able to take responsibility for running a range of public services. However, where public authorities are operating contracting systems where payment by results is a condition of the contract, then this presents a real problem for social enterprises that don't have access to working capital to fund the delivery of services, or don't feel that they can take on the risk associated with payment by results contracts.

We want to explore a variety of options that would support the voluntary and community sectors in such circumstances. For example, the Big Society Fund could loan the working capital to organisations that have the skills and expertise to deliver such contracts but can't access the capital, or we could facilitate a commercial loan through, for example, Kent Savers - the Kent Credit Union.

Where appropriate and where it is felt that it might be mutually beneficial, we would consider taking equity in some social enterprises so that they can take on greater risk on contracts based on payment by results, but where reward payments are more significant, and the social enterprise could benefit from our engagement and expertise. Any returns from holding equity stakes would be recycled back into the Big Society Fund.

Support the voluntary and community sectors and social enterprises in becoming more efficient so they can better provide value for money:

Social enterprises and the VCS have a real opportunity to help transform the way public services are provided. However, at a time of very tight public finances, the reality is that they must be able to compete with other providers from the public and private sector on costs. We will work with the voluntary sector to identify areas where KCC could provide help and assistance in making the social enterprises and the voluntary and community bodies more efficient by, for example, taking on responsibilities for their payroll function, providing flexible workspaces or other back office support. In short, all areas where the scale of economies a countywide organisation such as KCC can provide at lower cost than individual bodies could procure themselves.

Supporting community development

We will help local communities build capacity and capability:

Through our Social Innovation Lab for Kent (SILK) we will help local community groups build capacity and capability to design models of service provision which are self-sustaining and do not require ongoing state support. As part of this agenda, we will further promote volunteering in the local community by our own staff, and actively encourage them to work in community based projects that can transfer their skills and knowledge to build community capacity. We will change employee terms and conditions to allow more dedicated annual personal and development days' for staff to be used for volunteering instead of staff training.

Continue to fully support and use the Sustainable Communities Act (SCA):

The SCA allows local communities and councils to seek changes in law and government policy that would facilitate the development of more sustainable communities. KCC will continue to fully support the use of the Act, and will work closely with our partners at District and our Parish level to ensure use of the SCA is effective and joined up.

Develop a new approach to Community Asset Transfer to support new service delivery:

We will develop a new approach to Community Asset Transfer so that community groups, the voluntary sector and social enterprises can take on the management and ownership of KCC assets. This will be linked to those assets where they take responsibility for delivering public services from those assets, and where the case for asset transfer provides value for money.

Further liberalise the market

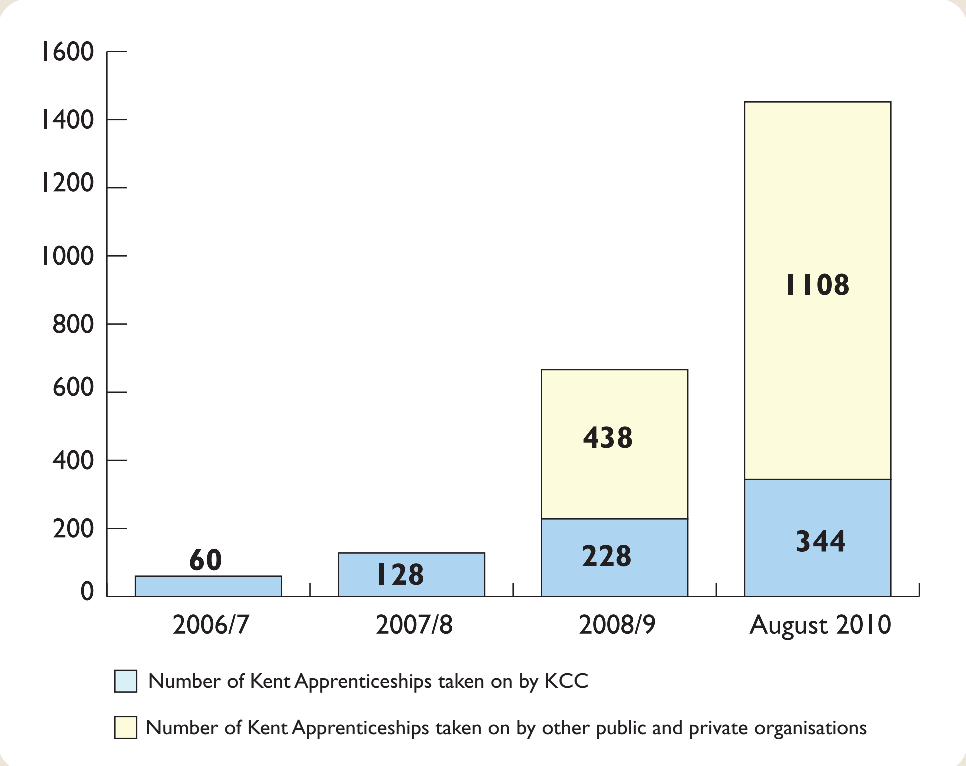
Encourage the voluntary sector and social enterprises to bid for contracts to supply KCC goods and services:
It is in KCC interests to ensure that there is as much competition for KCC goods and services as possible to drive greater choice and value for money. Through our 'Backing Kent Business' scheme KCC has already done much to ensure that the small and medium sized businesses in Kent understand how KCC procures goods and services so that they can better compete for KCC contracts. We will extend this approach to the voluntary and community sector, helping them understand the public procurement process, what issues need to be addressed as part of tenders, so that they can better compete with the private and public sector for KCC contracts.

Maximise the social and community benefits from our procurement of goods and services:
Even after delivering significant financial savings, KCC will still be one of the largest procurers of goods and services in the Kent economy. We will become better at using our significant spending power to leverage wider social and community benefits from contracts where it makes sense to do so. For example, under the first Building School for the Future agreement KCC required some 400 new apprenticeships to be provided by the contractor. We will ensure our procurement system maximises the opportunities for social and community benefits within the legal rules governing procurement, so maximum public value is derived from each and every pound KCC spends.

Introduce a standing 'Right to Bid' process:
KCC is not the sole purveyor of ideas and solutions. We want to harness the potential for innovation and new ways of thinking about future service provision in Kent. If individuals or groups from the private, public or voluntary sector think they have ideas about how services can be provided in a better way then we want to hear from them. Where a right to bid process is successful limited pump-prime funding to research and develop proposals will be made available.

Allow KCC employees to utilise the 'right to bid' process to encourage further diversity of supply:
KCC managers and employees who have a business case that their area of service could be delivered as efficiently or effectively through arms length arrangements from the County Council – i.e. management buyout or public service cooperatives or mutual trust can use the 'right to bid' process to have their business case considered, and then bid for services through the procurement process competing alongside other providers from the private and voluntary sector.

Kent Success – Tackling Disengagement



In Towards 2010 KCC committed to developing a Kent apprenticeship scheme with the aim of offering at least 1,000 apprenticeship opportunities across the private and public sector. Well over 1,400 apprentices have been taken on since the start of autumn 2006 through Kent Success, KCC's innovative apprenticeship programme. 344 young people have started a Kent Success Apprenticeship within KCC itself, and of the 187 young people who have completed their apprenticeship within KCC, 73% have gone on to gain full time, permanent employment within KCC or the wider public sector. A further 25% of those who have completed their apprenticeship have moved into employment within the private sector.

KCC is now undertaking a pilot scheme to increase the employment potential of vulnerable young people by supporting them into apprenticeships. Four groups (teenage parents, young offenders, care leavers and young people with learning, physical or mental disabilities) have been chosen due to the high possibility that they will become, or already are, NEET (not in education, employment or training). They are potentially disengaged from learning and skills and are currently finding it difficult to access apprenticeship opportunities. The development of this scheme will link to KCC's Employment Strategy for Socially Excluded Adults.

Chapter 5:
Tackling disadvantage

The best way to tackle disadvantage is to provide strong economic growth and job opportunities so people can earn a salary to support themselves and their families. As a country we can no longer afford to support a dependency culture which places an ever greater burden on those willing to work, drains resources from those who need them most and which erodes community confidence and cohesion.

Our focus in tackling disadvantage will be on providing opportunity - not supporting dependency. However, for those who struggle to help themselves and the most vulnerable in our society, KCC will continue to ensure it provides protection, support and opportunity to enjoy a high quality of life.

Opportunity not dependency

We must reduce the welfare bill in Kent:

We will focus our Supporting Independence Programme (SIP) on reducing the welfare bill in Kent by aligning it to the new single work programme being developed by the Department for Work and Pensions. Building on the work of the Margate Task Force, we will forge strong relationships with primary welfare-to-work providers in Kent to deliver tailored support for local communities that have high levels of worklessness and welfare dependency.

In particular, although not exclusively, we want to ensure that those 16-24 year olds on benefits receive the support need, whether through mentoring, training or work experience, so they have the skills and confidence needed to enter the job market. By targeting this age group we can begin to break down inter-generational dependency on benefits found in some of our most deprived areas.

Develop social enterprise role in reducing the number of welfare claimants:

Providing real work opportunities for those on benefits will be crucial if we are to reduce the welfare bill but also ensure that as a country we receive something back from individuals for the benefit payments they receive. The private sector isn't geared up to do this, but as the voluntary and community sector takes on responsibility for public services, we want to explore the opportunity of working with them to develop new ventures which can provide real work experience and placements for those currently on welfare. We have already identified our wish to support social enterprises through the Big Society Fund and we will support those enterprises who help us achieve our goal of reducing the number of benefit claimants in Kent.

We must prevent disengagement:

One of the reasons why young people fall into the benefits trap is because they become disengaged from education and learning. Through our pioneering vocational and applied learning approach, KCC has done much to keep students engaged through pre-vocational and applied learning. We will continue to support schools with this approach in the future. However, whilst engagement is strong up to age16, to many young people either don't enter further education or drop out before they complete their course. This often leads them into a cycle of benefits and low value, low paid work due to poor skills. We need to keep all young people in Kent engaged in education and training, especially as the mandatory age for education and training increases to 18.

Focus on apprenticeships:
We have already noted that apprenticeships offer a key route to providing a work ready workforce to the Kent economy, but we believe they also offer the best way to help keep young people engaged in training and learning post 16 - especially for those young people not attracted to continued classroom based learning - by offering a wage, on the job training and work relevant qualifications. We need a significant increase in the take up apprenticeships, from both young people and business alike. Critical to this is engaging with small to medium sized enterprises who make up the bulk of Kent economy to sell the benefits of apprentices, and working towards creating a demand led system whereby businesses can choose the qualifications and training their apprentices work towards.

Supporting the most vulnerable

Ensure the provision of the most robust public protection arrangements:
Following the tragic Baby Peter case, there has been an enormous increase in child protection referrals to children's social services in both Kent and across the country. We are absolutely determined to ensure our public protection arrangements are robust, in particularly our arrangements for child protection.

In November 2010 an Ofsted inspection of Children's Social Services in Kent found our safeguarding services to be inadequate. No service is more important to this administration. KCC will implement, in full, all the recommendations emanating from the inspection and ensure that all issues flagged in the report are dealt with and the service improved.

Front line social workers with child protection responsibilities operate in what can be challenging, stressful and demanding circumstances. We are grateful for their professionalism and personal commitment that they show. That is why our role will be to support them as best we can, so they can continue to do the difficult job we ask of them.

Like other local authorities, Kent has a high social worker vacancy rate. We have undertaken a major recruitment drive both in the UK and overseas, but recruitment isn't the real problem, it is retention. The best safeguard for keeping vulnerable children safe in Kent is to ensure experienced social workers are incentivised to stay in the profession, attract new talent to consider a career in social work and ensure a culture of supportive supervision and continuing professional development. This is at the core of how we want children's social services in Kent to operate.

We will also challenge perversities in the system. Social workers complain of spending too much time inputting data onto computer systems and dealing with administration because government rules state that only qualified social workers can input this data. Our aim will be to move to a system whereby support staff can remove this administrative burden, thus freeing social workers to concentrate on front line social work.

We will restructure our social services so that the service they provide is more integrated and resilient, and in a better position to serve the interests of both vulnerable adults and children in Kent, but also provide the wider support to families which is critical to supporting the broader needs of Kent children.

We will continue to support the some of the most vulnerable groups through:

- Improving transitions for young people leaving care or moving into Adult Social Services provision.
- Continuing to challenge the placement of looked after children into private care arrangements in east Kent by non-Kent local authorities.
- Reducing the number of disruptive moves for young people in foster care arrangements.
- Exploring different models of support for young people in care that promotes greater choice and independence in their care arrangements.
- Improving outcomes for young people in care, in particular better educational outcomes at all levels, and a reduction in looked after children entering the criminal justice system.
- Improving our support for unaccompanied asylum seeking children (UASC), by focussing on preparing them for return to their country of origin. This is the outcome in most asylum applications.

We will move to a single initial assessment framework:

Too much time and money is spent on different services duplicating basic assessment processes. This duplication increases costs, adds delay to decision making and frustrates those seeking our help. We will move to a single initial assessment model that will enable customers to understand quickly their entitlement, can signpost them to further advice and guidance, and speed up access to specialist assessment if required. We will also simplify and rationalise assessment processes shared and linked to other public bodies to reduce delay and provide a more integrated and seamless service.

Targeted intervention

Continued early intervention to help vulnerable families and save money over the long term:

We want to support vulnerable families across Kent, enabling parents to better access joined up services including community midwives, health visitors and provision of basic skills training that will help them gain employment. That is why we have invested in nearly 100 Children's Centres across the county that provide such services under one roof. Children's Centres also provide "outreach" services to the most vulnerable families with the early identification, and provision of, special needs services such as speech and language therapy, so that these needs can be tackled at an early stage.

Our focus will be on better coordinating the support of the public agencies including the Police, social workers, housing and health services to support vulnerable families in Kent. This ensures that the agencies speak with "one voice" and will remove the need for families to undergo different assessments from different agencies. Targeted early intervention for vulnerable parents also helps to provide them with the skills to look after their children and will save significant public expenditure by reducing or removing the need to intervene later on.

We will tackle high-cost disruptive families:
Whilst our strategy over the longer term is to deliver early intervention to support families falling into chaotic and disruptive lifestyles, there are families - often fuelled by drug and alcohol dependency - who do become disruptive and cause nuisance blighting local neighbourhoods. With our partners we will take a robust approach to tackling these disruptive families through in depth intervention – including sanctions where necessary – to require change in their behaviour.

Greater integration between Youth Service and Youth Offending Services:
There is a broad range of provision for young people delivered by the public and voluntary sector which engages them in a range of positive activities. For this reason we will move towards greater integration between the Kent Youth Service and Youth Offending Service so as to better target youth service provision at those young people at risk of falling into offending behaviour, which invariably leads into a cycle which increases offending and chaotic lifestyle, and costs Kent public services more money over the longer term. Our focus will be to work with partners across voluntary youth services and the criminal justice system to prevent young people entering into offending behaviour in the first place.

Improve trading standards and community safety's role in prevention:
By shifting resources to more targeted and effective information, advice and guidance campaigns for those residents most at risk, so they are better informed and able to avoid harm. Enforcement activity will be focussed against those who pose the very highest risk of harm to individuals and communities.

Appendix -
Organisational design principles

KCC recognises that it must continue to change to succeed, and that to deliver the agenda set out in *Bold Steps for Kent* there must be a new organisational structure and culture. The organisation must be leaner, with less duplication and more responsive decision making.

These organisational design principles are the basis on which the new KCC structure and approach to service delivery will be established.

Our organisational design principles are:

1. We will enhance our role as the strategic authority for the county and support the development of a new radical public service offer jointly owned by all tiers of local government and public services in Kent. This new model will cost the taxpayer less, by drawing down and integrating functions from quangos, regional and national government into an agreed delivery model.

2. Elected Members will have confidence that the organisation will deliver for them - allowing the political leadership to focus effort on strategic rather than operational issues. The chief officer team will be one team - collectively responsible for advising, responding and delivering Cabinet's agreed priorities effectively and efficiently to build member confidence across all service areas.

3. Overall resident satisfaction with KCC and all public services in Kent is as important to us as user/client satisfaction for key services. It is the critical measurement of our success both as an organisation and as a county.

4. KCC is a single organisation delivering a cohesive service offer. Organisational silos which increase replication, duplication and undermine our 'one council' approach will be changed to deliver as one organisation. We will put the customer first at all times by understanding the customer journey and design services around individual, family and community need rather than organisational or professional interests.

5. KCC is an organisation that is hungry for continuous improvement and welcomes challenge - both internally or externally. Our organisational culture will promote this from all quarters of the business and won't be held to artificial service standards and processes from inspectors and regulators that add cost but little value. We will develop a new relationship between Kent and Whitehall that is of true benefit to both KCC and Kent residents.

6. We will deliver on subsidiarity through a new area based governance model which will commission appropriate locality based services according to

local need and demand. Decisions will increasingly be taken locally and jointly with district councils and public service partners. Devolution of services to the local level will become the norm.

7. We will move to integrated initial assessment framework across all services for individuals and families sat behind a single front line (the multi channel Gateway programme - physical, web, telephone access) which solves the majority of customer issues at the first point of contact. Our services will be re-engineered to deliver these savings as quickly as possible.

8. We will seek to build relations with partners based on trust and being the 'partner of choice' in Kent. Partnerships will add value and those that don't won't be maintained. Partners will actively seek to use our strategic capacity to build partnerships and transform services locally - seeing it as adding value to their own business model rather than a risk to their own existence.

9. Our service offer will reflect the changing relationship between citizen and state - one where we don't just support entitlement and dependency but help people meet their responsibilities. Services will be designed around self-service provision, co-production or self directed design. Embedding personalisation wherever possible will be important - but must be identified by customers as a distinct part of KCC's broader service offer.

10. Ensures all our activity as an organisation supports the economic development and regeneration of Kent as set out in Unlocking Kent's Potential - aiding recovery from recession with Kent's GVA and GDP improving and converging towards South East averages.

11. KCC will be transparent. We will publish salary and expense details of senior staff, as well as organisational financial and performance data and provide the web resource so residents and businesses can better hold us to account for what we are spending their money on. Our one council procurement processes will be open with contract requirements clear so it is understood who we are spending public money with and what is expected of them.

12. Has an information management system fit for all levels of the organisation (CMT/Cabinet) that produces the intelligence on customers, services and markets needed to commission and de-commission services effectively. Delivers - and is seen to be delivering - value for money, and fully understands the cost, spend and value of each part of the business and uses this to drive up our productivity.

13. Our structure will be as flat as possible to ensure the appropriate number of tiers between the Corporate Management Team and the front line (no more than five tiers of management) with effective spans of control throughout the organisation. Planning, monitoring and management systems will drive corporate accountability for delivery by officers across all levels of the organisation.

14. Provides a framework for creative discipline for managers with a “tight-loose” relationship which allows decisions to be taken at the appropriate level and managers having operational freedom within an underpinning ‘one council’ approach. Only those decisions that need be escalated up the management chain will be, and managers will be personally held to account for delivery.

15. We will utilise all the councils assets strategically to support our front line service model and rationalise back office functions – people, money, contracts and buildings – to deliver as one organisation.

16. KCC will have a local and personal presence - residents will understand what we do for them, their families and their local community - as well as for the wider county of Kent. Builds a mature relationship with the people of Kent based on an honest conversation and a clear understanding of what is possible and affordable.

17. There is only one KCC brand. We will establish a residual brand value with the people of Kent that goes beyond individual services and maintain a clear corporate message to all audiences through a single system of internal control for all communication and marketing activity.

This document is available in alternative formats and can be explained in a range of languages. For details please call on 01622 694027.

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By:	John Simmonds, Cabinet Member for Finance Andy Wood, Acting Director of Finance.
To:	Cabinet 29th November 2010
Subject:	Mid-year update to the Strategic Risk Register
Classification:	Unrestricted/

Introduction

1. (1) The strategic risk register is maintained by the Corporate Risk and Insurance team on behalf of Cabinet and Corporate Management Team (CMT). The content of the register is developed by senior officers from across the directorates, who draw on their knowledge of the most significant risks in the directorate risk registers, and also their collective view of cross cutting themes faced by the Council.

(2) The strategic risk register is updated annually and is linked to the objectives identified during the business planning process. The annual update is approved by CMT, Cabinet and presented to Governance and Audit Committee. In line with agreed practice the register has been updated to present a mid-year position.

Relevant priority outcomes

2. The strategic risk register identifies the risks in relation to the objectives of the Council, and the actions taken to mitigate these, therefore it has relevance to all priority outcomes.

Financial Implications

3. There are no new financial implications resulting from this report, although the mitigation of risks, and the risks themselves, do have financial consequences for the Council.

Legal Implications

4. There are no new legal implications resulting from this report, although the mitigation of risks, and the risks themselves, do have legal consequences for the Council.

Main body and purpose of report

5. Move to a Risk Management Information System

(1) Prior to August 2010 all risk registers, including the strategic risk register, were held in Microsoft Word documents. This format limited the usefulness of the registers as dynamic tools of management, and as a result it was decided move to a simple risk management information system. The strategic risk register has now been migrated to this

system, although there remains some work to do in assigning ownership of risks, controls and actions, as well as creating a sensible review schedule for risks and delivery dates for actions.

Content of the updated Risk Register

(2) The strategic risk register currently contains 33 risks. This is an increase of ten from the previous version. The increase is a combination of the aggregation and disaggregation of risks to allow entry onto the new system, but is mainly due to new risks identified since April 2010. Of these new risks, three have been escalated from the "*Change to Keep Succeeding*" transformation project risk register previously reported to Cabinet and monitored by CMT, while others relate to recently announced government policies.

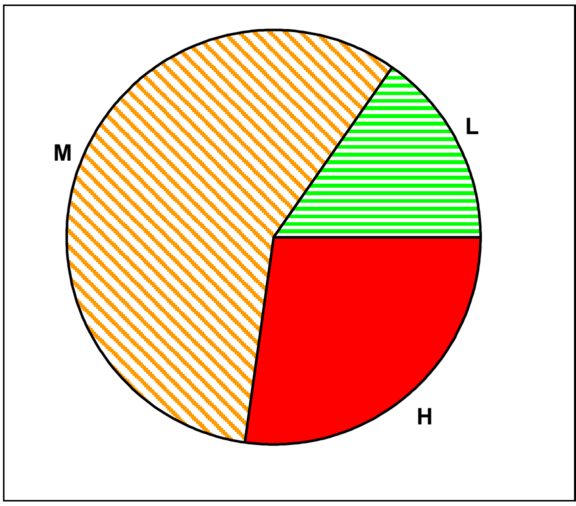
(3) Table 1 below gives the breakdown of the risk register by risk rating. It shows an increasing risk profile of the Council, with 85% of risks now assessed as high or medium, compared to 61% in April. This is a reflection of the very dynamic position of the UK economy, the public sector and also the organisational changes within the Council. In these rapidly changing circumstances, Cabinet should look at these new exposures and see whether the risk levels are appropriate and explore if there are actions which could be taken to mitigate them.

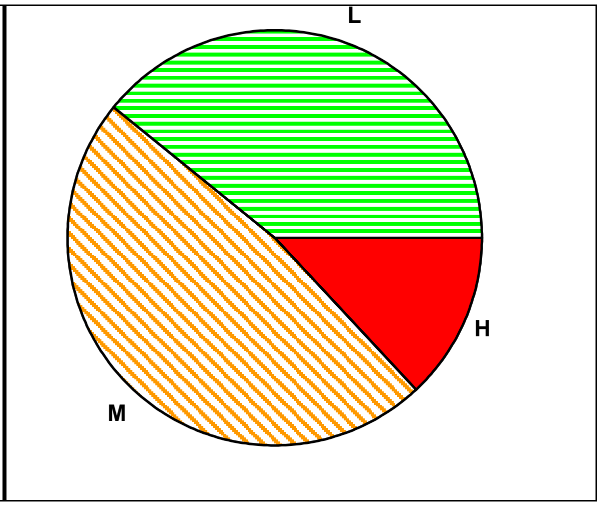
(4) Members are reminded that it is the responsibility of officers to manage the risks within the parameters set by Cabinet.

(5) The changes to the Council's risk profile is analysed fully in annex 1, while annex 2 contains the full detail of those risks graded as high.

Table 1

	October 2010		**April 2010**	
Level	Risks	%	Risks	%
High (Score 16-25)	9	27%	3	13%
Medium (Score 8 – 15)	19	58%	11	48%
Low (Score 16-25)	5	15%	9	39%





Consultation and Communication

6. N/A

Risk and Business Continuity Management

7. N/A

Sustainability Implications

8. N/A

Conclusion

9. Cabinet need to assess whether the updated strategic risk register accurately reflects the current position of the Council, and if additional action is required to reduce the overall level of risk.

Recommendations

10. Cabinet are asked to:

(1) Assess the changes to the risk register and whether the risk levels are appropriate, and explore if there are actions which could be taken to mitigate them.

Background Documents – Full Strategic Risk Register

David Tonks
Head of Audit and Risk
Ext 4614

Risk No.	Title and Description of risk	Current risk rating & direction of change	Reason(s) for change
13	**Children's Social Workers.** There will be a breakdown of children's placements due to limited success of local / national / international campaigns to recruit Children's Social Workers, or recruitment of a large volume of inexperienced staff, resulting in service pressures, poor practice and challenging workloads for existing staff.	25	Cabinet / CMT agreed that the likelihood of this risk had increased from “likely” to “very likely”.
43	**Financial Accounting Framework** Required amendments to the financial accounting framework will not be delivered by 1st April or other statutory requirements will not be met as a result of a lack of appropriate capacity resulting in compromised financial management and critique from statutory regulators.	New risk entry 20	This is a new risk identified in relation to the “Change to keep succeeding” project
44	**Multiple pressures** Key aspects of medium term financial plan and other corporate projects in response to internal and external changes are not delivered as available management capacity in exceeded, or projects are deemed no longer viable, resulting in adverse financial standing, service or policy failure in the short to medium term.	New risk entry 20	This is a new risk identified in relation to the “Change to keep succeeding” project
23	**Transfer of LD Services and accountability to the County** LD transfer from NHS presents 2 levels of risk; from now to 31 March 2011, local health bodies pass insufficient funds across to maintain individual’s services; and from April 2011 when the funding transfers nationally, that this is done by formula, and not by recognising actual costs.	16	This risk was previously included as part of a general service transfer risk, scored medium overall. It was considered that the overall likelihood of insufficient funds being provided in the current climate had increased.
25	**Information sharing and cross agency working to provide services** Information is not shared, or is not shared correctly, resulting in a failure of service provision (including preventing harm to clients) and/or data protection breach.	16	The following issues increased the likelihood of this risk: • Organisational restructuring may impact on risk sharing arrangements. • Removal of statutory backing for safeguarding board. With changes to PCTs / SHAs and academies will have safeguarding implications?

Risk No.	Title and Description of risk	Current risk rating & direction of change	Reason(s) for change
49	**Proposed cap on housing benefit entitlement** There will be a significant movement of families from large city areas, particularly London, into the County due to the proposal of government to cap housing and other benefit resulting in an un-sustainable increase in demand for our services such as schools and social services.	New risk entry 16	This is a new risk identified in response to recent Central Government proposals on housing and other benefits.
52	**Public Health Duties** The Council fails to plan delivery of new public health responsibilities set out in the proposed changes in the way Public Health is to be delivered in the NHS White paper, resulting in a breach of statutory duties, and poor health protection, emergency preparedness and health improvement provision.	New risk entry 16	This is a new risk identified in response to recent Central Government proposals for Public Health provision.
19	**Staffing** The County may suffer the loss of a significant number of key staff through retirement or other reasons and suffer from an inability to attract high calibre staff to fill vacant positions.	15	The changed scoring reflects the impact of government plans for the public sector, and the limitations this may place on local government to compete in the market place.
31	**Assessment and inspection activity** KCC is assessed as failing to meet one or more of its statutory or regulatory responsibilities and is subject to intervention or negative comment from a national regulator	12	Media focus has increased recently following the publication of serious case reviews and high profile cases such as baby P. Significant pressures on budgets mean that gaps in the control processes become more likely and service pressure will become more intense. No new significant control actions identified
24	**Academies Act** The Academies Act could lead to a fragmentation of and inconsistency in service provision. There could also be reduced funding for LEAs with a knock on effect for the proportionately more expensive statutory functions supporting schools that remain within LEA control.	New risk entry 12	This is a new risk in response to new legislation. New control action - The implications of free schools on KCC services is being identified and understood.

Annex 1: Changes Strategic Risk Register

Risk No.	Title and Description of risk	Current risk rating & direction of change	Reason(s) for change
21	**Unaccompanied asylum seeking children** There is an increased risk of KCC failing to deliver its policy in relation to unaccompanied asylum seeking children especially ion light of the UK Border Agency reducing funding.	New risk entry 12	New control action • The lobbying of the UK Border Agency to obtain clarity of legislative requirements.
40	**Organisational transformation** Sizeable workforce reductions and changes to services delivered resulting from the financial constraints mean that there is an institutional knowledge drain, inappropriate or mismanaged service cuts or other unintended outcomes (loss of top performing staff, unintended escalation of consultancy use, increased costs of redundancy and pensions, negative moral, poor staff relations) and stable or increasing workloads that fall onto a smaller pool of staff	New risk entry 12	New controls actions • Improve programme and project management across KCC to identify wider implications, timing and impact of separate initiatives • Improved scheduling of changes involving support staff
41	**Information Governance** The Council may fail to deliver robust information governance and be deemed to have broken either the Data Protection Act or FOI or its duty of care.	New risk entry 12	This risk was previously contained within other risks, but considered prominent enough to warrant separate consideration.
47	**Corporate Governance** Corporate governance may fail to a greater or lesser extent (including delegated authority) as a result of changes made at senior levels not being reflected in revised governance structures, resulting in inappropriate decisions regarding spending or other outcomes.	New risk entry 12	This is a new risk identified in relation to the “Change to keep succeeding” project
39	**Emerging legislation** New and emerging legislation may have a fundamental but unforeseen impact on the way in which Council services are delivered	New risk entry 10	The coalition government is introducing a range of new legislation and other significant changes that have major implications for local government and the wider public sector.

Annex 1: Changes Strategic Risk Register

Risk No.	Title and Description of risk	Current risk rating & direction of change	Reason(s) for change
34	**Vulnerable transport links** A significant closure of any primary access route could severely disrupt the County due to the nature of its geography and transport infrastructure.	8	Potential civil unrest across the UK and the continent, with associated strike action and blockades, led to the likelihood score being increased.
36	**Funding of Partnerships** There may be a withdrawal of funding by partner bodies (or central government) for partnerships that are key to the achievement of KCC objectives	8	Actions by the new coalition government has targeted funding to local partnerships as a means of saving money
38	**Potential suspension of the BSF programme** The suspension of the BSF programme may lead to a significant affordability gap and increased potential for litigation against the Council by existing PFI contractors for loss of profit.	New risk entry 8	There will be increased pressure on the viability of schools where investment has not been made in Districts where the BSF programme is halted mid-programme, and an increase in the volume of schools admission appeals with the associated adverse publicity as a result There may also be an impact in relation to: • SEN and KCC strategy for Special Schools • Impact on local economy (estimated worth of wave 4 = £32m) • Potential litigation from contractors (around £11m) • Impact on apprenticeship scheme (120 places linked to wave 4)
22	**Response to major incident or event** Inability of the Council to effectively respond effectively to a major incident or event that results in significant service disruption and failure to return business to normal in anticipated timescales.	6	The previous iteration included three sub risks in relation to major incidents, two of which related to pandemics and were graded medium. The risks have been aggregated and the overall rating of likelihood reduced.

Annex 2: Highest Rated Risks

Top Strategic Risks

Objective	**Deliver effective corporate social responsibility**
Risk	**Reduction in Government Funding**

Risk ID	Description	Owner	Current Evaluation Level	Residual Score	Residual Likelihood	Residual Impact	Dynamic
7	The extent of certain aspects government funding reductions and distribution of monies is unknown and may exceed that which is assumed in the Council's autumn budget statement.	Cabinet / CMT	Red	16	Likely [4]	Serious [4]	Steady

Control Title
Robust MTP processes supoprted by business planning including 1) Peer review of pressures and savings 2) Political prioritisation and decision making 3) Financial Strategy Board and other officer groups to consider the major saving strands
The output of the CSR has been assessed against the current MTP at high level.
Use of Council reserves to smooth the impact of government cuts

Action Title
Develop a 4 year MTP rather than 3 to reflect likely timing of Spending Review
Early planning for the later and more difficult years
Elected Members wiill make the difficult decisions on cost reduction.
Implementation of aspects of "Bold steps"
Organisational restructure to reduce operating costs
CMT programme plan to monitor budget savings, efficiencies and other significant projects.

Objective	Maintaining year on year financial balance
Risk	**Consequences of the current UK economy on wider scoiety**

Risk ID	Description	Owner	Current Evaluation Level	Residual Score	Residual Likelihood	Residual Impact	Dynamic
5	Financial and economic deterioration of the UK wide economy spills over into wider fabric of society resulting in a reduction in Council Tax collection and other significant income streams of the Council.	Cabinet / CMT	Red	16	Likely [4]	Serious [4]	Steady

Control Title
Robust MTP supported by business planning, including 1) Peer review of pressures and savings 2)Political prioritisation and decision making
Economic development and regeneration actvity
Properly understanding the Council's cost drivers and responding to the background indicators of poverty on the County.
Flexible arrangements exist within services to enable quick adjustment of the cost base to changes in demand
Core monitoring reports provided to CMT / Cabinet which include indicators of demand

Action Title
Policy led budgeting approach
Refocusing of priorities to target action to address financial, health and wider socioeconomic impacts
Demand management through a robust preventative stategy across all services
Council's medium term plan "Bold Steps" to include the aim of growing the Kent economy
Establishment of Local Enterprise Partnership.
Development of monitoring arrangements for Council Tax collection with District Councils

Objective	Ensure regulatory and statutory compliance of the Council
Risk	Children's Social Workers.

Risk ID	Description	Owner	Current Evaluation Level	Residual Score	Residual Likelihood	Residual Impact	Dynamic
13	There will be a breakdown of children's placements due to limited success of local / national / international campaigns to recruit Children's Social Workers, or recruitment of a large volume of inexperienced staff, resulting in service pressures, poor practice and challenging workloads for existing staff.	Cabinet / CMT	Red	25	Very Likely [5]	Major [5]	Increasing

Control Title
CSS Recruitment Group monitors SW vacancies and agrees strategies for urgent situations
Active strategy in place to attract and recruit social workers through a variety of routes including a recruitment campaign in USA
22 final year DipSW students have been recruited through the bursary scheme and were in post as newly qualified social workers from July 2010
Recruitment calendar ensures we recruit NQSW's annually.
Targeted recruitment activity has taken place.
"Ready for Practice" scheme targeted at MA social work students
Nine social workers recruited from Northern Europe via Jacaranda started in West Kent

Action Title
Work has commenced to recruit final year SW students to secure a further 22 staff to commence employment August 2010
Ongoing development of further strategies to support recruitment e.g. qualification routes through open university
Disseminate best practice to secure stable SW staffing
CSS to consider Recruitment Coordinator role to ensure that all SW applications receive attention
CSS Realignment to review pay grading for SW team leaders and also support for Step into Management programme
Review 'growing our own' social workers.
Consideration to be given to converting some social work posts to assistant social worker posts, changing the skill mix of the teams
Improvement Board set up to deliver agreed improvement plan
Actions of practice quality teams to look at practice and redesign teams
Programmes in progress to ensure staff morale is maitained and enhanced

Risk **Information sharing and cross agency working to provide services**

Risk ID	Description	Owner	Current Evaluation Level	Residual Score	Residual Likelihood	Residual Impact	Dynamic
25	Information is not shared, or is shared incorrectly, resulting in a failure of service provision (including preventing harm to clients) and/or a data protection breach.	Cabinet / CMT	Red	16	Likely [4]	Serious [4]	Increasing

Control Title

Robust safeguarding procedures are in place, including a common assessment framework.

Coherent county wide strategy and protocols on sharing information between agencies in place

Action Title

Integrated systems are in development

Monitoring / progress paper to be provided to Cabinet

Risk **Public Health Duties**

Risk ID	Description	Owner	Current Evaluation Level	Residual Score	Residual Likelihood	Residual Impact	Dynamic
32	The Council fails to plan delivery of new public health responsibilities set out in the proposed changes in the way Public Health is to be delivered in the NHS White paper, resulting in a breach of statutory duties, and poor health protection, emergency preparedness and health improvement provision.	Cabinet / CMT	Red	16	Likely [4]	Serious [4]	New

Control Title

A local transition board comprising the Kent and Medway DPHs, the Deputy DPH from Eastern and Coastal PCT, and the Director of Health Improvement from West Kent PCT has been established

KCC has had a designated cabinet portfolio holder

Action Title

preparing a local transition plan alongside that being produced by the South East Coast region

Cabinet member will assume a central role at a strategic level. This will include being invited to chair the public health board, contribute to the wider public health network and championing the public health function across the county

An HR framework is being developed as part of the work of the transition planning group

Dedicated resource to be commissioned to ensure that any transfer of funding is fair and equitable and the interests of the Council are protected.

Objective	Delivery of services to meet Vision for Kent (T2010) and / or Business Plans						
Risk	**Proposed cap on housing benefit entitlement**						
Risk ID	**Description**	**Owner**	**Current Evaluation Level**	**Residual Score**	**Residual Likelihood**	**Residual Impact**	**Dynamic**
49	There will be a significant movement of families from large city areas, particularly London, into the County due to the proposal of government to cap housing and other benefit resulting in an un-sustainable increase in demand for our services such as schools and social services.	Cabinet / CMT	Red	16	Likely [4]	Serious [4]	New

Action Title

Development of early warning indicators through existing mechanisms and/or District Council Housing teams

Issue to be discussed at South East Leaders / CEx forum.

Risk	Transfer of LD Services and accountanbility to the County						
Risk ID	**Description**	**Owner**	**Current Evaluation Level**	**Residual Score**	**Residual Likelihood**	**Residual Impact**	**Dynamic**
23	LD transfer from NHS presents 2 levels of risk; from now to 31 March 2011, local health bodies pass insufficient funds across to maintain individual's services; and from April 2011 when the funding transfers nationally, that this is done by formula, and not by recognising actual costs.	Cabinet / CMT	Red	16	Likely [4]	Serious [4]	Increasing

Action Title

Detailed and transparent analysis and planning with local health bodies

Lobbying of central government based on solid evidence

Objective	To deliver a new organisational framework						
Risk	**Financial Accounting Framework**						
Risk ID	**Description**	**Owner**	**Current Evaluation Level**	**Residual Score**	**Residual Likelihood**	**Residual Impact**	**Dynamic**
43	Required amendments to the financial accounting framework will not be delivered by 1st April or other statutory requirements will not be met as a result of a lack of appropriate capacity resulting in compromised financial management and critique from statutory regulators.	Cabinet / CMT	Red	20	Likely [4]	Major [5]	New

Control Title

No commitment has been made to this course of action, nor will any commitment be made until the impact has been assessed, and appropriate mitigation and controls put in place

Action Title

Corporate Finance is developing a project plan to deliver the required amendments

Extra resources to be provided to Corporate Finance if required.

Amendments to the current reporting deadlines (such as those for the annual accounts) will be reviewed

Discussions to be held with the Audit Commission

Risk	**Multiple pressures**						
Risk ID	**Description**	**Owner**	**Current Evaluation Level**	**Residual Score**	**Residual Likelihood**	**Residual Impact**	**Dynamic**
44	Key aspects of medium term financial plan and other corporate projects in response to internal and external changes are not delivered as available management capacity is exceeded, or projects are deemed no longer viable, resulting in adverse financial standing, service or policy failure in the short to medium term.	Cabinet / CMT	Red	20	Likely [4]	Major [5]	New

Control Title

No commitment has been made to this course of action, nor will any commitment be made until the impact has been assessed, and appropriate mitigation and controls put in place

Weekly reports to CMT

A project plan and time line are in place, a project team established, risks are identified and mitigation steps already taken.

Action Title

CMT will discuss and examine the different proposals and create models for new ways of working

Transition planning is taking place and a detailed transition plan is being developed.

CMT will monitor a programme plan to incorporate “Change to Keep Succeeding” actions, budget outcomes, efficiency and de-prioritisation changes and all other truly significant projects

By: Roger Gough - Cabinet Member for Corporate Support Services and Performance Management
Katherine Kerswell - Group Managing Director

To: Cabinet – 29 November 2010

Subject: Core Monitoring Report

Classification: Unrestricted

Summary : The purpose of this report is to inform Cabinet of the key areas of performance and activity across the authority.

