To: CABINET – 20 June 2011

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(1) REVENUE AND CAPITAL BUDGET OUTTURN 2010-11

(2) REVENUE BUDGET ROLL FORWARD

(3) CAPITAL BUDGET ROLL FORWARD

(4) 2010-11 FINAL MONITORING OF KEY ACTIVITY INDICATORS

(5) 2010-11 FINAL FINANCIAL HEALTH INDICATORS

(6) 2010-11 FINAL MONITORING OF PRUDENTIAL INDICATORS

(7) IMPACT OF 2010-11 REVENUE BUDGET OUTTURN ON RESERVES

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1. Summary

1.1 This report sets out the provisional revenue and capital budget outturn for 2010-11. It details:

- where revenue projects have been rescheduled and/or are committed
- where there is under or overspending.

The provisional outturn on the revenue budget shows an underspend of £11.349m (excluding schools). This is only £0.052m higher than the projected underspend reported in May.

1.2 Details of the proposals for the use of £8.721m of the revenue budget underspending are provided in Appendix 2. This identifies those projects where there is already a commitment to spend in 2011-12. In addition, there are two initiatives that Cabinet have already been asked to consider funding from the roll forward at £0.250m each. Details are also provided in Appendix 2 of this report. Assuming these initiatives are funded, this would leave an uncommitted balance of £2.128m. It is recommended that, in light of the emerging pressures in the 2011-12 budget, this balance is set aside in the earmarked Economic Downturn reserve.

1.3 The report refers to a number of contributions to reserves which Cabinet is asked to approve.

1.4 Details of the capital roll forwards are provided in Appendix 3.

1.5 Final monitoring of key activity indicators for 2010-11 is detailed in Appendix 4.

1.6 The report also provides the year-end financial health indicators in Appendix 5, prudential indicators in Appendix 6 and impact on reserves in section 3.6.

2. Recommendations

Cabinet is asked to:

2.1 **Note** the provisional outturn position for 2010-11.

2.2 **Agree** that £8.721m of the 2010-11 revenue underspending is rolled forward to fund existing commitments, as detailed in sections 1 to 4 of Appendix 2.

2.3 **Agree** that £0.250m of the 2010-11 roll forward is used to contribute towards the Bold Steps for Health Agenda, as detailed in section 6a of Appendix 2.

2.4 **Agree** that £0.250m of the 2010-11 roll forward is used to contribute towards the Elections Reserve, as detailed in section 6b of Appendix 2.

2.5 **Agree** that the £2.128m remainder of the 2010-11 revenue underspending is set aside in the Economic Downturn reserve.

2.6 **Agree** the contributions to reserves as set out in the following paragraphs of this report (all of which are reflected in the outturn position presented in this report):

i) Kent Adult Social Services portfolio paragraph 3.2.5.6, transfer of £1.128m to the Social Care Supported Living costs reserve reflecting a delay in legal opinion regarding responsibility for a number of clients in supporting living arrangements in Kent who are currently funded by other authorities.

ii) Corporate Support & Performance Management portfolio paragraph 3.2.9.1, transfer of £2.270m to a new Libraries IT PFI grant reserve to reflect a change in the treatment of this grant by Government from quarterly payments until 2016-17 to a final lump sum settlement;

iii) Corporate Support & Performance Management portfolio paragraph 3.2.9.2, transfer of £1.042m to a new KPSN development reserve to fund the re-phased upgrades to core IT infrastructure and

iv) Finance portfolio paragraph 3.2.10.1, transfer of £6.8m to the Economic Downturn reserve for potential aborted capital costs.

2.7 **Note** that £3.346m of capital re-phasing from 2010-11 will be added into 2011-12 and later years, as detailed in Appendix 3 and the 2011-12 Capital Programme will also be adjusted to reflect other 2010-11 variances as reported in the outturn.

2.8 **Note** the final monitoring of the key activity indicators for 2010-11 as detailed in Appendix 4.

2.9 **Note** the final financial health indicators for 2010-11 as detailed in Appendix 5.

2.10 **Note** the final monitoring of the prudential indicators for 2010-11 as detailed in Appendix 6.

2.11 **Note** the impact of the 2010-11 provisional revenue budget outturn on reserves as detailed in section 3.6.

2.12 **Note** that the schools' revenue and capital reserves have reduced by some £3.417m. Details are provided in this report.

3. BUDGET OUTTURN 2010-11

3.1 INTRODUCTION

3.1.1 This report sets out the provisional revenue and capital budget outturn for 2010-11. There may be minor variations in figures during the final stage of the closing of accounts process and the accounts are also still subject to external audit.

3.1.2 For the 11th consecutive year the Council is able to demonstrate sound financial management, by containing its revenue expenditure within the budgeted level (excluding schools).

3.2 REVENUE BUDGET OUTTURN 2010-11

3.2.1 The provisional outturn is a net underspend of £11.349m against portfolio budgets and a £3.437m increase in school reserves, giving a total underspend of £14.786m.

3.2.2 This -£11.349m outturn compares with the net variance of -£11.297m last reported to Cabinet at its meeting on 23 May, which represents a movement since the last report of only -£0.052m. The net provisional outturn by portfolio and the movement since the last report are shown below in table 1.

TABLE 1: PROVISIONAL FINAL REVENUE OUTTURN BY PORTFOLIO

Portfolio	Budget	Provisional Outturn	Variance	Variance per last report	Movement
	£k	£k	£k	£k	£k
Children, Families & Education	**-760,870**	**-761,135**	**-265**	-200	-65
Kent Adult Social Services	**+337,637**	**+337,154**	**-483**	-268	-215
Environment, Highways & Waste	**+151,723**	**+151,121**	**-602**	-573	-29
Communities	**+90,485**	**+89,034**	**-1,451**	-1,461	+10
Localism & Partnerships	**+7,057**	**+6,698**	**-359**	-231	-128
Corporate Support & Performance Mgmt	**+9,719**	**+8,050**	**-1,669**	-1,507	-162
Finance	**+145,942**	**+139,525**	**-6,417**	-6,923	+506
Public Health & Innovation	**+567**	**+567**	**0**	-35	+35
Regeneration & Economic Development	**+7,236**	**+7,133**	**-103**	-99	-4
TOTAL (excl Schools)	**-10,504**	**-21,853**	**-11,349**	**-11,297**	**-52**
Schools note 1	**+954,474**	**+951,037**	**-3,437**	+5,634	-9,071
TOTAL	**+943,970**	**+929,184**	**-14,786**	**-5,663**	**-9,123**

Note 1. Although schools reserves have increased by £3.437m, this is made up of £2.765m drawdown of reserves by schools against schools delegated budgets (£4.448m drawdown as a result of 21 schools converting to new style academy status and taking their reserves with them and a £1.683m underspend for the remaining Kent schools), offset by an underspend on the unallocated schools budget of £5.034m and £1.168m higher than expected special school recoupment income.

3.2.3 Although the forecast has moved by only -£0.052m (excluding Schools) since the last monitoring report to Cabinet, there are some compensating movements within this, some of which are rather technical in nature. Detailed below are the main reasons for the movement in the portfolio forecasts since the last monitoring report to Cabinet on 23 May, as shown in Table 1:

3.2.4 **Children, Families & Education:**

The overall position for the portfolio has moved by -£0.065m since the last report to Cabinet. The main changes are:

3.2.4.1 +£0.150m 14-19 Entitlement – a reduction in the underspend from £1.251m to £1.101m largely because the amount of eligible expenditure that may be charged to the DSG reserve reduced by £330k. This was offset by an underspend on the T2010 projects of Preparing for Employment and Expanding Vocational Training of £0.096m and a net underspend against the Thanet Works project of £0.074m.

3.2.4.2 +£0.199k Residential Care – an increase in the pressure from £1.391m to £1.590m which is partly due to continued demand for high cost placements of £0.110m. In addition there was the expectation that rates for the Windchimes Centre of £0.120m would be refunded as it is a centre for disabled children, however this is still in dispute and recent legal advice suggests that a full refund will not be received

3.2.4.3 +£0.232m Fostering Service – an increase in the pressure from £3.337m to £3.569m largely due to additional in-house foster placements of £0.153m.

3.2.4.4 -£0.193m Other Preventative Services – a reduction in the pressure from £0.615m to £0.422m, which is largely due to the re-badge of a further £0.176m of eligible expenditure to the Sure Start grant.

3.2.4.5 -£0.119m 16+ Service – a reduction in the pressure from £1.156m to £1.037m due to an underspend on the 16+ team of £0.106m.

3.2.4.6 +£0.564m Assessment & Related – an increase in the position from -£0.266m to +£0.298m. This was mainly due to an additional £1.082m of spend on staffing, including agency costs, due to a reduction in the number of vacancies following an effective recruitment strategy and agency staff being retained for longer than expected. This was partially offset by additional income from the Children's Workforce Development Council for the safeguarding improvement plan of £0.363m and a reduction of £0.197m in the position of the Occupational Therapy budget, which did not overspend as previously forecast.

3.2.4.7 +£0.024m Special Educational Needs – an increase in the pressure from £0.059m to £0.083m, however within this small movement there is an increased overspend on special school recoupment of £0.076m with additional special school recoupment income of -£0.754m. The transfer of surplus recoupment income to the schools DSG reserve increased by £0.621m. In addition there was £0.130m additional spend on SEN management and administration.

3.2.4.8 +£0.122m Preventative Services Managers – an increase in the position from -£0.099m to +£0.023m mainly due to an increase in spend on nurseries of £0.135m.

3.2.4.9 -£0.169m Personnel & Development – an increase in the underspend from £1.645m to £1.814m mainly due to further underspending on CRB costs of £0.175m.

3.2.4.10 -£0.199m Capital & Infrastructure Support – an increase in the underspend from £0.206m to £0.405m mainly due to further underspending on the accommodation budget partially offset by additional spend on feasibility costs recharged from capital as the projects have been aborted and revenue maintenance.

3.2.4.11 -£0.688m Grant income & contingency – an increase in the underspend from £0.200m to £0.888m. The main movements are an underspend of £0.350m on school nurses and a further underspend of £0.285m on the CFE restructure budget, offset by an increase in the bad debt provision of £0.157m. Additional spend of £0.350m on academy staff was fully recharged to academies. There was also some additional grant income and other more minor variances.