Introduction Core Monitoring

1. The second Core Monitoring report to Cabinet is attached. The last Core Monitoring report was provided to Cabinet on 13 September.

2. The Core Monitoring includes graphs and commentaries on a wide range of indicators, covering key activity and performance relating to the main services provided by the council.

3. The latest report provides information on the activity and performance up to the end of September 2010, including an update at the half year point on key projects and developments from this year's Unit Business Plans.

Core Monitoring

4. The Core Monitoring process is considered to be an important step in helping to manage the overall performance of the authority, and it is intended to contain the most important information which the Corporate Management Team and Cabinet Members need to be informed of.

5. Publication of the Core Monitoring report on the external web site is also an important element of our transparency agenda.

6. Key changes to the report format compared to the last report include the following:

- Data tables have been added to each page below the graphs
- Previous reports showed quarterly trends and annual benchmarks as separate graphs. Information for both annual benchmarks and current year quarterly trends have now been combined into one graph for each indicator as far as possible
- Some new comparative data has been added, including statistical neighbour figures where relevant
- Graph colours have been altered to improve readability when printing in black and white and to reduce toner usage (lighter shades used)

- LAA targets have been removed and the focus of assessment for indicators affected has moved to comparison to national benchmarks.

Recommendation

4. Members are asked to NOTE this report.

Contact officer:-
Richard Fitzgerald, Performance Manager, Chief Executives Dept
Tel 01622 22(1985)/Email richard.fitzgerald@kent.gov.uk

Kent County Council

Core Monitoring Report

Presented to Cabinet
29 November 2010

Including Information up to the end of September 2010

Contents and Summary

Description	Page	Current Status	Previous Status
Environment, Highways and Waste			
Managing Director's Commentary	**45 – 48**		
Household waste tonnage	49	Amber	Amber
Recycling/composting	50	Amber	Amber
Waste taken to landfill	51	Green	Green
Congestion - Maidstone	52	Green	Green
Freedom pass	53	Amber	Amber
Routine highways repairs within 28 days	54	Red	Red
Pothole repairs – average repair time	55	Red	Amber
Streetlight faults repaired - KCC	56	Green	Green
Streetlight faults repaired - EDF	56	Red	Amber
Road traffic casualties	57	Green	Green
Communities			
Managing Director's Commentary	**58 – 61**		
Library visits	62	Amber	Amber
Library book issues	63	Red	Red
KCC apprenticeships	64	Green	Green
New entrants to the youth justice system	65	Amber	Red
Young offenders in education, employment and training	66	Amber	Amber
Adult education enrolments	67	Green	Green
Drug users starting in treatment	67	Green	Green
Supporting People – people achieving independent living	69	N/a	Amber
The Kent Economy			
Executive Director's Commentary	**70**		
Backing Kent Business	71	Provided for Information only	
Claimant counts (Job seekers allowance)	72		
Claimant count age 18 – 24	73		
Out of work benefit claimants of working age	74		
Appendix			
Comparative benchmarks	75		

General notes on interpreting the data included in this report

A wide selection of indicators for the core areas of activity and performance of the council is included in this report, as well as some contextual indicators relating to the Kent economy. Indicator values are shown by graph and data tables, including Direction of Travel and RAG ratings (see tables below for a key to interpreting these).

A range of presentation styles are provided for different indicators depending on the information available. In some cases we provide the most recent results for the last four financial year quarters, while for other indicators we provide annual data for the last few years with the most recent two quarter's data also shown.

Where relevant and available, the indicators are provided with comparative data showing national averages or other suitable benchmark information. See the Appendix for more information on the comparative benchmarks used.

It should be noted that annual data provided in this report (ie a full financial year up to and including financial year 2009/10 which ended on March 2010), is generally validated data which is public domain and available in many cases within the remit of national statistics.

However, quarterly data provided in this report and all information subsequent to March 2010 is classed as provisional local management information which in some cases is provided on an estimated basis. This data is likely to be subject to future revisions.

Key to RAG (Red/Amber/Green) ratings

		RAG Ratings
Green	★	Performance exceeds local targets where set or is significantly better than the most recently published national average/benchmark
Amber	●	Performance not significantly different from most recently published national average or close to but not exceeding local targets
Red	▲	Performance significantly behind local targets where set or significantly worse than the most recently published national average
N/a		Data not available in order to assess performance

Key to DoT (Direction of Travel) ratings

		DoT Ratings
	⬆	Improvement in performance or change in activity levels with a positive impact on budgets and resources
	⬇	Fall in performance or change in activity levels with a negative impact on budget and resources
	⬌	No change in performance or activity levels

KCC Core Monitoring

Group Managing Director's Commentary

This is our second Core Monitoring report for 2010/11. It provides information for the second financial quarter up to the end of September 2010. As well as the key indicators reported each quarter, this report also provides a mid-year stock take on some key projects and actions within our service business plans.

The publication of this report is part of our transparency agenda, making the information and data we use as an organisation more open to public scrutiny. We are interested to hear what residents think of this information and how we could improve it to make it more relevant and easy to understand.

Some key highlights from this quarter's report are:

Customer Services

- Residents are making good use of Kent's new Gateway facilities to access public services. Transaction levels at our 7 outlets continue to increase each quarter.
- Our contact centre and location switchboards answered more than 85% of the 270,000 calls received within 20 seconds. This is slightly down from last quarter but well ahead of target.
- The number of complaints received this quarter was lower than last quarter, but still higher than last year. See the 'You said - We did' section of our web site for how we have improved our services in response to customer feedback.

Services for all residents

- Our Find & Fix highways repair programme has now completed. This means that a significant backlog of pothole repairs have now been dealt with. Pothole response times for the quarter show as very long, due to the data including a backlog of repairs from much earlier in the year.
- Recycling levels in Kent are not showing any increase but diversion of waste from landfill continues to improve.
- The level of serious injury due to road traffic accidents continues to reduce.
- The level of library visits has held up well despite a number of temporary closures to various libraries due to refurbishment as part of our modernising libraries programme, but book issues are down.

Children and young people

- Kent children are now performing extremely well at Foundation stage and for GCSE their performance continues to exceed the national average.
- We continue to experience increasing rates of referrals to children social services.
- Children's social worker vacancy rates continue to reduce.
- We have exceeded our target for take up of Apprenticeship offers.
- Continued reduction in the number of young people becoming involved in crime and being referred to the youth justice system.

Services for adults and older people

- Adult education enrolments continue to exceed target, although levels have dropped this quarter.

- We continue to deliver more personalised adult social services with the successful roll-out of Self Directed Support, giving people control and choice over the support we provide, through the allocation of Personal Budgets.
- We are experiencing upward demand to support older people who require nursing care but this is within affordable budgeted levels, and expected due to demographic changes.
- Similar pressures are being experienced for clients with learning disability who require residential care.

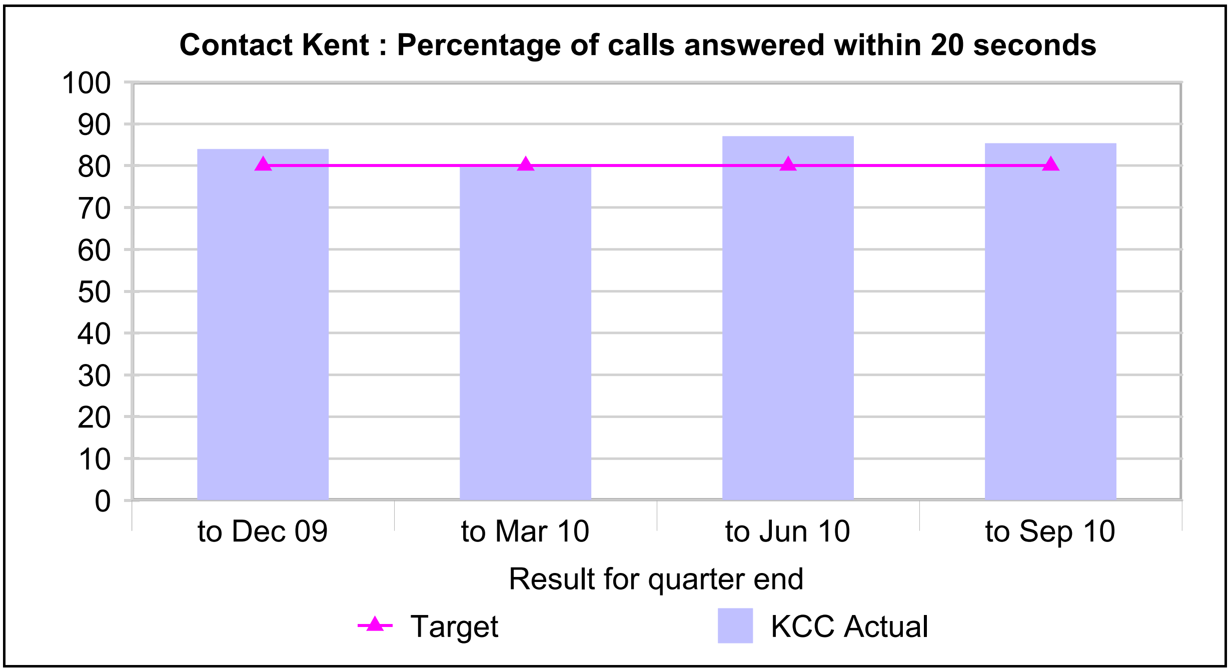
Support for Businesses

- We continue to work hard on our Backing Kent Business campaign to help support local businesses through the worst recession seen in decades.

Environment

- We have made good progress in reducing carbon emissions from our direct estate but emissions from school buildings have been increasing.

Katherine Kerswell
Group Managing Director
Kent County Council



Higher value is better	Quarter end Dec 09	Quarter end Mar 10	Quarter end Jun 10	Quarter end Sept 10
KCC Result	83.9%	79.6% ⬇	87.0% ⬆	85.3% ⬇
Target	80%	80%	80%	80%
RAG Rating	★	●	★	★
Calls received	269,000	304,000	261,000	270,000

Contact Kent currently supports 87 different services on a 24 hours a day, 7 days a week, 365 days a year basis. The range of services provided includes library book renewals, reporting pot-holes, arranging temporary housing for Maidstone residents and handling reporting of child protection concerns for both new and existing cases. This requires a high level of customer service skills, dealing with different needs and conversing with a wide range of callers. The services with the highest volumes of calls received are Libraries, Highways and Registrations.

Contact Kent continues to perform well with 85.3% of the 270,000 calls received in the last quarter being answered within 20 seconds.

Detailed performance information is as follows :

	2009 Full year	2010 To date
Percentage of calls that were answered	94%	95%
Average wait time	15 seconds	12 seconds
Average abandon time	57 seconds	1 min 2 sec

Gateways

Transactions	Jul - Sep 09	Oct – Dec 09	Jan – Mar 10	Apr – Jun 10	Jul – Sep 10
Ashford	8,893	8,461	8,829	11,126	12,958
Dover	5,944	8,239	11,514	11,780	11,735
Maidstone	12,035	10,576	13,244	12,652	16,742
Tenterden	5,291	4,534	4,633	6,030	4,987
Thanet	25,152	21,835	29,807	33,586	32,385
Tonbridge	10,381	9,246	15,991	17,640	21,029
Tunbridge Wells	14,720	11,927	17,516	13,409	11,999
TOTAL	82,416	74,818	101,534	106,223	111,835

Variations between quarters reflect seasonal variations and other changes to services offered/advertised at any given time.

Footfall	Jul – Sep 09	Oct – Dec 09	Jan – Mar 10	Apr – Jun 10	Jul – Sep 10
Ashford	16,341	16,607	17,495	22,103	24,735
Tenterden	47,883	59,653	61,209	56,940	63,672
Thanet	116,483	99,386	109,813	104,764	121,012
Tunbridge Wells	Not available	27,840	34,018	30,952	28,407
TOTAL	180,707	203,486	222,535	214,759	237,816

The Tunbridge Wells footfall counter was installed in September 2009. Counters are not currently installed at Maidstone, Dover or Tonbridge. Thanet and Tenterden Gateway footfall includes library visitors but library transactions are not counted under Gateways.

Gateways have had a busy quarter with transaction levels continuing to increase. Many transactions are processed through the Meet and Greet function (26%) or as routine transactions (27%). The benefits section takes the most specific enquires (36%).

Gateway is working with Gravesham Borough Council to develop the Gravesend Gateway at the Civic Centre, which is expected to open in autumn 2010.

Complaints Monitoring

Service area	Apr – Jun 10	Jul – Sept 10	Current year Apr - Sep	Previous year Apr - Sep
Kent Highway Services (KHS)	534	532	1,066	328
Adult Social Services	139	126	265	213
Children, Families & Education	131	104	235	229
Environment & Waste	103	102	205	193
Risk Management & Insurance	96	49	145	41
Community Learning & Skills	32	49	81	17
Other services	31	29	60	65
Commercial Services	11	27	38	33
Libraries & Archives	45	25	70	235
Youth Service	5	12	17	57
Supporting People	8	12	20	15
Total	1,135	1,067	2,202	1,426

During 2009/10, lessons learned from complaints received have been published within the '**You said, we did'** section of the kent.gov website to illustrate the changes that are made as a direct result of complaints

The total number of complaints received for the quarter to September was slightly down from the previous quarter with the risk management and insurance section showing a large drop in the number of complaints being now being received in relation to delays in processing insurance claims for pothole damage.

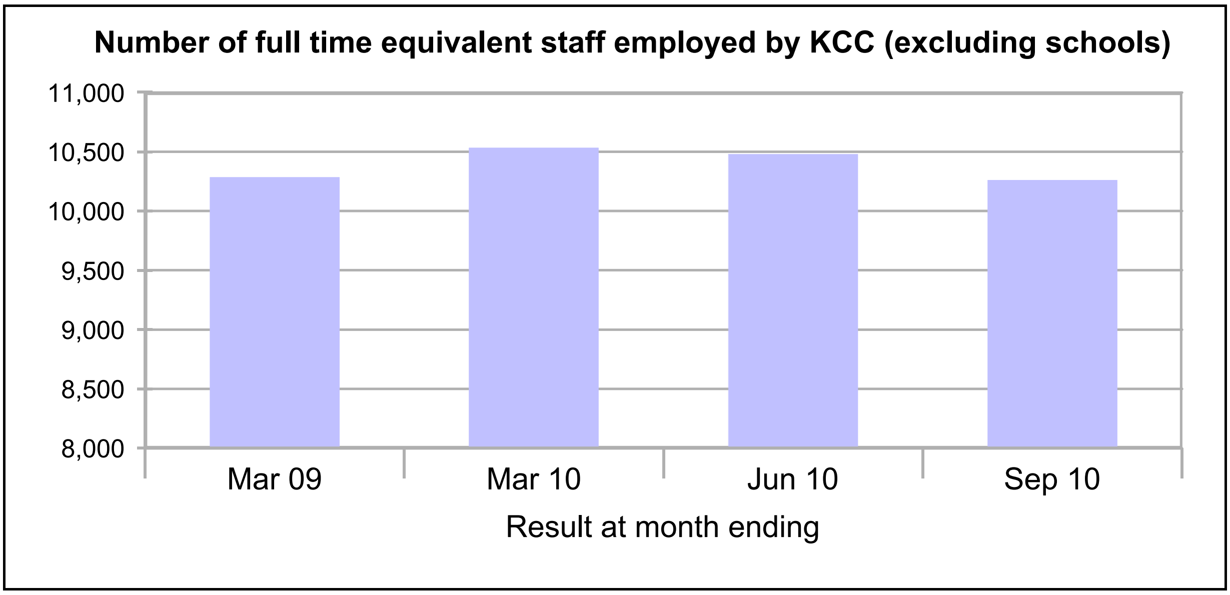
So far this financial year we have received 54% more complaints than for the same period for last financial year, although some services are seeing less complaints. However the number of complaints is currently lower than it was during the last winter (2,475 complaints in the six months October to March).

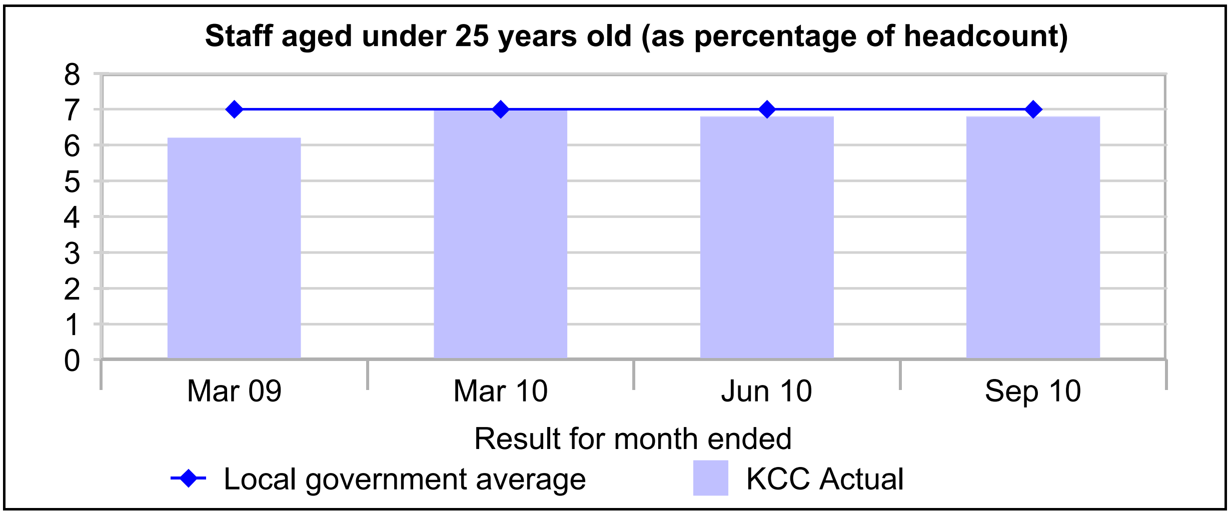
In part the increased level of complaints this year will be down to initiatives such as 'You said, we did' where we actively encourage residents to make complains to help us improve our services. However the main cause for the increase in complaints has been in relation to problems with the condition of the roads as explained below.

KHS received over 1,000 complaints during the first half of this financial year from over 90,000 enquiries received. This compares to 328 complaints in the same period last year from 50,000 enquires. The increase was primarily as a result of the extremely harsh winter conditions that led to severe damage to the road network and fuelled concerns from residents about the time to repair potholes and dealing with the significant increase in insurance claims.

KHS have now addressed the backlog of faults which led to the increase in complaints, through the winter pot hole damage Find & Fix programme. This should reduce the number of complaints, although another harsh winter could again cause significant damage to the highways in Kent.

Services with reduced numbers of complaints this year include Libraries and the Youth Service.



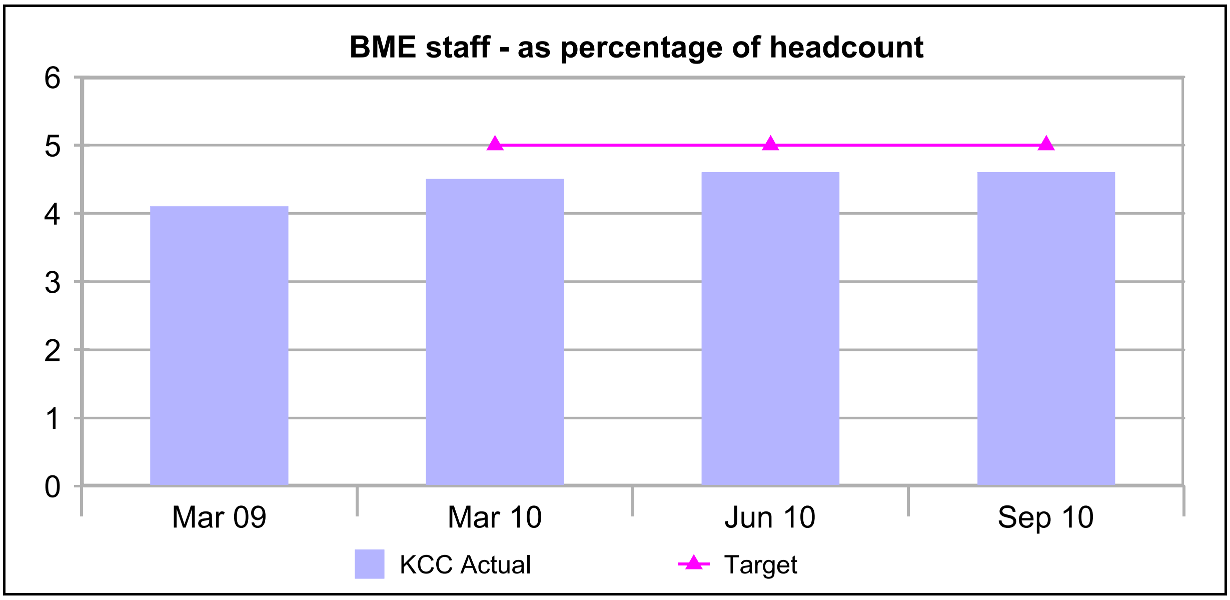


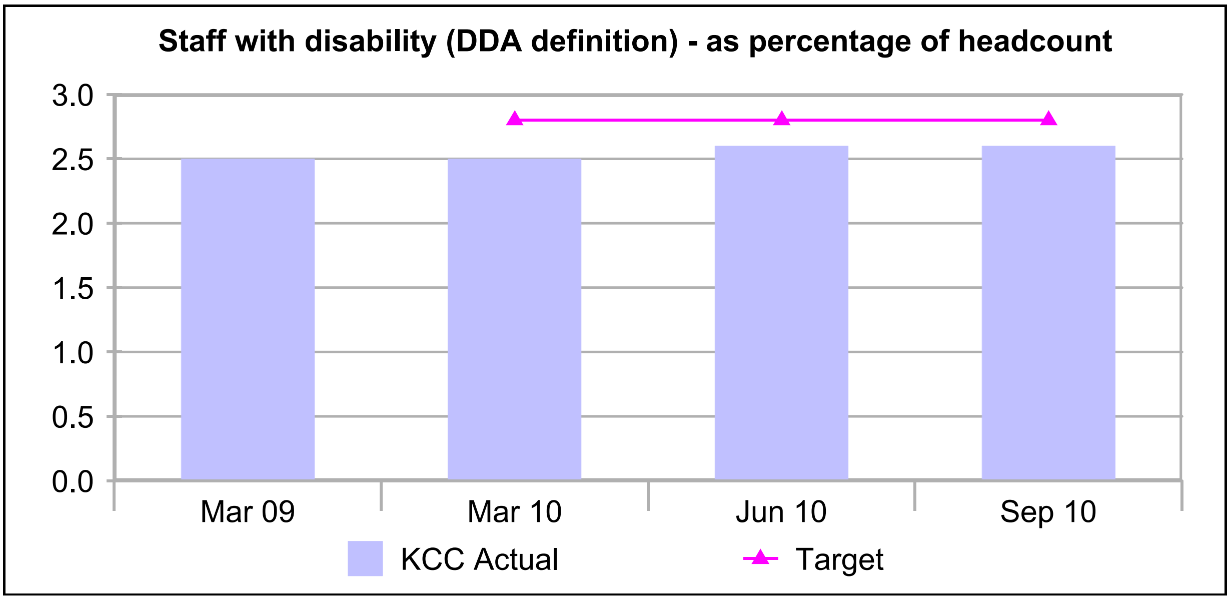
	Mar 09	Mar 10	Jun 10 Provisional	Sept 10 Provisional
Staffing levels – FTE	10,285	10,531	10,477	10,259
KCC Result – staff aged under 25	6.2%	7% ⬆	6.8% ⬇	6.8% ↔
Local government average	7.0%	7.0%	7.0%	7.0%
RAG Rating	▲	●	●	●

The current financial year shows a drop in staffing levels as funding becomes reduced and the council prepares for further funding reductions in the years to follow as government reduces its budget deficit.

The council has performed well in attracting younger people into the workforce, including young apprenticeships. Kent now performs close to the local government average of 7% of staff aged under 25 years old.

At least 350 additional apprenticeships will be taken on over the next four years.



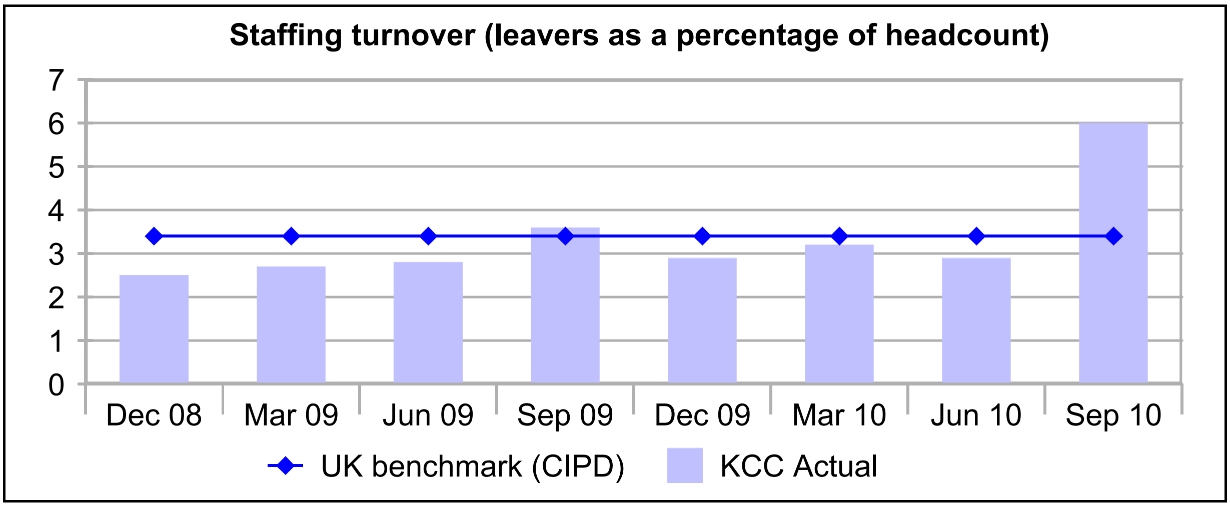


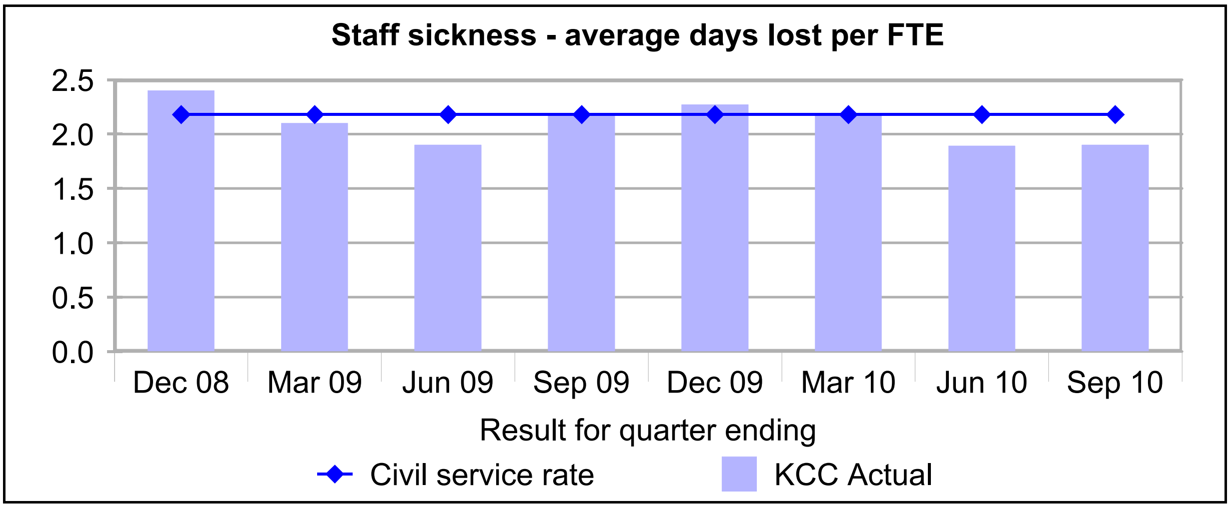
Higher value is better	Mar 09	Mar 10	Jun 10 Provisional	Sept 10 Provisional
BME staff actual	4.1%	4.5% ⬆	4.6% ⬆	4.6% ⬌
Target	5%	5%	5%	5%
RAG Rating	▲	●	●	●
Staff with disability actual	2.5%	2.5% ⬌	2.6% ⬆	2.6% ⬌
Target	2.8%	2.8%	2.8%	2.8%
RAG Rating	▲	▲	●	●

Progress is being made on attracting and retaining staff from black and minority ethnic groups with numbers continuing to increase.

Less progress is being made in relation to staff with disability with numbers not changing significantly in the last two years. Performance has however improved marginally since March 2010

Results for both indicators could be erratic in future quarters due to staff turnover levels.

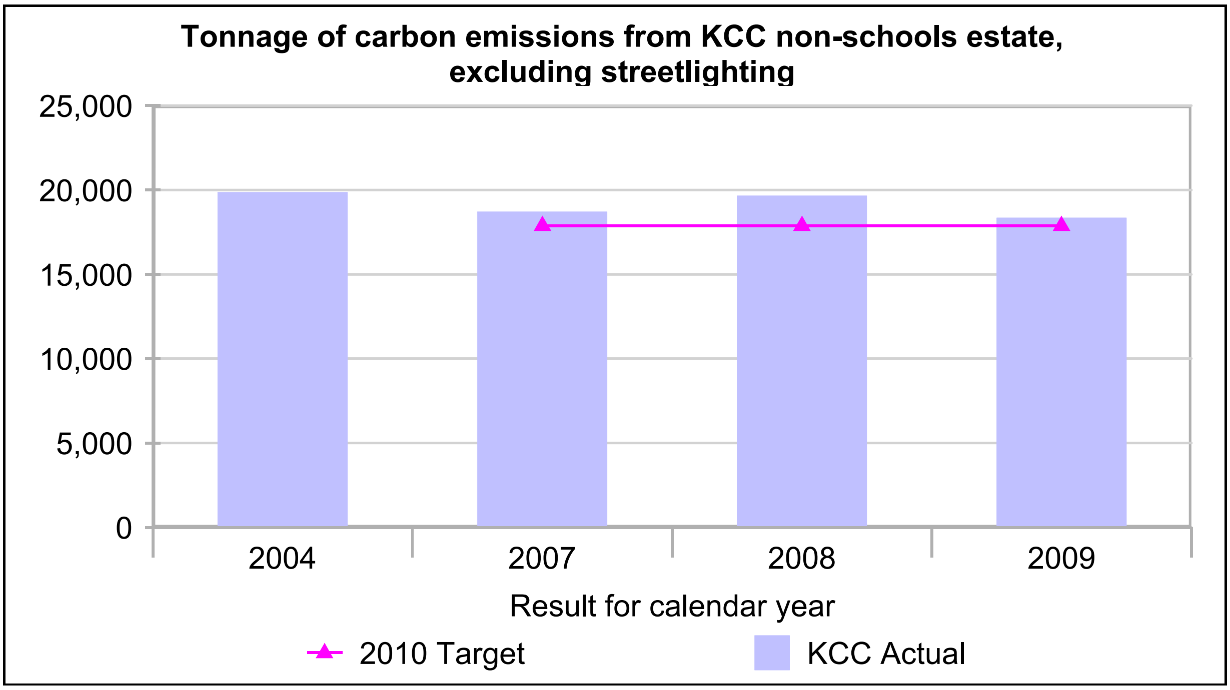




Lower value is better for sickness	Quarter to Dec 09	Quarter to Mar 10	Quarter to Jun 10 Provisional	Quarter to Sept 10 Provisional
Staff turnover actual	2.9%	3.2%	2.9%	6.0%
UK Benchmark	3.4%	3.4%	3.4%	3.4%
RAG Rating	Not rated – ideal is to be close to the benchmark over the medium term			
Staff sickness actual	2.3	2.2 ↑	1.9 ↑	1.9 ↔
Civil service rate	2.2	2.2	2.2	2.2
RAG Rating				

The number of staff leavers has been high in the last quarter. This was a result of restructuring within services for Children, Families and Education where some posts were lost as well a result of some funding streams coming to an end. It is expected that high figures will continue to be reported over the next few years as funding cuts result in fewer staff being employed by the council.

Sickness days in the last 12 months have averaged 8.3 per full time employee which is down from previous figures, due to low levels in the last two quarters.



Lower result is better	2004 Baseline	2007	2008	2009
KCC non-schools result	19,900	18,700 ⬆	19,700 ⬇	18,300 ⬆
Target		17,900	17,900	17,900
RAG Rating		▲	▲	●
Schools result (not graphed)	66,000	69,700 ⬇	76,700 ⬇	75,700 ⬆
Target		59,400	59,400	59,400
RAG Rating		▲	▲	▲

The target for a 10% reduction in emissions from 2004 levels by 2010 is not being met although good progress has been made for the non-schools estate.

There has been an increase in emissions at schools including a 50% increase in electricity use. The increases are due to :

- Increase in physical estate (additional school buildings) e.g. Children's Centre Programme
- Significant increase in use of ICT in schools (ongoing)
- Longer 'hours of business' across KCC e.g. Extended Schools Programme
- New schools with higher energy use than those they replace

More than ever, a step change approach is now needed in energy and carbon management if the upward trend in energy demand and carbon emissions is to be reversed or even stabilised. Further options to take renewed action for the future are currently being explored including different funding mechanisms.

A plan of focused support for schools consuming large amounts of energy is underway and we are continuing to invest in energy saving projects where the payback is under 5 years.

Children, Families and Education (CFE)

Managing Director's Commentary

The 12 Local Children's Trust Boards are now up and running, and developing their local District Children and Young People Plans in conjunction with the County-wide plan. In addition, during October twelve district headteacher meetings were held where we introduced all members of the new district teams and held discussions on possible traded services with schools in the future. These discussions contributed to current research into ways headteachers and governors can have more flexibility over funding which has traditionally been retained by KCC to provide services to schools. At the same time, governance models are being reviewed in order that headteachers and governors can participate as partners with KCC in strategic decision making concerning the development of a joint trading vehicle promoting services for schools.

Summary of Business Plan Half Year Exception Monitoring
Exception reporting against core services, forecast activity levels, projects, developments and key actions has been undertaken within CFE. We have made excellent progress on most of the activity described in our Business Plans. Some projects have been delayed or are being reviewed in the light of emerging performance, and local and national priorities including changes in legislation e.g. Academies Act. Each of these has been reviewed by the relevant Service Director with the results that either management action is in place to address any lack of progress, or the activity is being brought to CFE Senior Management Team to make decisions about the continued business priorities.

Key activities/projects that are NOT expected to be completed include:
Wave 4, 5 and 6 of the Building Schools for Future programme.

The process of the local authority taking on the responsibility for all casual school admissions has been adopted and delivered as planned. However, this legislative change which was designed to ensure every application came through the local authority for safeguarding reasons, is having a significantly negative impact on what would normally be straight forward applications from parents who at best now have to wait several days for a formal offer of a school place and at worst several weeks. We have written to MPs and the Secretary of State requesting a change to this new requirement.

Early Years
Exceptional progress has been made in our foundation stage results this year. Kent has now moved from being lower quartile nationally in 2006 to upper quartile in 2010, a truly remarkable turn around. An improvement has also been seen in our lowest performing children, with the gap between them and the rest continuing to narrow. Improving inspection outcomes in early years' settings reflect these advances. Our investment in children's centres and quality early years learning is paying off with many centres achieving their accreditation and celebrating successful outcomes. In time, we expect that progress in the early years will contribute to children's success throughout the primary phase, and so we remain committed to investment in the early years.

Primary attainment
Progress has been made in key stage 2 achievement in Kent primary schools this year, after much focused work from schools and our support teams, and we now have fewer schools below the national floor target of 55% year 6 pupils gaining the expected level in their SATs. There is still more to do and this will continue to be a major focus for our new district school improvement teams.

Only a small percentage of Kent primary schools boycotted this year's SATs tests. A much higher proportion of schools failed to conduct the tests nationally, which will make comparison of results more difficult this year.

Secondary attainment
We are delighted and immensely proud of the success of our young people in this year's GCSE results. Overall performance on the provisional figures released on 21st October show an improvement of 5.6% bringing 5 or more A*-C grades to 78.6% of entrants, and 5 or more A*-C grades including English and Maths to 56.4% (an improvement of 4.4%). Provisional A-level results also show significant improvement in Kent schools on the previous year, despite a general drop in national performance.

What is particularly impressive is the improvement made by Kent schools in the National Challenge. In 2008, Kent had 33 schools below the 30% floor target of 5+ A*-C GCSEs including English and Maths. This reduced to 21 in 2009 and this year it has reduced to 5. No-one can doubt the immense focus and effort made by the leadership teams to achieve these results, which will increase the opportunities for their pupils to progress into further education and employment. Schools have driven these improvements, with the support of KCC and our National Challenge Advisers.

We will want to ensure we build on this and consolidate the success which has been boosted by additional resources which may cease from next year. We will look with interest at the proposals for the pupil premium which may be targeted on schools serving areas, and pupils, of disadvantage.

NEETs
The percentage of young people Not in Education, Employment or Training (NEET) is being exacerbated nationally by the difficulties in the UK economy. In Kent, however, the rate has remained at a reasonably low level, still comfortably better than the national average. There is some evidence that the downturn may encourage more young people to stay on in education which is encouraging when work is difficult to find. The Kent Success Apprenticeship Scheme will also continue to provide and promote apprenticeships across the private and public sectors, with KCC alone providing at least another 350 apprenticeships over the next four years.

Narrowing the gap
It is of concern that the attainment gap between children from disadvantaged backgrounds is higher in Kent than the national average, and is not closing to any significant degree at KS2 or at GCSE level. This is particularly relevant for children looked after by the local authority. This will be a key area of focus for our new teams, working with the schools, and we hope that the pupil premium, a key plank of the new Coalition government's policy, will be used to good effect by schools once the detail is announced. The new headteacher to champion the educational needs and outcomes for our looked after children is now in post.

School inspections
Many children and schools do very well in Kent, but the new Ofsted inspection framework puts a high emphasis on attainment of Level 4 (the national benchmark) for all primary pupils, which has been an area of concern in Kent for many years, and on gaining 5 good GCSEs including English and Maths for secondary schools. As the emphasis on raw attainment is a limiting factor in the inspections, this has led to an increase in the number of schools going into special measures. We will continue to support schools to ensure there is a joined up approach from across CFE and our Children's Trust Partners so that all children and young people can reach their full potential.

Special Educational Needs
SEN assessment numbers are reasonably steady and are below the national average, although the increase in the most recent quarter moves the indicator back to an amber rating. Support for children with special needs is a key priority for Kent County Council, and a report setting out a proposed review of our strategy has been presented to KCC Cabinet on 13 September.

School exclusions and attendance
Positive results can now be seen from the sustained action which is taking place to reduce exclusions and poor attendance, with the rate of exclusions in particular now clearly declining. Yet we know that some schools and academies, as well as some groups of young people, are not meeting expectations on this measure. Working with and across KCC Directorates and partners we can deliver more closely targeted support for those young people likely to disengage from school.

Children and families social care services
On 10th and 11th August, the local authority had the unannounced Ofsted inspection of its duty and assessment service for children's social care. I am really pleased that the inspectors found areas of strength, including learning from Serious Case Reviews, and many areas which were satisfactory. They also identified a number of areas for development and one area for priority action, based on a number of referrals which had not been assessed or responded to within an appropriate timescale.

Immediate action has been taken to ensure that the cases identified during the inspection were responded to. The service has also conducted an intensive audit of all recent referrals to ensure they are being processed and tracked in a timely way. An improvement team has been assembled and meetings have taken place with all managers in the service to produce improvement plans that identify actions that can be put in place, and where assistance is required. This provided an important opportunity to hear directly from social workers and their team leaders who do so much to prevent harm to children and to support families on a daily basis. Our social care teams are actively working with over 12,000 children and families at any one time, with good results and outcomes.

There is no doubt, and this is acknowledged in the Ofsted feedback letter, that our children and families social care teams are under considerable pressure due to the increasing numbers of referrals, and continued vacancies in social work posts, despite very successful recruitment, and retention, of newly qualified social workers and social workers from abroad; this has seen the vacancy rate decline for the fourth quarter in succession, moving the indicator rating from red to amber.

This pressure on children's social services is a national issue, and many other local authorities have received similar judgements and priority actions due to lack of capacity. There is a national review of children's social care commissioned by the Coalition government, and we are actively contributing to this. We are also working with all children and young people's services, including schools, and with local partners through the Kent Safeguarding Children Board to ensure that referrals being made are appropriate. It is anticipated that the 12 District Preventative Services Managers, who were appointed in September, will boost the coordination of early identification and intervention, by embedding the Common Assessment Framework process, and by refining the single point of access process.

Following the unannounced inspection, Ofsted undertook an announced inspection of Safeguarding and Looked After Children's Services in Kent between 11th and 22nd October 2010. This inspection had a sharp focus on evaluating the impact that services have on improving outcomes for children and young people, including the management of risk, and how we minimise the incidence of child abuse and neglect through preventative and targeted intervention. The cross cutting inspection takes a multi-agency approach, in order for inspectors to gain an understanding of how we work across services to improve outcomes for vulnerable children in Kent. **Please see separate paper on the report findings.**

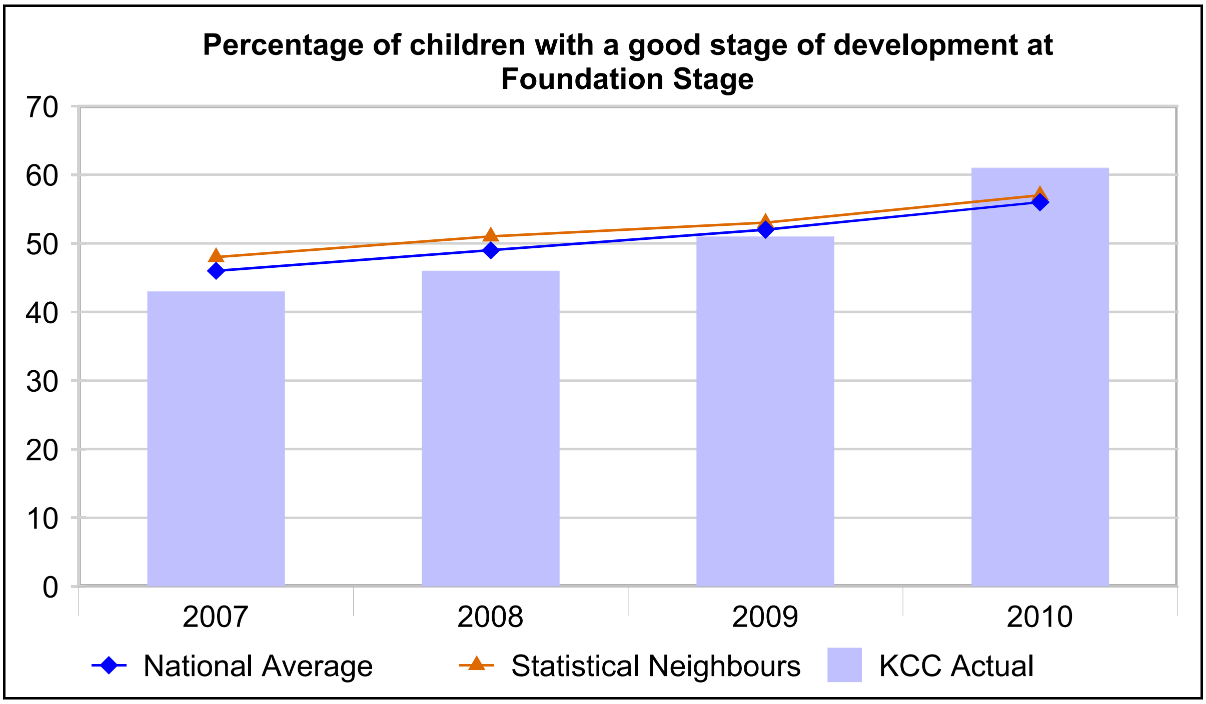
Policy context for children, families and education

The new Coalition government is bringing a different policy environment that will need us to take stock, along with the expected financial challenges for public sector services. We have already faced significant in-year budget reductions in national grant funding, in addition to the savings achieved from our major reorganisation within CFE, and the review of the Building Schools for the Future programme.

Other developments include the Academies Act, the NHS White Paper 'Equity and excellence: Liberating the NHS', announcements on 16-19 funding arrangements, and we have a forthcoming white paper on education and children's services, and a green paper on SEN and disabled children's services. In the context of a new political climate and ongoing economic uncertainty, it is vital that we remain focused on making a positive difference to outcomes for children and young people.

While the Government is intending to remove some legislation in respect of Children's Trusts, it is clear that Ministers mean that local areas should decide what suits them best. From our discussions so far, there is huge enthusiasm in Kent for agencies continuing to move forward together to gain the benefits of shared planning, commissioning and delivery around schools, children's centres and communities at local level. Our new structural arrangements will create capacity to support this progress and complements the vision set out in Bold Steps for Kent, and developments with Kent Partnership.

Rosalind Turner
Managing Director
Children, Families and Education

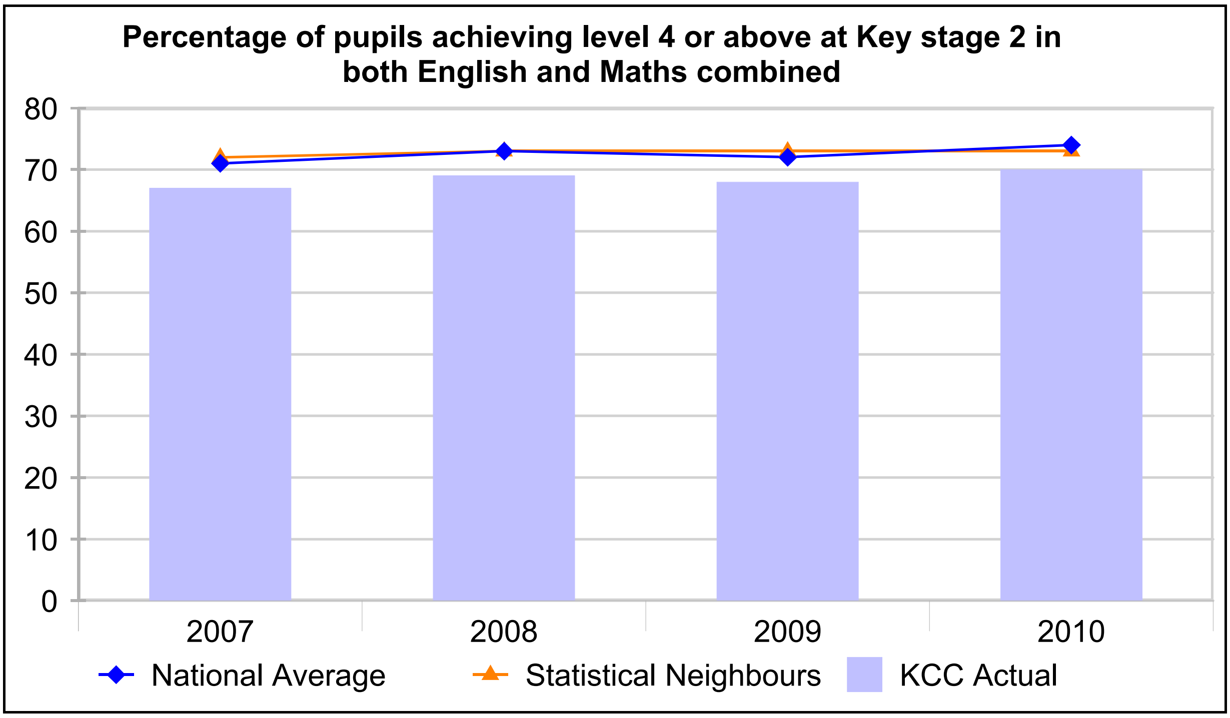


Higher result is better	Summer 2007	Summer 2008	Summer 2009	Summer 2010 Provisional
KCC Result	43%	46% ⬆	51% ⬆	61% ⬆
National average	46%	49%	52%	56%
RAG Rating	●	●	●	★
Statistical neighbours	48%	51%	53%	57%

A good level of development for the Early Years Foundation Stage is at least 78 points with at least 6 points in each of the Personal, Social and Emotional Development (PSED) and the Communication, Language and Literacy (CLL) scales.

The 2010 Foundation stage assessments, taken in a child's first year of Reception, show a significant improvement. 61% of children now reach the level of development considered as good. This is the fifth year in succession that Kent's Foundation Stage outcomes have shown improvement, and Kent performance now exceeds national performance and is in the upper quartile of all authorities.

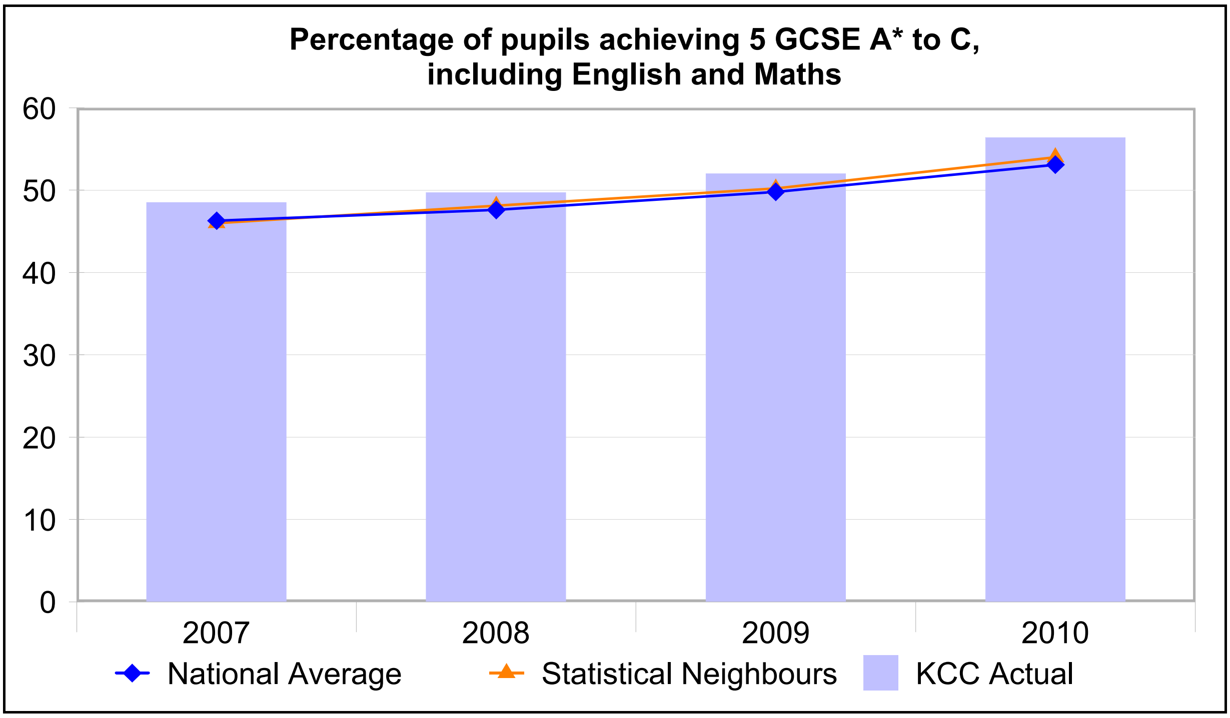
For the fourth year in succession Kent has reduced the achievement gap between children in the lowest 20% of the cohort and their peers, with performance against national improving even further.



Higher result is better	Summer 2007	Summer 2008	Summer 2009	Summer 2010 Provisional
KCC Result	67%	69% ⬆	68% ⬇	70% ⬆
National average	71%	73%	72%	74%
RAG Rating	●	●	●	●
Statistical neighbours	72%	73%	73%	73%
Children with results recorded	15,980	16,430	16,040	14,900

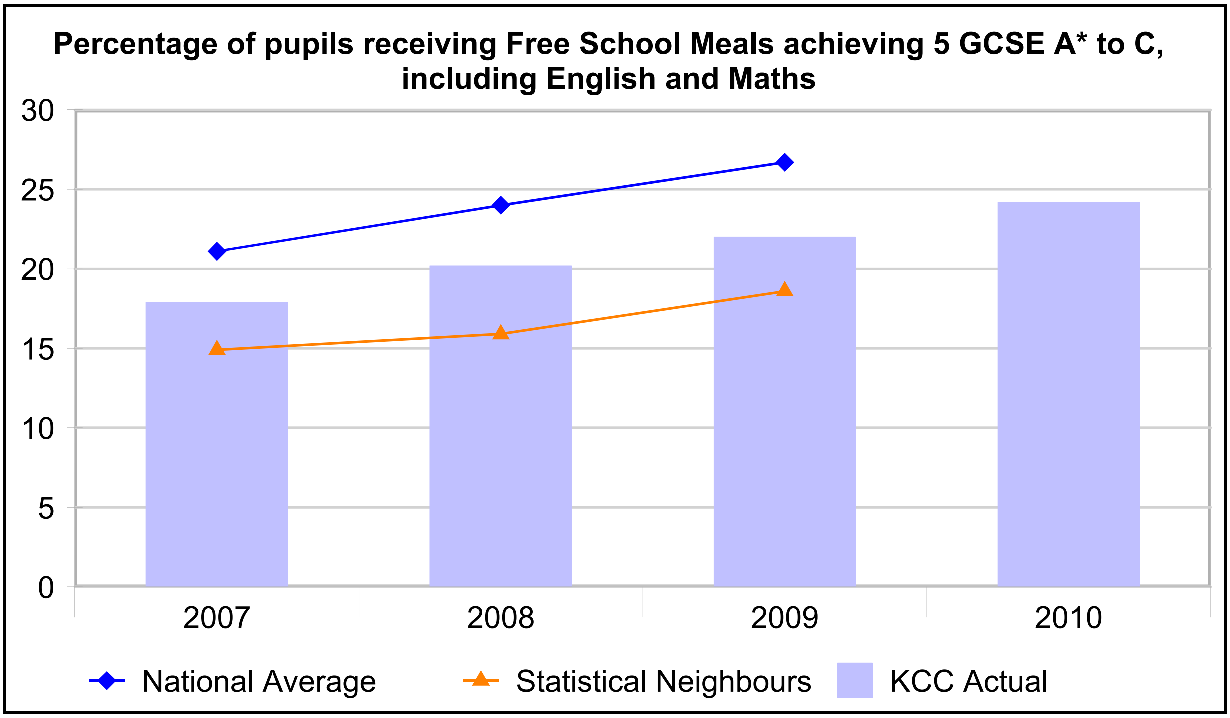
Provisional 2010 results for combined English and Maths show improvement in Kent by 2 percentage points but does not close the gap on national performance. 100% of children in 14 Kent schools achieved at least a Level 4, an improvement from 5 schools in 2009.

This year's SATs boycott questions confidence in national figures for 2010, given 26% of schools nationally did not conduct SATs. 6% of Kent schools boycotted the SATs (24 schools).



Higher result is better	Summer 2007	Summer 2008	Summer 2009	Summer 2010 Provisional
KCC Result	48.5%	49.7% ⬆	52.0% ⬆	56.4% ⬆
National average	46.3%	47.6%	49.8%	53.0%
RAG Rating				
Statistical neighbours	46.0%	48.1%	50.2%	54.0%
Pupils at Key stage 4	16,950	16,990	16,700	16,850

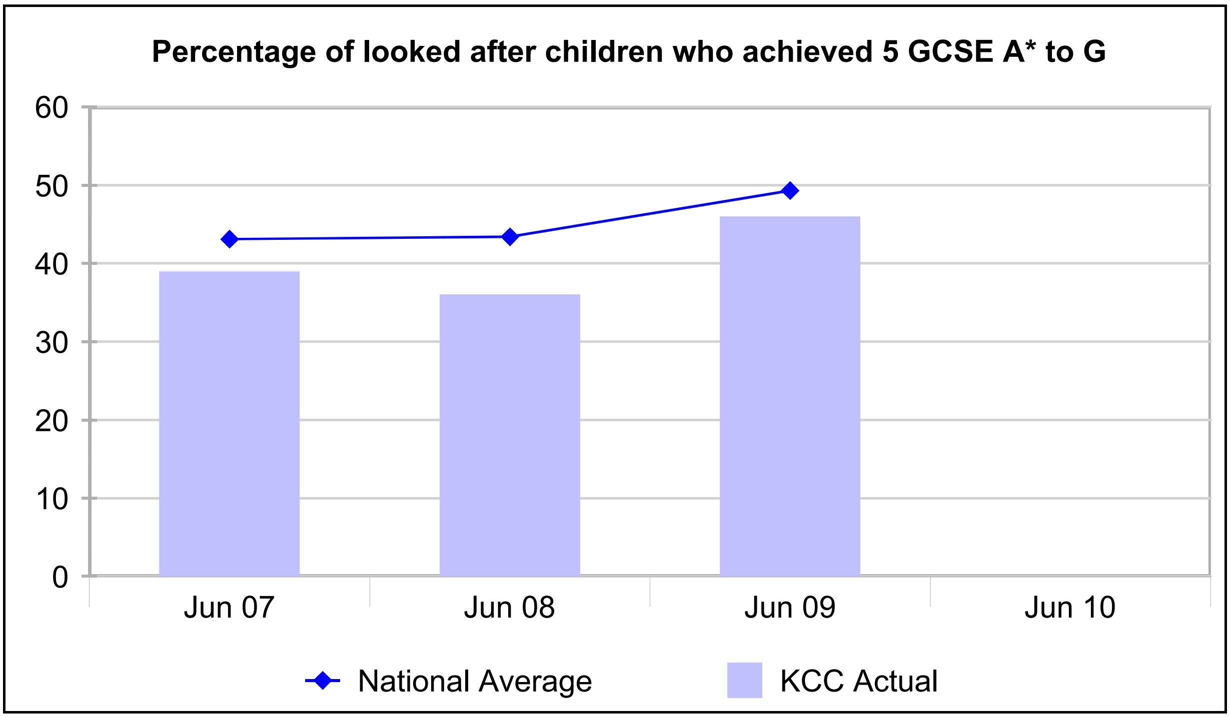
Kent's provisional GCSE results for this indicator improved on 2009 performance by 4.4%, bringing the 5+ A*-C result (including English and Maths) to 56.4%. This has met our local authority 2010 target, and is above the national rate of improvement.



Higher result is better	Summer 2007	Summer 2008	Summer 2009	Summer 2010 Provisional
KCC Result	17.9%	20.2% ⬆	22.0% ⬆	24.2% ⬆
National average	21.1%	24.0%	26.7%	
RAG Rating				
Statistical neighbours	14.9%	15.9%	18.6%	
Pupils eligible for free school meals	1,350	1,340	1,380	

In 2009 children in Kent overall performed above the national average for GCSE, however, children eligible for free schools meals performed below the national average, but above our statistical neighbours' average.

Results for children with free schools meals are improving each year. The provisional 2010 result brings Kent closer to the last reported national average. The 2010 national data will be available in December.

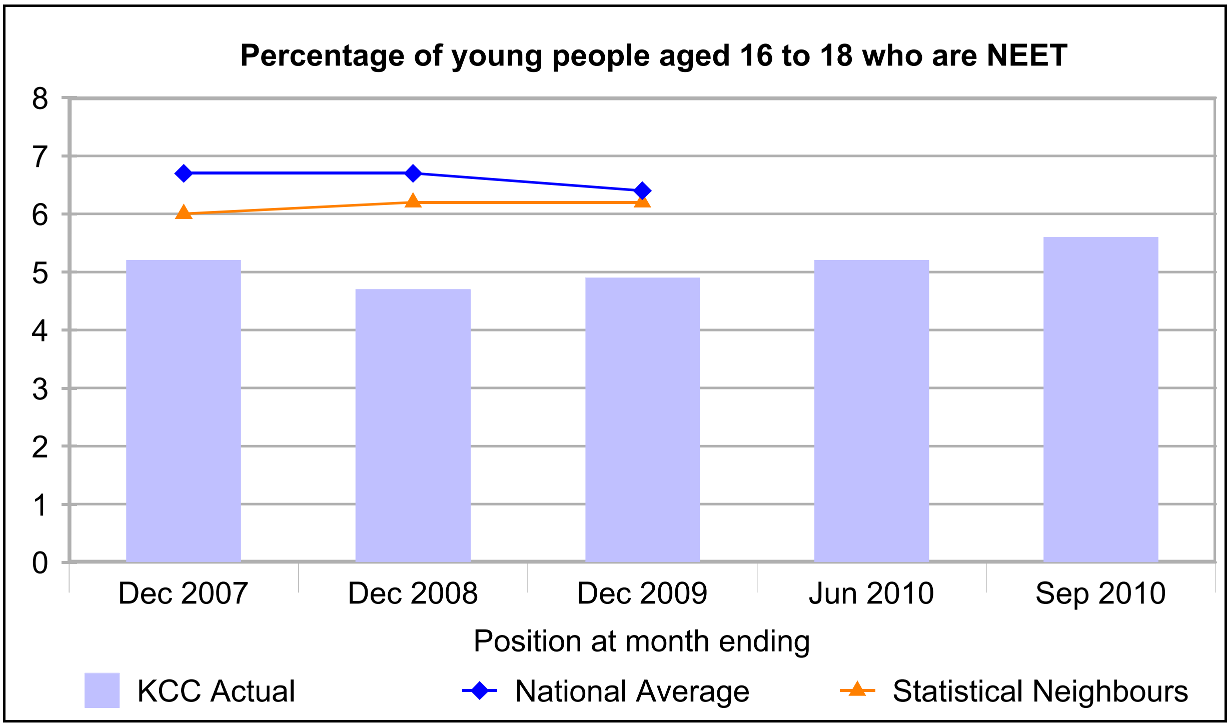


Higher result is better	Summer 2007	Summer 2008	Summer 2009	Summer 2010 Provisional
KCC Result	39.0%	36.0% ⬇	46.0% ⬆	Results
National average	43.1%	43.4%	49.3%	available
RAG Rating				in
Number of children in cohort	105	110	125	December

Educational attainment results for looked after children both nationally and locally are far behind those for other children. The indicator shown above includes achievement at lower grades than the indicator used for all children.

In 2009 GCSE results for looked after children in Kent improved after a slight dip the previous year. The result is again below national performance, but the gap between national performance and Kent performance has reduced.

The introduction of a Head Teacher for all LAC and Care Leavers will be key to the delivery of improvement in this area, ensuring a greater level of leadership and influence in with of both schools and social workers.



Lower result is better	Dec 2007	Dec 2008	Dec 2009	Jun 2010 Provisional	Sep 2010 Provisional
KCC Result	5.2%	4.7% ⬆	4.9% ⬇	5.2% ⬇	5.6% ⬇
National average	6.7%	6.7%	6.4%		
RAG Rating	★	★	★	●	●
Statistical neighbours	6.0%	6.2%	6.2%		

The national downturn in the economy means that there is likely to be an increase in the number of young people not in education, employment or training (NEET), and this is the trend we are seeing in the figures. However, performance in Kent remains better than the national average.

NB The annual data reported for December is actually the average of November, December and January, in line with the national indicator definition.

Ofsted Inspections : Overall effectiveness of schools and Early Years providers

The key Ofsted judgement for schools and other educational settings is made for the overall effectiveness of the provider. The judgement has four grades: outstanding, good, satisfactory and inadequate.

The Secretary of State for Education, Michael Gove, in his letter of 4 November asked for a focus on schools where the most recent inspection result was merely satisfactory. The data below therefore shows inspection results where the judgement was better than satisfactory, and are based on the latest grade received by those providers which are still active.

Secondary (excluding Academies)	Aug 2009	Aug 2010
KCC	68%	75% ↑
National	60%	64%
RAG Rating	★	★
No. of inspections	95	89

Primary	Aug 2009	Aug 2010
KCC	55%	55% ↔
National	65%	67%
RAG Rating	▲	▲
No. of inspections	448	447

Early years and childcare*	Aug 2009	Aug 2010
KCC	62%	68% ↑
National	63%	66%
RAG Rating	●	●
No. of inspections	2053	2059

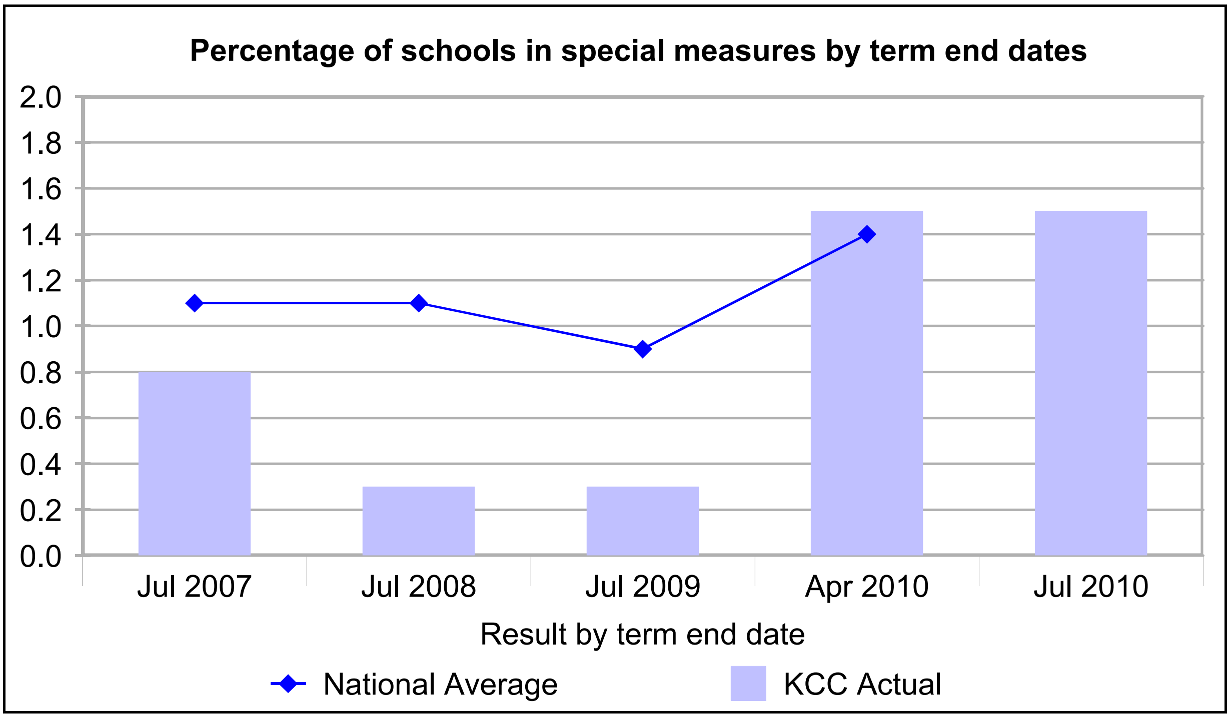
* Early years and childcare consists of childminders, domestic childcare and non-domestic childcare.

The inspection results above show the percentage of schools which achieve a good or outstanding inspection for overall effectiveness. Secondary results only show those schools maintained by the local authority, so do not include Academies.

Kent secondary schools perform better in inspections than the national average, and inspection results are improving at a faster rate than found nationally.

More Kent primary schools fail to achieve a good or outstanding inspection result than the national average, with no improvement on the previous year and a widening gap with national performance due to floor targets being a limiting factor in the new Ofsted framework. Schools which are satisfactory or below are subject to focused support from the school improvement team.

Early Years' results have significantly improved over the past year and now exceed national performance.

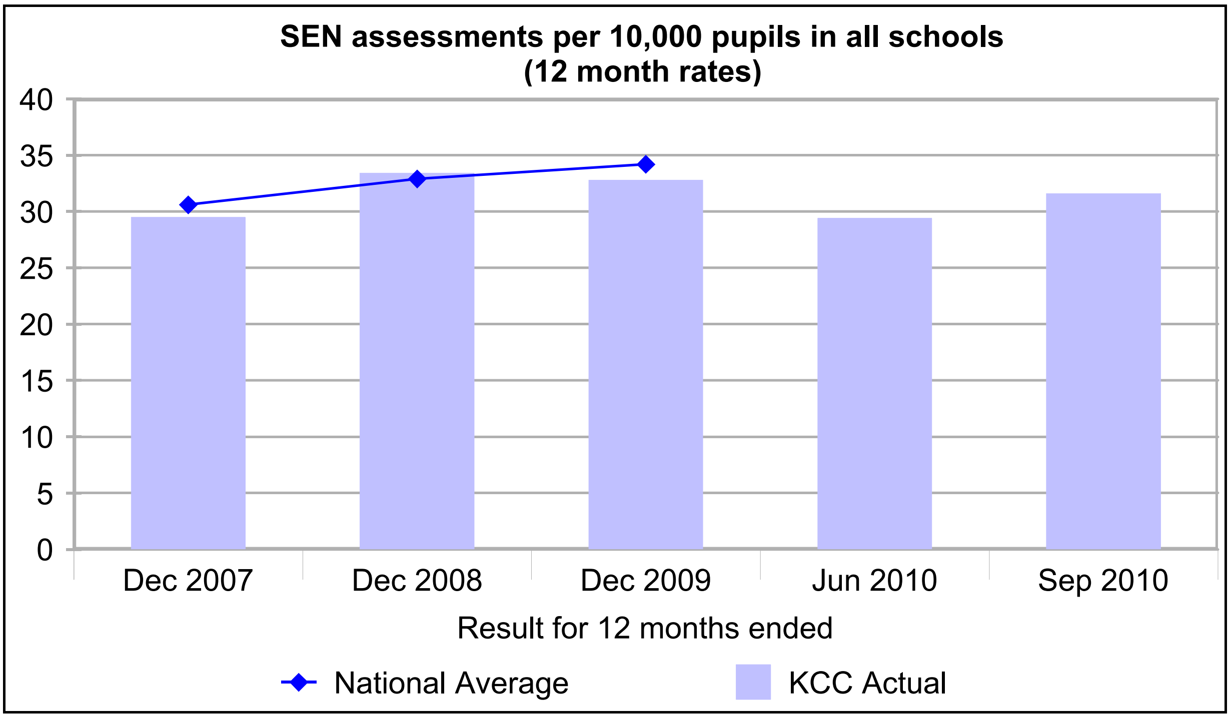


Lower result is better	Jul 2007	Jul 2008	Jul 2009	Apr 2010	Jul 2010
KCC Result	0.8%	0.3% ⬆	0.3% ⬌	1.5% ⬇	1.5% ⬌
National average	1.1%	1.1%	0.9%	1.4%	
RAG Rating					
Number of schools	5	2	2	9	9

As of 1st October, 8 Primary and 1 Secondary school were in special measures. The one secondary school to come out of special measures since the last reporting was due to this school becoming an Academy.

Schools are being supported (and challenged) to ensure rigorous tracking and monitoring of pupil progress and to intervene through the provision of additional support. Kent's new strategy is to identify schools that are vulnerable and intervene early to establish priorities for improvement.

National data for the summer term should be available by December and it is expected that this will show a rate similar to that now in Kent of 1.5% of schools.



Lower result is better	Year ended Dec 07	Year ended Dec 08	Year ended Dec 09	Year ended Jun 10 Provisional	Year ended Sep 10 Provisional
KCC Result	29.5	33.4 ⬇	32.8 ⬆	29.4 ⬆	31.6 ⬇
National average	30.6	32.9	34.2		
RAG Rating	●	●	●	★	●
New assessments started	690	770	760	680	730

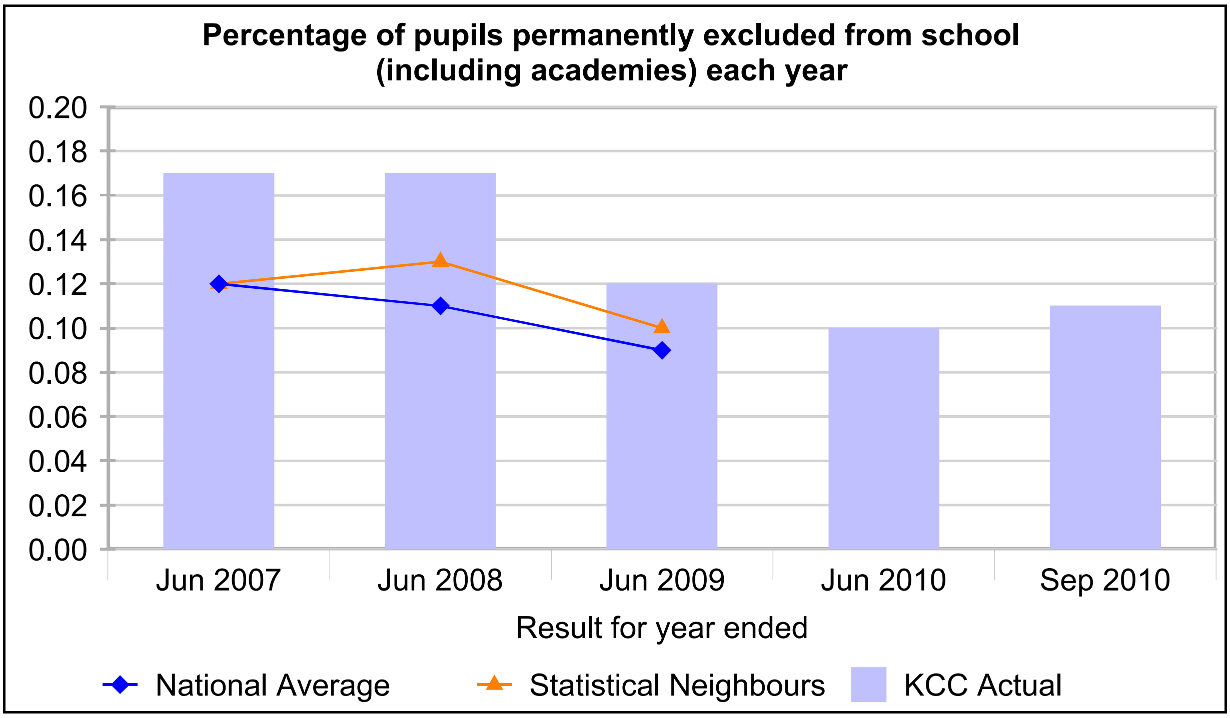
The number of new assessments for Special Educational Need (SEN) increased in the 12 months to September 2010, compared to the 12 months to June 2010.

Previous seasonal patterns for new assessments have not been repeated this year. The first six months of the year (January to June) usually see a peak in the number of new assessments, with numbers then dropping off in the six months to December. This year the pattern appears to have been reversed, with the first six months showing relatively low numbers of assessment followed by an increase in the quarter to September.

Unless the quarter to December sees a return to older seasonal patterns it seems likely that the full year count will be no different from the last two years.

At December 2009 2.82% of pupils in Kent schools had a statement of SEN, which compares to a national rate of 2.74%. In 2007 the rates were 2.83% in Kent and 2.81% nationally, so the levels have been fairly constant over time.

NB : KCC data related to assessments started, but national data relates to assessments completed.

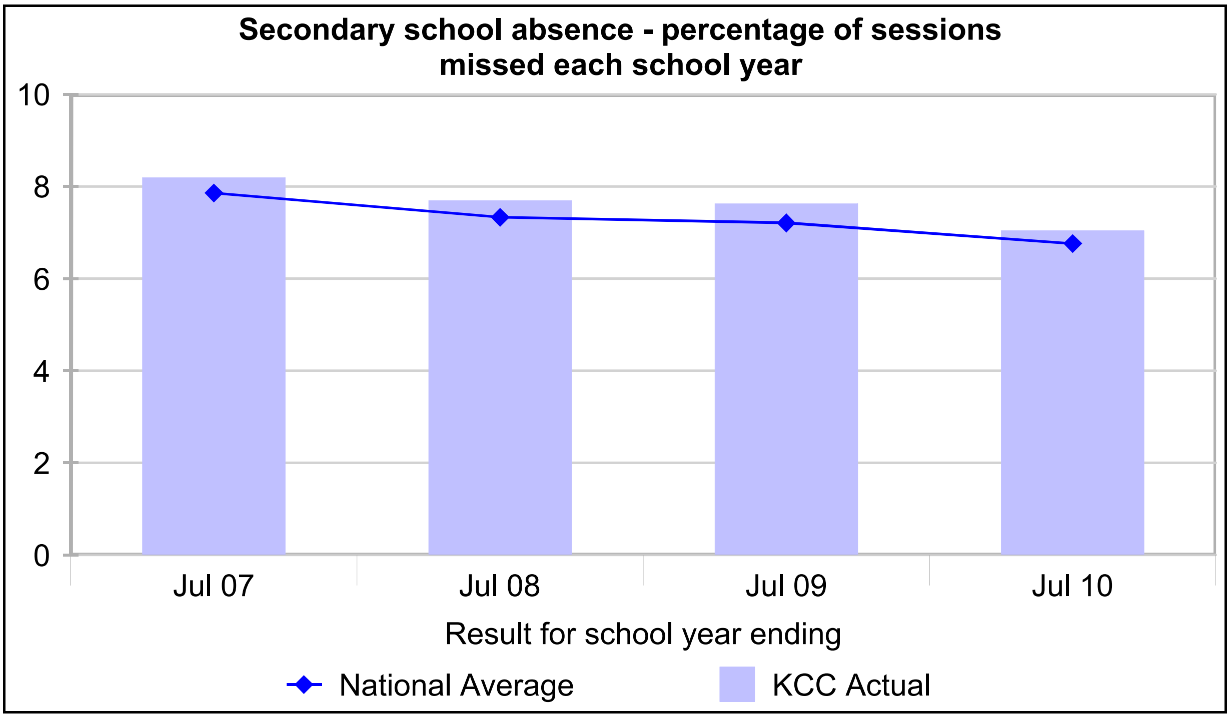


Lower result is better	Year ended Jun 07	Year ended Jun 08	Year ended Jun 09	Year ended Jun 10 Provisional	Year ended Sep 10 Provisional
KCC Result	0.17%	0.17% ↔	0.12% ⬆	0.10% ⬆	0.11% ⬇
National average	0.12%	0.11%	0.09%		
RAG Rating	▲	▲	●	●	●
Statistical neighbours	0.12%	0.13%	0.10%		
Total exclusions	370	370	260	210	225

Data for the 12 months to September shows an increase on the previous period, but the number of exclusions remains at a historically low levels. Following a number of years of no change in the figures, the gap to the national average was significantly reduced during the year to June 2009, and performance since then has shown further improvement.

There are higher rates of exclusions in academies, and schools in the National Challenge programme. High rates have also persisted for pupils attending schools in the Gravesham district for several years.

There is very long delay in publication of national data for exclusions with 2008/09 data the most recently published. Based on this latest benchmark Kent would need to reduce pupil exclusions down to around 190 pupils to be equal to the national rate.



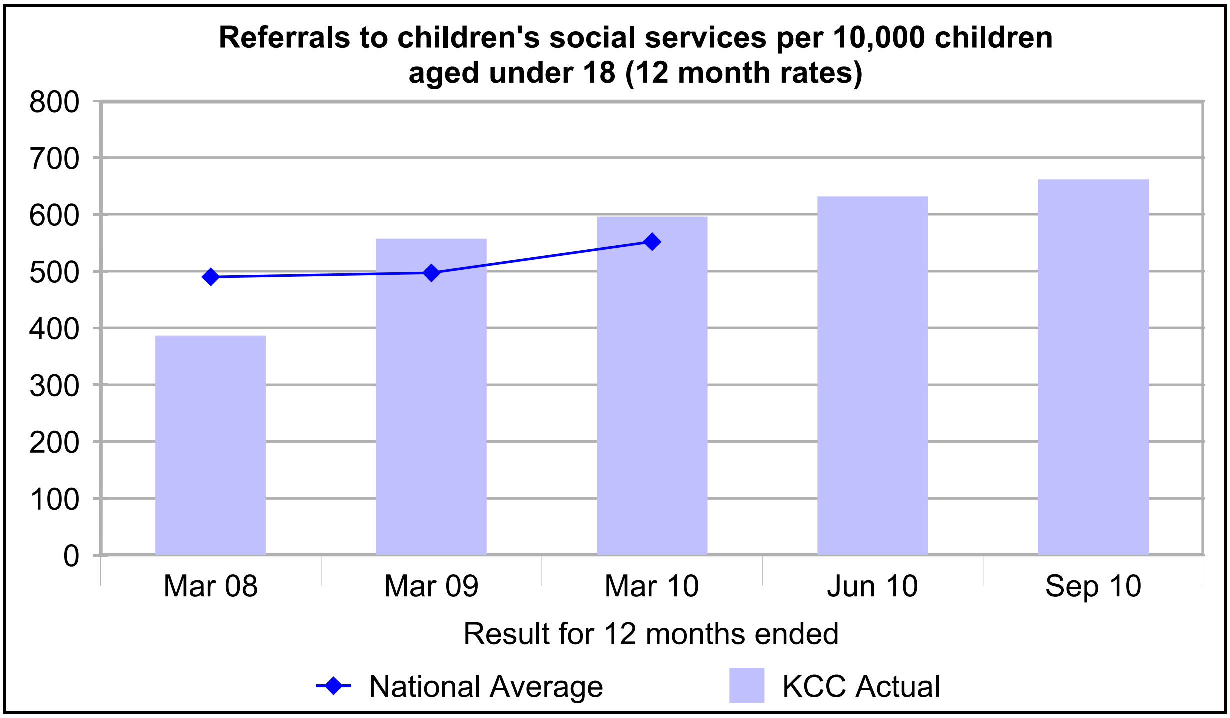
Lower result is better	Year ended Jul 07	Year ended Jul 08	Year ended Jul 09	Year ended Jul 10 Provisional
KCC Result	8.2%	7.7% ⬆	7.6% ⬆	7.0% ⬆
National average	7.9%	7.3%	7.2%	6.8%
RAG Rating	🟠	🟠	🟠	🟠
Pupils with persistent absence - Kent	6.8%	6.0%	5.5%	4.6%
Pupils with persistent absence – England	6.7%	5.6%	4.9%	4.3%

The secondary school absence rate has reduced for the third year in a row, but remains slightly above national rates. The percentage of pupils with persistent absence (64 half day sessions or more) is also reducing but not quite as quickly as the reductions seen national.