3.2.5 **Kent Adult Social Services Portfolio:**

The overall position for the portfolio has moved by -£0.215m since the last report to Cabinet. The main movements are:

3.2.5.1 +£0.582m Older People Nursing Care – a reduction in the underspend from £1.991m to £1.409m for a number of reasons. In independent sector nursing care, changes in activity and price have increased the gross cost by £0.106m. A small reduction in activity reduces income by £0.092m and the average income per client week has also reduced by £2.31 from the previous estimate which adds £0.181m to the forecast. The net position for Preserved Rights clients has also increased by £0.086m. The remaining increase of £0.117m relates to changes in other income, the movement in the bad debt position, and a contribution of £0.077m to a provision in respect of a potential obligation.

3.2.5.2 -£0.249m Older People Domiciliary Care – an increase in the underspend from £0.486m to £0.735m primarily because the amount of client income is £0.156m higher than previously expected. The forecast is based on year to date income and this can fluctuate between months. The remaining -£0.093m relates to a reduction in expenditure across in-house provision, extra care and enablement.

3.2.5.3 -£0.167m Older People Other Services – an increase in the underspend from £0.538m to £0.706m due to small movements against a number of budgets including a £0.050m reduction in the Integrated Community Equipment Store whose under-spend is now £0.097m. As this is a pooled budget with Health this, together with a further £0.031m within Physical Disability Other Services, a total of £0.128m, is requested to roll forward to 2011-12 to fund our obligation to the partnership. This is reflected in the roll forward proposals in Appendix 2. Similarly a proportion of the contribution from Health has also been rolled to 2011-12 as a receipt in advance.

3.2.5.4 +£0.141m Learning Disability Residential Care – an increase in the pressure from £3.011m to £3.152m which relates to £0.064m for small movements across independent sector care, preserved rights and in-house provision as well as £0.077m for an Ordinary Residence client who was forecast in supported accommodation but has since transferred back to residential care.

3.2.5.5 -£0.279m Learning Disability Domiciliary Care – an increase in the underspend from £0.621m to £0.900m as a result of reductions in activity and price since the last forecast which was primarily based on activity to the end of January. Actual activity has reduced by approximately 8,600 hours which reduces the variance by £0.090m, and the unit price has dropped from £11.05 to £10.52 which reduced the variance by a further £0.182m. Small movements in other lines account for the balance of the decrease in variance.

3.2.5.6 -£0.346m Learning Disability Supported Accommodation – a reduction in the pressure from £0.381m to £0.035m. £0.193m of this relates to Ordinary Residence clients who were previously forecast against the Supported Accommodation budget but whose costs are now reflected against other lines. The £0.193m is split across four budget lines (Learning Disability Residential as referred to above, Learning Disability Direct Payments, Learning Disability Other Services and Physical Disability Domiciliary). A further £0.082m of the reduction follows the release of a proportion of the Social Care Supported Living costs reserve created in 2009-10 for a number of clients whose costs were previously funded by other authorities but were expected to become our responsibility and we would be charged backdated costs to 2009-10. These clients have either become our responsibility from a later date or the costs have come in below the level expected. The remaining reduction of £0.071m relates to small movements in other clients and costs.

In addition, the outturn position includes a contribution of £1.128m to the Social Care Supported Living costs reserve to reflect the potential backdated costs in relation to a number of service users in supported living in Kent who are currently funded by other authorities. These costs may arise following legal negotiations. The potential costs of these clients were included in our previous forecasts as we expected the legal negotiations to have been concluded by the end of the financial year, however negotiations continue and therefore we have transferred the funding to reserves pending the outcome. **Cabinet is asked to approve this transfer to reserves** (which is already reflected in the outturn position presented in this report).

3.2.5.7 -£0.073m Strategic Business Support – an increase in the underspend from £1.298m to £1.371m. Within this is £0.080m that is required to roll forward to cover costs to be incurred in respect of the review of domiciliary procurement, which is a saving in the MTP. This roll-forward will fund a project manager and associated costs relating to the review. This is reflected in the roll forward proposals in Appendix 2.

3.2.5.8 -£0.113m Specific Grant Income – a reduction in the pressure from £1.414m to £1.301m because the amount of Social Care Reform Grant income that is being rolled forward (as a receipt in advance) to cover costs that have re-phased to 2011-12 has reduced by £0.113m to £1.301m. This relates to small movements across a number of schemes.

3.2.5.9 There are a number of smaller movements across the other budget lines within this portfolio, all below £0.1m.

3.2.6 **Environment**, **Highways & Waste Portfolio:**

The overall underspend for the portfolio has increased by a further £0.029m, to £0.573m since the last report to Cabinet, however within this small overall movement there are some compensating changes:

3.2.6.1 There was a spike in waste tonnage in March, as illustrated in section 3.1 of Appendix 4, which reduced the tonnage element of the waste underspend by £0.4m. This was offset by much better than forecast recycling income which increased by a further £0.23m and an underspend on the Clean Kent campaign of £0.2m.

3.2.6.2 The final pressure relating to snow emergencies, once all farmer claims had been settled and salt stock adjustments were made, increased by £0.27m to £2.3m and the final revenue spend on find and fix in the year increased by £0.18m to £1.3m. These increases were offset by a £0.18m improvement in the energy saving programme and developer contributions of £0.23m. (£0.4m of the snow emergency costs have been offset by a virement from the Finance portfolio instead of drawing down the emergency conditions reserve as agreed by Cabinet in May, leaving a £1.9m overspend within the portfolio on this budget).

3.2.6.3 In March 2009, Cabinet approved a reserve to smooth fluctuations in costs arising from planning inquiries. The planning budget lines achieved an underspend of £0.29m in 2010-11, from holding vacancies (-£0.169m), reducing consultancy costs on developing the minerals and waste framework (-£0.104m) and reducing spend on landscape advice (-£0.021m). This underspend has been transferred to the smoothing reserve to help towards future liabilities. **Cabinet is asked to approve this transfer to the planning inquiries reserve** (which is already reflected in the outturn position presented in this report).

3.2.7 **Communities Portfolio:**
The underspend on this portfolio has reduced slightly by £0.010m to £1.451m since the last report.

3.2.8 **Localism & Partnerships Portfolio:**
The underspend on this portfolio has increased by £0.128m to £0.359m since the last report, which is partly due to re-phasing of Local Scheme spending recommended by Local Boards and Member Community Grants. This is purely a timing issue and therefore is included in the committed roll forward requests in appendix 2.

3.2.9 **Corporate Support & External Affairs Portfolio:**
The underspend for the portfolio has increased by £0.162m since the last report to Cabinet. This is due to a number of small movements across most units. However, this position does include two transfers to reserves, which Cabinet is asked to approve:

3.2.9.1 £2.270m has been transferred to a new Libraries IT PFI grant reserve. This is due to a change in treatment by Government in the way this grant is paid. We have received a final lump sum payment rather than receiving quarterly payments until 2016-17. As this grant income is assumed in our annual budget, we have paid this grant into reserves to be drawndown to match the budget profile in future years**. Cabinet is asked to approve this transfer to reserves** (which is already reflected in the outturn position presented in this report).

3.2.9.2 £1.042m has been transferred to a new KPSN development reserve to cover the costs of this re-phased project & to smooth the cost of large upgrades to the core IT infrastructure. **Cabinet is asked to approve this transfer to reserves** (which is already reflected in the outturn position presented in this report).

3.2.10 **Finance Portfolio:**
The underspend for the portfolio has reduced by £0.506m to £6.417m since the last report to Cabinet. This is mainly due to the virement of £0.4m to Kent Highways Services to contribute towards the emergency costs of the snow in December and January, as agreed by Cabinet in May.

3.2.10.1 Within this reported position is a transfer to the Economic Downturn reserve of £6.8m in respect of the potential write-off of aborted capital costs following the in-year reduction in funding for BSF projects. It has yet to be confirmed that these projects will definitely not go ahead and therefore it is necessary to transfer this funding to reserves pending the final outcome, rather than writing back the expenditure to revenue in 2010-11, as was previously assumed. **Cabinet is asked to approve this transfer to reserves** (which is already reflected in the outturn position presented in this report).

3.2.10.2 This position also reflects an overspend on the Insurance Fund of £1.269m which has been met by a drawdown from the Insurance Reserve. This overspend was higher than previously forecast due to an increase in outstanding liabilities as a result of a higher number of liability claims than normal recorded for 2010 and an increase in reserves for some claims.

3.3 A reconciliation of the revenue gross and income cash limits to the last full monitoring report, as reported to Cabinet on 4 April, is provided in Appendix 1.

3.4 REVENUE BUDGET ROLL FORWARD PROPOSALS

3.4.1 The 2011-12 approved budget assumes rolled forward underspending from 2010-11 of £6.098m. In addition, Cabinet and County Council have agreed a further £1.741m of commitments in 2011-12 to be funded from this underspending. Also, within directorates there are a number of projects, totalling £0.882m, which have been rescheduled and/or are committed and require funding to roll forward to 2011-12 to fund their completion. Details of all of these commitments are provided in Appendix 2. **Cabinet is asked to approve these roll forward proposals.**

3.4.2 Table 2 below provides a summary of the revenue outturn position and shows that of the £11.349m underspend, £8.721m is required to roll forward to 2011-12 to fund these commitments, leaving £2.628m of uncommitted underspending. It is recommended that this be used as follows:

- £0.250m towards the Bold Steps for Health Agenda - to work with GP's and the new Commissioning Consortia to address local health inequalities. This will use the local knowledge of GP's and colleagues at a district level to identify their priorities for reducing health inequalities in their areas and provide funding to deliver the interventions that will make the most difference. **Cabinet is asked to approve this contribution.**
- £0.250m contribution to the Elections Reserve – in recent times the County Council election and the General Election have been held on the same day, which has considerably reduced the cost to KCC as we share the cost 50:50. However this will not be the case for the next County Council election and therefore we need to provide for this additional cost. £250k is suggested as our initial contribution to these additional costs with a review of the position as part of the next budget process. Further details, including a forecast profile of the reserve from 2010-11 to 2013-14, when the next County Council election will take place, are provided in Appendix 2. **Cabinet is asked to approve this contribution.**
- in view of the emerging pressures in the 2011-12 budget, the balance of £2.128m is set aside in the earmarked Economic Downturn reserve. **Cabinet is asked to approve this contribution of the remaining 2010-11 underspend to reserves.**

Table 2: SUMMARY OF REVENUE ROLL FORWARD PROPOSALS

		£000s	£000s
1	**2010-11 provisional underspend**		**-11,349**
2	**Roll forward underspending assumed in the 2011-12 approved budget:**		
a	underspending as reported to Cabinet in November	4,500	
b	savings from moratorium on discretionary spend	1,000	
c	underspending within Communities for the Youth Service	387	
d	amendment to the 2011-12 budget approved at County Council on 17 February to change the savings proposals for subsidised bus routes	211	
			6,098
3	**Subsequent Cabinet/County Council decisions:**		
a	funding for the 5p increase in the casual user mileage rate, in line with the HMRC increase in the tax exempt rate, as approved at County Council on 12 May	551	
b	funding for "Becoming the Employer of Choice – KCC's Workforce Strategy for Children's Social Services" as agreed by Cabinet on 23 May	1,190	
			1,741
4	**Rescheduled/committed projects:**		
a	KASS portfolio – Integrated Community Equipment Store	128	
b	KASS portfolio – Domiciliary Procurement	80	
c	EHW portfolio – MIDAS financial system replacement	364	
d	Community Safety – Independent Domestic Violence Advocates (IDVAs)	95	
e	CSS&PM portfolio – Personnel & Development Kent Leadership & Coaching Programme	56	
f	CSS&PM portfolio – Personnel & Development TCP Schools	87	
g	CSS&PM portfolio – Kent Connect Project	24	
h	Localism & Partnerships portfolio - Member Community Grants.	6	
i	Localism & Partnerships portfolio – Local Scheme Grants	42	
			882
5	**Uncommitted balance of underspending**		**2,628**
6	**Initiatives Cabinet is asked to consider funding:**		
a	Contribution to Bold Steps for Health Agenda	250	
b	Contribution to Elections Reserve	250	
			500
7	**Uncommitted balance if items 6 a & b are approved**		**2,128**

3.5 DELEGATED SCHOOLS BUDGET

3.5.1 The previously forecast draw down from reserves of £5.634m, which was made up of a drawdown of £4.634m as a result of 27 schools converting to academies and £1m for other Kent schools, was based on the schools half yearly monitoring returns. The actual movement in schools reserves in 2010-11 was an increase of £3.437m, a movement of -£9.071m, which is largely due to previously unforecast savings against the schools unallocated budget and a shift of £2.7m in the remaining Kent schools position.

3.5.2 The £3.437m increase in schools reserves in 2010-11 is made up of:

- a £4.448m drawdown of reserves as a result of 21 schools converting to new style academy status and taking their reserves with them, *(in addition, five schools converted to old style academy status during 2010-11 but they do not get to transfer their reserve balance, instead these balances have been transferred to the schools unallocated reserve pending Schools Forum agreement on how this will be utilised)*
- an underspend of £1.683m for the remaining Kent schools,
- higher than expected special school recoupment income of £1.168m which has been transferred to the unallocated schools budget,
- in addition, there is an underspend on the unallocated schools budget of £5.034m, which is largely due to a £1.178m underspend as a result of there being fewer school reorganisations than expected; £1.090m savings on rising school roll contingency; £1.7m following agreement with the Schools Funding Forum to allow the LEA to retain a greater share of DSG for one year only, which represents the full year effect of school budget changes; and £1.3m underspend due to dual registered pupil referral unit pupils which has been retained by the LEA following agreement with the Schools Funding Forum, as dual funding ceases in 2010-11. This has increased total school revenue reserves to £55.190m of which £20.3m relates to unallocated schools budget. Of the remaining £34.9m, the schools returns show that of this balance, £7.6m is committed for specific revenue projects, Standards Fund phasing and contributing towards larger capital projects.

3.6 IMPACT ON RESERVES

These are provisional figures and are subject to change during the final stages of the closing of accounts process.

Account	Balance at 31/3/11 £m	Balance at 31/3/10 £m
Earmarked Reserves	118.1	115.9
General Fund balance	26.7	25.8
Schools Reserves	55.2	51.8

3.6.1 The general reserves position at 31 March 2011 is estimated at £26.7m, this is an increase of £0.9m from the position as at 31 March 2009 due to the transfer of the remaining balance in the Asylum reserve, which has now been closed. £26.7m amounts to 2.94% of the 2011-12 net revenue budget (excluding schools). This is reviewed formally as part of the annual budget process – see Appendix H of the 2011-13 Medium Term Financial Plan for further details.

3.6.2 The provisional movement of +£2.2m in earmarked reserves since 31 March 2010 is mainly due to:

• Increase in Rolling Budget Reserve	+£2.5m	
• Increase in the Economic Downturn Reserve	+£4.4m	reflects decisions taken during 2010-11
• New Corporate Restructuring Reserve	+£2.7m	Reflects decisions taken during 2010-11
• Increase in the PFI Reserves	+£5.9m	to equalise costs
• New reserve due to change in treatment by Government of Libraries IT PFI grant (final up front settlement rather than quarterly payments through to 2016-17)	+£2.3m	
• Increase in Landfill Allowance Taxation Scheme reserve	+£1.2m	reflects value of unsold landfill allowance permits – this reserve is only realised when and if these permits are actually sold
• Increase in Social Care – Supported Living Costs reserve	+£1.0m	to fund potential back dated costs for clients currently funded by OLAs following legal negotiations
• New KPSN Development reserve	+£1.0m	to cover the costs of this re-phased project & to smooth the cost of large upgrades to the core IT infrastructure
• Reduction in the Supporting People Reserve	-£3.7m	
• Reduction in Insurance reserve	-£2.8m	£1.5m budgeted reduction & £1.3m to cover deficit on Insurance Fund
• Reduction in the Prudential Equalisation Reserve	-£2.3m	to cover PEF 2 costs
• Reduction in the Kingshill Smoothing Reserve	-£2.0m	
• Reduction in the Performance Reward Grant Reserve	-£1.8m	
• Reduction in the Asylum Reserve	-£1.7m	
• Reduction in the reserve to support next year's budget	-£1.6m	
• Reduction in the reserve for projects previously classified as capital but now considered revenue	-£1.3m	includes Member Highway Fund
• Reduction in DSG reserve	-£1.2m	
• Reduction in IT Asset Maintenance Reserve	-£0.7m	
	+£1.9m	

3.7 CAPITAL BUDGET OUTTURN 2010-11

3.7.1 The following changes have been made to the capital programme since the last report to Cabinet:

		£000s 2010-11	*£000s 2011-12*
1	Cash Limits as reported to Cabinet on 23rd May	407,872	*332,648*
2	Re-phasing agreed at Cabinet on 23rd May		
	Children, Families & Education	-13,501	*4,452*
	Kent Adult Social Services	-1,493	*1,205*
	Environment, Highways & Waste	-2,317	*2,167*
	Communities	-1,652	*1,784*
	Regeneration & Economic Development	-971	*184*
	Corporate Support Services & Performance Management	-342	*342*
3	Schools Devolved Capital – following the consolidation of the schools accounts it is apparent that the capital resources available to schools have decreased:		
	- reduction in grant funding from the DFE	-8,146	
	- additional external funding contributions	4,095	
	- additional revenue contributions from the schools delegated budgets	647	
4	Major Schemes - Preliminary Design Fees - additional grant funding - EHW portfolio	2	
5	Highways Major Maintenance - additional external funding - EHW portfolio	14	
6	Integrated Transport Schemes - reduction in external funding - EHW portfolio	-134	
7	Safety Camera Partnership - additional external funding - EHW portfolio	-10	*40*
8	Victoria Way Phase 1 - additional grant funding - EHW portfolio		*242*
9	Small Community Grants virement from Localism and Partnership - EHW portfolio	4	
10	Virement of Fastrack funding from Regen - EHW portfolio	78	
11	Kent Thameside Major Works Delivery Board - reduction in grant funding - Regen portfolio		*-480*
12	Dover Sea Change - reduction in external funding - Regen portfolio	-62	
13	Virement of Fastrack funding to EHW - Regen portfolio	-78	
14	Small Community Grants virement to EHW - Localism and Partnership portfolio	-4	
		384,002	***342,584***
15	PFI	27,101	*22,000*
		411,103	*364,584*

3.7.2 The provisional outturn for the capital budget, excluding schools devolved capital and the Property Enterprise Fund is £340.2m, a variance of +£0.107m. This outturn compares with the variance (after re-phasing) of £0.579m last reported to Cabinet at its meeting on 23 May. In addition, the Schools' have underspent their available capital resources by some £7.3m, having previously forecast a balanced position. The provisional outturn by portfolio and the movement since the last report are shown below in table 3.

TABLE 3: PROVISIONAL FINAL CAPITAL OUTTURN BY PORTFOLIO

Portfolio	Budget	Provisional Outturn	Variance	Variance per last report exc re-phasing	Movement
	£k	£k	£k	£k	£k
CFE	**+154,533**	**+156,361**	**+1,828**	**+1,498**	**+330**
KASS	**+4,109**	**+3,721**	**-388**	**-136**	**-252**
E,H&W	**+138,177**	**+137,690**	**-487**	**-638**	**+151**
Community Services	**+25,230**	**+24,890**	**-340**	**+164**	**-504**
Regen & ED	**+5,653**	**+5,733**	**+80**	**-32**	**+112**
Corporate Support & PM	**+11,915**	**+11,272**	**-643**	**-277**	**-366**
Localism & Partnerships	**+499**	**+556**	**+57**	**0**	**+57**
TOTAL (excl Schools)	**+340,116**	**+340,223**	**+107**	**+579**	**-472**
Schools	**+43,886**	**+36,632**	**-7,254**	**0**	**-7,254**
TOTAL	**+384,002**	**+376,855**	**-7,147**	**+579**	**-7,726**
Property Enterprise Fund 1		**+169**	**+169**		**+169**
Property Enterprise Fund 2		**+123**	**+123**		**+123**
TOTAL incl PEF	**+384,002**	**+377,147**	**-6,855**	**+579**	**-7,434**