Data excludes academies but the inclusion of these schools would not significantly alter the trend shown for overall absence.

Data for year ended July 2010 in based on autumn and spring terms only.

The primary school absence rate is lower than secondary staying just above 5%, with Kent figures showing little change and difference to national figures over the last 4 years.



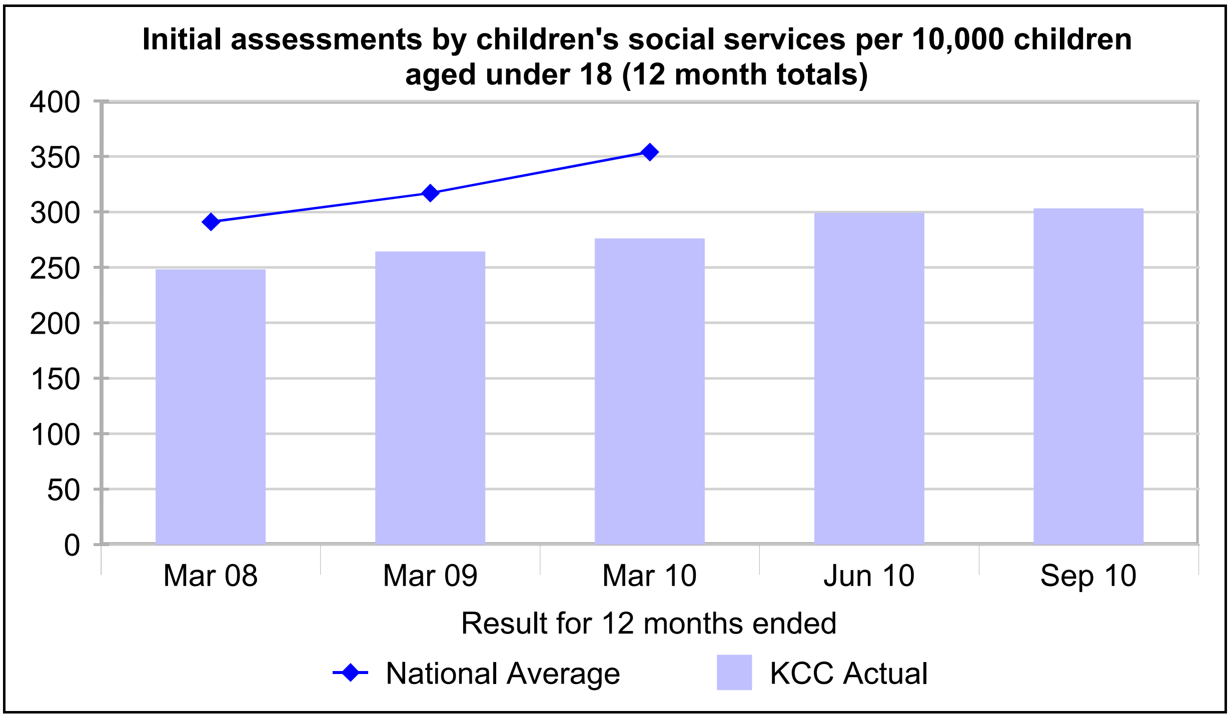
Lower result is better	Year ended Mar 08	Year ended Mar 09	Year ended Mar 10 Provisional	Year ended Jun 10 Provisional	Year ended Sep 10 Provisional
KCC Result	386	557 ⬇	596 ⬇	632 ⬇	662 ⬇
National average	490	497	552		
RAG Rating	★	▲	●	▲	▲
Number of referrals	12,000	17,400	18,600	19,700	20,600

The rate of referrals for children's social services in Kent continues to increase and provisionally for 2009/10 remains above the national rate. Many of the referrals being made fall below the thresholds for social services support and therefore only result in the provision of advice and guidance and do not progress to the stage of an initial assessment.

Action is being undertaken to address this issue so that only appropriate referrals are made, including work with agencies which make referrals, most notably the police.

The 12 Local Children's Trust Boards have now been established and each of their Preventative Services Managers (PSMs) are now in post, with remits including the reduction of referrals. This reduction will be achieved by embedding the Common Assessment Framework (CAF) process for earlier intervention with vulnerable children and their families, and by refining the single point of access process.

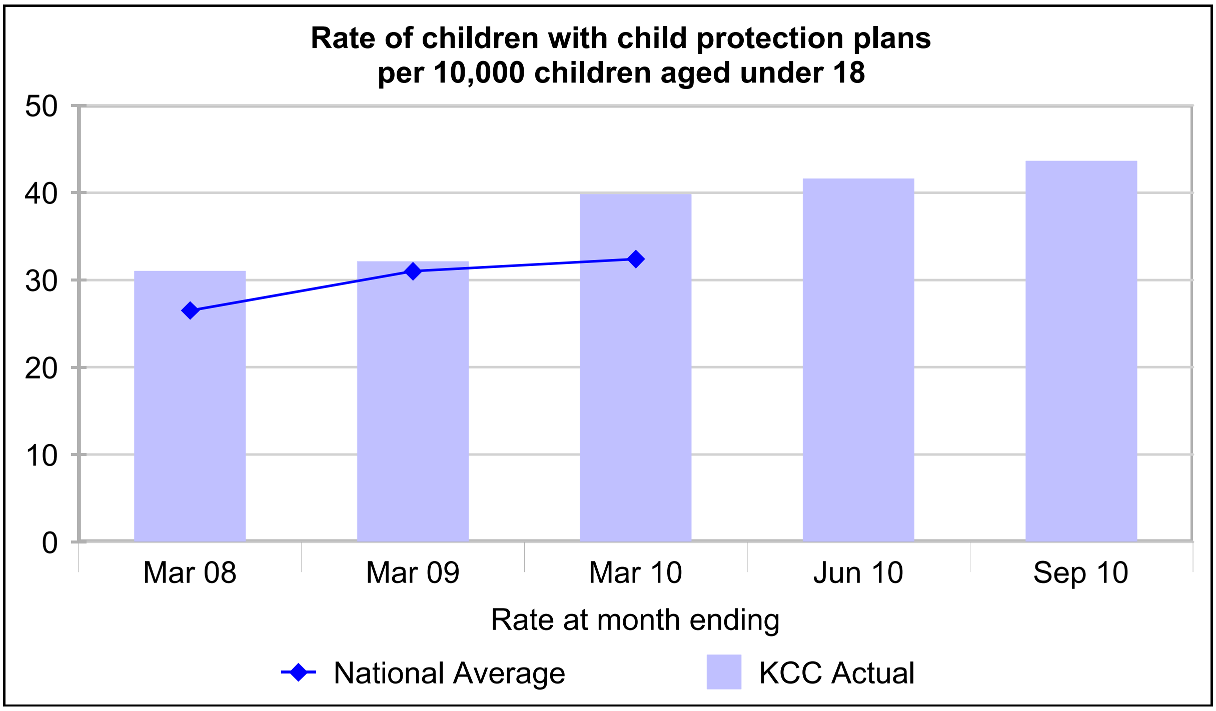
The data for the year to March 2010 is based on the new Children in Need (CIN) census and remains subject to further testing. The results should be treated with caution as this is the first full year of the CIN census.



Lower result is better	Year ended Mar 08	Year ended Mar 09	Year ended Mar 10 Provisional	Year ended Jun 10 Provisional	Year ended Sep 10 Provisional
KCC Result	248	264 ⬇	276 ⬇	299 ⬇	303 ⬇
National average	291	317	354		
RAG Rating	★	★	★	★	★
Number of assessments	7,700	8,200	8,600	9,300	9,400

Despite the steep increase in referrals, the number of initial assessments has only increased slightly in Kent and remains below the national rate which continues to increase at a significantly faster rate.

The data for the year to March 2010 is based on the new Children in Need (CIN) census and remains subject to further testing. The results should be treated with caution as this is the first full year of the CIN census.



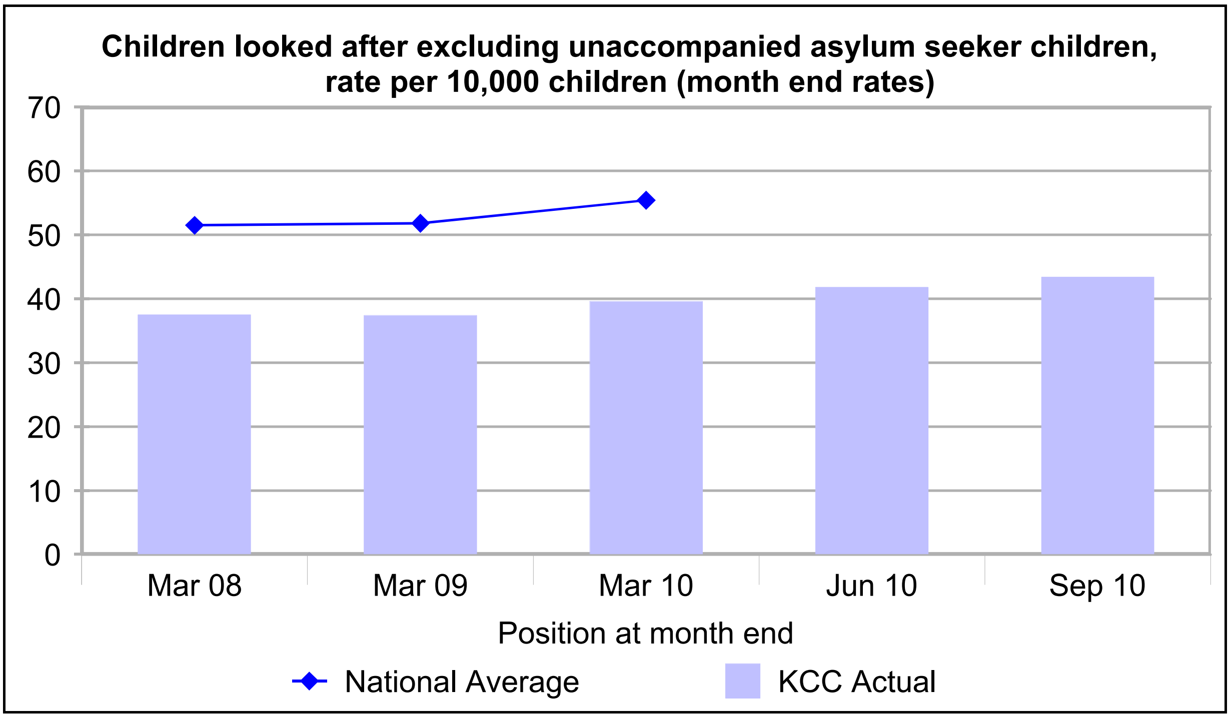
Lower result is better	As at end of Mar 08	As at end of Mar 09	As at end of Mar 10 Provisional	As at end of Jun 10 Provisional	As at end of Sept 10 Provisional
KCC Result	31.0	32.1 ⬇	39.8 ⬇	41.6 ⬇	43.6 ⬇
National average	26.5	31.0	32.4		
RAG Rating	▲	●	▲	▲	▲
Children with plans	950	1,000	1,240	1,300	1,360

The number of children subject to a child protection plan continues to increase, and further increase is anticipated, given the rise in referral activity. There is a national trend of increased child protection activity and this is being investigated by a number of agencies including the Association of Directors of Children's Services.

The majority of children with child protection plans have them due to a combination of factors including, parental substance misuse, domestic violence, and parental mental illness.

The Kent Safeguarding Children’s Board is seeking to address these issues on a multi-agency basis.

The data for the year to March 2010 is based on the new Children in Need (CIN) census and remains subject to further testing. The results should be treated with caution as this is the first full year of the CIN census.



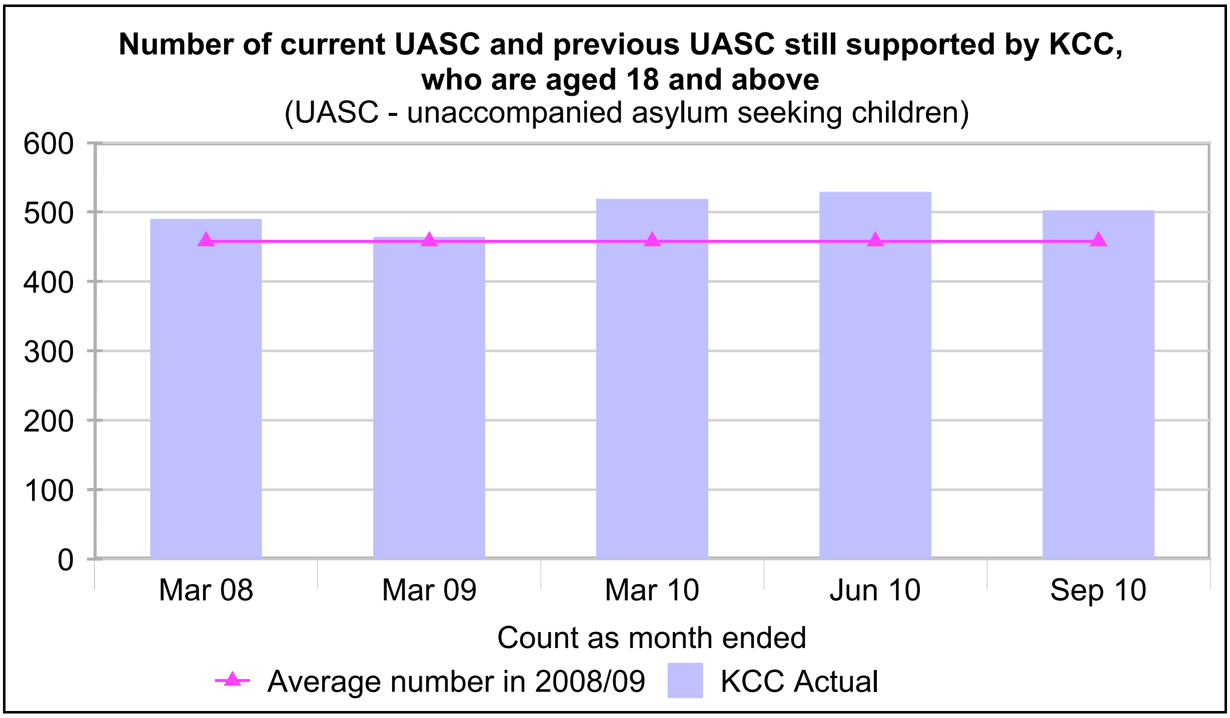
Lower result is better	As at end of Mar 08	As at end of Mar 09	As at end of Mar 10 Provisional	As at end of Jun 10 Provisional	As at end of Sept 10 Provisional
KCC Result	37.5	37.4 ↑	39.6 ↓	41.8 ↓	43.4 ↓
National average	51.5	51.8	55.4		
RAG Rating	★	★	★	★	★
Number of children	1,165	1,165	1,230	1,300	1,350

There has been a steady increase in the numbers of looked after children since January 2009. However, the overall rate has remained below the national average for 2009/10.

The reasons for the increase are:

- Rise in care proceedings to protect children (mainly younger children)
- Rise in teenagers (13-15) being looked after due to a family breakdown
- Rise in accommodation of homeless 16-17 year olds as a result of the Southwark Judgement.
-

It is possible that the number of looked after children in Kent will continue to rise in line with the significant increase in children subject to child protection plans and in line with the national trend.

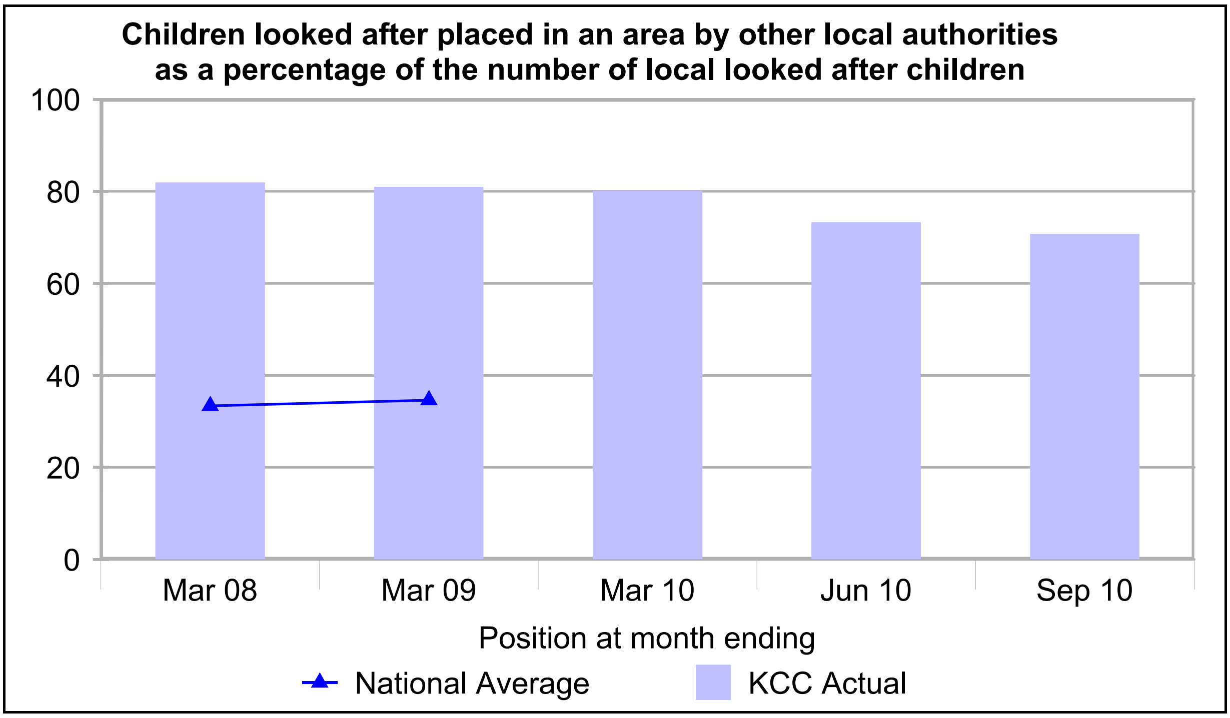


Lower result is better	As at end of Mar 08	As at end of Mar 09	As at end of Mar 10	As at end of Jun 10 Provisional	As at end of Sep 10 Provisional
KCC Result	490	464 ⬆	519 ⬇	529 ⬇	502 ⬆
2008/09 Average	458	458	458	458	458
RAG Rating	▲	●	▲	▲	▲

The number of over 18s supported by the Asylum service has decreased in the last quarter but numbers remain higher than the level seen in 2008/09.

As well as supporting those awaiting a decision for their application for asylum, the service also has a duty of care under the Leaving Care Act to support those young people who have undergone the naturalisation process but are not eligible for benefits due to delays in being identified by the benefit system, or when undertaking education courses.

Where asylum applications are not granted the UK Borders Agency (UKBA) will fund the costs of an individual for up to three months after the All Rights of appeal Exhausted (ARE) process, but the local authority remains responsible for costs under the Leaving Care Act until the point of removal. There have been delays with removals with the number being achieved significantly lower than anticipated, resulting in additional clients to be supported.



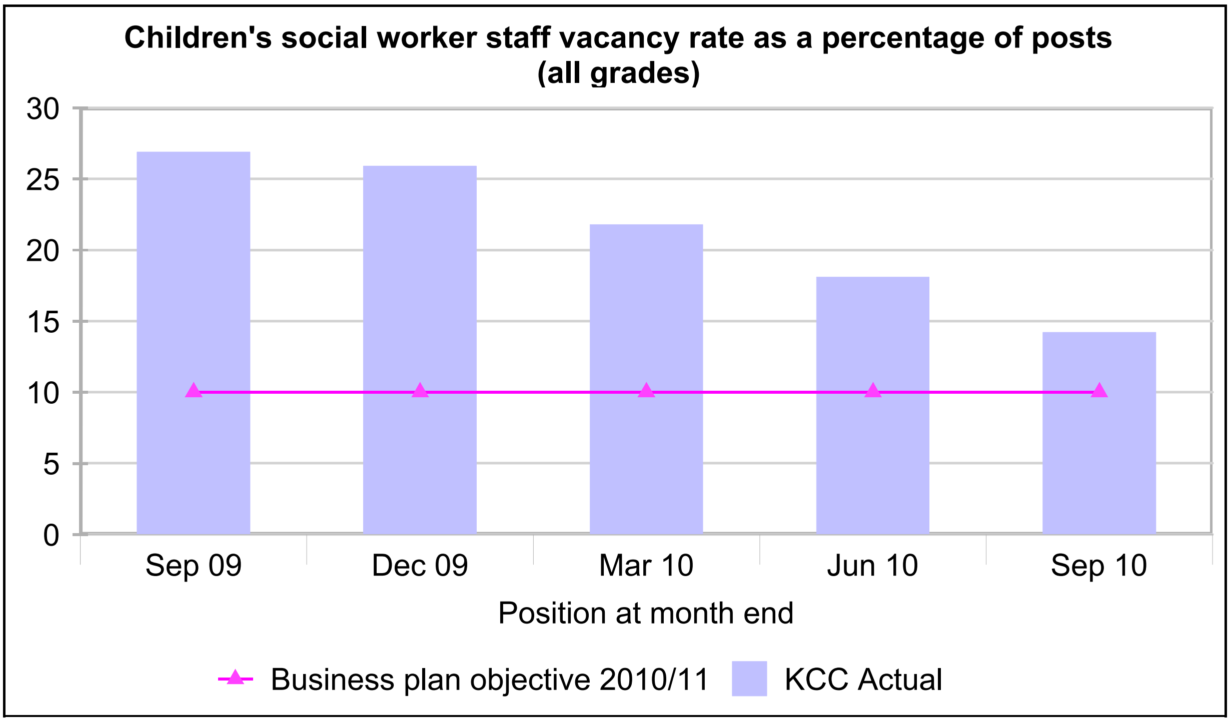
Lower result is better	As at end Mar 08	As at end Mar 09	As at end Mar 10	As at end Jun 10 Provisional	As at end Sep 10 Provisional
KCC Result (based on DfE data)	82%	80% ⬆	80% ↔	73% ⬆	71% ⬆
National average	33.4%	34.6%			
RAG Rating	▲	▲	▲	▲	▲
LAC placed into Kent by others (DfE data)	1,110	1,150	1,170		
LAC placed into Kent by others (local data)	1,230	1,400	1,420	1,380	1,370

The number of looked after children (LAC) placed in Kent by other local authorities has shown a reduction so far this year while the number of local looked after children which KCC has responsibility for has been increasing. These combined trends have led to a reduction in the indicator shown in the graph above (LAC placed by other local authorities into the area, as a percentage of locally placed LAC).

However the rate of children placed into Kent by other local authorities still remains high when compared with the average rate of placements into other areas.

Placement of looked after children by other local authorities within Kent has a significant impact on local health services, schools and the youth offending service. Discussions are continuing with London authorities in an effort to reduce their reliance on placements in Kent.

DfE data used for national comparison underestimates the number of looked after children placed in Kent by other local authorities.



Lower result is better	As at end Sep 09	As at end Dec 09	As at end Mar 10	As at end Jun 10 Provisional	As at end Sep 10 Provisional
KCC Result	26.9%	25.9% ↑	21.8% ↑	18.1% ↑	14.2% ↑
Plan 2010/11	10%	10%	10%	10%	10%
RAG Rating					

Social worker vacancies have declined in line with expectations following the proactive recruitment strategy which has attracted newly qualified social workers and social workers from overseas.

Adult Social Services

Managing Director's Commentary

We are continuing to put into place our transformation programme for social care in Kent as described in 'Active Lives Now', published in April 2010. We have made good progress in enabling people to take control and have more choice about the services they receive through self directed support. We have maintained our focus on prevention, supporting people to stay in their own homes and remain independent for as long as possible.

This drive for modernisation has meant that the future of Health and Social Care remains high on the national and local agenda. The coalition Government has published the White Paper 'Equity and Excellence: Liberating the NHS'. The paper proposes far reaching changes for health and social care and KCC has responded to the consultation documents following the publication of the White Paper.

The future of KASS' **Older Person's Service Provision** is also under review and we are coming to the end of the formal consultation process. A proposal has been put together to change the way residential care is provided in 11 of the 16 places where KCC runs a home. Since 21 June 2010, 82 consultation meetings with Members, District Councillors, staff, residents, day care service users and relatives have taken place to provide information on the proposals for future provision. One to one meetings with service users affected by the proposals continue.

Key Activity:

1. We have continued the drive towards **personalisation**. The take up of Personal Budgets continues to increase. In the last quarter almost 1,000 people have taken up a Personal Budget and we have put in place a pilot with Health to explore Personal Health Budgets. This will give people more choice and control over how and when they receive support.

2. We continue to develop **prevention and early intervention services supporting people to live independently**. 82% of older people who have been discharged from hospital have been supported to live independently rather than going into residential or nursing care. This is an increase from 77% at December 2009. Other activity in this area includes :

- **mainstreaming of telehealth and telecare**. The evaluation of telehealth has been published, confirming that there were monetary savings through a reduction of unplanned visits to hospital and other take up of Health services. Service users and carers have benefitted from increased peace of mind and more independence.
- a range of **employment opportunities** for people with learning disabilities or mental health problems with the voluntary and community sector, social firms, co-operatives and other enterprises.
- ongoing initiatives to **support carers**, including respite care. The Kent Carers Emergency Card has over 1,520 carers signed up as at October 2010, an increase of 140 since July 2010, and take up continues to be actively encouraged.
- **partnerships to promote healthy lifestyles**. Partners have worked on a range of projects to reduce the health inequalities in Kent including health checks for

adults with a learning disability and pathways work for Dementia, Stroke, Carers and Falls prevention. As part of the 'Wellbeing in KCC' initiative, flu vaccinations have been offered to staff.

- **supporting local commissioning**. A review of the Joint Strategic Needs Assessment highlighted a range of activities that had taken place to support reduction in health inequalities. A further review of the Adults JSNA is planned with Health, to ensure that there is an up to date, commissioning tool in place before GP consortias are established. We have also recently produced a need assessment for people with learning disabilities and are finalising one for Carers.

3. Demographic pressures and the NHS transfer continue to impact on **Learning Disability Services**. NHS Transfer and the NHS Re-Provision Programme is part of the Department of Health's programme to transfer NHS Social Care Commissioning to KASS which has meant a transfer of 441 people who received services commissioned and paid for by the NHS. Funding has transferred from the NHS to support these clients.

We have a small number of clients moving into residential care that are not part of the NHS transfer and therefore are our financial responsibility. These individuals have very complex and individual needs which make it difficult for them to remain in the community.

We have a robust plan in place to ensure that we can move people away from residential care to community settings whenever possible supporting people to live how they want, where they want. For example the number of clients living in supported accommodation has grown from 233 in 2008/09 to 408 at the end of June 2010.

4. KASS has received the Annual Performance Assessment for 2009/10 from the Care Quality Commission (CQC), but the grading was still under embargo at the time of publishing this report. The result will be announced at the same Cabinet meeting when this report is discussed.

The Minister of State for Care Services Paul Burstow announced on 3 November that the CQC will cease to conduct annual performance assessment of councils in the future.

5. We continue to give the highest priority to **safeguarding** vulnerable adults. A more rigorous sign off process has been developed and has become a formal part of the adult protection process, ensuring that each case is audited by a senior practitioner prior to closure.

This increased professional oversight does lead to delays in closing cases on our electronic reporting system but this is an audit and administrative function of the business only and has no impact on the individual. In fact by adding additional checks and balances the sign off process adds further protection to individuals. The robustness of our procedures was confirmed by a recent data quality audit undertaken by KCC internal audit that reported a minimal risk within our safeguarding processes.

A full report of our safeguarding activities will be presented to ASSPOSC in November.

6. We have continued to focus on joint working with our partners, including LINkS, service users and carers. Roles and Relationships events took place with service users and carers in July 2010 and more events are planned for the future.

Major Projects and Developments :

Mid year monitoring of 130 projects within the KASS business plans is as follows:

Delayed or cancelled	On Course	Done and ongoing
3	67	60
2%	52%	46%

Projects which are delayed or cancelled are as follows:

Project	Target dates	Explanation of red status
To identify potential local resources to create centres of excellence for dementia day and residential care	Ongoing	In light of Members agreement to consult on the future of KASS' Older Person's Service Provision this was stopped. Reprovision of services will be picked up through the project depending on the outcome of the consultation.
Develop action plan to improve services to learning disabled/ sensory impaired people	January 2011	Not yet started due to delays in recruiting Team Leader (deafblind)
WorkChoices (KSE) – to provide most/all of the staffing for DWP's successful prime contractor in Kent and Medway	October 2010	This cannot go ahead as the contract does not enable KSE staff to provide most of the staffing.

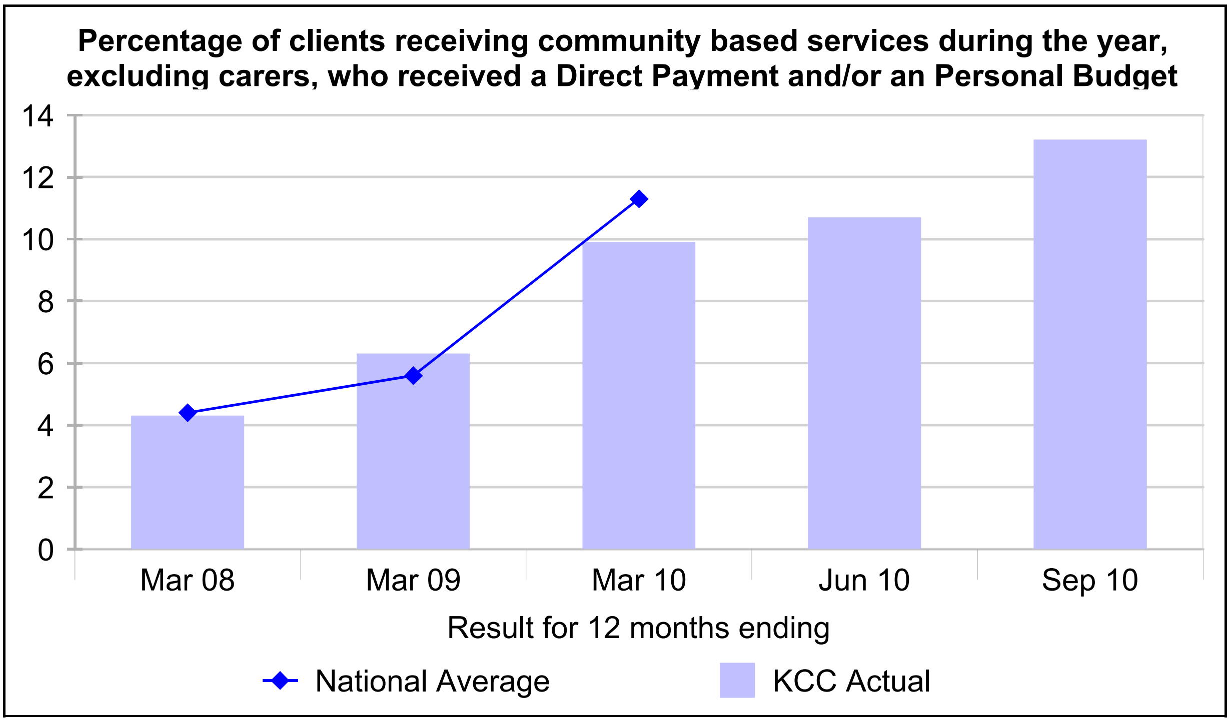
Challenges:

- The financial unsustainability of adult social care in the future has been recognised nationally with an additional £2billion announced in the CSR for adult social care over the next four years - £1billion from the NHS and further billion extra to local government. Future funding is also being considered by an independent commission that will report back next summer.
- National Policy changes including the NHS White Paper, Equity and excellence: Liberating the NHS, which sets out the Government's long-term vision for the future of the NHS and which has far reaching implications for how social care and Health will work together in the future.
- Increases in demands for services and public expectations has resulted in an increase in referrals. There has been a 3.2% increase in referrals (17,281) in the first 6 months of the year compared to last year.
- Demand on Learning Disability services, with the rising demand for residential care, preserved rights clients and ordinary residence continuing to have an impact on KASS's budget.
- The rising numbers of people with dementia continue to impact on KASS' budget due to clients with this need requiring more expensive care provision. The number

of clients with dementia in residential care has increased from 1,195 in March to 1,262 in September (a 6% increase).

- Ongoing modernisation of social care nationally and in Kent coupled with planned reorganisation of KCC presents the challenge of maintaining good quality front line services in a period of unprecedented local and national change.
- Pressure on partners to maintain joint working during a time of reduction in public spending and whole systems change, particularly in Health.
- Increasing **demographic demand** which has been well documented. While medical advances are welcomed it does mean that people are now living longer with more complex needs.

Oliver Mills
Managing Director
Kent Adult Social Services

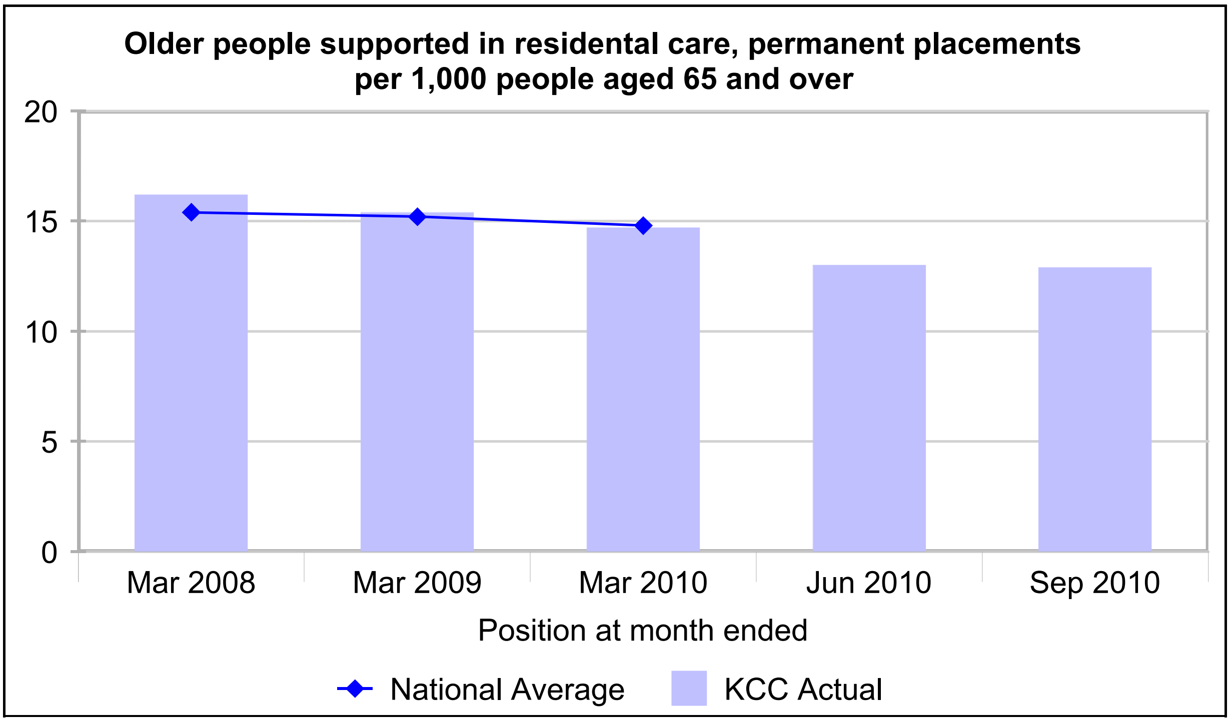


Higher result is better	Mar 08	Mar 09	Mar 10	Jun 10 Provisional	Sep 10 Provisional
KCC Result	4.3%	6.3% ⬆	9.9% ⬆	10.7% ⬆	13.2% ⬆
National average	4.4%	5.6%	11.3%		
RAG Rating	●	●	●	●	●
Number of clients	1,680	2,350	3,910	4,220	5,200

2009/10 was the first year of significant roll out of Self Directed Support with new clients being offered Personal Budgets for the first time.

Kent has seen continued substantial increases in take up of Personal Budgets during the six months from April to September.

There is a national target of 30% take up of personal budgets by April 2011.

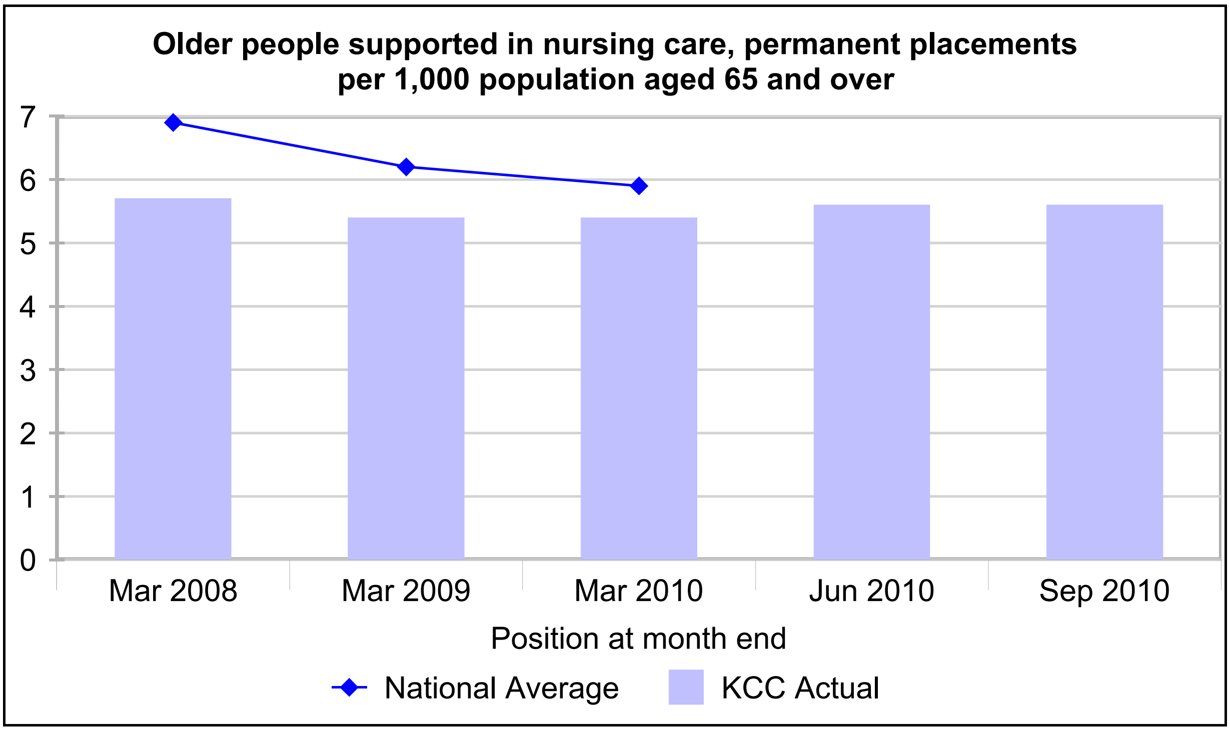


Lower result is better	Mar 08	Mar 09	Mar 10	Jun 10 Provisional	Sep 10 Provisional
KCC Result	14.5	13.6 ⬆	12.8 ⬆	12.7 ⬆	12.7 ⬌
National average	14.1	13.8	13.4		
RAG Rating	●	●	●	●	●
Number of clients	3,500	3,350	3,240	3,210	3,190

The long term trend for the total number of clients aged over 65 in residential care continues to show a decline with Kent showing a similar fall and rate of provision to national levels.