3.7.3 Table 4 shows how the capital spend of £377.147m, including Schools and Property Enterprise Fund has been funded.

TABLE 4: PROVISIONAL FUNDING OF CAPITAL OUTTURN

Funding Source	**Capital Cash Limit**			**Capital Variance**			
	KCC portfolios	**Schools Devolved**	**TOTAL**	**KCC portfolios**	**Schools Devolved**	**Property Enterprise Fund (1&2)**	**TOTAL**
	£m	£m	£m	£m	£m	£m	£m
Supported Borrowing	42,120		**42,120**	1,277			**1,277**
Prudential	41,336		**41,336**	-5,208			**-5,208**
Prudential/Revenue (directorate funded)	12,206		**12,206**	1,150			**1,150**
PEF2	8,731		**8,731**	-8,731			**-8,731**
Grant	206,553	28,904	**235,457**	5,656	-6,149		**-493**
External Funding - Other	12,054	4,335	**16,389**	-689	-1,105		**-1,794**
External Funding - Developer contributions	2,783		**2,783**	-379			**-379**
Revenue & Renewals	4,778	10,647	**15,425**	1,448			**1,448**
Capital Receipts	8,246		**8,246**	-4,327			**-4,327**
General Capital Receipts (generated by Property Enterprise Fund 1)	1,309		**1,309**	-1,155		169	**-986**
PEF2 Capital Receipts	0		**0**	11,065		123	**11,188**
TOTAL	**340,116**	**43,886**	**384,002**	**107**	**-7,254**	**292**	**-6,855**

3.7.4 The main reasons for the movement in the forecast since the last monitoring report to Cabinet on 23 May, as shown in table 3, are as follows*:*

3.7.5 **Children, Families and Education Portfolio:**

The overall capital position for the portfolio (excluding capital devolved to schools) has moved by +£0.330m since the last report. The main movements are:

- Primary Improvement Programme (-£0.089m): the main reason for the movement is an increase of +£0.144m on the project at Park Way Primary School to provide a three classroom extension. The increased costs are met by a revenue contribution from the school.
  The remaining movement of -£0.233m is made up of a number projects in the Primary Improvement Programme where the individual movement is below £0.100m.
- BSF Wave 3/Swanscombe/6 Schools lifecycle costs (PFI) (+£0.251m): capitalisation of unitary costs.

Overall this leaves a residual balance of +£0.168m on a number of minor projects.

3.7.6 **Kent Adult Social Services Portfolio:**

The capital outturn for the portfolio has moved by -£0.252m since the previous reported position. This main changes being:-

- Flexible and Mobile Engagement (-£0.268m): two projects have re-phased following advice from ISG not to procure a third party on ground of affordability and new emerging corporate KCC ICT strategy requirements. An affordable alternative FaME solution could not be built in the time available.
- Modernisation of Assets (-£0.173m): -£0.131m relates to the TDM enhancements and client billing projects which have been re-phased as detailed above for the FaME project. The remaining movement of -£0.032m relates to the Coldharbour Gypsy Site project where funding was secured late in the financial year delaying progress on the project until 2011-12.
- Westview/Westbrook/Better Homes (PFI) (+£0.266m): capitalisation of unitary costs.

Overall this leaves a residual balance of -£0.077m on minor projects.

3.7.7 **Environment, Highways and Waste Portfolio:**

The overall capital position for the portfolio has moved by +£0.151m since the last report. This is mainly due to:

- Drovers Roundabout, Junction 9 and Footbridge (+£0.273m): the movement against this scheme relates the contractors claim for delay costs on the footbridge.

Overall this leaves a residual balance of -£0.122m on minor projects.

3.7.8 **Communities Portfolio:**

The overall capital position for the portfolio has moved by -£0.504m since the last report. The main movement is:

- Library Modernisation Programme (-£0.402m): the main reason for the movement is due to re-phasing of the £0.360m Communities contribution towards the Sheerness and Swanley Gateway projects. The re-phasing is due to delays in the build programme at Sheerness and unresolved building ownership issues at Swanley. These reasons were included in the full monitoring report submitted to Cabinet on 4 April.
  The remaining movement of -£0.42m is made up of a number projects in the Library Modernisation Programme where the individual movement is below £0.100m.

Overall this leaves a residual balance of -£0.102m on minor projects.

3.7.9 **Corporate Support Services and Performance Management Portfolio:**

The capital outturn for the portfolio has moved by -£0.366m since the previous reported position. This main changes are:-

- Disposal Costs (-£0.195m): the current economic climate has meant that the properties expected to be disposed of in the last two months of 2010-11 were not achieved. This has resulted in lower Property Group charges being made against capital receipts.
- Modernisation of Assets (-£0.137m): planned feasibility studies have been delayed due to the uncertainty of the long term viability of some of the office estate. Viability is pending an investigation by Workplace Transformation and Corporate Landlord.

- Oracle Release 12 (-£0.083m): the purchasing of additional disk storage has meant the contract signing has been re-phased to May 2011,

Overall this leaves a residual balance of +£0.049m on a number of more minor projects

3.7.10 **Regeneration & Economic Development Portfolio:**

The capital outturn for the portfolio has moved by +£0.112m since the previous reported position. All variances are on a number of minor projects.

3.7.11 **Localism & Partnership Portfolio:**

The capital outturn for the portfolio has moved by +£0.057m since the previous reported position. The overspend is met from external contributions.

3.8 CAPITAL PROJECT ROLL FORWARDS:

The 2011-12 Capital Programme will now be revised to reflect the re-phasing and other variations of the 2010-11 Capital Programme that resulted in the +£0.107m variance in 2010-11. The re-phasing details are included in appendix 3 and will be adjusted in the first monitoring report of the 2011-12 budget to be reported to Cabinet on 18 July 2011.

3.9 CAPITAL RECEIPTS:

Capital Receipts realised in 2010-11 were £3.425m from the sale of property and £0.764m from the repayment of loans. All of these receipts are required to fund existing capital programme commitments. This position excludes the receipts generated through the Property Enterprise Fund which are referred to in section 3.11 below.

3.10 SCHOOLS DEVOLVED CAPITAL

3.10.1 Capital expenditure incurred directly by schools in 2010-11 was £36.6m. Schools have in hand some £7.3m of capital funding which will be carried forward as part of the overall schools reserves position. This represents a decrease in schools capital reserves of £6.8m.

3.11 PROPERTY ENTERPRISE FUND (PEF)

3.11.1 **PEF1**

At the end of 2009-10 the fund was in deficit by £5.948m, and this was covered by temporary borrowing.

In 2010-11, the costs of disposal activity undertaken within PEF1 amounted to £0.169m, as shown in table 3 above. In addition, PEF1 was earmarked to fund £1.368m of capital spend in 2010-11 on Ashford Library and the Gateway programme. Therefore, total costs to be met from PEF1 were £1.537. Due to the slowdown in the property market, capital receipts realised through PEF1 from the sale of non-operational property were £0.323m, leaving a further £1.214m to be funded from the £10m temporary borrowing facility. When taken together with the deficit brought forward from 2009-10, the deficit on PEF1 at the end of 2010-11 was £7.162m.

Further details of the Property Enterprise Fund are provided in section 5.2 of Appendix 4.

3.11.2 **PEF2**

At the end of 2009-10 the fund was in deficit by £31.418m, and this was covered by temporary borrowing.

Costs associated with PEF2 in 2010-11 were £0.123m, as shown in table 3 above, and PEF2 funding support to the capital programme was £0.110m. This was offset by £11.188m of capital receipts realised through the Fund, therefore during 2010-11, there was a surplus of £10.955m on PEF2. When taken together with the surplus brought forward from 2010-11, the deficit on PEF2, against the £85m overdraft limit, at the end of 2010-11 was £20.463m.

Further details of the PEF2 are provided in section 5.3 of Appendix 4.

4. STAFFING LEVELS

4.1 The following table provides a snapshot of the staffing levels by directorate as at 31 March 2011 compared to the numbers as at 31 December, 30 September, 30 June and 31 March 2010, based on active assignments.

		Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Movement in year Number	Movement in year %
KCC	Assignment count	52,131	52,036	51,640	50,968	49,960	-2,171	-4.16%
	Headcount (inc. CRSS)	44,583	44,557	44,281	43,495	42,432	-2,151	-4.82%
	Headcount (exc. CRSS)	39,402	39,435	39,232	38,571	37,644	-1,758	-4.46%
	FTE	**29,162.50**	**29,218.70**	**29,125.23**	**28,567.50**	**27,845.19**	**-1,317.31**	**-4.52%**
KCC - Non Schools	Assignment count	16,252	16,082	15,705	15,469	15,330	-922	-5.67%
	Headcount (inc. CRSS)	14,719	14,570	14,221	13,979	13,850	-869	-5.90%
	Headcount (exc. CRSS)	12,549	12,475	12,219	12,011	11,944	-605	-4.82%
	FTE	**10,530.87**	**10,477.39**	**10,259.14**	**10,094.08**	**10,060.87**	**-436.79**	**-4.15%**
CED	Assignment count	2,169	2,155	2,120	2,103	2,101	-68	-3.14%
	Headcount (inc. CRSS)	2,160	2,148	2,109	2,083	2,080	-80	-3.70%
	Headcount (exc. CRSS)	2,121	2,110	2,070	2,045	2,041	-80	-3.77%
	FTE	**2,003.23**	**1,993.37**	**1,954.71**	**1,925.93**	**1,921.50**	**-77.30**	**-3.86%**
CFE	Assignment count	4,617	4,573	4,342	4,298	4,339	33,027	715.33%
	Headcount (inc. CRSS)	4,450	4,420	4,208	4,158	4,200	-250	-5.62%
	Headcount (exc. CRSS)	3,956	3,938	3,838	3,780	3,808	-148	-3.74%
	FTE	**3,345.26**	**3,331.53**	**3,251.09**	**3,204.53**	**3,238.71**	**-106.55**	**-3.19%**
CMY	Assignment count	4,345	4,207	4,131	4,060	3,939	-406	-9.34%
	Headcount (inc. CRSS)	3,713	3,578	3,506	3,437	3,338	-375	-10.10%
	Headcount (exc. CRSS)	2,392	2,330	2,235	2,205	2,168	-224	-9.36%
	FTE	**1,758.52**	**1,709.86**	**1,629.94**	**1,615.82**	**1,590.18**	**-168.34**	**-9.57%**
EHW	Assignment count	799	823	836	820	810	11	1.38%
	Headcount (inc. CRSS)	782	803	808	793	783	1	0.13%
	Headcount (exc. CRSS)	659	673	683	671	662	3	0.46%
	FTE	**606.19**	**616.48**	**617.05**	**605.93**	**599.92**	**-6.27**	**-1.03%**
KASS	Assignment count	4,322	4,324	4,276	4,188	4,141	-181	-4.19%
	Headcount (inc. CRSS)	3,722	3,731	3,690	3,611	3,562	-160	-4.30%
	Headcount (exc. CRSS)	3,456	3,464	3,434	3,353	3,311	-145	-4.20%
	FTE	**2,817.67**	**2,826.15**	**2,806.35**	**2,741.87**	**2,710.56**	**-107.11**	**-3.80%**
Schools	Assignment count	35,879	35,954	35,935	35,499	34,630	-1,249	-3.48%
	Headcount (inc. CRSS)	30,180	30,288	30,312	29,765	28,816	-1,364	-4.52%
	Headcount (exc. CRSS)	26,954	27,060	27,107	26,657	25,799	-1,155	-4.29%
	FTE	**18,631.63**	**18,741.31**	**18,866.09**	**18,473.42**	**17,784.32**	**-847.31**	**-4.55%**

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.

5. 2010-11 FINAL MONITORING OF KEY ACTIVITY INDICATORS

5.1 Details of the final monitoring of key activity indicators for 2010-11 are detailed in Appendix 4.

6. FINANCIAL HEALTH INDICATORS

6.1 The final financial health indicators for 2010-11 are detailed in Appendix 5.

7. PRUDENTIAL INDICATORS

7.1 The final monitoring of the 2010-11 prudential indicators is detailed in Appendix 6.

APPENDIX 1

Reconciliation of Gross and Income Cash Limits to the 4 April 2011 Cabinet Report

	CASH LIMIT			VARIANCE		
Portfolio	**Gross**	**Income**	**Net**	**Gross**	**Income**	**Net**
	£k	£k	£k	£k	£k	£k
Children, Families & Educ	+402,087	-1,162,957	**-760,870**	+3,201	-3,466	**-265**
Kent Adult Social Services	+476,389	-138,752	**+337,637**	-3,513	+3,030	**-483**
Environ, Highways & Waste	+175,194	-23,471	**+151,723**	+518	-1,120	**-602**
Communities	+147,647	-57,162	**+90,485**	-2,414	+963	**-1,451**
Localism & Partnerships	+7,143	-86	**+7,057**	-323	-36	**-359**
Corporate Support & Performance Mgmt	+55,427	-45,708	**+9,719**	+4,509	-6,178	**-1,669**
Finance	+160,031	-14,089	**+145,942**	-5,080	-1,337	**-6,417**
Public Health & Innovation	+794	-227	**+567**	-23	+23	**0**
Regen & Economic Dev	+9,541	-2,305	**+7,236**	+639	-742	**-103**
SUB TOTAL (excl Schools)	+1,434,253	-1,444,757	**-10,504**	-2,486	-8,863	**-11,349**
Schools	+1,035,441	-80,967	**+954,474**	-8,005	+4,568	**-3,437**
TOTAL	+2,469,694	-1,525,724	**+943,970**	-10,491	-4,295	**-14,786**

	Gross	**Income**	**Net**	
	£k	£k	£k	
Reconciliation				
Cash Limits per April report	+2,481,821	-1,537,851	**+943,970**	
Subsequent changes:				
				Changes to grant/income allocations:
CFE	-955	955	0	Kent Youth Community Action Pilot: DFE grant ceased
CFE	-6,236	6,236	0	DSG Final Adjustments
CFE	28	-28	0	Life Education Grant from Life Education Centres
CFE	-6,332	6,332	0	YPLA : Academies adjustment
CFE	-1,522	1,522	0	Diploma Grant Final adjustment
CFE	-119	119	0	Standards Fund: Bid 1.7 Primary Targeted final adjustment
CFE	-27	27	0	Schools Standards Grant final adjustment
CFE	-8,080	8,080	0	Standards Fund final adjustment
CFE	-106	106	0	Sure Start grant final adjustment
CFE	206	-206	0	YPLA Kent Transport Partnership
CFE	-33	33	0	YPLA Post 16 Access Fund
CFE	9,475	-9,475	0	higher than budgeted PFI grant
KASS	1,921	-1,921	0	OP Residential - additional health funding for Integrated Care Centres
KASS	100	-100	0	OP Nursing - Increased RNCC contributions
KASS	-165	165	0	OP Domiciliary - health funding in respect of Active Careforce
KASS	113	-113	0	All Adults Assess & Related - additional S256 income
KASS	105	-105	0	All Adults Assess & Related - additional CFE contributions to Kent Contact Assessment Service
KASS	-1,193	1,193	0	Correction to Health Reablement funding
EHW	409	-409	0	DfT Supporting Community Transport
EHW	-409	409	0	DfT Supporting Community Transport receipt in advance
EHW	6,545	-6,545	0	DfT Severe weather damage
EHW	-6,545	6,545	0	DfT Severe weather damage receipt in advance

	Gross	Income	Net	
	£k	£k	£k	
EHW	300	-300	0	Funding for transport surveys from Ashford Futures & developer contributions
EHW	100	-100	0	recharge of speed awareness training fees to course participants
EHW	180	-180	0	Contributions from Kent District Councils for street light maintenance
EHW	19	-19	0	DfT grant for London to Kent port study
EHW	17	-17	0	DCLG Habitat grant
				Technical Adjustments:
CFE	25	-25	0	Correction to expected income for Speakeasy project (internal income)
CFE	-11	11	0	Correction to expected income for 14-19 unit:- ceased LSC grant not removed from budget
CFE	-112	112	0	Correction of double counting in restructure budget of income for Commissioning Unit
CSPM	175	-175	0	In year management action incorrectly budgeted as reduction in spend but is over recovery of income
Revised Budget	2,469,694	-1,525,724	943,970	

2010-11 REVENUE BUDGET ROLL FORWARD PROPOSALS

		£000s	£000s
1	**2010-11 provisional underspend**		**-11,349**
2	**Roll forward underspending assumed in the 2011-12 approved budget:**		
a	underspending as reported to Cabinet in November	4,500	
b	savings from moratorium on discretionary spend	1,000	
c	underspending within Communities for the Youth Service	387	
d	amendment to the 2011-12 budget approved at County Council on 17 February to change the savings proposals for subsidised bus routes	211	
			6,098
3	**Subsequent Cabinet/County Council decisions:**		
a	funding for the 5p increase in the casual user mileage rate, in line with the HMRC increase in the tax exempt rate, as approved at County Council on 12 May	551	
b	funding for "Becoming the Employer of Choice – KCC's Workforce Strategy for Children's Social Services" as agreed by Cabinet on 23 May	1,190	
			1,741
4	**Rescheduled/committed projects:**		
a	KASS portfolio – Integrated Community Equipment Store This represents KCC's share of the underspend of the ICES Board. Under the terms of the S75 agreement, KCC has an obligation to provide this funding to the pooled budget. The underspending relating to partners contributions has been rolled forward as a receipt in advance.	128	
b	KASS portfolio – Domiciliary Procurement The Medium Term Plan has £3m savings in relation to the procurement of domiciliary care over 2011-12 & 2012-13. In order to achieve this saving it is necessary to re-let the domiciliary contract. Currently KASS contract with some 80+ providers. This funding is required to fund a project manager to draw up the new specification and lead on the tender process and subsequent negotiation with providers. The recruitment process is currently underway.	80	
c	EHW portfolio – MIDAS financial system replacement The replacement of the MIDAS financial system was only partially completed in 2010-11, with the Highways service yet to transfer (Waste and PROW are now on Oracle). This project will become part of the wider Oracle development that the County is about to undertake but these funds will be still needed to complete the highways transfer to Oracle. *(This funding will roll forward to F&BS portfolio as a result of the centralisation of support services).*	364	
d	Community Safety – Independent Domestic Violence Advocates (IDVAs) During 2010-11 there were discussions with partner agencies aimed at establishing county-wide support mechanisms for the high priority area of domestic abuse, based upon proven services delivered by IDVAs. It was envisaged that partnership support for commissioning this service would be achieved during 2010-11. Unfortunately the implementation of the service has been delayed. The majority of crucial IDVA services across the county are currently under serious threat and there is a clear commitment to partners in meeting our match funding obligations.	95	

		£000s	£000s
e	CSS&PM portfolio – Personnel & Development Kent Leadership & Coaching Programme This programme runs from March 2011 to November 2011. Due to the late start of the programme, the bulk of the costs will fall in 2011-12. Delegates had to commit to the full cost of the course in 2010-11 but Learning and Development have to wait until they have sufficient people to run the course before booking the sessions.	56	
f	CSS&PM portfolio – Personnel & Development TCP Schools One-off money provided for changes to TCP in 2010-11. The scope was extended to include Kent Scheme staff in Schools which has pushed delivery of some modules in to 2011-12.	87	
g	CSS&PM portfolio – Kent Connect Project Remaining 8 months of a fixed term contract for temporary staff member working on a Kent Connects Project. There was a delay in appointing to this role and there is no base budget for this in 2011-12.	24	
h	Localism & Partnerships portfolio - Member Community Grants Grants which have been committed in 2010-11 for projects internal to KCC, but the work was not completed by 31 March.	6	
i	Localism & Partnerships portfolio – Local Scheme Grants Grants which have been committed in 2010-11 for projects internal to KCC, but the work was not completed by 31 March.	42	
			882
5	**Uncommitted balance of underspending**		**-2,628**
6	**Initiatives Cabinet is asked to consider:**		
a	Contribution towards the Bold Steps for Health Agenda To work with GP's and the new Commissioning Consortia to address local health inequalities. This will use the local knowledge of GP's and colleagues at a district level to identify their priorities for reducing health inequalities in their areas and provide funding to deliver the interventions that will make the most difference.	250	
b	Contribution to the Elections Reserve In recent times the County Council election and the General Election have been held on the same day, which has considerably reduced the cost to KCC as we share the cost 50:50. However this will not be the case for the next County Council election and therefore we need to provide for this additional cost. £250k is suggested as our initial contribution to these additional costs with a review of the position as part of the next budget process, but currently there is an assumption that the annual contribution will increase to £570k in 2012-13 and 2013-14 and thereafter. On current forecasts this would just fund the expected costs as shown below in the projected profile of the elections reserve from 2010-11 to 2013-14, (this assumes one by-election per year prior to election year).	250	

	2010-11	2011-12	2012-13	2013-14
	£k	£k	£k	£k
Balance brought forward	209	422	894	1,431
Budgeted contributions	255	255	255	255
Proposed contributions		250	315	315
Drawdowns	-42	-33	-33	-2,000
Balance carried forward	422	894	1,431	1