While overall client numbers have continued to fall this year, the number supported in independent sector care has increased (as detailed in the budget monitoring report presented to the same Cabinet meeting). There are also ongoing pressures relating to clients with dementia and the number of clients with dementia in independent sector provision increasing from 1,195 in March to 1,262 in September.

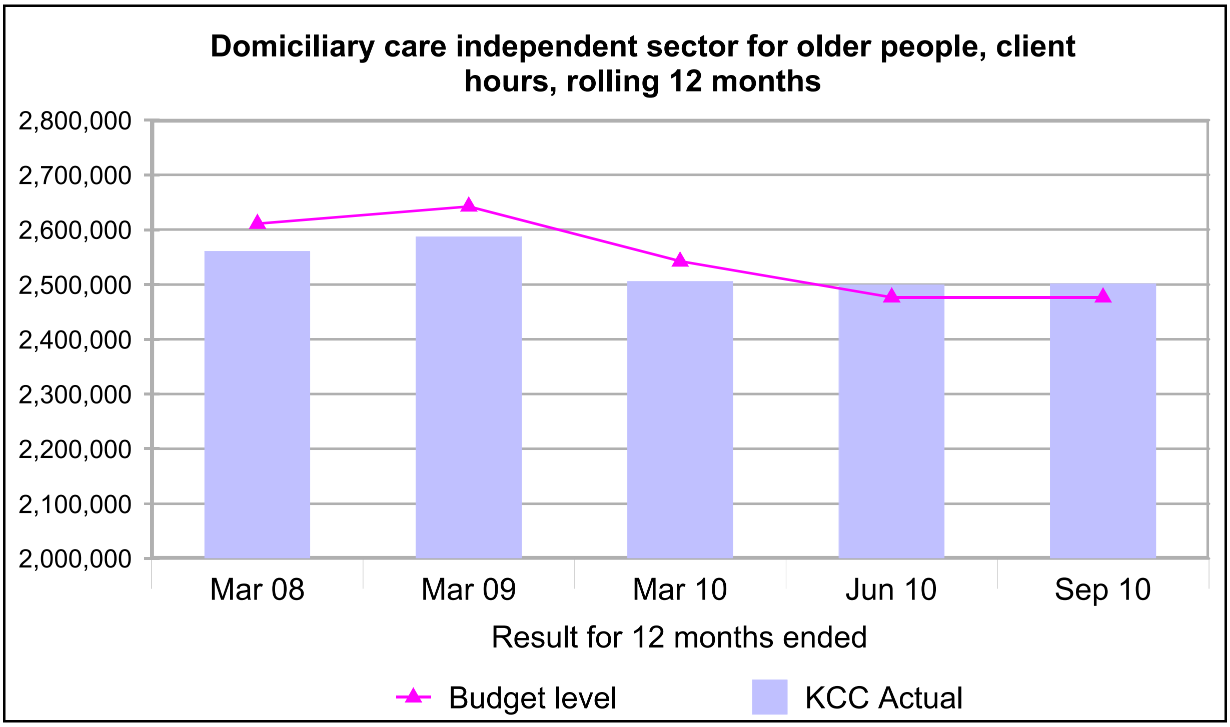
It is estimated that there will be a 30.9% increase in people living with dementia by 2020.



Lower result is better	Mar 08	Mar 09	Mar 10	Jun 10 Provisional	Sep 10 Provisional
KCC Result	5.7	5.4 ⬆	5.4 ⬌	5.6 ⬇	5.6 ⬌
National average	6.9	6.2	5.9		
RAG Rating	★	★	●	●	●
Number of clients	1,390	1,340	1,370	1,420	1,405

The number of clients in permanent placements of nursing care at the end of September was 1,405 up from 1,370 in March. There has been a drop in client numbers since June but the overall trend over the last 18 months has been upwards.

Kent has historically maintained a lower level of usage of nursing care than the national average, and even with the increases since March 2009, Kent levels remain lower than the last recorded national average.



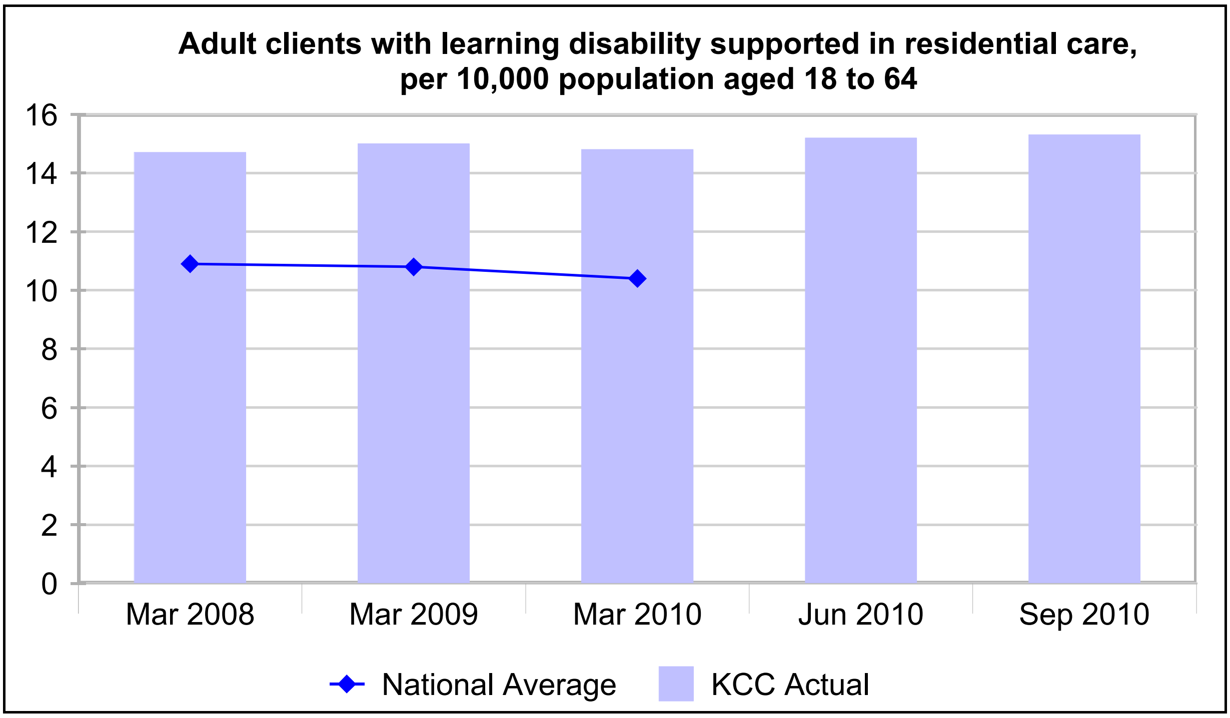
Lower result is better	Year ended Mar 08	Year ended Mar 09	Year ended Mar 10	Year ended Jun 10 Provisional	Year ended Sep 10 Provisional
Hours care provided (000's)	2,561	2,587 ⬇	2,506 ⬆	2,500 ⬆	2,502 ⬇
Budget level	2,611	2,642	2,542	2,477	2,477
RAG Rating	●	●	●	●	●
Number of clients	6,740	6,490 ⬆	6,230 ⬆	6,330 ⬇	6,220 ⬆

Client numbers with externally provided domiciliary provision were 6,220 in September, just slightly down from 6,230 in March. The number of hours of care provided in the last 12 months is very similar to the number provided in the 12 months ending March 2010 and is within 1% variance of the budget level.

The number of hours of externally purchased domiciliary care has decreased since 2008/09 and this was expected due to other services being provided such as intermediate care, Telecare and Telehealth and increased take up of direct payments as well as further development and provision through voluntary sector provision.

In addition, with the introduction of enablement, more people are able to return home with minimal or no care package. However, although the number of people who continue to receive a service are fewer, those that do may receive a more intense care package.

Based on data for the year to March 2010 Kent also supports more older people to live independently at home than the national average – 36.7 per 1,000 population in Kent compared to 30.8 nationally.



Lower result is better	Mar 08	Mar 09	Mar 10	Jun 10 Provisional	Sep 10 Provisional
KCC Result	14.7	15.0 ⬇	14.8 ⬆	15.2 ⬇	15.3 ⬇
National average	10.9	10.8	10.4		
RAG Rating	▲	▲	▲	▲	▲
Number of clients	1,230	1,260	1,250	1,290	1,300

Kent reports a higher level of people with learning disability supported in residential care than the national average due to having a higher than average proportion of preserved rights clients. These are a cohort of clients that historically came within Social Services responsibility.

Those living in residential care have very complex and individual needs which make it difficult for them to remain in the community and require expensive and intensive packages of care.

The number of clients in residential care end of September 2010, excluding those with preserved rights was 697, up from 666 in April.

There have been 38 new placements this year that have been due to the NHS transfer and these transfers include the required funding.

Environment, Highways and Waste (EHW)

Managing Director's Commentary

This report sets out how the EHW directorate has performed in a number of key service areas. The services provided by EHW affect everyone who lives or works in Kent. This commentary draws upon the half-year business plan updates, which shows the majority of new projects for 2010/11 are either on track for delivery by the year-end or already delivered.

The implications of the Government's recent Comprehensive Spending Review announcements are occupying a significant amount of time at present. The planning needed for delivering the savings required over the next few years, while protecting services, is substantial and we need to make sure the approach is robust and realistic.

Kent Highway Services

The successful **Find & Fix** project was completed in September, with over 160,000 potholes repaired across the road network. We aim to repeat this in the event of another severe winter causing high levels of road surface damage. As shown in the performance graphs, the average time to repair a pothole has increased beyond our 28 day target as roads awaited treatment by the Find & Fix gangs. Now we have dealt with the backlog on a systematic rather than reactive basis, the repair times are expected to return closer to the published performance target.

We are getting prepared for the forthcoming winter, following a thorough review of our **winter service** arrangements. Our Winter Service policy is published on the Kent.gov.uk website, together with national guidance on how residents can clear snow and ice safely. Salt stores are full, and vehicles and drivers ready to deal with any adverse weather that hits Kent in the coming months. Improved collaboration arrangements to deal with snow and ice are in place with district councils.

The backlog of **28 day fault repairs** (routine repair faults, such as blocked gullies or twisted signs, reported by our customers) has fallen from over 4,000 to around 1500 enquiries in the past two months. Although the performance graph shows that we are currently outside of our published performance target, we are determined to deal with the remaining backlog before the peak winter months and to keep on top of demand during any adverse weather periods.

The **streetlighting** target of 90% fault repairs completed in 28 days continues to be outperformed by KHS. EDF performance continues to be variable and although this quarter's results are below standard we are confident that the new OFGEM 'guaranteed standards of performance' arrangements, which came into force on the 1st October 2010, will help drive-up their performance in the coming months. However, it is important to recognise that EDF,'s contribution to fixing faults is only around 5% of all the streetlighting calls KHS receive.

Some £16m is being invested this year in **road and footway resurfacing** to protect and improve the condition of these assets, representing over 220 carriageway and 50 footway schemes. Building on last year's approach, a significant proportion of carriageway resurfacing work has been externally tendered with significant savings.

The **Contact Centre** continues to support KHS by resolving around 60% of customer enquiries at the first point of contact and handling some 14,000 highway enquiries each month. This ‘front line’ filter enables KHS to focus on queries requiring technical investigation or closer liaison with the customer.

The new Government announced a significant the in-year funding reduction to the Integrated Transport programme. Working closely with Members, modifications have been made to the **Local Transport Plan** programme, meaning a smaller programme of 75 local schemes will now go ahead within the revised budget of £4.7million. Excellent progress continues with the major – and in some instances technically challenging - programme of **new road construction** in East Kent, Sittingbourne, Queenborough/Rushenden and Ashford.

The **Kent Permit Scheme** is delivering excellent results for drivers in Kent. The time Kent’s roads and pavements have been adversely affected by roadworks has fallen by the equivalent of 4 years to date. The vast majority of the most disruptive roadworks on traffic sensitive roads are now completed to time or earlier.

The **Member Highway Fund**, which gives each Member £25,000 each year to fund local highway initiatives, has received 406 applications to date and led to some £1.4m of local schemes going ahead. Improvements have been made to the process for handling and approving applications.

The procurement of the **new Highways maintenance contract** is on programme. Three companies will be shortlisted in December 2010, the contract awarded in spring 2011 and the contractor operational in autumn 2011. As final decisions are taken on the shape of the contract and how it will operate, the structure and operational delivery framework of KHS will be will also be changed to maximise the benefits of the new contract and how it responds to its customers.

On 1 April 2011, the management of the **Statutory Senior Citizens Free Bus Scheme** will transfer to KCC from District Councils. Confirmation is awaited from Government on whether this will be fully funded.

Environment & Waste

While overall municipal **waste** tonnage has fallen from March 2008 levels, the performance graph shows a levelling off in the last quarter in the amount of household waste collected and measured on a per capita basis. However we are still predicting the total of municipal waste, which drives costs, will end lower this year than the previous year.

Recycling and composting rates have also levelled off in the last year. There has been a slight increase in the last quarter but we are still behind the position of March 2009 and it is unlikely we will see any further improvement this year. Contributory factors include limited new additional district recycling services, the reduced amount of waste being produced, recessionary impact on recyclate markets, and an increase in materials that, while collected by the public, are not fit for recycling. However the planned roll-out of new recycling services for East Kent Districts is expected to increase in Kent-wide recycling performance from 39% - 42% by 2013. The re-letting by Maidstone, Ashford and Swale of their waste collection contracts in 2013 will also increase scope for recycling.

Diversion from landfill is well ahead of the national average. This quarter saw a further reduction to 26.9%, which is better than the last financial year position of 30% of Kent's municipal waste being taken to landfill, and a further 10% reduction is forecast during 2010/11. The aspiration is for no more than 10% of Kent's municipal waste to be landfilled by 2015/16.

The Cabinets of the five local authorities involved in the **East Kent Joint Waste Contract** have resolved to award this contract, with implementation from January 2011 across Dover and Shepway. All four collection authorities have formally agreed to collect waste from households in the same way, and financial arrangements agreed with KCC up until 2021. A public consultation focusing on Kent's joint household waste strategy is planned for the near future.

The **draft Kent Environment Strategy** was approved by the Kent Partnership in June 2010. Detailed delivery plans are being developed, and a progress monitoring system to help business, communities and public services to prosper and create value from our natural environment while recognising environmental limits and the challenge of climate change.

The Environment and Waste Division has been awarded the **Investing in Volunteering Award** which recognises the high standards achieved in management and use of volunteers. The use of over 700 committed and enthusiastic volunteers is essential in helping us to provide front-facing services. The value of their work is conservatively estimated at over £400k each year.

Integrated Strategy & Planning

Consultation is underway on a draft revised **Local Transport Plan for Kent** up to 2016. The final version is due to be submitted to the Department for Transport by April 2011. This work is taking place at a time of uncertain and reduced funding availability for future transport schemes, and the views of consultees on priorities will be important. The draft Plan proposes criteria for transport programmes and actions, with projects tested against the ambitions in KCC's *Bold Steps for Kent* and *Growth without Gridlock* documents.

Strong progress is being made in determining a compelling case for a **new Lower Thames Crossing,** with evidence-based reports assembled for discussion with Ministers and officials in DfT and support sought from business in developing a funding package. The Government's recent reaffirmation of their commitment to introduce a **Lorry Road User Charge** is particularly welcome in this context, and discussions have taken place at ministerial level on how this money could help fund the new road crossing and solve the long-running problems of Operation Stack.

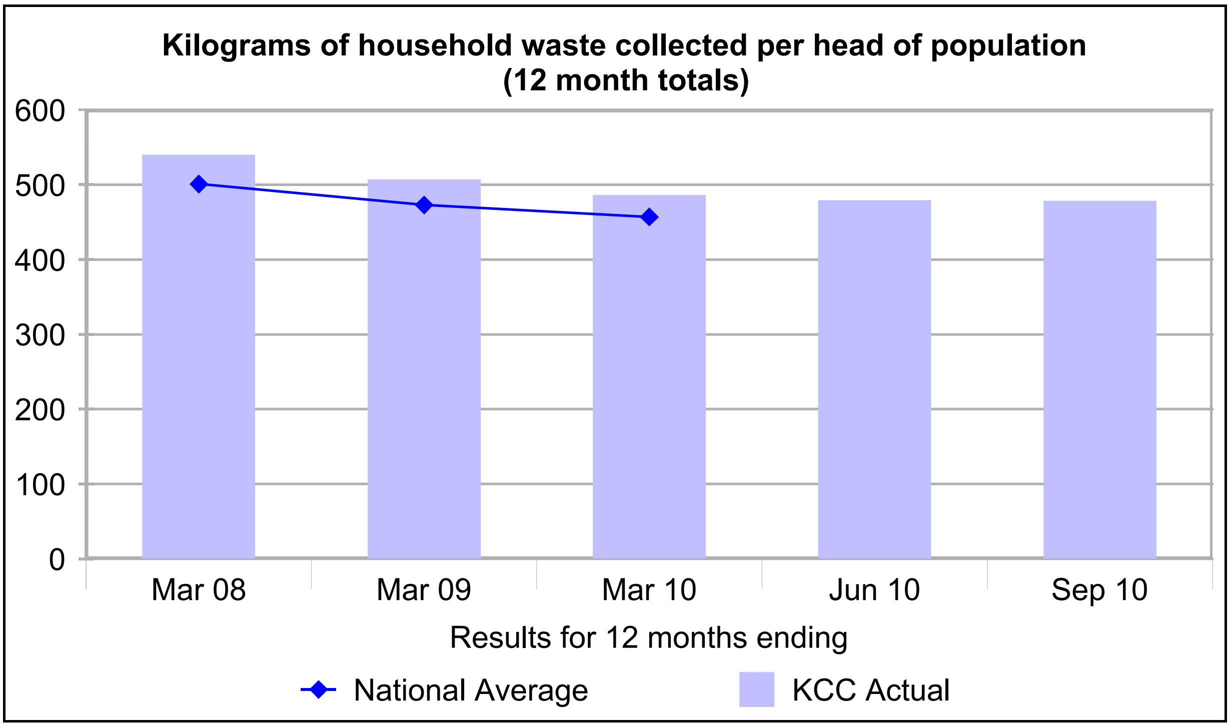
The second **Rail Summit** hosted by KCC in October 2010 was well attended by senior representatives from Network Rail and Southeastern and by many stakeholders and the public. KCC gave a clear message of its determination to seek improvements to the rail network and services, and to 'stand up for Kent's residents'.

Work in developing a new **Minerals and Waste Development Framework** is proceeding well, with consultation launched on the issues raised including a *Call for*

Sites for Consideration consultation. The resulting Framework will guide KCC on minerals and waste development permissible up to 2030 and set out the consultation procedures undertaken when considering them.

The abolition of **Regional Spatial Strategies** by the Government in July 2010 has enabled district councils to consider alternative dwelling numbers to those in the South East Plan. KCC will be assessing the overall effect of these changes for Kent's population and KCC's own service provision. Evidence has been submitted to the CLG's Select Committee calling for counties to have the freedom to co-ordinate and plan for key infrastructure provision on a locally-determined geographical basis. This will place greater importance on Local Development Frameworks, where we are taking a pro-active role in guiding and shaping with our District colleagues.

Mike Austerberry
Managing Director
Environment, Highways and Waste

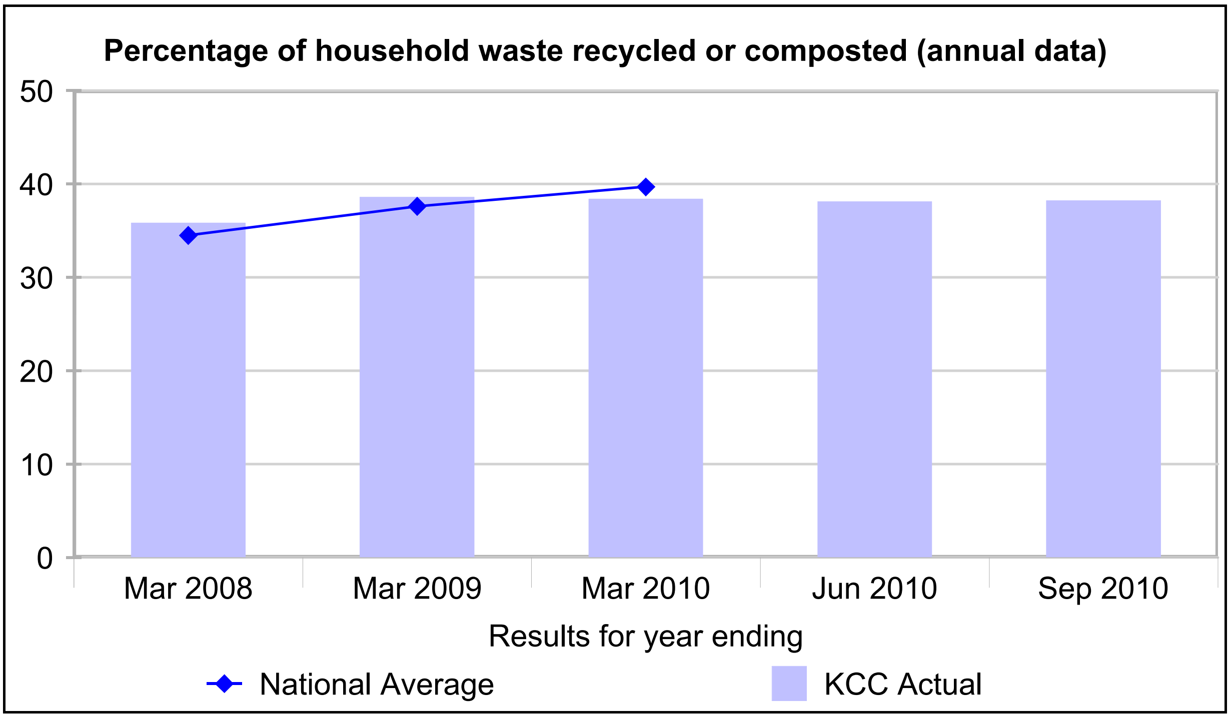


Lower figure is better	Year ended Mar 08	Year ended Mar 09	Year ended Mar 10	Year ended Jun 10 Provisional	Year ended Sep 10 Provisional
KCC Result	540	507 ⬆	486 ⬆	479 ⬆	478 ⬆
National Average	495	473	457		
RAG Rating	●	●	●	●	●
South East	520	482	467		

The overall tonnage of municipal waste managed in Kent continues to fall, and the annual forecast for year ending March 2011 is projected to be lower than the previous year, and for the fourth year running.

Household waste accounts for over 90% of total tonnage of municipal waste managed by the local authority with the difference relating to litter collection and other non-commercial waste not collected from households.

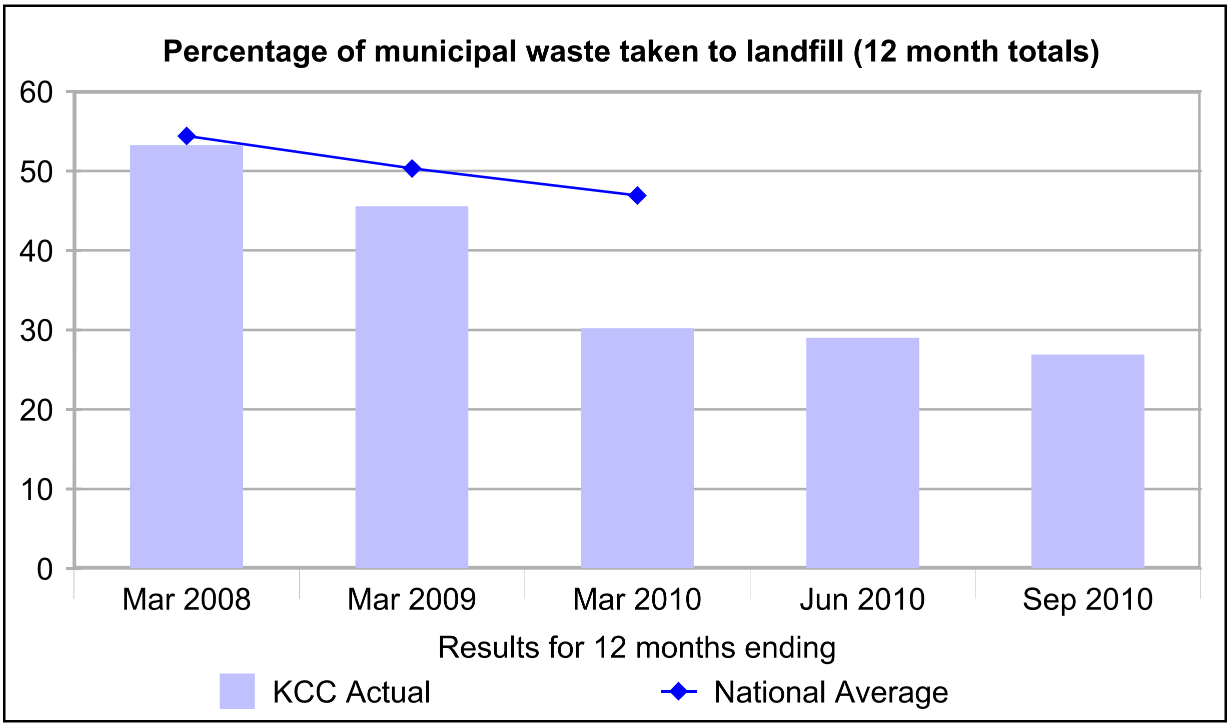
The amount of household waste collected measured on a per capita basis for Kent is moving closer to the national average (as shown above).



Higher figure is better	Year ended Mar 08	Year ended Mar 09	Year ended Mar 10	Year ended Jun 10 Provisional	Year ended Sep 10 Provisional
KCC Result	35.8%	38.6% ⬆	38.4% ⬇	38.1% ⬇	38.2% ⬆
National average	34.5%	37.6%	39.7%		
RAG Rating	●	●	●	●	●

The percentage of household waste recycled or composted in Kent has levelled off in the last year. Various factors have contributed to this including limited roll-out of additional recycling services by district councils, a reduction in the amount of waste produced including the amount available for recycling, the impact of the recession on recyclate markets, and an increase in the amount of material collected for recycling that is un-marketable.

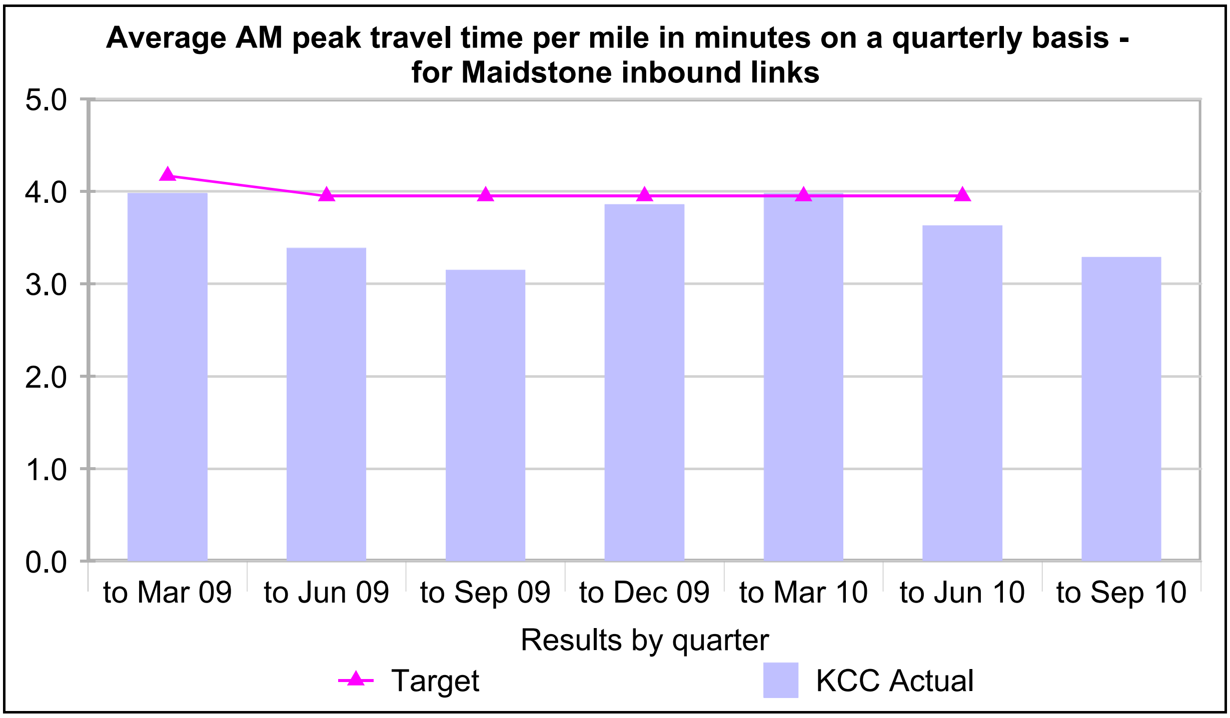
Overall recycling performance will improve in the future through the planned roll-out of new recycling services for the four East Kent Districts, generating an expected increase in overall performance from around 39% to 42% by 2013. In addition, Maidstone, Ashford and Swale borough council's waste collection contracts are to be re-let in 2013 and this will provide additional potential for increased recycling.



Lower figure is better	Year ended Mar 08	Year ended Mar 09	Year ended Mar 10	Year ended Jun 10 Provisional	Year ended Sep 10 Provisional
KCC Result	53.2%	45.5% ⬆	30.2% ⬆	29.0% ⬆	26.9% ⬆
National average	54.4%	50.3%	46.9%		
RAG Rating					

Diversion from landfill is showing a significant improvement in 2009/10 compared to 2008/09, with the percentage of municipal waste taken to landfill down from 46% to 30%. This puts Kent well ahead of the national average and is largely due to diversion of waste from landfill to the Allington Waste to Energy Plant.

A further 10% reduction in waste going to landfill is forecast during 2010/11, and plans are in place to reduce it to 15% by 2013/14. The aspiration is to reach a target of not more than 10% of municipal waste being landfilled by 2015/16.

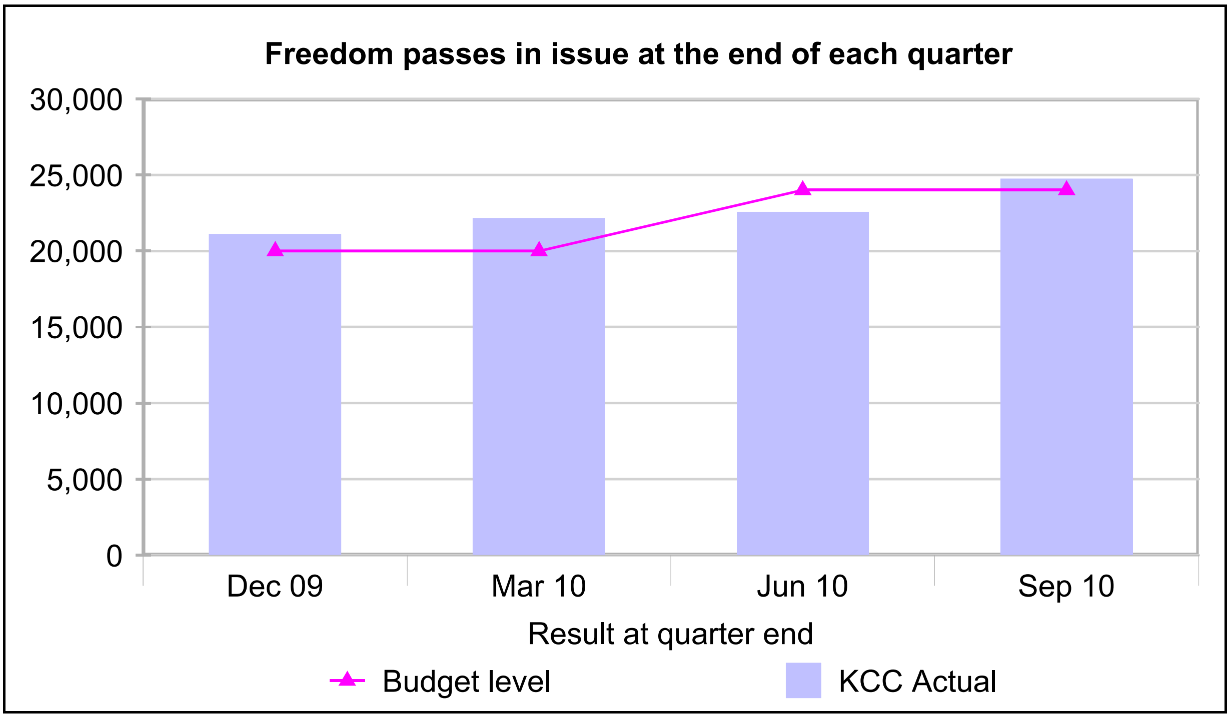


Lower figure is better	Qtr to Mar	Qtr to Jun	Qtr to Sept	Qtr to Dec
KCC Result 2010	3.98	3.63	3.29	
Target	3.98	3.95	3.95	
RAG Rating				
KCC Result 2009	3.98	3.39	3.15	3.86
Change 2010 to 2009	↔	⬇	⬇	

Average journey times into Maidstone continue to be managed below the base line levels measured before the investment in urban traffic management control. The target line shown above represents a 10% decrease for 2009/10 on the baseline measurement which is for an average journey time of 3.95 minutes per mile.

The data shown above provides a quarterly average journey time figure which hides a range of variation in journey times experienced on a daily basis. Longer journey times can be experienced on some days, with incidents and road works having a dramatic affect on journey times. We are therefore looking at a more dynamic measure of journey time reliability that will report the percentage of days when average journey time is within the target level.

In future reports, we aim to provide journey times for Canterbury and Gravesend which now have traffic monitoring systems in place. We are currently assessing the business case for the next towns that will benefit from journey time monitoring and management.

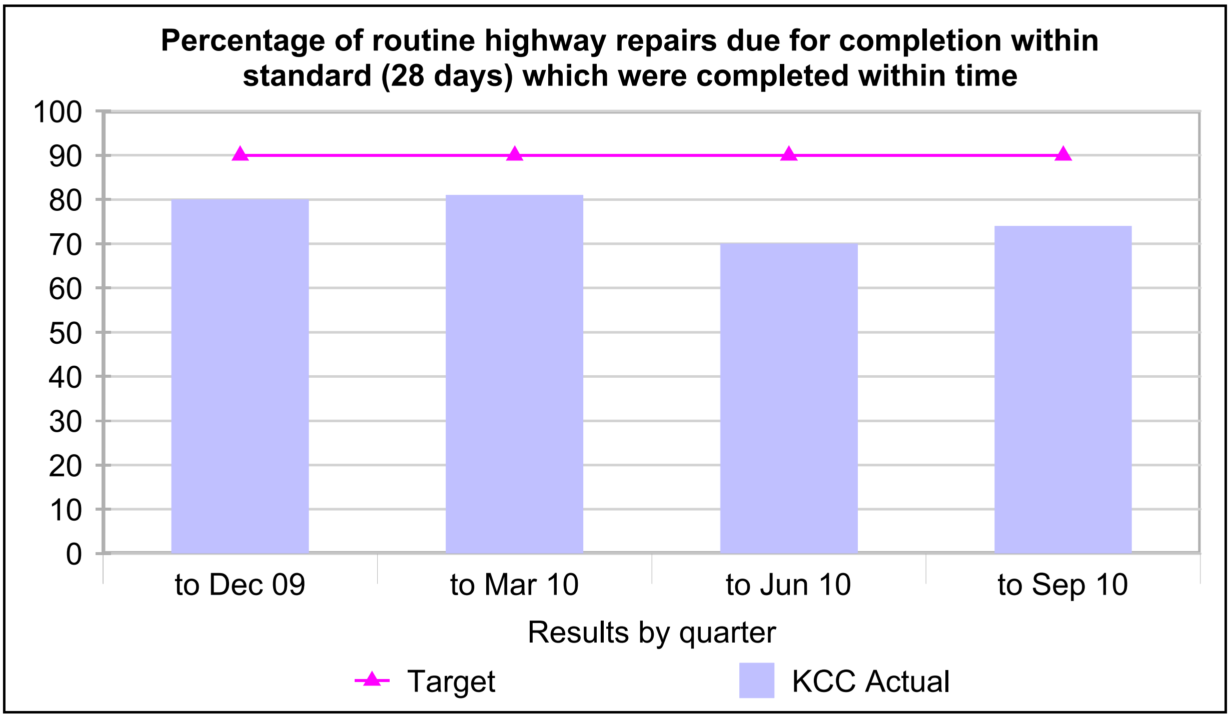


Lower figure is better in terms of cost	Qtr ended Dec 09	Qtr ended Mar 10	Qtr ended Jun 10	Qtr ended Sept 10
KCC Result	21,100	22,200	22,600	24,700
Budget level	20,000	20,000	24,000	24,000
RAG Rating				

The Freedom Pass has now been available across all of Kent for over a year and close to 25,000 passes have been issued, which is above expectations. From September 2010 passes became available for Kent pupils attending schools outside of the county.

The success of the Freedom Pass does however present a budget pressure and an additional £1m has been made available to fund the scheme.

Work is underway to assess the full benefits of the Freedom Pass and to examine future options for the scheme.



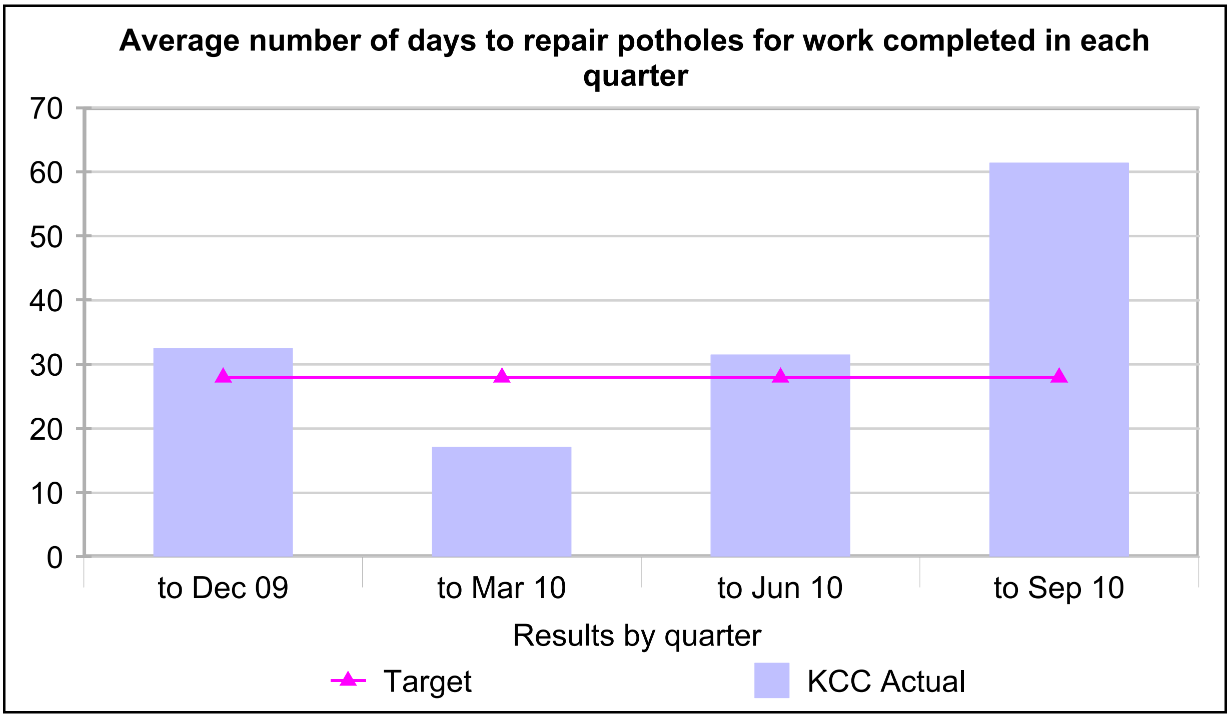
Higher figure is better	Qtr to Dec 09	Qtr to Mar 10	Qtr to Jun 10	Qtr to Sept 10
KCC Result	80%	81% ⬆	70% ⬇	74% ⬆
Target	90%	90%	90%	90%
RAG Rating				

This indicator measures the percentage of routine fault enquiries raised by the public that should have been completed in the quarter, with those that actually have been completed.