			500
7	**Uncommitted balance of underspending if items 6 a & b are approved**		**2,128**

APPENDIX 3

CAPITAL RE-PHASING

The 2011-12 Capital Programme will be adjusted to reflect the total re-phasing of -£3.346m as follows:-

CFE	2010-11	2011-12	2012-13	Future Years	Total
	£k	£k	£k	£k	
Vocational Programme - Swan Valley					
Amended total cash limits	+134	0	0	0	+134
re-phasing	-133	+133	0	0	0
Revised project phasing	**+1**	**+133**	**0**	**0**	**+134**
Total re-phasing >£100k	**-133**	**+133**	**0**	**0**	**0**
Other re-phased Projects below £100k	**-1,079**	**+1,124**	**-45**		**0**
TOTAL RE-PHASING	**-1,212**	**+1,257**	**-45**	**0**	**0**

KASS	2010-11	2011-12	2012-13	Future Years	Total
	£k	£k	£k	£k	
Modernisation of Assets					
Amended total cash limits	+310	+474	+100	+200	+1,084
re-phasing	-174	+174			0
Revised project phasing	**+136**	**+648**	**+100**	**+200**	**+1,084**
Flexible and Mobile Engagement					
Amended total cash limits	+312	+220			+532
re-phasing	-268	+268			0
Revised project phasing	**+44**	**+488**	**0**	**0**	**+532**
Broadmeadow Extension					
Amended total cash limits	+1,410	+58	+288		+1,756
re-phasing	+11	+277	-288		0
Revised project phasing	**+1,421**	**+335**	**0**	**0**	**+1,756**
Total re-phasing >£100k	**-431**	**+719**	**-288**	**0**	**0**
Other re-phased Projects below £100k	**-223**	**+223**			**0**
TOTAL RE-PHASING	**-654**	**+942**	**-288**	**0**	**0**

EHW	2010-11	2011-12	2012-13	Future Years	Total
	£k	£k	£k	£k	£k
Total re-phasing >£100k	**0**	**0**	**0**	**0**	**0**
Other re-phased Projects below £100k	**-448**	**+449**	**-1**		**0**
TOTAL RE-PHASING	**-448**	**+449**	**-1**	**0**	**0**

CMY	2010-11	2011-12	2012-13	Future Years	Total
	£k	£k	£k	£k	
Library Modernisation					
Amended total cash limits	+1,051	+657	+460	+920	+3,088
re-phasing	-525	+525			0
Revised project phasing	**+526**	**+1,182**	**+460**	**+920**	**+3,088**
Total re-phasing >£100k	**-525**	**+525**	**0**	**0**	**0**
Other re-phased Projects below £100k	**-187**	**+187**			**0**
TOTAL RE-PHASING	**-712**	**+712**	**0**	**0**	**0**

CED	2010-11	2011-12	2012-13	Future Years	Total
	£k	£k	£k	£k	
Modernisation of Assets - (CSS&PM)					
Amended total cash limits	+622	+1,550	+1,250	+3,000	+6,422
re-phasing	-139	+139	0		0
Revised project phasing	**+483**	**+1,689**	**+1,250**	**+3,000**	**+6,422**
Total re-phasing >£100k	**-139**	**+139**	**0**	**0**	**0**
Other re-phased Projects below £100k	**-181**	**+181**			**0**
TOTAL RE-PHASING	**-320**	**+320**	**0**	**0**	**0**

Total re-phasing by portfolio:

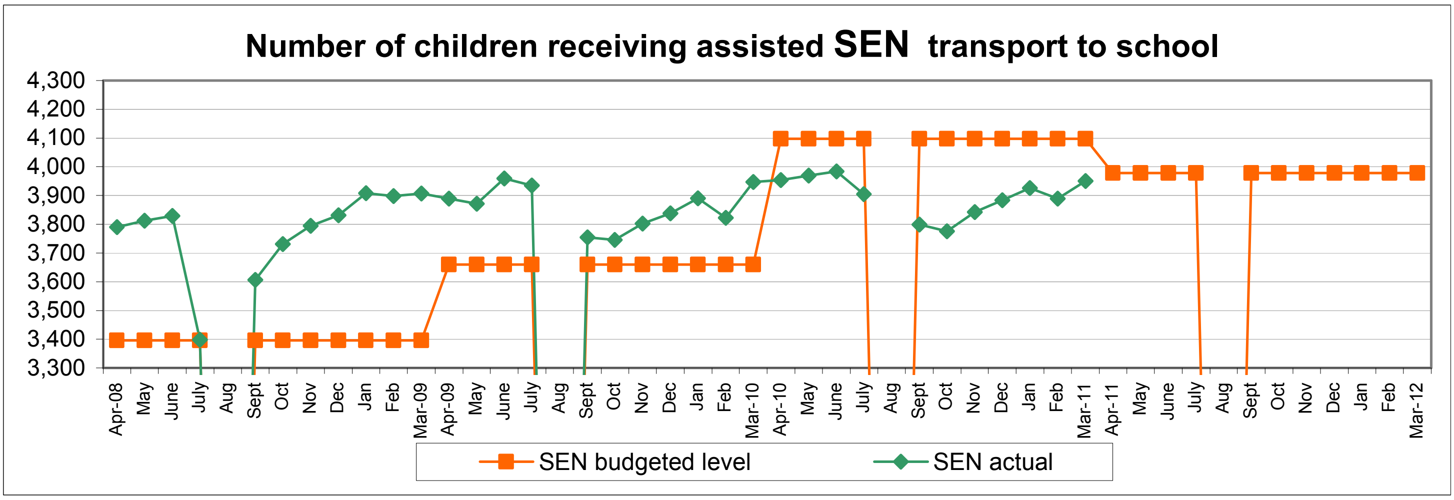
Portfolio	2010-11	2011-12	2012-13	Future Years	Total
	£k	£k	£k	£k	£k
CFE					
Amended total cash limits	154,533	171,925	147,602	166,238	640,298
Re-phasing	-133	133	0	0	0
Revised cash limits	**154,400**	**172,058**	**147,602**	**166,238**	**640,298**
KASS					
Amended total cash limits	4,109	15,404	6,156	6,045	31,714
Re-phasing	-431	719	-288	0	0
Revised cash limits	**3,678**	**16,123**	**5,868**	**6,045**	**31,714**
E,H&W					
Amended total cash limits	138,177	96,387	77,211	314,331	626,106
Re-phasing	0	0	0	0	0
Revised cash limits	**138,177**	**96,387**	**77,211**	**314,331**	**626,106**
Communities					
Amended total cash limits	25,230	15,428	3,260	6,038	49,956
Re-phasing	-525	525	0	0	0
Revised cash limits	**24,705**	**15,953**	**3,260**	**6,038**	**49,956**
Regen & ED					
Amended total cash limits	5,653	14,179	8,549	5,000	33,381
Re-phasing	0	0	0	0	0
Revised cash limits	**5,653**	**14,179**	**8,549**	**5,000**	**33,381**
Corporate Support & PM					
Amended total cash limits	11,915	14,850	7,253	5,613	39,631
Re-phasing	-139	139	0	0	0
Revised cash limits	**11,776**	**14,989**	**7,253**	**5,613**	**39,631**
Localism & Partnerships					
Amended total cash limits	499	500	500	1,500	2,999
Re-phasing	0	0	0	0	0
Revised cash limits	**499**	**500**	**500**	**1,500**	**2,999**
TOTAL RE-PHASING >£100k	**-1,228**	**1,516**	**-288**	**0**	**0**
Other re-phased Projects below £100k	-2,118	+2,164	-46	0	0
TOTAL RE-PHASING	**-3,346**	**+3,680**	**-334**	**0**	**0**

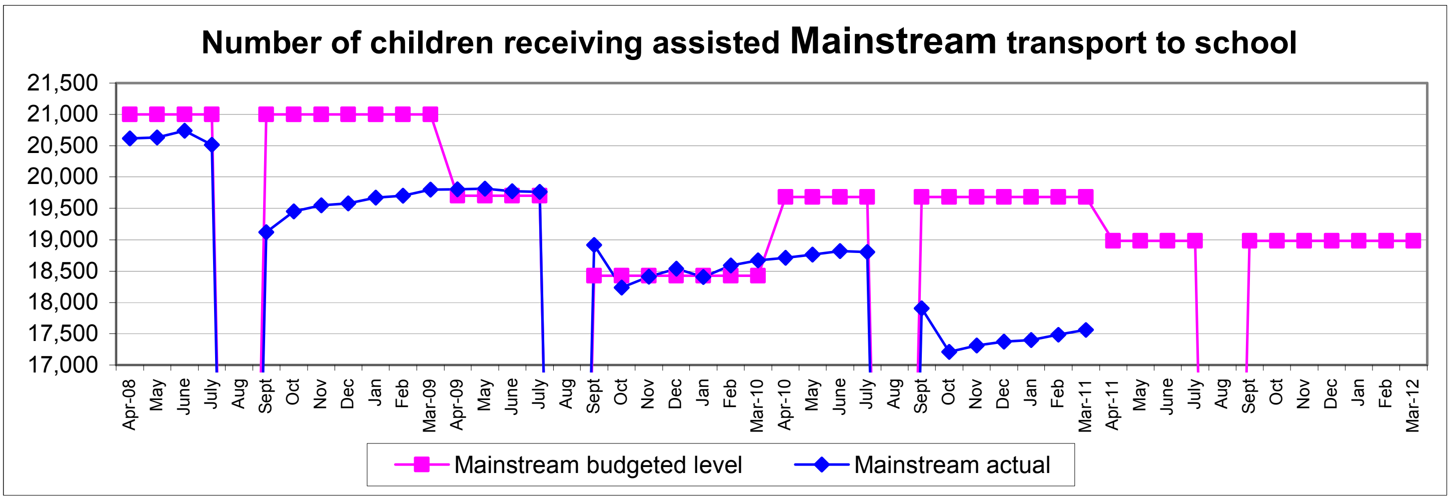
2010-11 FINAL MONITORING OF KEY ACTIVITY INDICATORS

1. CHILDREN, FAMILIES & EDUCATION DIRECTORATE

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

	2008-09				2009-10				2010-11				2011-12	
	SEN		Mainstream		SEN		Mainstream		SEN		Mainstream		SEN	Mainstream
	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget Level	Budget Level
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	3,978	18,982
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	3,978	18,982
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	3,978	18,982
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	3,978	18,982
Aug	0	0	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	3,978	18,982
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	3,978	18,982
Nov	3,396	3,795	21,000	19,548	3,660	3,802	18,425	18,410	4,098	3,842	19,679	17,309	3,978	18,982
Dec	3,396	3,831	21,000	19,579	3,660	3,838	18,425	18,540	4,098	3,883	19,679	17,373	3,978	18,982
Jan	3,396	3,908	21,000	19,670	3,660	3,890	18,425	18,407	4,098	3,926	19,679	17,396	3,978	18,982
Feb	3,396	3,898	21,000	19,701	3,660	3,822	18,425	18,591	4,098	3,889	19,679	17,485	3,978	18,982
Mar	3,396	3,907	21,000	19,797	3,660	3,947	18,425	18,674	4,098	3,950	19,679	17,559	3,978	18,982



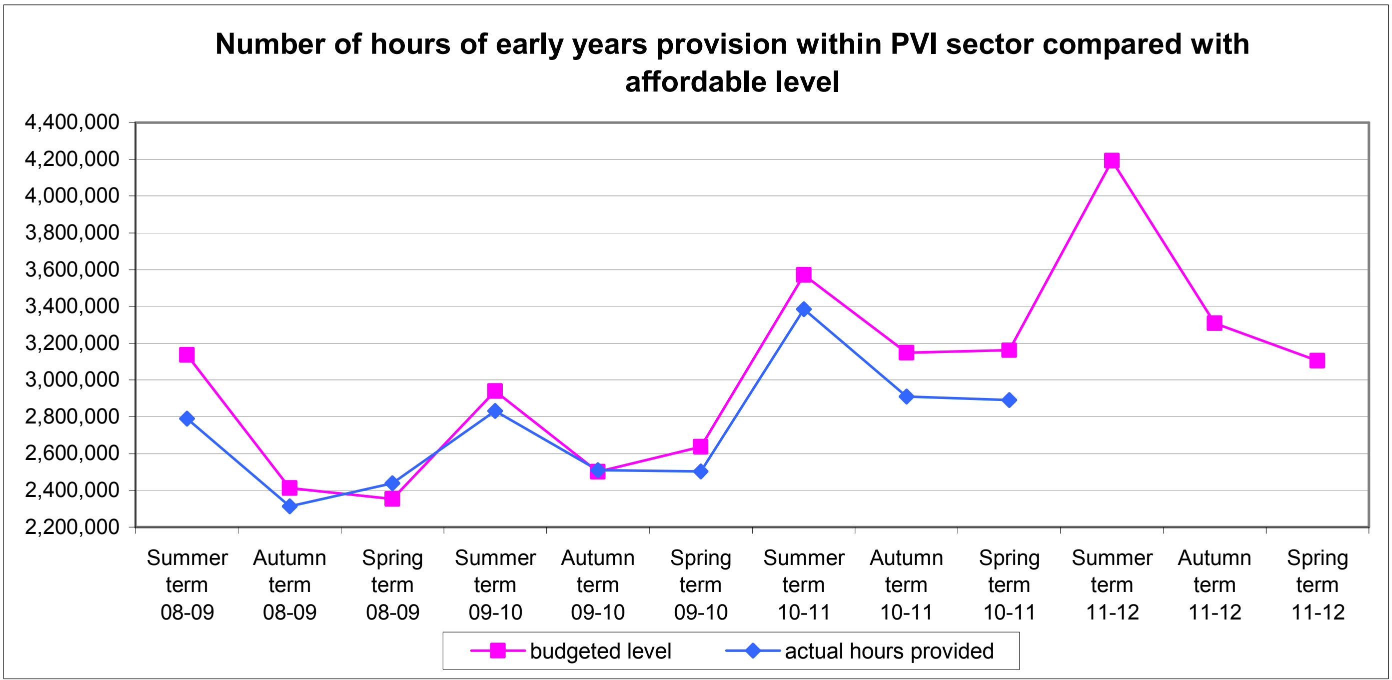


Comments:

- **SEN HTST** – The number of children travelling is lower than the budgeted level contributing to an underspend of -£2,686k.
- **Mainstream HTST** – The number of children travelling is lower than the budgeted level resulting in a corresponding underspend of -£2,545k.

1.2 **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		2011-12
Term	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided	Budgeted number of hours
Summer	3,136,344	2,790,446	2,939,695	2,832,550	3,572,444	3,385,199	4,193,230
Autumn	2,413,489	2,313,819	2,502,314	2,510,826	3,147,387	2,910,935	3,309,733
Spring	2,354,750	2,438,957	2,637,646	2,504,512	3,161,965	2,890,423	3,103,947
	7,904,583	**7,543,222**	**8,079,655**	**7,847,888**	**9,881,796**	**9,186,557**	**10,606,910**



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. For 2011-12 the increase in hours is funded by Dedicated Schools Grant in the same way as the 12.5 hours per week. In 2010-11 and previous years the increase in hours has been funded by a specific DFE Standards Fund grant.

- The 2010-11 activity has resulted in an underspend of £1,137m on this budget. As this budget is funded entirely from DSG/standards fund, any surplus or deficit at the end of the year must be carried forward to the next financial year in accordance with the regulations and cannot be used to offset over or underspending elsewhere in the directorate budget. As this underspend relates entirely to standards funding, it has been rolled forward as a receipt in advance.

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

- The actual number of hours for the 2011-12 Autumn term has increased by 1,622 since the previous report to Cabinet in April due to late return of information from PVI providers.

1.3 **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 as at 31-3-11	2011-12 projection
Total number of schools	600	596	575	570	564	538	500
Total value of school reserves	£70,657k	£74,376k	£79,360k	£63,184k	£51,753k	£55,190k	£51,123k
Number of deficit schools	9	15	15	13	23	17	15
Total value of deficits	£947k	£1,426k	£1,068k	£1,775k	£2,409k	£2,002k	£1,500k

Comments:

- 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.

- 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 Local Authority.

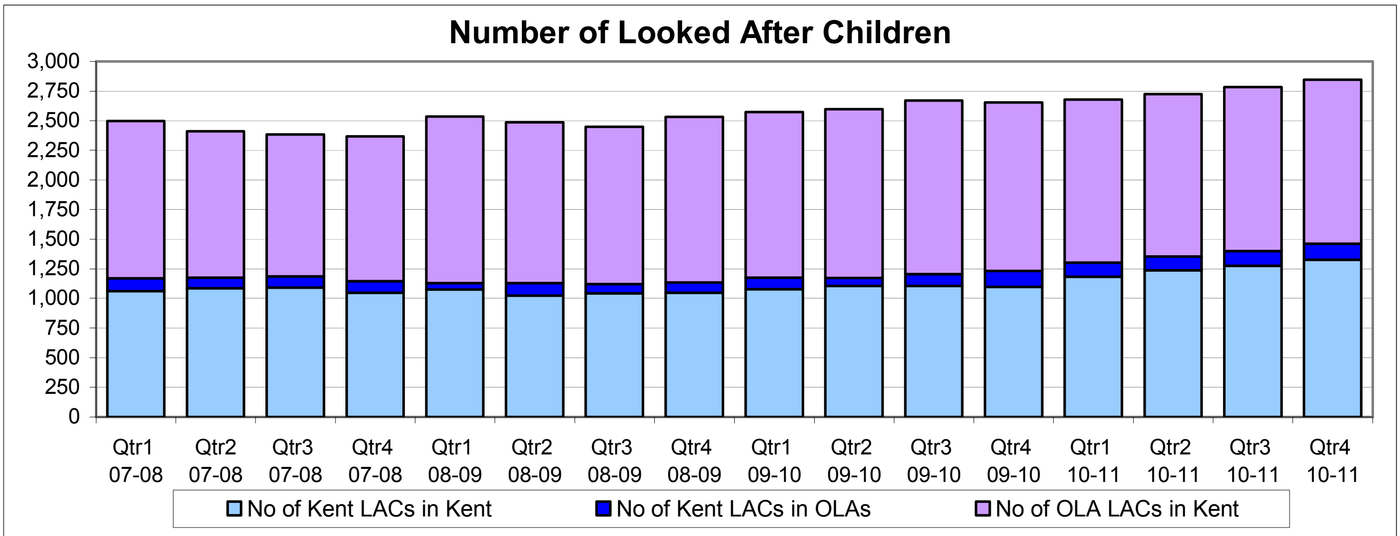
- The overall movement on school reserves is an increase of £3,437k. This is made up of a drawdown from schools reserves of £2,765k offset by an increase in the schools unallocated reserve of £6,202k. The £2,765k drawdown from schools reserves in 2010-11 reflects -£4,448k as a result of 21 schools converting to new style academy status during the year and taking their reserves with them. The balance of +£1,683k relates to other Kent schools increasing their reserves. (There were also five schools which converted to old style academies during 2010-11 but they do not get to take their reserves with them. As a result there has been a transfer of £112k from the delegated schools uncommitted reserves to the schools unallocated reserve).

- Of the 17 schools which ended the 2010-11 financial year in deficit, two of these transferred to academy status on 1 April 2011 and their deficit balances transferred with them.

- There are a number of schools in the process of converting to academy status during 2011-12 and others that have expressed an interest to convert with target dates prior to the end of March 2012. This suggests that the number of schools will reduce to 500 by the end of 2011-12 and the total value of school reserves will also reduce to reflect those schools transferring to new style academy status and taking their reserves with them.