We have set a standard to repair 90% of routine faults reported by our customers such as potholes and blocked gullies or twisted signs within 28 days. Where we attend site within 28 days but the work is larger than anticipated e.g. a blocked gully is in fact a broken pipe, then this work is moved to our programmed repairs and a call is made to the customer to let them know what is going on. The enquiry is not then included in this measure and is monitored in the programmed repair times instead.

Monthly data (although the graph above shows a quarterly summary) indicates that a steady improvement in performance has taken place since May, with September reaching 78%. We have over the same period also dealt with a significant backlog of old repairs that had gone over the 28 day repair and once the backlog is cleared we will be able to focus once again on new enquiries more quickly.

Subject to the continuing good weather we expect to deal with the remaining backlog before the start of the peak winter months and we will work hard to keep up with demand during any periods of bad weather.



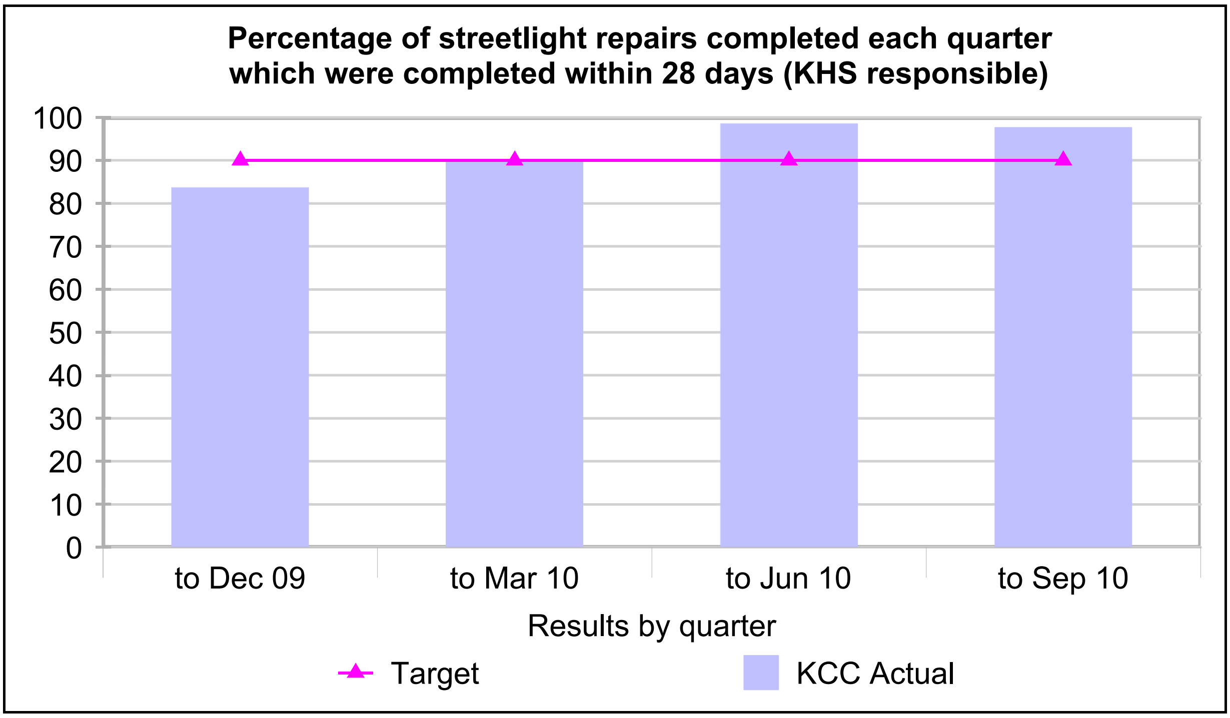
Lower figure is better	Qtr to Dec 09	Qtr to Mar 10	Qtr to Jun 10	Qtr to Sept 10
KCC Result	32.5	17.1 ⬆	31.5 ⬇	61.4 ⬇
Target	28	28	28	28
RAG Rating				

This indicator is currently out of target for this quarter as roads awaited treatment by the Find & Fix gangs between March and September 2010. However, whilst increasing the overall average repair time, the Find & Fix project received positive comments from the public as all repairs in one road were completed in one visit. The Find & Fix project was extended to busy A and B class roads following early success with minor roads and was completed at the end of September with over 160,000 potholes repaired.

The systematic as opposed to reactive approach to fault fixing has proved efficient and cost-effective, though has the perverse effect of reducing performance levels. Repair times, and performance against this target, are expected to improve significantly in the next quarter.

The number of reported potholes in this quarter has been around 2,500 per month and is significantly less than the winter peak period of over 9,000 defects per month. As a result of the old Find & Fix repairs being closed, repair times over the next few months will be brought back into target.

For many minor roads, the weather will play a key role in the pothole demand over the coming months. Additional crews are on standby to react to an increase in demand and, subject to the weather and targeted funding, a new Find & Fix project could be delivered in the spring.

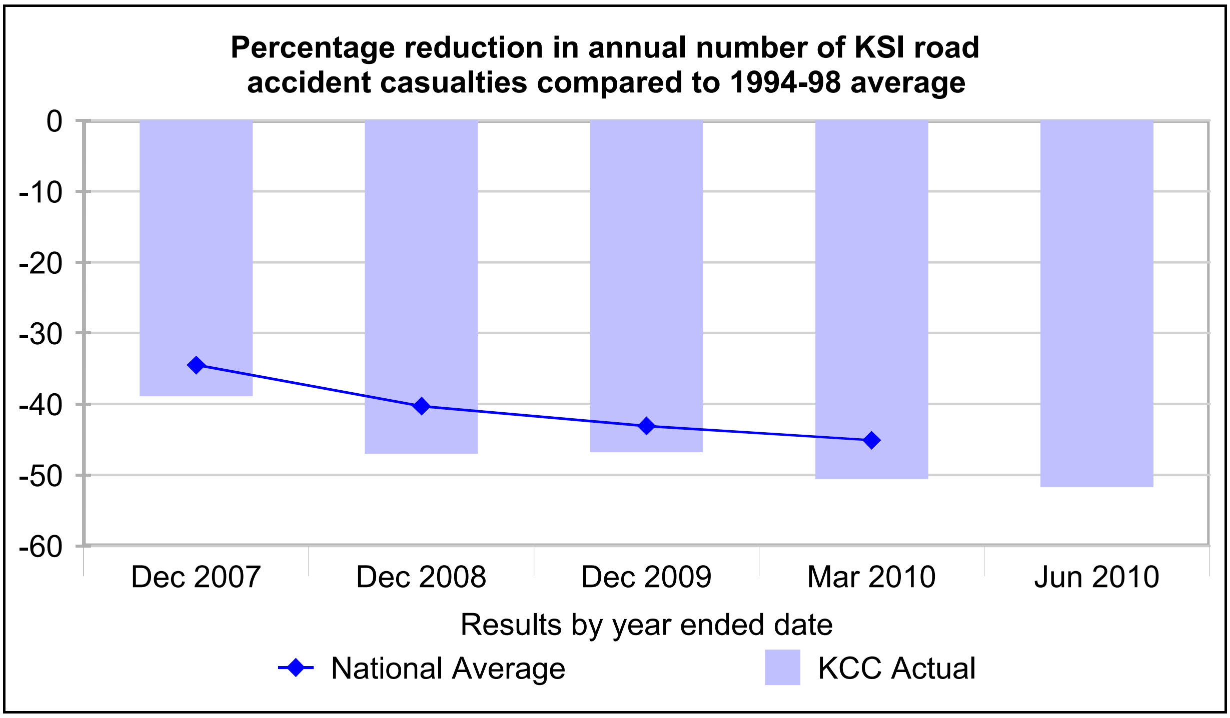


Higher figure is better	Qtr to Dec 09	Qtr to Mar 10	Qtr to Jun 10	Qtr to Sept 10
KHS result	83.7%	90.2% ↑	98.6% ↑	97.7% ↓
Target	90%	90%	90%	90%
RAG Rating				
EDF Result (not graphed)	37.1%	24.0% ↓	69.0% ↑	43.3% ↓
Target	75%	75%	75%	75%
RAG Rating				

Streetlight repair times within the responsibility of KHS are being maintained at a high performance level, with the target level exceeded for the last two quarters. However, with the winter peak period approaching, pressure will be on the team to continue to meet these high standards whilst receiving a predicted doubling in demand.

The total number of faults which require a repair from EDF remains a small percentage of the total number of streetlight faults, (around 5% of the overall volume, which equates to 150 faults per month). Failure by EDF to meet their repair times on a small number of faults can therefore have a significant effect on the overall result. However results for recent quarters have shown significant improvement on the past, and we expect to see performance continuing to improve in the future.

The introduction of the OFGEM 'guaranteed standards of performance' arrangements, which came into force on the 1st October 2010, will help drive-up EDF's performance in the coming months.



Larger negative figure better	Year ended Dec 07	Year ended Dec 08	Year ended Dec 09	Year ended Mar 10 Provisional	Year ended Jun 10 Provisional
KCC Result	-38.9%	-47.0% ↑	-46.8% ↓	-50.6% ↑	-51.7% ↑
National average	-34.5%	-40.3%	-43.1%	-45.1% *	
RAG Rating					
Actual KSI	723	627	629	584	571

* Provisional estimate for GB, Source : DfT.

For the last three years the percentage reduction in Kent for the number of road accident KSI (killed and seriously injured) casualties has been significantly better than the reduction recorded as the national average.

Data for 2009 for Kent showed no improvement over 2008 but data recorded so far for 2010 (which is provisional at this stage) shows continued reductions in KSI numbers ahead of national reductions.

Communities Directorate

Managing Director's Commentary

Services within the Communities directorate have been focusing on preparations for delivery of a very tough 2011-14 Medium Term Financial Plan, whilst operating in a period of rapid change. Half-year monitoring of 2010/11 Annual Operating Plans is being completed and the following headlines are emerging:

Achievements

Despite increasing financial and policy challenges, our services have continued to make good progress against objectives during the first half of 2010/11. Examples include:

- A successful second *Kent School Games* finals held in June / July. The Coalition Government is introducing a School Olympics model based on Kent's approach;
- Towards 2010 targets for Kent Success and other public and private sector *apprenticeships* have been met. A pilot scheme to support vulnerable learners into apprenticeships has been instigated;
- The Kent Cultural Strategy, a key component of the KCC's Regeneration Framework for Kent, has been endorsed by KCC Cabinet for approval by the Kent Partnership;
- A Youth Theatre Festival took place in the summer, with an expanded format, involving 250 young people;
- The Library Service launched an e-book and e-audiobook service in July and is on track to achieve 4,500 downloads in the first 3 months;
- The Kent History and Library Centre is ahead of schedule and archive repositories are built;
- Volunteers play a crucial role in helping libraries in the county run smoothly - nearly 15,500 volunteering hours were clocked up between April and September;
- Integrated front line services are becoming increasingly important and two pilots involving Registration and Library staff working together have been completed;
- Trading Standards has continued to engage in effective intelligence-led operations aimed at protecting the community. In the last six months this includes conducting test purchases to uncover illegal selling of cigarettes, protecting elderly residents from doorstep scams and enforcement action against those selling counterfeit goods;
- The thirty young people recruited via the Future Jobs Fund scheme to work with Community Wardens as Support Wardens successfully completed their training, with almost half finding further employment;
- A 'Hidden Harm' strategy, aiming to protect and support young people from the negative effects of their parents' substance misuse, has been launched;
- A 'Treatment into Employment' pilot scheme has been established in Maidstone to strengthen links with local Job Centre Plus services to aid those with substance misuse issues find a pathway to employment;
- As part of Kent's preparation for and celebration of the 2012 Olympic & Paralympic Games a successful International Camp was delivered at Swattenden Centre between 24th July and 1st August 2010, involving over 200

young people from Kent and 12 partner nations to engage in a multi-activity camp;
- The HOUSE project delivered by the Youth Service in partnership with KCC Public Health and M&C Saatchi has been shortlisted for national awards at the Children & Young People Now awards in two categories: Integrated Working and Health & Wellbeing.
- The Kent Scientific Services laboratory received very successful audit results from the United Kingdom Accreditation Service (UKAS), with high praise for the quality of staff and organisation;
- Latest youth re-offending rates have shown improvement on previous years' performance.

Progress against Projects / Developments / Key Actions

The significant majority of actions set out in Annual Operating Plans are on course for completion by March 2011. However, compared to previous years there are a greater number of actions this year that have been halted and therefore will not be achieved. In most cases this is down to changing central government priorities in areas such as anti-social behaviour and public confidence in the criminal justice system; ESOL (English for Speakers of Other Languages) course provision; and the ending of the Building Schools for the Future programme. This has often resulted in a reduction or cessation of grants e.g. Dept of Health funding for County Sports Partnerships; the Volunteering Community Action pilot for 14-16 year olds; Youth Capital Fund; Supporting People administration grant etc. Some actions originally set out in operating plans are on hold pending outcomes of Service reviews or potential KCC-wide changes.

Capital Projects Update

There are a number of exciting capital projects led within the directorate, including several as part of the library modernisation programme: the Beaney Library in Canterbury; Ashford Gateway plus; Ramsgate library; the Kent History & Library Centre; and Gravesend library. This is in addition to the Edenbridge Community Centre and Turner Contemporary gallery. Good progress is being made overall and much work is being done to ensure that project costs are controlled and funding is available in increasingly difficult circumstances.

Key Performance Indicators

Services within the Communities directorate work to a series of 'operational' indicators set out in their annual operating plans. Several of these feature in this core monitoring report with a contextual summary underneath. Targets that are not covered by core monitoring that are unlikely to be met in 2010/11 are:

Drug and Alcohol Action Team – The percentage of young people assessed as requiring specialist community treatment receiving their treatment within 15 days of referral is currently running at 92%, against the national target of 100%. Young Person's specialist community treatment services work closely with local children's services to ensure that young people in need of treatment receive a fully integrated service. These young people often have complex needs and are not always ready to engage in treatment. This means the 100% target is unrealistic, although we continue to work with specialist treatment providers to ensure that services are able to offer treatment within 15 days whenever required.

Youth Service – the service is unlikely to meet its target for working care leavers as the project is now supported by only one youth worker following a moratorium on staff recruitment (the post is funded through Kent Catch 22 16plus service).

Sport - The service aimed to advise on 60 facility developments during the year. The final number is likely to be closer to 40 as less funding is available for these sorts of developments, including closure of the Building Schools for the Future Programme. The number of Kent Sport website visitors is increasing year-on-year in the build up to the 2012 Games, although the total may fall slightly below the original target set.

Community Safety – the Kent Partnership has been using a proxy measure for the percentage of people who agree that the police and other local public services are successfully dealing with anti-social behaviour and crime in their local area, taken from the Kent Crime & Victimisation survey. This shows that confidence has decreased in recent months, from 73.8% in 2009/10 to 63.7% (Jul 09 to Jun 10). However, the Home Secretary has announced that the single Police Confidence measure and the Policing Pledge would be scrapped. Therefore associated work-streams have been removed from the County Community Safety Agreement and will no longer be a partnership priority.

Kent Scientific Services – Calibration section income is forecast to be below target as not as much private sector work has materialised in the current climate. However, this is expected to be offset by the Analytical section exceeding target.

Core Monitoring Indicators

The following pages feature performance and activity against the agreed Core Monitoring indicators, with commentary featured under each graph. Points worth highlighting are set out below:

- Local and national data is showing a reduction (improvement) in the number of *first time entrants to the youth justice system* across all districts in the county, indicating a positive outcome from various prevention initiatives, particularly involving the police. However, there is no complacency in this area, as the rate per 100,000 10-17 population is higher than statistical neighbours and the national average

- Ensuring young people are in *education, training & employment (ETE)* is one of the key factors in reducing the risk of young people offending. Just over 70% of young people known to the Youth Offending Service are in ETE; this is in line with national average and slightly better than statistical neighbours. However, this is still below the Youth Justice Board's national aspiration and work is ongoing to improve the rate in Kent

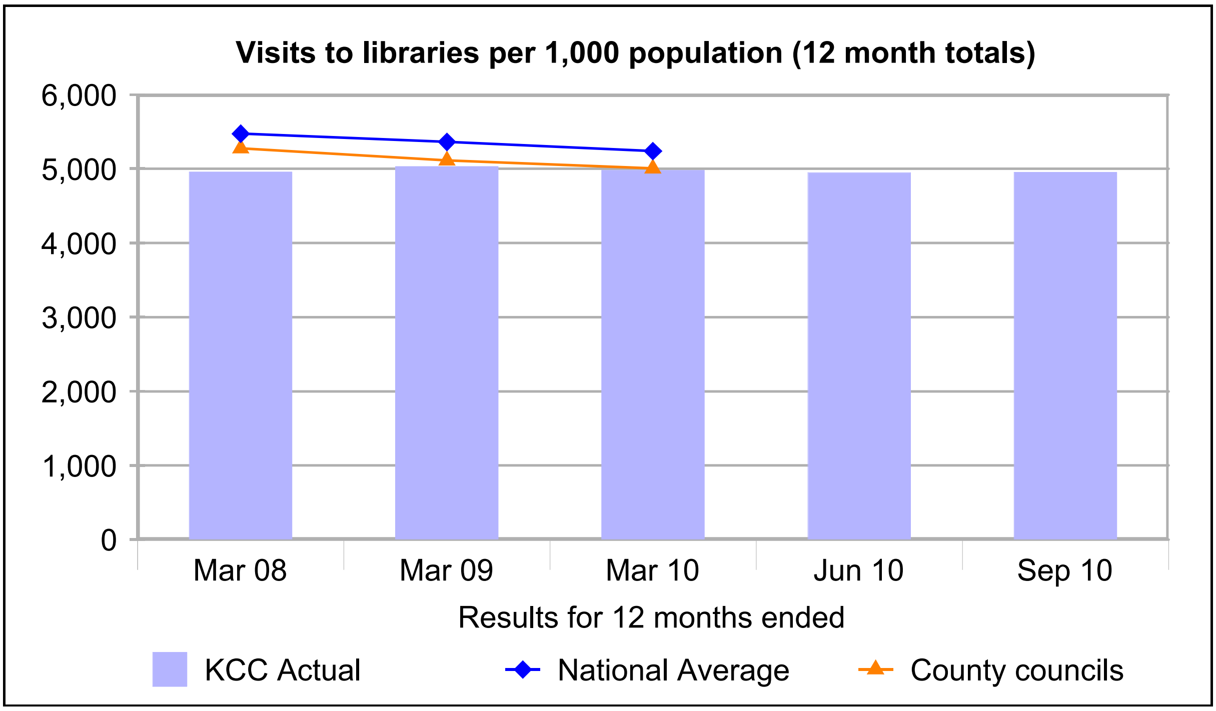
- Footfall in libraries remains close to the county council average and stable in Kent, considering that several libraries have temporarily re-located in recent times while refurbishments take place. In particular, three of the county's busiest libraries (Gravesend, Ashford and Canterbury) are currently operating out of temporary accommodation. This has had a knock-on effect to book loans. Encouraging news is that virtual visits through the web-site are on course to increase in 2010/11 and exceed the 1.4m end of year forecast, and the number of library activities e.g. community groups, reading and homework clubs, Baby Bounce etc. are likely to exceed the 2009/10 figure.

- The number of KCC *apprenticeships* taken on over the past four years comfortably exceeded the target set at the beginning of the Towards 2010 period. Attention has now turned to building on this performance during the next four years.

Risks in 2010-11

Services have been particularly focusing on mitigating the financial risks that arise from reliance on fee income and other external funding streams such as grants, in an uncertain financial climate. This of course also applies to KCC core funding.

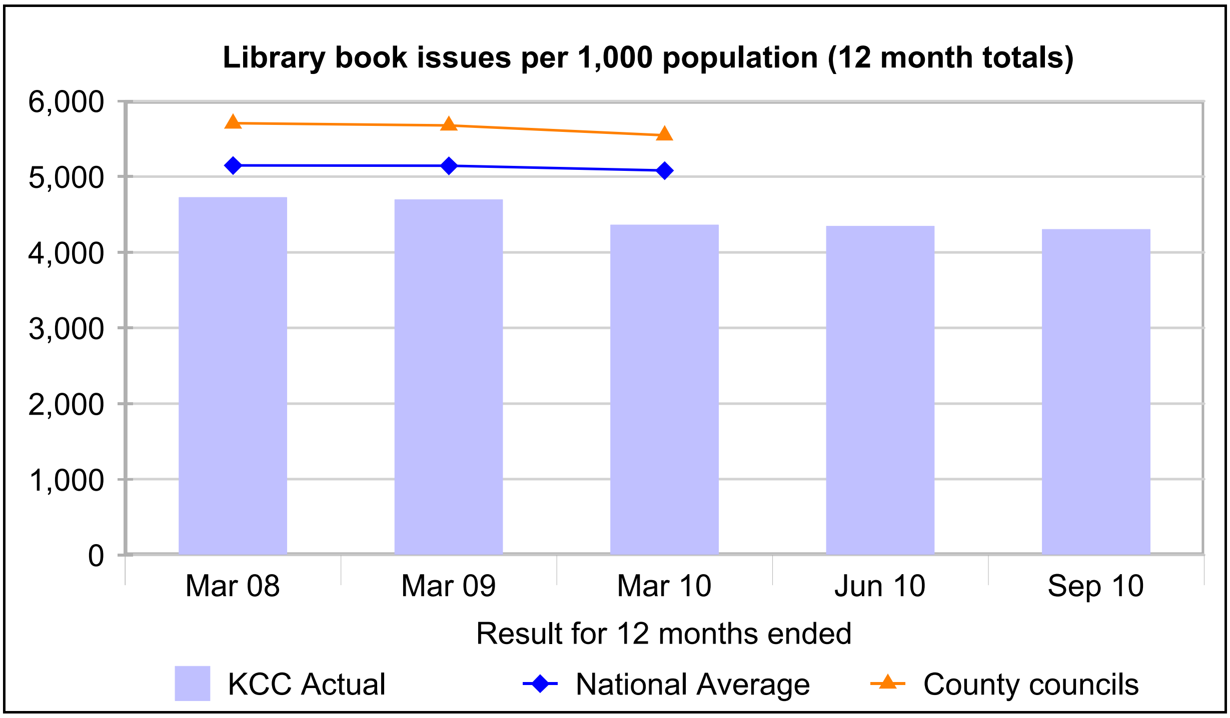
Amanda Honey
Managing Director
Communities Directorate



Higher value is better	Year ended Mar 08	Year ended Mar 09	Year ended Mar 10	Year ended Jun 10 Provisional	Year ended Sept 10 Provisional
KCC Result	4,960	5,030 ⬆	4,979 ⬇	4,951 ⬇	4,956 ⬆
National average	5,475	5,363	5,241		
RAG Rating	●	●	●	●	●
County council average	5,276	5,112	5,006		

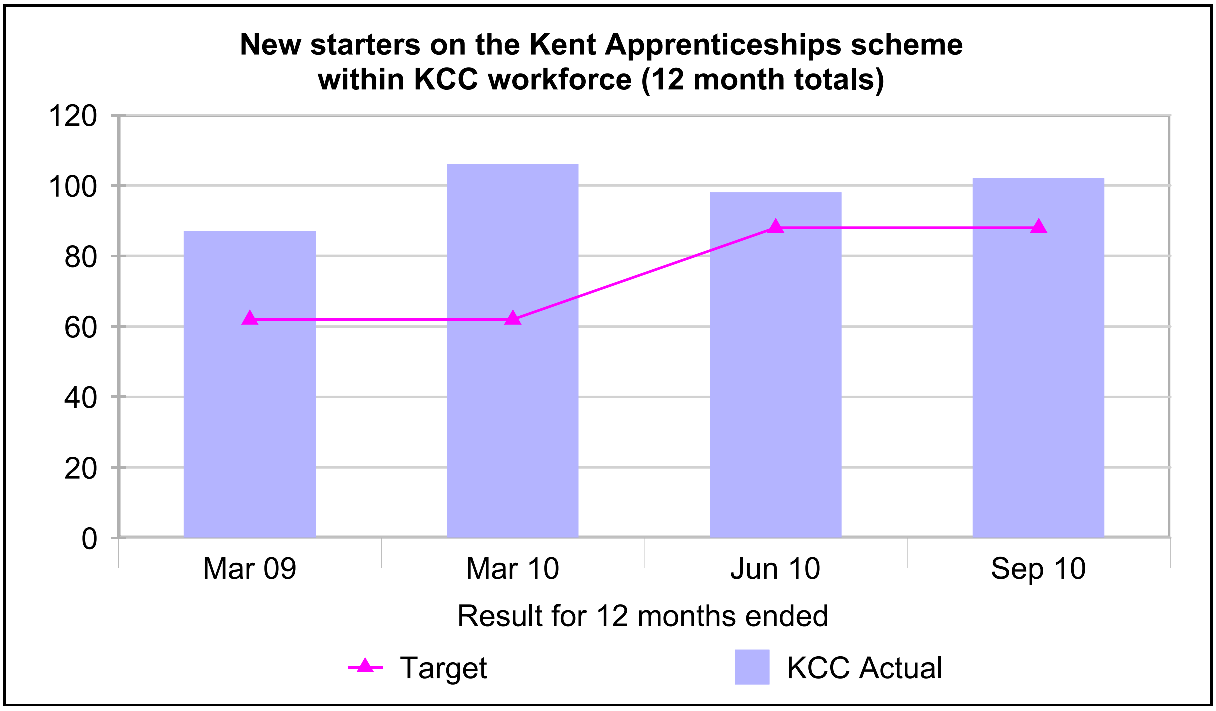
Footfall in Libraries has held up well despite being affected by several temporary library re-locations as part of the modernisation programme. The number of activities such as Reading Clubs and Baby Bounce & Rhyme Time continues to increase in 2010/11. 'Virtual visits' are forecast to have increased on 2009/10 figures by the end of 2010/11.

Kent has closed the gap to the national average for visits to libraries over the past two years, with Kent showing an increase against a national reduction.



Higher value is better	Year ended Mar 08	Year ended Mar 09	Year ended Mar 10	Year ended Jun 10 Provisional	Year ended Sept 10 Provisional
KCC Result	4,724	4,695 ⬇	4,361 ⬇	4,347 ⬇	4,301 ⬇
National average	5,147	5,143	5,081		
RAG Rating	●	●	▲	▲	▲
County council average	5,705	5,675	5,547		

The number of books loaned in Kent has historically been below national average and other county councils, although in recent years this gap has been closing. The number of book loans has been affected by the libraries modernisation programme over the past 18 months. In particular, three of the county's busiest libraries (Gravesend, Ashford and Canterbury) are currently operating out of temporary accommodation.

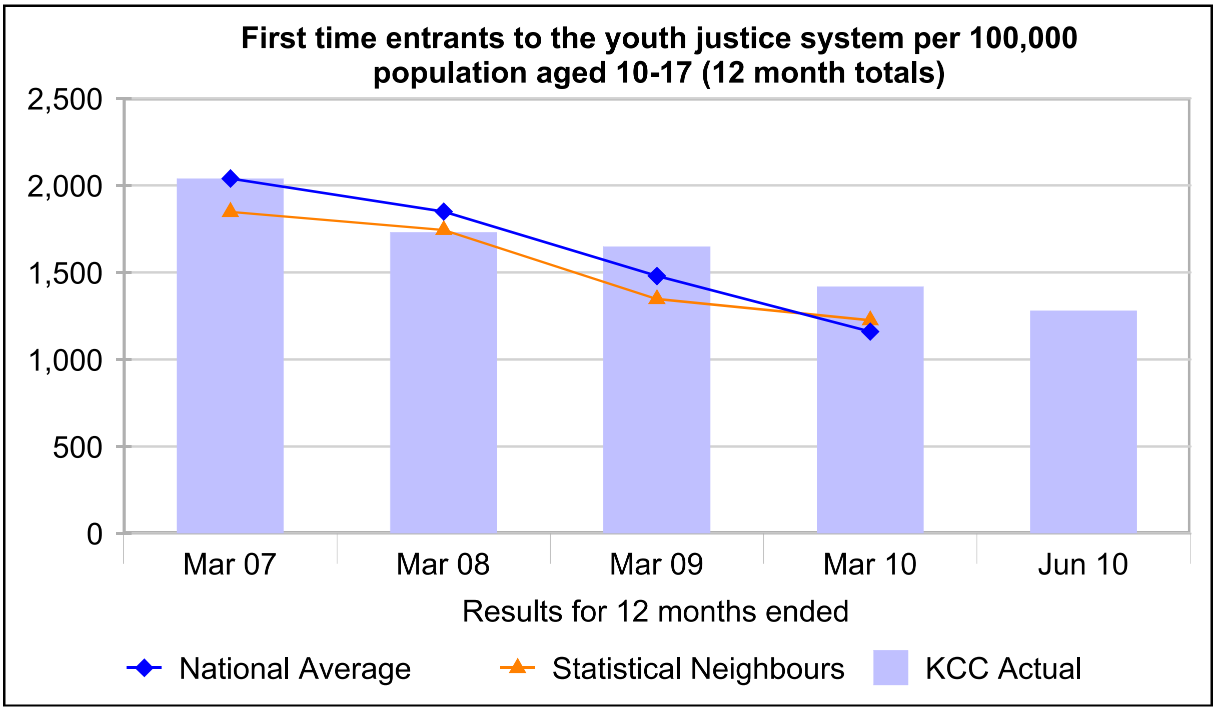


Higher figure is better	Year ending Mar 09	Year ending Mar 10	Year ending Jun 10	Year ending Sep 10 Provisional
KCC Result	87	106 ⬆	98 ⬇	102 ⬆
Target	63	63	88	88
RAG Rating	★	★	★	★

The number of KCC apprenticeship starts continues to exceed target levels.

The target level shown for June and September 2010 is based on 350 new starts over a four year period.

In future, all vacant posts at staff grades KR2-4 and which are considered suitable for an apprenticeship will be filled by apprentices in all cases, unless these is an existing member of staff at risk of redundancy, who would be suitable for and who could be deployed to the position.



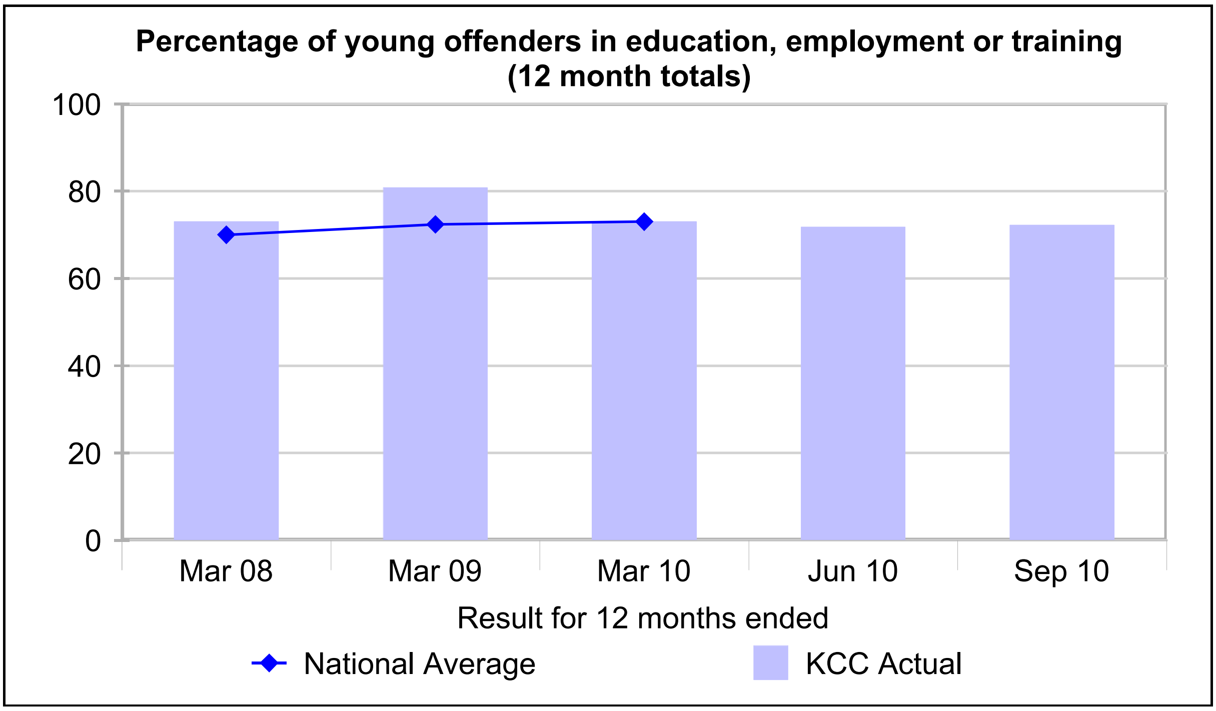
Lower value is better	Year ended Mar 07	Year ended Mar 08	Year ended Mar 09	Year ended Mar 10	Year ended Jun 10 Provisional
KCC Result	2,040	1,730 ⬆	1,650 ⬆	1,420 ⬆	1,280 ⬆
National average	2,040	1,850	1,480	1,160	
RAG Rating					
Actual number of young people (PNC data)	3,030	2,570	2,450	2,080	1,880

First time entrants to the youth justice system are young people who receive their first reprimand, final warning or court disposal. The numbers in Kent continue to reduce (improve) but not as fast as seen nationally.

The large drop seen both nationally and locally is considered to be due to a combination of factors including: a stronger focus on targeted youth crime prevention strategy, an increasing use of informal sanctions (such as pilots of restorative justice approaches) in place of a formal reprimand and changes in police policy with a greater focus on more serious offences.

Restorative justice developments are being implemented countywide by Kent Police during 2010, and will include support for the diversion of children and young people from the youth justice system.

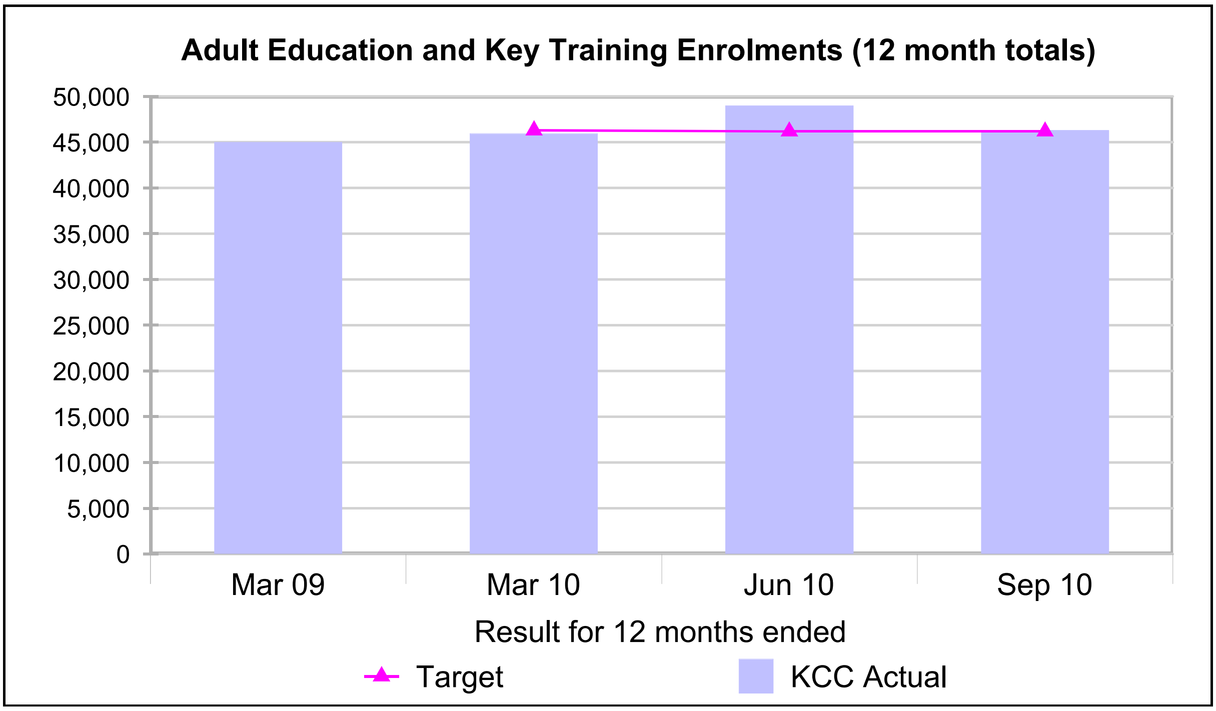
Note: Data to March 10 is based on national statistics taken from Police National Computer (PNC). The data for June 10 is based on local records of young people known to local youth offending teams with an uplift of 8% to account for differences to PNC data.



Higher value is better	Year ended Mar 08	Year ended Mar 09	Year ended Mar 10	Year ended Jun 10 Provisional	Year ended Sept 10 Provisional
KCC Result	73%	81% ⬆	73% ⬇	72% ⬇	72% ↔
National average	70%	72%	73%		
RAG Rating	●	★	●	●	●

Improved recording methodology adopted by Kent in 2009/10, ensuring that only those young people actively engaged in education, training or employment were included, led to a lower figure being reported.

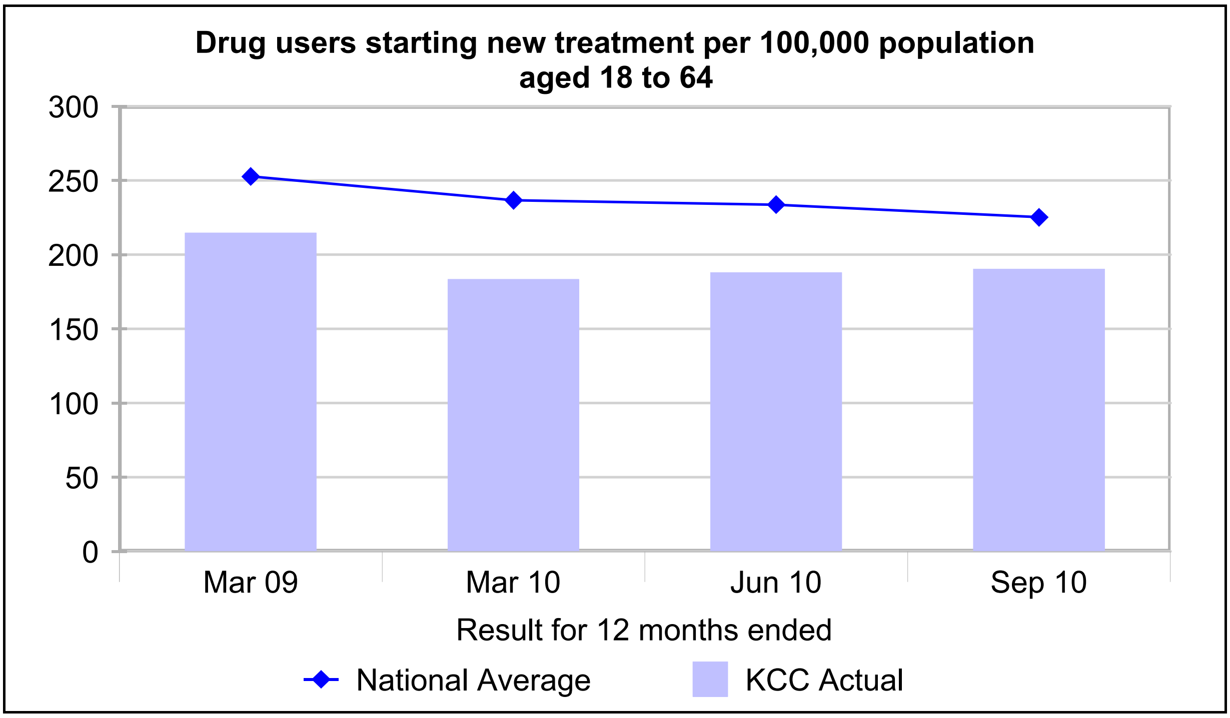
Performance in 2009/10 matched the national average and 2010/11 sees performance continue at a similar level.



Higher figure is better	Year ended Mar 09	Year ended Mar 10	Year ended Jun 10 Provisional	Year ended Sept 10 Provisional
KCC Result current yr	45,000	46,000 ↑	49,000 ↑	46,300 ↓
Targets		46,300	46,200	46,200
RAG Rating	●	●	★	★

Adult Education and KEY Training enrolments are marginally above target for the year ending September 2010.

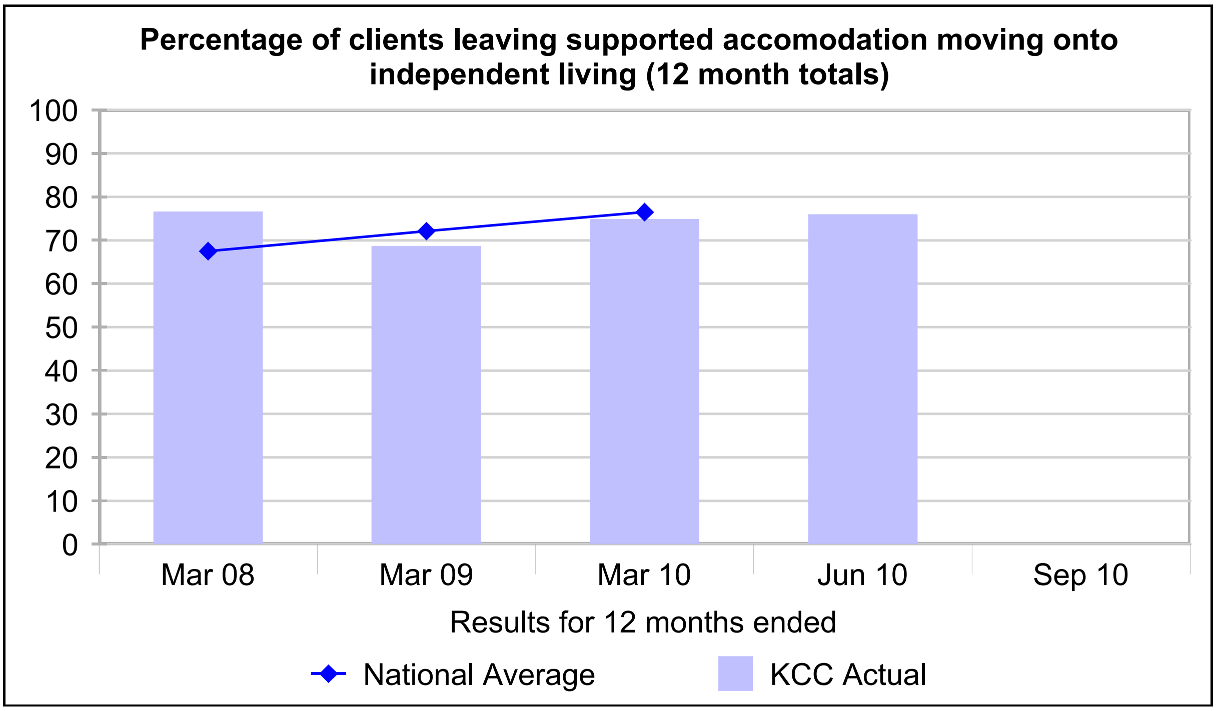
Fee-paying enrolments are slightly down against target but this is compensated for by higher fees on some courses (in line with Government direction).



Lower value is better	Year ended Mar 09	Year ended Mar 10	Year ended Jun 10 Provisional	Year ended Sept 10 Provisional
KCC Result	215	183 ⬆	188 ⬇	190 ⬇
National average	253	237	234	225
RAG Rating	★	★	★	★
Number of adults	1,810	1,550	1,590	1,610

Previously reported figures showed the number of problem drug users in ‘effective treatment’ in Kent, but this data did not have a basis for comparison to other areas.

The information now reported is the number of all adult drug users starting new treatment. The rates in reduced last financial year but has been slowly increasing this year. However, the rate of new treatments in Kent continues to be significantly below the national average.



Higher value is better	Year ended Mar 08	Year ended Mar 09	Year ended Mar 10	Year ended Jun 10 Provisional	Year ended Sept 10 Provisional
KCC Result	76.6%	68.6% ↓	74.8% ↑	75.9% ↑	Data still being collected from providers
National average	67.5%	72.1%	76.5%		
RAG Rating					
Number of clients moving on	990	1,760	1,880	1,910	

The Kent results for the key performance indicator for the Supporting People services have been behind the national average for the last two years but the gap has been reduced and Kent is now close to the national average.

The Kent Economy

Executive Director's Commentary

Teams from Strategy & Research and Regeneration & Economy worked to submit the Kent, Greater Essex and East Sussex Local Enterprise Partnership bid and a decision is expected by late October 2010. This is in response to an invite from the Secretaries of State for Business, Innovation and Skills and Communities and Local Government, to provide strategic leadership to set out local economic priorities to tackle issues such as planning and housing, local transport and infrastructure priorities, employment and enterprise and transition to the low carbon economy, as well as supporting small business start-ups.

The draft Kent and Medway Housing Strategy has been launched for consultation. Tax Increment Financing (a method designed to channel funding toward improvements in distressed or underdeveloped areas), something that KCC has strongly supported and pushed to the new Coalition Government, has been introduced.

Visit Kent's 'Kent Contemporary' campaign, designed by M & C Saatchi, was launched in May. Stunning new images of the county featured on large poster sites across London, including London Underground and mainline train stations, along with promotions with the Evening Standard will help reposition the Garden of England for the 21st Century.

During the period April to September 2010, 118 new projects were added to the Locate in Kent pipeline, creating a total pipeline of 316 projects at the end of September 2010, compared with 289 in September 2009. Projects are good quality but, on average, have fewer jobs attached and are taking longer to convert – a global situation.

The No Use Empty initiative contributed to the Homes and Communities Agency (HCA) on-line debate regarding Empty Homes. The project manager filmed a short video covering the Kent initiative, showing examples of properties returned to use and the video has been published on the HCA website. The Kent initiative was held up as an example of good practice by the Housing Minister in his on-line video '**How Do We Maximise Empty Homes?'**, which supported the debate. The debate ran to 31 August 2010 and HCA is currently putting together a report to be published in the New Year.

David Cockburn
Executive Director
Strategy, Economic Development and ICT

Backing Kent Business (BKB)

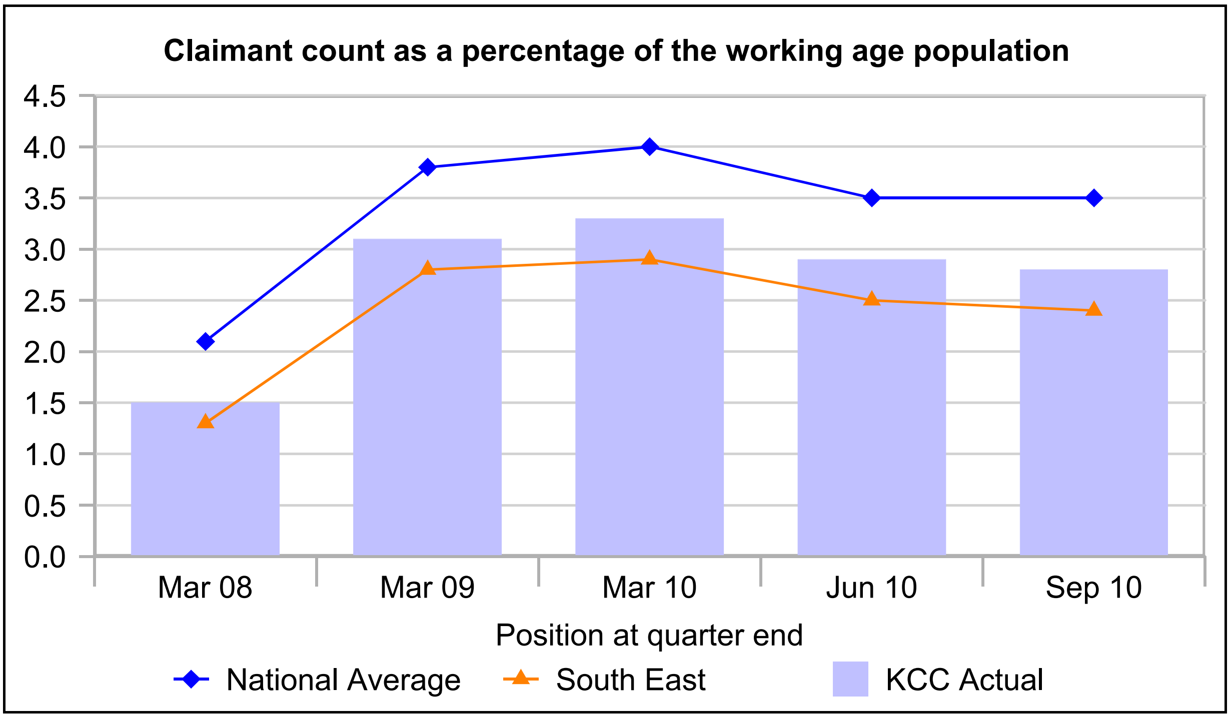
BKB Actions July to September 2010

July	• Launch of the offshore wind supply chain directory, with funding by KCC but managed and delivered through the BKB partners. • BKB featured at the Kent County Show.
August	• Invicta Chamber and Thames Gateway (Kent) Chamber became formal members of the KCC led European 2 Seas programme bid to support Kent businesses increasing their internationalisation/export capacity as a route to business growth. This has been supported by a successful Regeneration Fund bid to secure match funding. A decision on the European bid is expected in November 2010.
September	• BKB partners meeting (Institute of Directors, Federation of Small Businesses, Invicta Chamber of Commerce, Channel Chamber of Commerce, North Kent Chamber of Commerce, Business Link etc) – the meeting considered the emerging LEP and other strategic issues. BKB partners endorsed the European 2 Seas programme bid to support internationalisation. • KCC attended the Thanet Trade Fair with the Backing Kent Business stand, explaining to the local business community how KCC is supporting Kent businesses.

Future Actions : October to December 2010

7th December – BKB partners meeting with Cabinet Member Kevin Lynes. BKB partners are now taking the lead in developing the BKB campaign, and this will be an opportunity for the partners to set out a proposed co-ordinated programme of activities for 2011 including how KCC could support those activities. This work may lead to a Regeneration Fund bid.

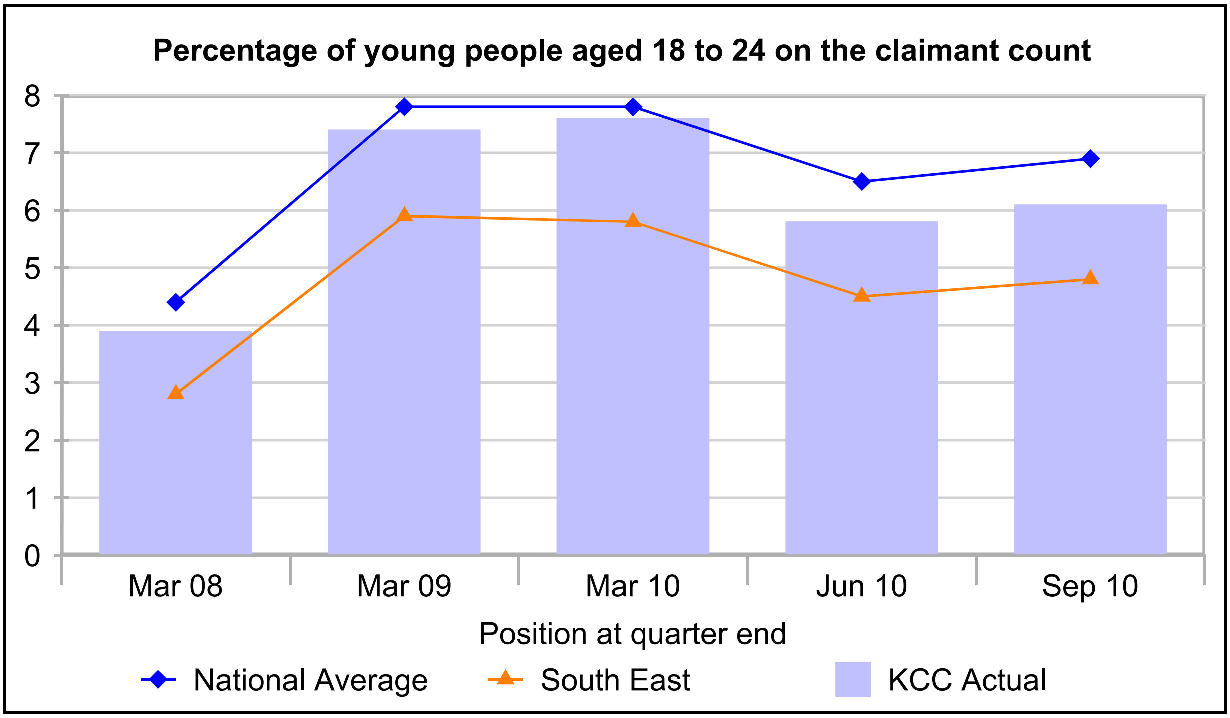
Commencement of the ‘Sector Conversations’ programme was to have taken place in the third quarter, being a business engagement process as part of the Regeneration Framework commitment to prepare a Kent Sector Strategy. However, this has been put on hold until early 2011.



Lower figure is better	Mar 08	Mar 09	Mar 10	Jun 10	Sept 10
KCC Result	1.5%	3.1% ⬇	3.3% ⬇	2.9% ⬆	2.8% ⬆
Actual count	13,500	27,600	29,400	25,500	24,800
England	2.1%	3.8%	4.0%	3.5%	3.5%
South East	1.3%	2.8%	2.9%	2.5%	2.4%

Claimant counts continue to reduce having reached a peak in February 2010. However the reduction in the claimant count during the last quarter was not as strong as the previous quarter.

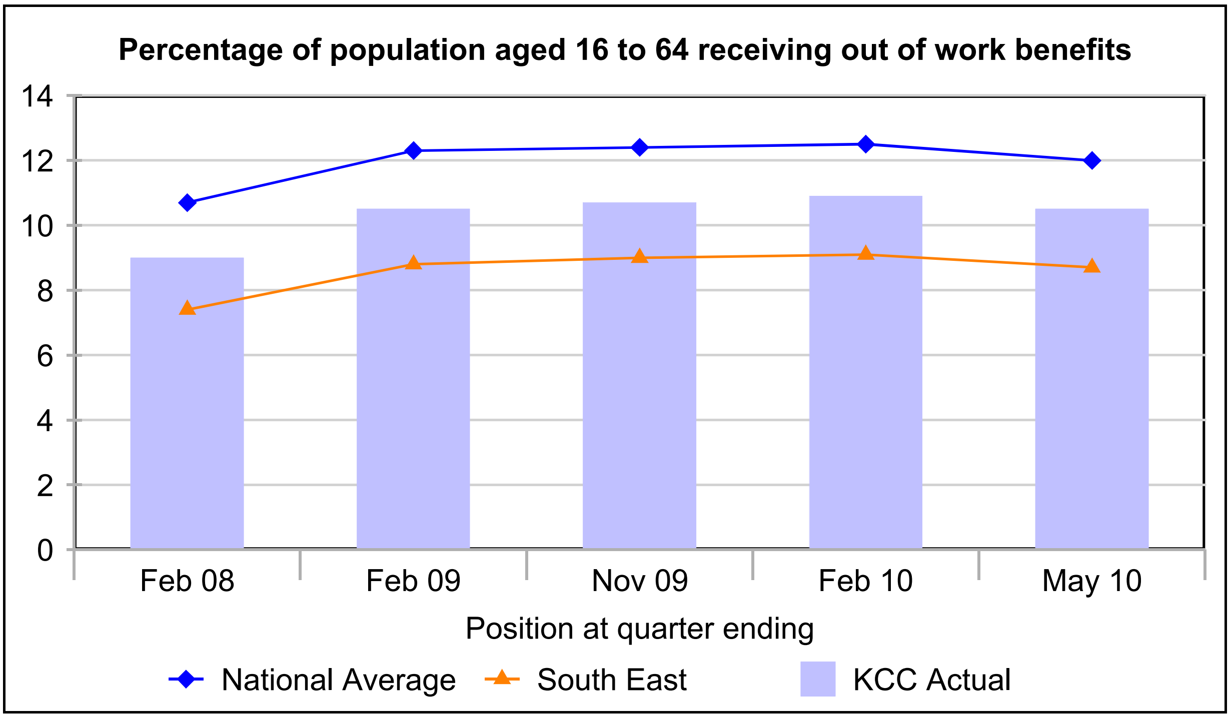
During the recession Kent experienced a rise in the claimant count marginally higher than for the South East overall but marginally lower than seen for England.



Lower figure is better	Mar 08	Mar 09	Mar 10	Jun 10	Sept 10
KCC Result	3.9%	7.4% ⬇	7.6% ⬇	5.8% ⬆	6.1% ⬇
Actual count	4,300	8,500	8,900	6,800	7,200
England	4.4%	7.8%	7.8%	6.5%	6.9%
South East	2.8%	5.9%	5.8%	4.5%	4.8%

The relative increase in the claimant count for young people during the recession was lower than the increase for all ages.

However there has been an increase in claimants of young people in the last quarter, whereas the claimant count for all ages showed a reduction.



Lower figure is better	Feb 08	Feb 09	Nov 09	Feb 10	May 10
KCC Result	9.0%	10.5% ⬇	10.7% ⬇	10.9% ⬇	10.5% ⬆
Actual count	79,300	93,200	94,800	96,600	93,000
England	10.7%	12.3%	12.4%	12.5%	12.0%
South East	7.4%	8.8%	9.0%	9.1%	8.7%

National statistics on working age population claiming out of work benefits are published by DWP usually with a 6 month delay.

Latest data from May showed that rates at that time were starting to decrease in line with the reductions in the JSA claimant counts.

Based on the time series shown above, it would appears that in terms of increase since the recession Kent has performed marginally worse then both the national and regional level of increase, although there is some variation around this trend when more detailed quarter by quarter data is examined.

Out of work benefits include client groups of job seekers, those on incapacity benefits, and lone parents but excludes those classed as carers and the disabled with these two groups accounting for a further 22,000 people as at May 2010.

Appendix : Comparative Benchmarks

In most cases the data is presented with the national average as the comparative benchmark. The national average will refer to data for all English councils.

We are developing the report to include more comparative information where relevant. For some services, the outcomes and performance will be correlated or related to various factors which are different in different places. Often the social and economic background of a local authority area will have a significant influence on the outcomes that are reported for key service areas. There are different comparators for different service areas and these are known as statistical neighbours.

For indicators for children, families and education we have included the average performance for the relevant statistical neighbour list, which is made up of the following local authority areas:

East Sussex
Essex
Lancashire
Northamptonshire
Nottinghamshire
Staffordshire
Warwickshire
West Sussex
Worcestershire
Swindon UA

For indicators relating to libraries we have provided a comparative benchmark for all county councils, as no agreed statistical neighbour lists exists but county council areas have similar geography to each other in terms of rural communities, whereas cities and metropolitan areas will have very different factors influencing the delivery of the service.

In relation to staffing data comparative benchmarks for local government and the civil service are used. These are used as workforces are similar in terms of size of organisation, age profile, gender balance and occupation. For example, staff sickness levels are highly influenced by age profile and gender balance of the workforce, the size of the organisation and the type of work. The nearest statistical neighbours for staffing matters such as sickness are therefore organisations which are similar on these characteristics such as other local government bodies and the civil service.

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By: Mr Nick Chard, Cabinet Member for Environment, Highways and Waste
Mike Austerberry, Executive Director, Environment, Highways and Waste

To: Cabinet – 29th November 2010

Subject: Select Committee: Renewable Energy in Kent

Summary: To receive and comment on the report of the Select Committee on Renewable Energy in Kent

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1. Introduction

The Environment, Highways and Waste Policy Overview and Scrutiny Committee proposed the establishment of a Select Committee to look at some of the issues around renewable energy and its implications for Kent. This was agreed by the Scrutiny Board at its meeting on 16th October 2009.

2. Select Committee

2.1 Membership

The Chairman of the Select Committee was Mr Keith Ferrin, other members being Mr Charles Hibberd, Mr David Hirst, Mr Richard King, Mr Tim Prater, Mrs Paulina Stockell and Mrs Elizabeth Tweed.

2.2 Terms of Reference

The Select Committee formally agreed its Terms of Reference on 26th January 2010 and these were:

- To determine existing and emerging national and local policies and strategies with regard to renewable energy and their effect on Kent.
- To establish a baseline position and future projections for Kent with regard to energy requirements, generation and distribution including the contribution from renewable energy.
- To identify key challenges as well as opportunities in relation to renewable energy in Kent.
- To Identify and explore the views of suppliers and consumers in relation to renewable energy.
- Having considered the above, to make recommendations which will contribute to increased energy efficiency, energy security and prosperity for Kent residents and businesses as well as supporting the national transition to a low-carbon future.

2.3 Evidence

The Committee obtained information from a variety of sources to inform their research including oral and written evidence from a range of stakeholders. An invitation was extended to community groups and members of the public to comment. A list of the witnesses who attended Select Committee hearings is attached at Appendix 1 and a list of those who submitted written evidence is attached at Appendix 2.

2.4 Timescale

The Select Committee conducted formal hearings, meetings and visits between 31st March and 24th June and agreed its final draft report on 31st August. The Select Committee met with Cabinet Members and Directorate representatives on 7th October 2010 to receive comments on the report and its recommendations before it was finalised.

3. The Report

3.1 The Select Committee's report covers a number of aspects of this fast moving topic and it has been amended during the review period to reflect emerging government policy, which continues to develop. The report highlights the fact that the County Council has a rare opportunity to capitalise upon a situation whereby financial, environmental and service considerations relating to energy efficiency and renewable energy generation all point in the same direction. This is doubly significant due to the financial penalties that could be incurred for failing to take effective action on carbon emissions. The report also highlights that in order to gain the most benefit, it is imperative that we act quickly.

3.2 The report contains 22 recommendations, key themes of which are: increasing energy efficiency in the KCC estate. reducing both costs and carbon emissions; benefitting from government incentives which have been put in place to encourage the take up of renewable energy systems and enabling Kent schools, businesses and householders to do the same by various means including through financial mechanisms such as the new Green Investment Bank; and finally ensuring that KCC and the county of Kent are more resilient to energy price rises, and benefit in the future from the development and supply of sustainable energy while contributing to national renewable energy targets.

3.3 An Executive Summary of the report is attached at Appendix 3. To obtain a copy of the full report, please contact Sue Frampton on 01622 694993 (email: sue.frampton@kent.gov.uk) or Christine Singh on 01622 694334 (email: christine.singh@kent.gov.uk).

4. Conclusion

4.1 We welcome the report and would like to congratulate the Select Committee on completing this piece of work.

4.2 We would also like to thank all those witnesses who gave evidence to the Select Committee and the officers who supported it.

4.3 Mr Keith Ferrin, Select Committee Chairman, will present the report to Cabinet and the Committee would welcome your comments.

5. Recommendations

5.1 The Select committee be thanked for its work and for producing a relevant and balanced document.

5.2 The witnesses and others who provided evidence and made valuable contributions to the Select Committee be thanked.

5.3 Cabinet's comments on the report and its recommendations be welcomed.

Background Information: *None*

Appendix One - Witnesses attending formal hearings:

14th April 2010
Peter Binnie, Head of Operations (Property Group)
Andy Morgan, Head of Energy Management
Rebecca Spore, Head of Public, Private Partnerships and PFI (CFE)
John Thorp, Director, Thameswey Energy

21st April 2010
Rob Asquith, Director of Land and Planning, New Earth Solutions
Sue Barton, Strategic Projects and Business Development Manager (Waste Management)
Dan Gillert, Commercial Manager, Living Fuels

12th May 2010
Ian Tubby, Head of Biomass Energy Centre, Forestry Commission
Matthew Woodcock, Programme Manager – SE Region, Forestry Commission
Dr Howard Lee, Lecturer and Sustainability Champion, Hadlow College
Jonathan Scurlock, Chief Adviser, Renewable Energy and Climate Change, National Farmers' Union
William White, SE Regional Director, National Farmers' Union

19th May 2010
Janey Bray, Research and Project Manager, Amicus Horizon
Richard Hurford, Head of SE Region, Energy Saving Trust
Steve Plater, Core Group Member, Sevenoaks Transition Town
Ian Smith, Core Group Member, Sevenoaks Transition Town

26th May 2010
Jane Ollis, Head of Sustainable Business, Business Support Kent
Howard Johns, Director, OVESCO
Chris Rowlands, Director, OVESCO
Paul Reynolds, Offshore Wind Development Manager, RenewableUK

27th May 2010
Mike Dixon, Engineering Projects Manager, EDF Energy Networks
John Park, Infrastructure Planning Engineer, EDF Energy Networks
Dick Polley, Planning Manager (South), EDF Energy Networks
David Cook, Metrotidal NB
Matthias Hamm, Metrotidal NB
Mark Willingale, Metrotidal NB

1st June 2010
Simon Cole, Senior Planning Officer, Ashford Borough Council
Robin Haycock, Associate, Arup
Jennifer Hunt, EMS Project Manager, Maidstone Borough Council
John Newington, Senior Pollution Officer, Maidstone Borough Council
Peter Rosevear, Senior Transportation Engineer, Kent Highway Services
Laurienne Tibbles, Sustainability Manager, Ashford's Future

Appendix Two – Written Evidence

Organisation	Name	Position	Format
British Gas	Niall Thorburn	Community Energy	Email/comment
C4Ci	James Sweet	Commercial Director (Chairman of KEB Task & Finish Group on Maximising Green Opportunities)	Document
Canterbury City Council	Charlotte Hammersley	Senior Scrutiny and Improvement Officer	Documents
Carbon Free Group	Jay Mather	Director of Sustainability	Documents
Carbon Trust	Matthew Spencer	Head of Government Affairs	Email/ comment
Creative Environmental Networks (CEN)	Jeff Slade	Director, Technical Services Team	Document
Creative Environmental Networks (CEN)	Tom Vosper	Head of Biomass Team	Document
CPRE	Sean Furey	Deputy Director	Document
Energy Saving Trust Advice Centre (ESTAC)	Matthew Morris	Senior Project Manager	Document
E.ON Climate and Renewables	Brian Tilley	Strategy and Stakeholder Coordination Manager	Document
Environment Agency	Jennie Donovan	Planning and Communications Manager – Kent and East Sussex	Document
Fintry Development Trust	Bill Acton	Founder	Email/ comment
Fintry Development Trust	Martin Turner	Founder	Email/ comment
Forestry Commission	Ian Tubby	Head of Biomass Energy Centre	Document
Forestry Commission	Matthew Woodcock	Programmes Manager, South East Region	Document
Greenwich University	Dr Jeff Pedley	Business Development Manager, School of Science - Low Carbon Projects	Document
Kent Community Foundation	John Jackson	Funds Manager	Document*
Kent Downs AONB	Nick Johannsen	Director	Documents
Kent Enviropower (WRG)	Paul Andrews	Managing Director	Document
Kent Highway Services	Peter Rosevear	Senior Transportation Engineer	Document
Locate in Kent	Karl Jansa	Business Development	Document

		Manager	
Medway Council	Steve Long	Senior Research and Review Officer	Email/Comment
National Farmers Union	William White	SE Regional Director	Document
Natural England	Nigel Jennings	Environmental Planning Adviser	Document
RWE npower renewables (RNRL)	Katy Woodington	Community Investment Officer	Document*
RWE npower renewables (RNRL)	Dr Wayne Cranstone	Head of Onshore Development and Projects	Document
South East England Partnership Board	David Payne	Planning Manager	Document
University of Greenwich (Bioenergy Research Group)	Jeff Pedley	Business Development Manager	Document
Community Groups and Members of the public			Email/comment

Appendix 3: Executive Summary

RENEWABLE ENERGY IN KENT

Select Committee Report – Executive Summary

2010

Kent County Council
County Hall
Maidstone
ME14 1XQ
08458 247247
county.hall@kent.gov.uk

Chairman's Foreword

Until the early 18th century virtually all the energy used by mankind came from renewable resources. Between them water, wind, wood and muscle provided the power for home and industry. The age of fossil fuels began as the population grew and the industrial revolution gathered force. Renewable energy could no longer keep pace with demand and the intermittent nature of many renewable energy sources became more and more of a problem. Three hundred years later these same issues are with us once again as the availability of fossil fuels declines and worries about what we now call energy security increase.

So far as electricity is concerned, a bigger and smarter grid can mitigate the problems to some extent; but it is not a cost free option and as the proportion of renewable generation increases we will inevitably see a time when overall generating capacity has to increase to meet the same level of demand. Even today 1 megawatt of wind energy cannot fully replace 1 megawatt of energy derived from fossil fuels, principally because it cannot be switched on and off as demand varies because it is dependent on how strongly the wind blows or the sun shines.

There is clear public support for renewable energy in Kent. If this is to be maintained it is vital that the case for it is not overstated. The Committee's view is that renewable energy resources are a useful addition to the energy mix available to help meet the problems of future energy security. They are not at present a panacea enabling us to meet all future energy requirements.

Most forms of renewable energy are not at present intrinsically cheaper than more conventional fuels; if anything the reverse is true, but this is likely to change as the supply of fossil fuels inevitably declines and renewable energy technology improves.

In 2009 Kent County Council spent just under £24 million on buying energy. It is clear to us that this figure could be reduced substantially over the next few years by adopting a judicious mixture of improvements in energy efficiency and the exploitation of the subsidies available for the use of renewable energy. The county would simultaneously benefit from clear environmental improvements. The same is true for industry and households in Kent.

The availability of good advice is vital to such a goal; but it is unusually hard to come by in this field. Too many of those offering advice see themselves as prophets of good practice or have a pecuniary interest in the technology they advocate. Therefore we believe that building KCC's in house knowledge-base and that of the county as a whole is vital to achieving success.

Just as certainly we now face the prospect of very real financial penalties if we fail to reduce our environmental impact.

In the Committee's view the County Council now has a rare opportunity to exploit a situation in which financial, environmental and service considerations all point in the same direction. We would be foolish not to take it.

May I thank all those who gave evidence to the Committee. Without them there could have been no report.

Keith Ferrin.
Chairman, Renewable Energy Select Committee

I EXECUTIVE SUMMARY

1.1 Committee membership

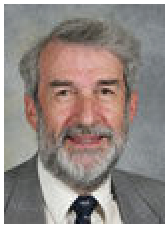
The Select Committee comprised eight Members of the County Council; seven Conservative and one Liberal Democrat.

Kent County Council Members (County Councillors):


Keith Ferrin (Cons)


Charles Hibberd (Cons)

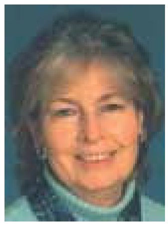

David Hirst (Cons)


Richard King (Cons)


Tim Prater (Lib Dem)


Chris Smith (Cons)


Paulina Stockell (Cons)


Elizabeth Tweed (Cons)

1.2 Terms of Reference

- To determine existing and emerging national and local policies and strategies with regard to renewable energy and their effect on Kent.
- To establish a baseline position and future projections for Kent with regard to energy requirements, generation and distribution including the contribution from renewable energy.
- To identify key challenges as well as opportunities in relation to renewable energy in Kent.
- To Identify and explore the views of suppliers and consumers in relation to renewable energy.
- Having considered the above, to make recommendations which will contribute to increased energy efficiency, energy security and prosperity for Kent residents and businesses as well as supporting the national transition to a low-carbon future.

1.3 Definition of Renewable Energy

1.3.1 Renewable energy, which is replenished by natural processes as it is used, is defined by the EU as energy from: 'non-fossil energy sources (wind, solar, geothermal, wave, tidal, hydropower, biomass, landfill gas, sewage treatment plant gas and biogases).'[1]

1.4 Evidence gathering

1.4.1 The Select Committee trialled an alternative format for its evidence gathering and following initial desk research, approached a number of organisations for written evidence. Whilst awaiting responses, the Research Officer sought informal advice and information from KCC Officers. After studying the written material submitted, the Committee invited community groups and members of the public to give their views in writing, interviewed a number of individuals in person, carried out visits, attended conferences and circulated a questionnaire to Kent schools.

1.4.2 A list of the witnesses who submitted written evidence is shown as Appendix 2. A list of witnesses attending hearings is at Appendix 3. Details of visits carried out are at Appendix 4 and results of the schools questionnaire, which received 47 responses, are at Appendix 5.

1.5 Reasons for establishing the Select Committee

1.5.1 The Select Committee was established by the Environment, Highways and Waste Policy Overview Committee following suggestions put forward by Dr Linda Davies, Director of Environment and Waste and Mr David Brazier, Council Member.

1.5.2 The review has considered:-

- Data on energy generation, consumption and distribution;
- The role of energy efficiency and renewable energy in increasing security of energy supply and reducing harmful carbon emissions;
- Kent's capacity for different types of renewable technology and factors affecting its development;
- The opportunities arising from the development of a new industry.

1.6 Key findings

1.6.1 For Kent to gain maximum benefit from the transition to a low-carbon economy, it must welcome new ideas and technologies and encourage investment. It can do this by creating a favourable planning and regulatory environment; ensuring the right infrastructure is in place; that businesses are sustainable as well as geared up and ready to play their part and that people with the right skills are 'grown' locally.

1.6.2 In April 2010, the government's introduction of a Feed-in Tariff to incentivise small-scale (up to 5MW) renewable electricity generation meant that technologies

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[1] EU Directive 2001/77/EC amended and subsequently repealed by Directives 2003/30/EC and 2009/28/EC

which were already desirable on environmental and energy security grounds became economically attractive. A change in legislation on the local authority sale of surplus electricity to the grid means that local authorities as well as communities and residents can make immediate savings on energy bills; earn income from long-term investment in clean energy supplies and contribute to national targets for carbon reduction and renewable energy generation.

1.6.3 Being energy efficient, and reducing the amount of energy we use is no longer a choice but a necessity. Energy efficiency alone, however, will not be enough to make the deep cuts in carbon emissions that are required and renewable, or other low-carbon energy schemes will be required in order that Kent County Council does not incur penalties.

1.6.4 There are clear advantages to Kent County Council 'leading by example' with its own activities and operations, and assisting others in Kent to contribute and to benefit. KCC Commercial Services is well placed to develop further its expertise and services in this field.

1.6.5 Very substantial cost savings are possible, using a combination of behaviour change, building adaptation and energy efficiency as shown by the example of St Peter's Church of England Primary School Aylesford..

1.6.6 Kent is rich in community groups and individuals who are passionate about the environment and keen to pursue ideas for low-carbon living and greater energy self-sufficiency. With a small amount of support to get projects 'off the ground', such groups can be enabled to grow and thrive thus creating local resilience to a changing climate; greater community cohesion; and a network for sharing energy saving ideas and best practice across the county.

1.6.7 As well as being ideally located to exploit renewable energy from the sun, wind and perhaps in future, the tides, Kent is lucky to have large areas of unmanaged, or undermanaged woodland that can be brought back into coppice-management in order to achieve sustainable local supplies of wood fuel. There are multiple benefits to be gained from coppice-management such as increased biodiversity, rural employment, improved access to the countryside and a reduced need for imported wood fuel.

1.6.8 The decarbonisation of transport will require continued advances in vehicle technology, but perhaps more importantly, a cultural shift in the way people view their cars, and the journeys they make. KCC can, by its actions, help to pave the way for future changes.

1.6.9 The successor to KCC's 'Towards 2010' strategy document: 'Bold Steps for Kent' – will focus on growth in the Kent economy, tackling disadvantage and inspiring communities. The Select Committee believes that all three of these aims will be underpinned by the successful transition to a low-carbon economy in Kent and the recommendations of this committee will seek to support them.

1.7 Recommendations

1. That KCC works with Kent District and Borough Councils and others to agree a Low Carbon and Renewable Energy Strategy for Kent to enable the uptake of the most appropriate low carbon technologies. (page 107)

2. That a Member Champion for Low-Carbon and Renewable Energy is appointed to promote the implementation of the Strategy and report back to Cabinet and the Cabinet Climate Change Working Group on progress. (page 107)

3. That KCC develops the existing expertise within KCC and Commercial Services (LASER) and builds capacity in order to ensure that the Council has access to sound, unbiased advice when taking energy efficiency and renewable energy schemes forward. (page 69)

4. That KCC sets up new delivery mechanisms as appropriate in order to take advantage of emerging opportunities, allied to but separate from LASER, e.g. Energy Services Company (ESCO). (page 69)

5. That KCC capitalises on opportunities in its own estate, and works with local authorities, energy network companies, landowners and prospective investors to ensure that a proactive approach is taken to the identification of sites for renewable energy schemes in the county, in order to encourage and enable investment. (page 107)

6. That KCC reconfigures the Energy and Water Investment Fund, with a longer payback period, to enable continued provision of capital funding for energy efficiency measures in the estate and to allow for the longer-term investment required for the installation of renewable energy systems.(page 66)

7. That KCC facilitates access to emerging financial mechanisms, such as the new Green Deal and the Green Investment Bank, whereby schools, businesses and householders in Kent can take advantage of loan funding to pay for the installation of renewable energy and energy efficiency systems on suitable properties, with repayments and term set to achieve a net saving in energy costs for the property and a reasonable rate of return over the period of the loan to investors (on a ‘Pay as you Save’ basis). (page 71)

8. That KCC substantially drives down energy consumption in its estate. Each Directorate should be required to take action to improve energy efficiency and encourage behavioural and other changes; Building User Groups should have ‘energy usage and energy efficiency’ as an agenda item at every meeting. (page 28)

9. That KCC implements an immediate review of its properties to assess their suitability and develop strategies for the installation of renewable technologies, particularly photovoltaic (PV) panels, and encourages District and Borough Councils, housing providers, emergency services, health institutions and other targeted businesses to do the same in their estates, taking advantage of current incentives, in order to reduce energy costs; generate income and catalyse the acceptance of renewable technologies in the wider community. (page 63)

10. That KCC uses energy display devices in prominent locations on its estate to encourage energy efficient behaviour (including where renewable energy installations are put in place, to increase awareness of the technology, the energy generation and the carbon-savings). (page 76)

11. That KCC lobbies the Department for Education to require schools to work with KCC to fulfil its CRC commitments and creates a direct incentive for schools to drive down their energy use and carbon emissions, using a range of behavioural, energy efficiency and renewable energy options. (page 34)

12. That KCC works with public agencies and approved suppliers, to provide a package of advice and support to schools, to enable them to benefit from energy efficiency work and renewable energy installations, at no net cost to the school or to KCC. (page 69)

13. That, provided currently agreed procurement criteria are met, KCC considers giving preference, for the procurement of goods and services, to businesses who obtain accreditation through the South East Carbon Hub. (page 110)

14. That KCC lobbies government, on planning issues, to:

    - promote developments with a mixed heat demand suitable for district heating systems, which should be incorporated wherever possible.

    - relax planning control for domestic renewable energy installations on listed buildings and properties affecting conservations areas where this does not detract from heritage objectives. (page 86)

15. That KCC consults with District, Borough and other councils in Kent to determine what is needed to assist local authority planners and developers in making planning decisions relating to renewable energy applications, e.g. training, or an interactive planning tool. (page 86)

16. That KCC supports low-carbon community groups in the county by facilitating access to existing support and providing small grants of up to £5000 for advice or to assist with feasibility studies. (page 71)

17. That KCC, working with District and Borough Councils ensures that Kent communities, including schools, businesses and households have access to clear and current information on energy efficiency and renewable energy opportunities, taking into account the Feed-in Tariff and any subsequent incentives. (page 77)

18. That KCC should work with organisations such as the Forestry Commission and Natural England, to invest in the sustainable production of wood fuel, through the regeneration of coppicing in Kent, by:
    - Providing marketing expertise.
    - Encouraging apprenticeships for young people wishing to enter the industry.
    - Investigating the provision of a number of collection/chipping/distribution facilities, possibly based at recycling centres
    - Ensuring that, where possible, newly designed KCC buildings include biomass boilers. (page 56)

19. That, in view of the need for the UK to have a long term, sustainable mix of power supplies and due to the intermittent nature of some renewable energy sources, KCC presses for the provision of new generation low carbon power stations so that there is adequate back up capacity to cope with demand peaks, providing security of supply. (page 91)

20. That KCC works with others, including District and Borough Councils, Network Rail and supermarkets, to assess the viability of establishing a network of public electric vehicle charging points in Kent. (page 99)

21. That KCC regularly surveys its own vehicles, and business journeys to: identify (and review) work patterns in order to minimise business mileage and to prepare for the availability and purchase of electric vehicles, where appropriate. (page 100)

22. That KCC adopts a policy of limiting its vehicles, except those attending emergencies, to a maximum speed of 56mph (90kph) in order to achieve greater fuel efficiency, in line with best commercial practice. (page 100)

ACKNOWLEDGEMENTS

The Select Committee would like to thank the KCC Officers, individuals and organisations who gave up their time to assist with this review. This includes those who have attended hearings, submitted written evidence, provided informal advice, hosted visits or completed questionnaire surveys. Thanks are also due to individuals whose offers to host visits could not be taken up due to time constraints.

All the information received, whether or not it has been included in the final report, has contributed to the Select Committee's knowledge and appreciation of the issues. Particular thanks are due to Neil Hilkene and Carolyn McKenzie who acted as Lead Officers for the Review and to Mr David Brazier who provided a report on his Study Tour to Austria.

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By: Mr M Hill, Cabinet Member for Communities
Mrs S V Hohler, Cabinet Member for Children, Families and Education.

To: Cabinet – 29 November 2010

Subject: Select Committee: Extended Services

Summary: To receive and comment on the report of the Select Committee on Extended Services

Introduction

1. The Cabinet Member for Children, Families and Education, and the Cabinet Member for Communities proposed a Select Committee to look at issues relating to the provision of extended services. This was agreed by the Policy Overview Coordinating Committee at its meeting on 16 October 2009.

Select Committee Process

Membership

2. The Select Committee commenced its work in March 2010. The Chairman of the Select Committee was Mr R Burgess. Other Members of the Committee were Mrs A Allen, Mr A Chell, Mrs J Law, Mr R Parry, Mr K Pugh, Mr K Smith and Mr M Vye.

Terms of Reference

3. (1) The Terms of Reference for this Select Committee Topic Review were to:-

I. To identify aspects of the extended services programme in Kent that are proving to have the greatest impact and benefit for the community, and that are most likely to be sustainable in the future.

II. To explore ways - if any – in which collaboration and partnership working between all organisations involved in providing extended services in Kent can be improved.

III. To investigate any obstacles and challenges to the progress of extended services and the development of the concept of the "school that never sleeps", particularly those that may prevent closer partnership working and could threaten sustainability. To identify possible solutions to overcome these challenges.

IV. To analyse whether resources for extended services within Kent County Council, and across schools and other partner organisations, are deployed in the most efficient and effective manner.

V. For the Extended Services Select Committee to make recommendations after having gathered evidence and information throughout the review.

Evidence

4. The Committee used a number of evidence sources to inform their investigations including oral and written evidence from a wide range of stakeholders. A full list of those who gave evidence to the Select Committee is attached at Appendix 1.

Conclusion

5. (1) We welcome the report and would like to congratulate the Select Committee on completing this piece of work. We would also like to thank all those witnesses who gave evidence to the Select Committee.

(2) Finally, we are pleased to note that the Government, through its recent Comprehensive Spending Review, is promoting extended services provision and sustainability by securing dedicated funding for extended services for the next three years. With this additional funding, and by working with schools and partner organisations through Local Children Trust Boards, we will identify models to deliver extended services to children, young people and local communities in Kent.

(3) Mr R Burgess, Chairman of the Select Committee, and Mr M Vye will present the report to Cabinet. The Executive Summary is attached at Appendix 2. Please contact Gaetano Romagnuolo on 01622 694292 or email gaetano.romagnuolo@kent.gov.uk if you would like a copy of the full report.

Recommendations

6. (1) The Select Committee be thanked for its work and for producing a relevant and a balanced document.

(2) The witnesses and others who provided evidence and made valuable

contributions to the Select Committee be thanked.

(3) Cabinet's views and comments on the report be welcomed.

Background Information: *None*

Evidence

Friday 23 April 2010

- Marisa White, Head of Extended Services, Education Directorate, Kent County Council
- Sean Carter, Project Lead of Community Use of Schools project, and Education Directorate Extended Services Lead, Kent County Council
- Des Crilley, Director of Communities Cultural Services, and Nigel Baker, Head of Youth Service and Communities Directorate Extended Services Lead, Kent County Council

Wednesday, 28 April 2010

- Chris Hespe, Head of Head of Sport, Leisure and Olympics, Communities Directorate, Kent County Council
- Cath Anley, Head of Library Service, Gill Bromley, Strategic Manager, Library Service, Communities Directorate, Kent County Council
- Ian Forward, Head of Kent Adult Education and Caroline Polley, Head of Enterprise and Skills, Kent Adult Education Service, Communities Directorate, Kent County Council

Wednesday 12 May 2010

- Simon Smith, Director of Sport, Castle Community College, Deal
- Heather Kemp, Headteacher, Holy Trinity and St Johns Primary School, Margate
- Martin Absolom, Headteacher, Oakley Special School, Tunbridge Wells

Friday 14 May 2010

- William Cotterell, Principal, and Jan Sellers, Director of Extended Services, Homewood School and Sixth Form Centre, Tenterden

- Jeanette Piner, Strategic Director Every Child Matters, Highworth Grammar School for Girls, Ashford

- Pam Ashworth, Headteacher, The Foreland School, Thanet

Wednesday 9 June 2010

- Jack Keeler, Chair of The Kent Governors Association and Chair of Governors at Headcorn Primary School, Ashford, and Einir Roberts, Chair of Governors at Harrietsham Primary School, Maidstone

- Paul Myers, Chair of the Teaching and Learning Committee, Valence School, Westerham

- Richard Young, Young Persons' Sports Academy

Thursday 10 June 2010

- Three members of the Kent Youth County Council

- Two young people who are out of school

- Representatives of Kent Primary Schools Children's Council

Wednesday 16 June 2010

- Sally Staples, Head of Unit, Arts Development Unit, Kent County Council

- Zanya Davis, Artistic Director, PALS Theatre, Gravesend

- Linda Leith, Director of Quality in Study Support and Extended Services, Canterbury Christ Church University

Thursday 24 June 2010

- Alan Milner, Service Director, Parents Consortium

- Marisa White, Head of Extended Services, Education Directorate, and Sean Carter, Project Lead of Community Use of Schools project, and Education Directorate Extended Services Lead, Kent County Council

- Nigel Baker, Head of Youth Service and Communities Directorate Extended Services Lead, Kent County Council

Written Evidence

- Sean Carter, Extended Services Lead Manager

- Emma Jenkins, Study Support Coordinator, Education Directorate, Kent County Council

- Linda Leith, Director of Quality in Study Support and Extended Services, Canterbury Christ Church University

- Alan Milner, Service Director, Parents Consortium

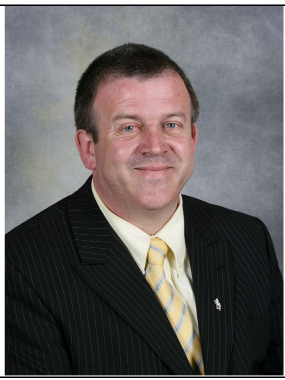
- Nicola Wood, Senior Extended Schools Coordinator, Quartet in the Community Partnership, Margate

Appendix 2

1. Executive Summary

1.1. Committee Membership

1.1.1. The Committee membership consists of eight Members of Kent County Council (KCC): seven Members of the Conservative Party and one Member of the Liberal Democrat Party.

			
Mrs Ann Allen Conservative	Mr Robert Burgess Conservative **Chairman**	Mr Alan Chell Conservative	Mrs Jean Law Conservative
			
Mr Richard Parry Conservative	Mr Ken Pugh Conservative	Mr Kit Smith Conservative	Mr Martin Vye Liberal Democrat

1.2. Scene Setting

1.2.1. The concept of “Extended Services”, formerly known as “Extended Schools”, was introduced by the Government as a key method of delivering the outcomes of the “Every Child Matters” agenda. Extended Services involve closer collaboration between schools, local authorities and other local service providers in an effort to offer the community a range of integrated services. These are aimed at improving attainment, health and wellbeing, engagement with learning, as well as enhancing access to a wide range of services and facilities for the local community.

1.2.2. All schools are expected to provide access to the “core offer” of Extended Services by September 2010. Importantly for this review, they are expected to provide community access to facilities, including adult and family learning, ICT and sports, where this is required by the community and where their facilities are of a suitable standard.

1.2.3. The ambition of wider community use of schools is also shared by the Total Place initiative, in which Kent County Council is taking part. Total Place considers how a ‘whole area’ approach to use of public resources can lead to improved services at lower cost. As part of this approach, we would like to explore the concept of the “school that never sleeps”.

1.2.4. In Kent, almost all schools currently meet the standards of the Government’s core offer. However, given the present financial climate, it is crucial to identify those aspects of the programme that are proving most beneficial to the community, and that can be sustainable in the future. It is also important to consider whether partnership working between all the agencies involved in providing extended services in Kent could be enhanced to enable these aspects of the programme to be sustained or expanded.

1.3. Terms of Reference

1.3.1. The terms of reference of this review were as follows:

VI. To identify aspects of the extended services programme in Kent that are proving to have the greatest impact and benefit for the community, and that are most likely to be sustainable in the future.

VII. To explore ways - if any – in which collaboration and partnership working between all organisations involved in providing extended services in Kent can be improved.

VIII. To investigate any obstacles and challenges to the progress of extended services and the development of the concept of the “school that never sleeps”, particularly those that may prevent closer partnership working and could threaten sustainability. To identify possible solutions to overcome these challenges.

IX. To analyse whether resources for extended services within Kent County Council, and across schools and other partner organisations, are deployed in the most efficient and effective manner.

X. For the Extended Services Select Committee to make recommendations after having gathered evidence and information throughout the review.

1.3.2. The more detailed scope of the review includes:

I. To identify aspects of the extended services programme in Kent that are proving to have the greatest impact and benefit for the community, and that are most likely to be sustainable in the future.

a. Investigate extended services approaches across the County that are proving to be most efficient and beneficial, in particular in relation to learning and attainment for children and young people, and to the core offer element of “community access to facilities, including adult and family learning, ICT and sports facilities”.

b. Explore extended services schemes which are more likely to be sustainable into the future.

II. To explore ways - if any – in which collaboration and partnership working between all agencies involved in providing extended services in Kent can be improved.

a. Identify the extent to which services, such as the Youth Service, Adult Education and the Libraries Service, are currently delivered in school sites in Kent.

b. Consider whether schools in Kent could act as portals for access to wider public services.

c. Clarify commissioning roles and relationships between schools, the Local Authority and other commissioning bodies.

d. Investigate whether partnership working between all agencies involved in providing extended services in Kent, including organisations in the voluntary sector, can be enhanced.

e. If closer collaboration is possible, look into ways to achieve it.

III. To investigate any obstacles and challenges to the progress of extended services and the development of the concept of the "school that never sleeps", particularly those that may prevent closer partnership working and could threaten sustainability. To identify possible solutions to overcome these challenges.

a. Examine whether legal, economic, operational or social blockages and challenges prevent the full development and effectiveness of the extended services programme and "the school that never sleeps" concept.

b. If such obstacles exist, identify possible solutions.

IV. To analyse whether resources for extended services within Kent County Council, and across schools and other partner organisations, are deployed in the most efficient and effective manner.

a. Identify the resources that Kent County Council and partner organisations will have available to them, particularly after March 2011, to provide effective extended services.

b. Consider whether these resources can be deployed in a more efficient and effective way, and whether they can ensure the sustainability of extended services provision.

c. Investigate whether other resources, such as commercial sponsorship, could be used to provide extended services in a more efficient and effective manner.

V. For the Extended Services Select Committee to make recommendations after having gathered evidence and information during the review.

1.4. Recommendations

Recommendation 1

The Leader of Kent County Council should write to, and meet, both the Secretary of State for Education and the Secretary of State for Communities and Local Government to promote an extended services ethos and a stronger recognition at national level that extended services are an essential component of a world class education.

KCC Managing Directors of the Children, Families and Education Directorate and the Communities Directorate should also write to, and meet, senior officers in the Department for Education and to the Department for Communities and Local Government respectively, to promote an extended services ethos and a stronger recognition at national level that extended services are an essential component of a world class education (please refer to Chapter 3, Sections 3.1 and 3.2).

Recommendation 2

The Children, Families and Education Directorate and the Communities Directorate in KCC should be closely involved in helping schools to organise six county-wide roadshows to promote extended services and to urge the development of consortia in an effort to provide more efficient, effective and sustainable extended services.

The roadshows should take place throughout the year 2011, and may be organised in conjunction with existing events which will involve key extended services stakeholders, such as schools, parents, governing bodies and extended services providers.

KCC Cabinet Members for Education and for Communities are encouraged to continue to champion extended services, and to deliver speeches emphasising the importance and the benefits of these services (Chapter 3, Sections 3.1 and 3.2)

Recommendation 3

The Kent Children's Trust should put greater emphasis on extended services in the priorities and outcomes of the new Children and Young People's Plan, to reflect the numerous benefits extended services bring to children and young people in Kent's vision for the future.

One key outcome that the new Plan should include is to ensure that local consortia are formed throughout the County to provide more efficient and effective extended services. The model of extended services consortium adopted may vary, ranging from a social enterprise, a model delivered wholly or in part by private businesses or a traded service where schools and partners can buy discrete packages of support or consultancy (Chapter 3, Sections 3.1 and 3.2, Chapter 4, Section 4.3).

Recommendation 4

Representatives of schools' governing bodies and headteachers in newly formed consortia in Kent are strongly encouraged to undertake extended services training. The training should provide support to develop extended services provision, should offer guidance to undertake the Quality in Extended Services accreditation scheme, and should highlight the numerous benefits that extended services bring for schools and for the wider community (Chapter 3, Section 3.3).

Recommendation 5

KCC's Education and Communities Directorates should produce a DVD providing information and guidance about extended services, and emphasising the benefits of these services.

All governors of primary, secondary and special schools in Kent are strongly encouraged to view this DVD in an effort to encourage more extended service provision in the County (Chapter 3, Section 3.3).

Recommendation 6

The Managing Director of KCC's Children, Families and Education Directorate should write to Ofsted and urge the organisation to retain "community cohesion" as one of the focus areas for inspection in its revised assessment framework (Chapter 3, Section 3.4).

Recommendation 7

Primary, secondary and special schools, together with all organisations and agencies providing extended services in the County, should form local consortia to offer more efficient, effective and sustainable extended services to their communities.

The Select Committee recommends that each consortium funds one post for an Extended Services Consortium Coordinator to manage extended services provision in the consortium. The model adopted to run each consortium may vary, depending on the needs and priorities of the community.

The Extended Services Team should give high priority to supporting schools and other organisations to identify suitable Extended Services Consortium Coordinators for appointment, and in setting up consortia across the County by August 2011 (Chapter 4, Sections 4.1, 4.2 and 4.3).

Recommendation 8

The Children, Families and Education Directorate should employ, for a period of one year at most, ideally four Extended Schools Development Managers, to provide Extended Services Consortium Coordinators with initial strategic guidance and support, and to ensure that newly formed consortia can operate in a sustainable manner (Chapter 4, Sections 4.2 and 4.3).

Recommendation 9

One of the first tasks of each, newly appointed Extended Services Consortium Coordinator should be to organise a genuine and comprehensive consultation with the local community to identify extended services needs and to plan provision accordingly in the consortium. Extended Services Consortium Coordinators are strongly encouraged to share existing good practice to plan effective extended services provision.

The newly appointed Extended Services Consortium Coordinators should also deal with any legal and operational issues, such as safeguarding and caretaking in the evenings, which may prevent the smooth provision of extended services (Chapter 4, Section 4.4).

Recommendation 10

The Kent Youth Service should ensure that Community Youth Tutors spend the agreed proportion of their time in schools and in the wider community, in order to ensure that all Kent youth can benefit from their service (Chapter 4, Section 4.5).

Recommendation 11

The Extended Services Consortium Coordinators should ensure that the transport available in each consortium is shared and is used for extended services purposes. The Coordinators are also encouraged to produce timetables for extended services transport, and to organise training for minibus drivers, if needed (Chapter 5, Sections 5.1 and 5.2).

Recommendation 12

KCC should extend the use of the Kent Freedom Pass to include all 16 to 19 year olds in full-time secondary education or non-advanced Further Education (Chapter 5, Section 5.3).

Recommendation 13

KCC should seek to persuade rail travel operators in Kent to incorporate off-peak rail travel into the Kent Freedom Pass, enabling more young people to access extended services facilities (Chapter 5, Section 5.3).

Recommendation 14

KCC's Education and Communities Directorates should provide £50,000 for each Kent District for the financial year starting in April 2011 to support newly formed consortia and to strengthen existing extended service provision in the County's local communities. This District-based funding will enable KCC Members of each District to establish the most appropriate and equitable ways of distributing resources according to local priorities and extended services needs (Chapter 6, Sections 6.1, 6.2 and 6.3).

Recommendation 15

All consortia should consider the introduction of a charging regime for some of the extended services activities they offer, in order to promote the sustainability of such activities. The profits from such activities should be expected to be re-invested solely into extended services provision (Chapter Section 6.4).

Recommendation 16

Extended Services Consortium Coordinators should build strong relationships with their local communities and secure the support of volunteers to promote the variety and sustainability of extended services into the future (Chapter 6, Section 6.5).

Recommendation 17

KCC should devise a voucher-based scheme that entitles the bearers to access some extended services activities free of charge. Vouchers would be given by Coordinators to extended services volunteers – including children and young people - in recognition of their contribution (Chapter 6, Section 6.5).

Recommendation 18

Extended Services Sustainability Officers and School Improvement Partners should – as a central part of their duties - urge all schools within newly formed extended services consortia in Kent to undertake the Quality in Extended Services accreditation scheme (Chapter 7, Sections 7.1, 7.2 and 7.3).

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By: Alex King – Deputy Leader
Peter Sass - Head of Democratic Services and Local Leadership

To: Cabinet – 29 November 2010

Subject: Follow up items and Decisions from Cabinet Scrutiny Committee – 15 and 20 October 2010 and Recommendations from the Policy Overview and Scrutiny Committees – November cycle of meetings.

Classification: Unrestricted

Summary: This report sets out the decisions from the Cabinet Scrutiny Committee, items which the Committee has raised previously for follow up and any specific recommendations from the Policy Overview and Scrutiny Committees.

Cabinet Scrutiny Committee

1. (1) Attached as Appendix 1 is a rolling schedule of information requested previously by the Cabinet Scrutiny Committee. If the information supplied is satisfactory to the Committee it will be removed following the meeting, but if the Committee should find the information to be unsatisfactory it will remain on the schedule with a request for further information.

(2) The decisions from the meeting of the Cabinet Scrutiny Committee on 15 October and 20 October 2010 are also set out in **Appendix 1,** together with the proposed response of the relevant Cabinet Member.

Policy Overview and Scrutiny Committees

2. (1) At its meeting on 15 July 2010, the Scrutiny Board agreed that any specific recommendations to Cabinet arising from Policy Overview and Scrutiny Committees should also be fed back to the Cabinet. During the November cycle of Policy Overview and Scrutiny meetings, a large number of reports were considered with Cabinet and Deputy Cabinet Members present. A number of specific comments were made by the Policy Overview and Scrutiny Committees and these have been taken forward by Directorates and Cabinet Members. To date no specific recommendations have been made to Cabinet during this cycle of meetings.

Recommendation:

3. That the Cabinet agree responses to these decisions, which will be reported back to the Cabinet Scrutiny Committee.

Contact: Peter Sass
peter.sass@kent.gov.uk
01622 694002

Background Information: *Nil*

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Highways Business Plan IMG

Cabinet portfolio: Mr N Chard

Synopsis: The report to Cabinet Scrutiny Committee consisted of the minutes of the Highways Business Plan IMG held on 2 December 2008. During that meeting, it was resolved that gulley emptying schedules would be provided to Members after the County Council elections.

Reason for call-in: The minutes of the Highways Business Plan IMG of 2 December 2008 formed an item on the Cabinet Scrutiny Committee agenda of 10 December 2008. The Chairman asked that the request from the IMG be actioned.

Date of consideration by Cabinet Scrutiny Committee: 10 December 2008

Recommendations and responses:

1. Highways Business Plan IMG 02.12.08:
That a list of gulley schedules be supplied to all Members after the elections

The gulley emptying schedules would be issued to Members in the next few weeks.

Date of response: 21 July 2010 Date actioned*:* Not applicable

Members have received a map showing gulley emptying routes and schedule information would be available in the next few weeks

Date of response: 15 September 2010 Date actioned*:* 15 September 2010

Members will begin to be provided with the gulley emptying schedules from 18 October onwards

Date of response*:* 11 October 2010 Date actioned: 19 October 2010

Note:
A spreadsheet detailing the number of gulleys in each parish and when they had been or were due to be emptied was circulated to Members on 19 October 2010. At the meeting of the Cabinet Scrutiny Committee on 20 October 2010, the Chairman expressed concern that the information requested by the Committee had still not been received. The Chairman and Vice-Chairmen will be meeting with officers to discuss a way forward

Kent Design Guide: Parking Consultation

Cabinet portfolio: Mr N Chard

Synopsis: The report to Cabinet Scrutiny Committee consisted of the decision notice which was signed by the Cabinet Members in May 2009; the report which recommended that the Quality Audit and Residential Parking Interim Guidance Notes be approved for adoption by Kent County Council and by Kent's District Councils; the report to the Kent Planning Officers' Group in October 2008 on the consultation responses to the Kent Design Guide Review; and the full list of consultees.

Reason for call-in: The Chairman explained that this call in was as a result of her being approached as Chairman of the Committee and that it was a decision made by two Cabinet Members in May 2009. The meeting was not to discuss the decision relating to the guidance, but to consider whether the consultation process in this instance was satisfactory.

Date of consideration by Cabinet Scrutiny Committee: 9 December 2009

Recommendations and responses:

3. Ask that the KCC consultation protocol be circulated to all Members, as the Committee was concerned that the protocol might not have been properly applied in this instance and that the Scrutiny Board and/or Corporate POSC be asked to examine whether the Consultation Protocol needed to be amended, in the light of the concerns expressed about this particular consultation, i.e. whether the list of consultees was full and appropriate; whether the method of consultation was appropriate; and whether steps should have been taken to chase up non-respondents.

A report was presented to Environment Highways and Waste Policy Overview and Scrutiny Committee on this issue at its meeting on 29 July 2010.

The following recommendations were agreed:

a) Endorse the testing of the robustness of IGN3 described in Section 4 and receive a report on the outcomes when they are available.
b) Acknowledge the concerns of the Kent Developers' Group, and the work that is being undertaken to address these concerns, and encourage further dialogue at appropriate levels to understand the actual implications of and opportunities presented by IGN3, and its interpretation at local level.
c) Note that public consultation on Ashford Borough Council's draft Residential Parking SPD offers developers and designers an opportunity to make further representations on the implications of 'IGN3 based guidance', having regard for the need to address the problems of some past approaches.
d) Acknowledge the widespread concern among residents concerning parking in recent residential developments, and the social and cost implications arising from the problems caused, and welcome collaborative working approaches that are seeking to avoid replication of these problems in future developments.

Date of response: 29 July 2010 Date actioned: 29 July 2010

Notes:
15.09.10 – The Chairman and Vice-Chairmen of the Cabinet Scrutiny Committee are due to discuss this issue with the Director of Environment, Highways and Waste

08.10.10 - The Head of Transport & Development has met with the Chairman and Spokespersons of the Cabinet Scrutiny Committee. Concerns have been raised by several development companies and Members and officers of KCC about the discounting of garages and tandem parking from the minimum guidance levels for certain areas. In particular, it has been argued that this will have the 'unintended consequences' of reducing densities of development and degrading the quality of the streets. As a consequence, there has been some pressure for IGN3 to be amended. Because the Kent Planning Officers Group (KPOG) owns IGN3, any review would only be meaningful if it was commissioned by KPOG. After all, IGN3 was endorsed for interpretation at LPA level. A report to address these issues will be taken to KPOG on 29 October, and the Chairman and Spokesmen have been asked to be kept informed of the results of the discussion.

Review of SEN Units – Outcome of the Evaluation of the Lead School Pilot

Cabinet portfolio: Mrs S Hohler

Synopsis: The report set the context for the SEN Unit Review, presented the findings of the Lead School Pilot evaluation and made recommendations and proposals for the development of a new SEN Strategy to meet the special educational needs of Kent children and young people.

Reason for call-in: This item was called in to enable Members to ask questions about the outcome of the Lead School Pilot, the consultation process and the future funding of SEN Units.

Date of consideration by Cabinet Scrutiny Committee: 15 September 2010

Recommendations and responses:

1. Ask the Managing Director, Children, Families and Education to ensure that the CFE (Vulnerable Children and Partnerships) Policy Overview and Scrutiny Committee is given a formal opportunity to monitor progress of the SEN review at all appropriate stages.

A report will be taken to the CFE (Vulnerable Children and Partnerships) Policy Overview and Scrutiny Committee.

Date of response: 30 September 2010 Date actioned: TBC

2. Ask the Cabinet Member for Children, Families and Education to ensure that during the formal consultation process, consultees are made aware of the budgetary implications associated with the proposals as well as the policy implications, and that all headteachers are engaged in the consultation process.

Full consultation on budgetary issues will be undertaken through the Schools Forum

Date of response: 30 September 2010 Date actioned: Ongoing to be determined by March 2011

3. Welcome the assurance given by the Managing Director, Children, Families and Education, that KCC will continue to lobby central Government to ensure that, where there are SEN units in mainstream schools, exam results of SEN pupils are disaggregated. This is to avoid these results affecting league table positions and disincentivising mainstream schools admitting SEN pupils.

A letter will be sent to the new Secretary of State, and this issue will be picked up in our response to the SEN and disability green paper.

Date of response: 30 September 2010 Date actioned: 17 October 2010

“Change to keep succeeding” The transformation of the Council’s operating framework

Cabinet portfolio: Mr P Carter

Synopsis: This report outlined the work to date on a programme to ensure that the Council continues to deliver successfully in the face of the most significant changes facing local government in the external financial and policy context. It needs to be read in conjunction with the draft medium term plan which is being launched for consultation - “Bold Steps for Kent” as this is proposing the draft new strategic vision for the Council which the organisational framework of the Council needs to be able to support and deliver upon.

Reason for call-in: The Group Managing Director asked that the Cabinet Scrutiny Committee be given the opportunity to discuss the proposals that had been endorsed at Cabinet and make comments and ask questions about the proposals at an early stage, before the formal consultation commenced.

Date of consideration by Cabinet Scrutiny Committee: 15 October 2010

Recommendations and responses:

1. Note the general approach to the transformation of the Council’s operating framework set out in the report and appendices.

2. Agree that formal consultation on the proposals for the transformation of the Council’s operating framework can commence.

3. Welcome the assurances given by the Group Managing Director that all the points made during the discussion at Cabinet Scrutiny Committee be examined and responded to. These are as follows:

a) Welcome the assurances given by the Group Managing Director that there will be plenty of opportunities for staff to have input into the detail of the proposals before the discussion at full County Council on 16 December.
b) The first stages of the process should look at a skeleton structure and strategic direction rather than get into detail, and that there should be a ‘live process’ going forward.
c) The Group Managing Director should consider retitling the Enterprise Directorate to better reflect the activities it will deliver and to avoid any confusion with the functions of the Director of Business Strategy post and the Enterprise Fund that sit in the Directorate for Business Strategy and Support.
d) Statutory officers should report directly to the Group Managing Director, and the Group Managing Director should consider that the Director post that includes the role of Monitoring Officer be part of the Corporate Management Team, in order to ensure that timely and appropriate legal advice is available to assist decision making at the highest level.
e) Another structure chart or other representation should be produced to show the collective role of the Corporate Management Team.
f) The Group Managing Director should consider the appointment of a Director of Transformation, since the Group Managing Director should be running the day to day business of the organisation.
g) The Committee has concerns about the large amount of responsibility placed on the Families, Health and Social Care Directorate, particularly at a time of great change including the proposed shift of responsibilities from Primary Care Trusts.

h) Consideration should be given to how the new scrutiny responsibilities arising from the NHS White Paper are reflected in the proposed structure chart as these are currently not present.
i) Consideration should be given to how support functions should be centralised, since in the past Directorates have felt that centralised functions have not been responsive or competitive enough.
j) Further thought should be given to where responsibilities for public rights of way and country parks should sit. Currently it is proposed that they are within the Customer and Communities Directorate but a suggestion was made that they might be better served under the Director for Planning and Environment.
k) Seek assurance that true future costs of pensions are realised when final decisions are taken about the reorganisation and welcome the Group Managing Director's suggestion that a formal meeting will take place between the Chairman of the Superannuation Committee, the Head of Personnel and Development and the Group Managing Director to discuss this issue.
l) The Committee expects that the report to County Council on 16 December will include detailed written advice and comments from the Director of Finance, the Director of Law and Governance and the Head of Audit and Risk on the totality of the restructuring proposals, so that Members are fully appraised of the financial, legal and risk-related implications of the proposals.

The Cabinet Scrutiny Committee's comments are all very much welcomed and will be incorporated as part of the consultation received during this process

Specific responses:

3(a)	*Noted and agreed.*
3(b)	*Noted.*
3(c)	*A number of comments are being received on the title of the 'Enterprise' Directorate and it seems very likely there will be a recommendation to change it.*
3(d)	*The point about the monitoring officer post is noted and will be considered.*
3(e)	*A chart exists to show the structure of the corporate management team.*
3(f)	*Noted.*
3(g)	*The FHSC directorate will have additional capacity within it to deal with the transition work with Health.*
3(h)	*This structure process does not deal with any member issues arising from the Health White paper but this is a very important point that is being picked up in other work streams.*
3(i)	*The role of business support being provided to all directorates rather than within each directorate is a critical tool to help shift the "siloed" culture of the council. It is absolutely essential that all support services do support all the services of the council. It also has to be noted that the way in which support is currently provided has to change and much more manager self service and use of corporate systems to reduce duplication and cost will be required.*
3(j)	*This point has been made in other feedback and it is very likely this will change.*
3(k)	*Arrangements will be made for a meeting as soon as is practicable.*
3(l)	*The report to members on 16 December will include the detailed written advice of the Group Managing Director the statutory Head of Paid Service.* *Cabinet Scrutiny can be assured that the report to Council will follow the Council's internal Governance Statement's requirements. The financial and legal implications of the report will be cleared with the relevant senior officers.* *The detailed written advice from the GMD will fully appraise members of the financial, legal and risk implications of the final proposals.*

Date of response: 8 November 2010 Date actioned: TBC

Kent Connexions and Work Related Learning Services Contract 2010-2013: Budget Saving Options

Cabinet portfolio: Mrs S Hohler

Synopsis: The original paper outlined the proposed budget saving options for the Kent Connexions and Work Related Learning Services Contract 2010-2013.

Reason for call-in: Members wanted more information on the basis of the decision that was taken under urgency procedures to reduce Connexions funding by £5 million over the final two years of the contract.

Date of consideration by Cabinet Scrutiny Committee: 20 October 2010

Recommendations and responses:

1. Ask the Cabinet Member, Children Families and Education to ensure that the proposed revisions to the Connexions Budget and services would be brought back to the Cabinet for consideration prior to implementation in April 2011, so that this Committee can consider whether to call-in the proposals for examination.

Final decisions on all KCC budgets for implementation in the next financial year, including that of Connexions will be achieved through KCC's budget setting process in the New Year.

Date of response: 11 November 2010 Date actioned: TBC

2. Ask the Cabinet Member, Children, Families and Education to ensure that any decision taken about further reductions to the Connexions budget beyond the £5m already identified will also be taken by the Cabinet.

No further reductions have been identified beyond the £5m already identified. However, should national or local developments change this funding position, Members will be informed.

Date of response: 11 November 2010 *Date actioned:* Not applicable

3. Ask that the Managing Director, Children Families and Education provide comparative information on the performance of other organisations in helping NEETs into employment.

As explained at the Committee, the only comparative information that can be relied upon is that from other Local Authorities in respect of comparison of the percentage of NEETs. This is because "comparative information on the performance of other organisations in helping NEETs into employment" is often held by private sector contractors who would deem this information to be "commercial in confidence" and would not agree therefore to make it publicly available. Consequently there is no consistent comparative national data on this specific topic.

However, Kent's favourable position on NEETs is shown on the table below

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Latest available (2010) Comparison to Statistical Neighbours

	July	*August*	*September*	*Average*
Nottinghamshire	*5.0%*	*5.4%*	*4.5%*	*4.9%*
Kent	*5.2%*	*5.2%*	*5.6%*	*5.4%*
Staffordshire	*5.5%*	*5.8%*	*6.9%*	*6.1%*
Worcestershire	*6.3%*	*6.6%*	*5.9%*	*6.2%*
Warwickshire	*5.8%*	*6.3%*	*6.4%*	*6.2%*
West Sussex	*5.9%*	*6.3%*	*7.2%*	*6.5%*
Swindon	*7.7%*	*8.2%*	*5.2%*	*6.8%*
East Sussex	*7.3%*	*7.6%*	*6.8%*	*7.2%*
Essex	*7.5%*	*8.1%*	*8.6%*	*8.1%*
Northamptonshire	*6.9%*	*7.6%*	*9.9%*	*8.3%*

Date of response: 11 November 2010 Date actioned: 11 November 2010

Equity and excellence: liberating the NHS

Cabinet portfolio: Mr R Gough

Synopsis: Cabinet were asked to agree the commentaries appended to the Cabinet report as representing the views of Kent County Council in respect of the Coalition Government's White Paper "Equity and excellence: liberating the NHS" and its associated consultation reports.

Reason for call-in: The consultation documents were brought to the Committee at the request of the Chairman and two of the Spokesmen of the Cabinet Scrutiny Committee in order that the Cabinet Member and Officers could guide Members through the consultation documents and answer any questions they had.

Date of consideration by Cabinet Scrutiny Committee: 20 October 2010

Recommendations and responses:

1. Ask the Group Managing Director to ensure that the protocol for responding to consultation documents is either amended or (if considered satisfactory) adhered to, so that responses to Government consultations are made available before submission to enable Members to have the opportunity to have input into the final response.

Given the number of consultations, and the tightness of some of the deadlines, it would be impractical to require draft responses to be available before submission in all cases so I do not propose to amend the procedure for responding to consultation documents. The procedure requires Members to be notified (via the Member Information Bulletin, and it is also on KNet) of all consultations, who the lead officer responsible for responding is, and the deadline for response. On KNet there is an up-to-date list of current consultations. If Members have views that they wish to be recorded as part of the response to a consultation, they can contact the lead officer directly and also inform the lead officer that they would like to see the response before it is submitted.

Date of response: 10 November 2010 Date actioned: 10 November 2010

2. Ask that the Cabinet Member for Corporate Services and Performance Management ensure the concerns of the Cabinet Scrutiny Committee are incorporated into the discussions scheduled to take place on 10 November and responded to in full in due course, as follows:

a) The lack of clarity of proposals made responding to the consultation very difficult.
b) That there is no funding identified for any staff subject to Transfer of Undertakings (Protection of Employment)
c) It is not clear how scrutiny may work, particularly as there may be a conflict of interest between the scrutiny and commissioning functions.
d) Behaviour of the Council in relation to some of its potential functions under the proposals might be construed as anti-competitive.
e) That the feedback from the 14 Personal Health Budgets pilots be taken into account during the move to the personalisation model in health.
f) That there needs to be an assessment and mitigation of risks of the proposals.
g) That there needs to be a clear transition plan.
h) That there should be a clear approach to ensure the patient voice is better heard.

i) That there needs to be an attempt to facilitate coterminosity between GP consortia and Local Authorities where possible.

The concerns of the Committee were incorporated into the discussions which took place at the KCC member briefing on health reform on the 10th November.

Detailed below are the responses to individual questions:

a) *The lack of clarity of proposals made responding to the consultation very difficult.*
Unfortunately the timeframe for responses gave us little influence over this.

b) *That there is no funding identified for any staff subject to Transfer of Undertakings (Protection of Employment)*
There is currently no identified funding for any staff subject to TUPE. This will be watched carefully and old-to-new financial flows will be tracked.. As soon as we have the DH workforce guidance paper (promised for early December) we will get a detailed legal view on TUPE implications.

c) *It is not clear how scrutiny may work, particularly as there may be a conflict of interest between the scrutiny and commissioning functions.*
The White Papers are not entirely clear about how this will work and we need to think in terms of the various new/additional functions before deciding on form or structure and to also think about a tiered approach.

d) *Behaviour of the Council in relation to some of its potential functions under the proposals might be construed as anti-competitive.*
The White Paper response did cover the subject of others who would play a role in policing anticompetitive behaviour e.g Office of Fair Trading. The policing of anti-competitive behaviour could be addressed, without the need for Monitor to expand and take on that role. The need for diversity of provision would be a positive, but that is quite different from universal access free of charge.

The issue about regulation of competition - the power to ensure equality of opportunity for all providers existing or otherwise to be providing to NHS patients, could be more efficiently handled within the CQC. The roles of quality regulator in CQC and economic regulator of Monitor are not mutually exclusive. The amount of to-ing and fro-ing that would need to take place between CQC and Monitor would be duplication. If the CQC is going to be sufficiently robust to host an independent organisation called Healthwatch England it should be sufficiently robust to host a unit on anticompetitive behaviour without issues about quality intruding upon that set of judgements.

e) *That the feedback from the 14 Personal Health Budgets pilots be taken into account during the move to the personalisation model in health.*
The government is behind extending personalised services to health care and there will be an overall evaluation of the pilots which will be taken into account during the move to the personalisation model. This will also feed into discussions with GP consortia.

f) *That there needs to be an assessment and mitigation of risks of the proposals.*
This will form part of the work supporting our KCC input on QIPP

g) *That there needs to be a clear transition plan*
We are working very closely with all 3 PCTs and are well on the way to developing a detailed transition plan setting out which responsibilities will be passed over to new organisations. These will be primarily GP consortia as well as the National Commissioning Body and Local Government. It is recognised that there will be a myriad of risks at a local and strategic level and these will be incorporated into a risk register.

h) *That there should be a clear approach to ensure the patient voice is better heard.*
We will be influencing the debate on the Bill when published to make sure HealthWatch can deliver its potential

i) *That there needs to be an attempt to facilitate coterminosity between GP consortia and Local Authorities where possible.*
We are already engaging with GP consortia and if you look at where the Practice Based Commissioners are at present, broadly speaking it is easier to see something like this happening in many parts of east Kent rather than the west. However, we are keen to ensure this happens as much as possible and it clearly fits with our aims regarding localism and area based commissioning. Districts Councils also have a key part to play in public health and we recognise that.

Date of response: 11 November 2010 | Date actioned: 10 November 2010 (and ongoing)

3. Express regret that the Cabinet Scrutiny Committee was not able to have any input into the response before the consultation period closed.

Towards 2010 Closedown Report

Cabinet portfolio: Mr R Gough

Synopsis: In September 2006, KCC set itself 63 challenging and ambitious targets in the Towards 2010 plans for Kent. The four year term has now ended and the report to Cabinet attached the draft of the Towards 2010 Closedown Report for comment and consideration by Cabinet prior to its submission to County Council for approval on 14 October.

Reason for call-in: The Leader and Officers were invited to the meeting to guide Members through the report and answer any questions they had.

Date of consideration by Cabinet Scrutiny Committee: 20 October 2010

Recommendations and responses:

1. Ask that the Cabinet Member for Corporate Support Services and Performance Management provide a report to the Committee detailing the current status of Open Kent.

A report has been drafted and will be circulated on 12 November.

Date of response: 11 November 2010 Date actioned: 12 November 2010

2. Welcomes the assurance from the Cabinet Member for Corporate Support Services and Performance Management that he will ensure a full report is made to the Corporate Policy Overview and Scrutiny Committee on the proposals relating to Open Kent and Digital Kent

A full report on the proposals relating to Open Kent and Digital Kent will be made to Corporate POSC at the meeting on the 13th January 2011.

Date of response: 11 November 2010 Date actioned: expected 13 Jan 2011

3. Ask that the Cabinet Member for Corporate Support Services and Performance Management ensures that members are fully involved in the formulation of the targets that will comprise Bold Steps for Kent

The intention is to embed Bold Steps for Kent into the day-to-day working of the organisation. As such, delivery will be built into directorate and team business plans and monitoring and reporting will be through existing reporting arrangements such as the Core Monitoring Report and the Annual Report. There will of course be a requirement to develop both quantitative and qualitative indicators to measure the progress against the priorities and actions that are set out in Bold Steps for Kent not currently covered by any monitoring/reporting arrangements.

It is intended to take a separate paper to POSCs following approval of Bold Steps for Kent by County Council to engage all Members in developing appropriate measures and indicators to be used in monitoring and managing delivery of Bold Steps for Kent, following a similar process as was used for Towards 2010.

Date of response: 11 November 2010 Date actioned: TBC