1.4 **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	1,277	123	**1,400**	1,383	**2,783**
Jan – Mar	1,326	135	**1,461**	1,385	**2,846**

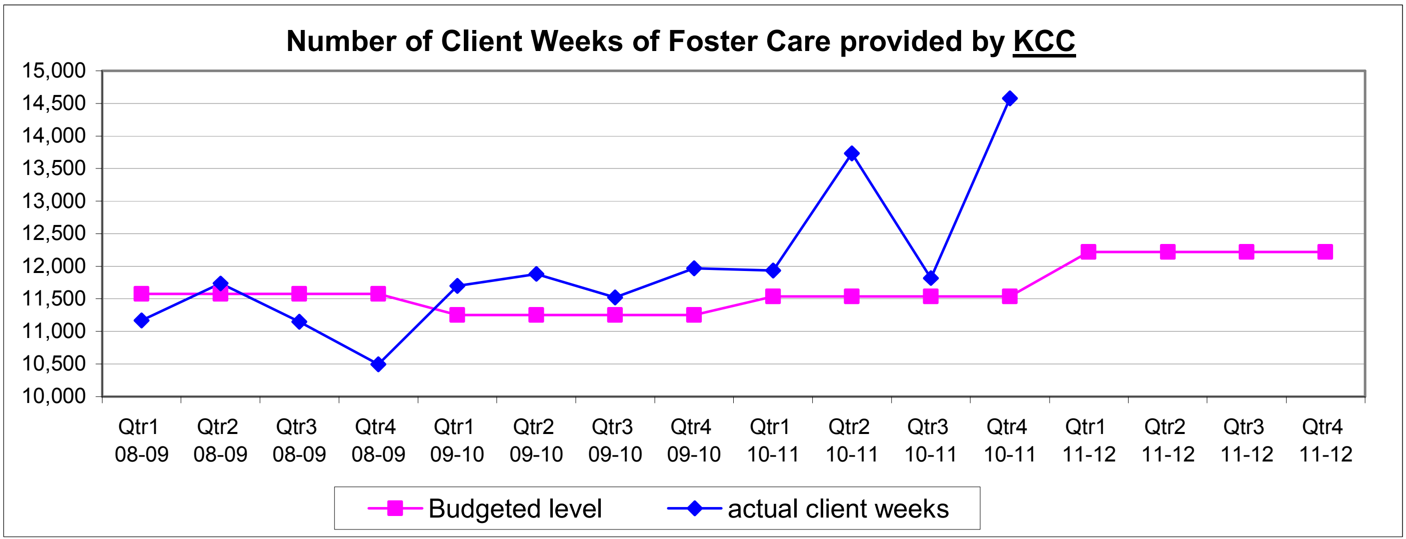


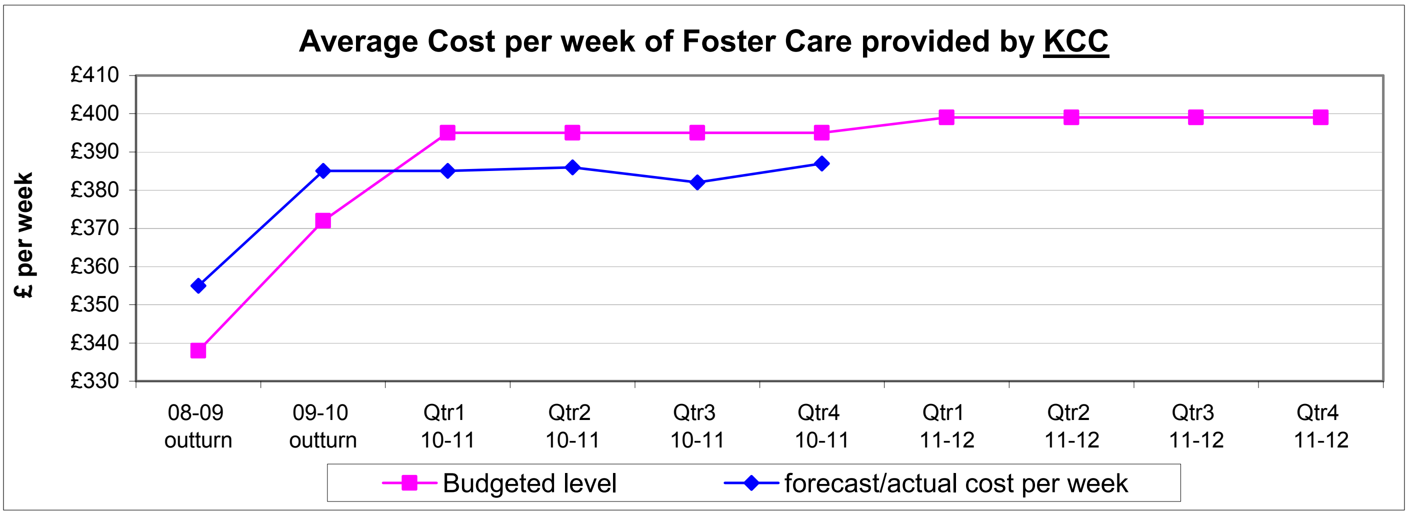
Comments:

- 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 47 this quarter, there could have been more during the period.
- The increase in the number of looked after children has placed additional pressure on the fostering service and 16+ services budgets with overspends of £3,569k and £1,037k respectively on these budgets in 2010-11.

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

	2008-09				2009-10				2010-11				2011-12	
	No of weeks		Average cost per client week		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	actual	Budget level	Budget level
Apr-June	11,576	11,166			11,249	11,695			11,532	11,937	£395	£386	12,219	£399
July-Sep	11,576	11,735			11,249	11,880			11,532	13,732	£395	£386	12,219	£399
Oct-Dec	11,576	11,147			11,249	11,518			11,532	11,818	£395	£382	12,219	£399
Jan-Mar	11,576	10,493			11,249	11,969			11,532	14,580	£395	£387	12,219	£399
	46,303	**44,451**	**£338**	**£355**	**44,997**	**47,062**	**£372**	**£385**	**46,128**	**52,067**	**£395**	**£387**	**48,876**	**£399**





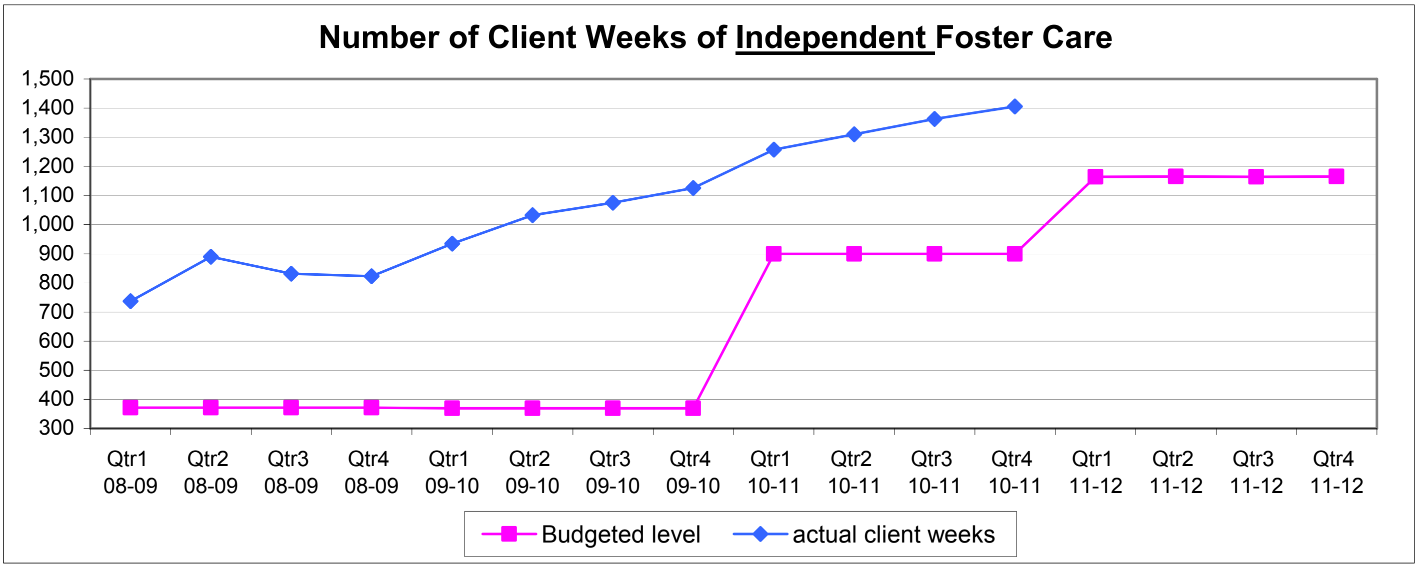
Comments:

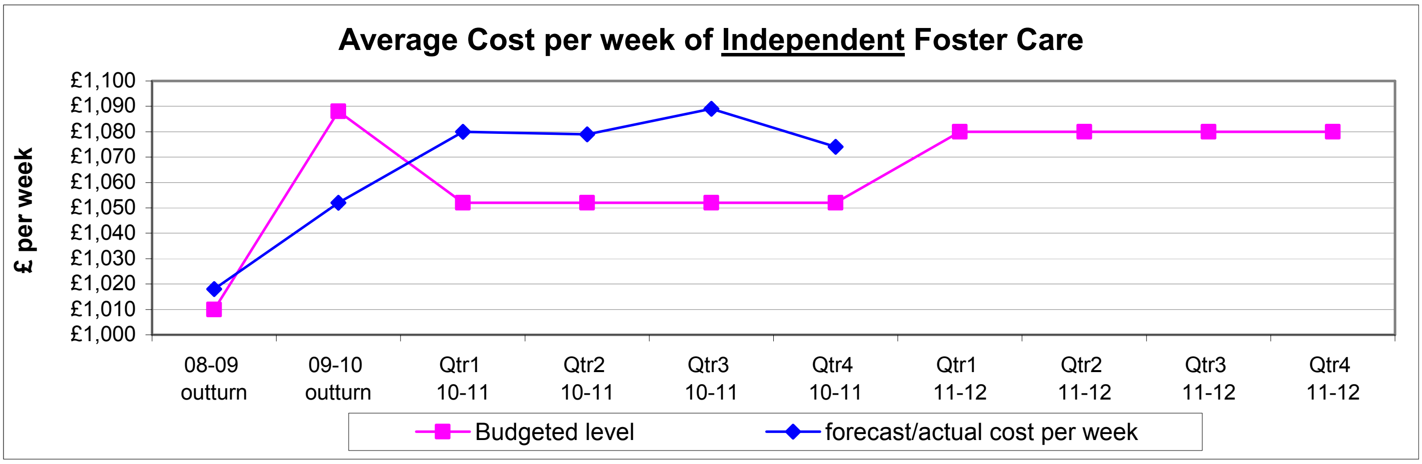
- The actual number of client weeks is based on the numbers of known clients at a particular point in time. This may be subject to change due to the late receipt of paperwork.
- The budgeted level has been calculated by dividing the budget by the average weekly cost. The average weekly cost is also an estimate based on financial information which may be subject to change.
- In addition, the 2011-12 budgeted level represents the level of demand as at the 3rd quarter's full monitoring report, which is the time at which the 2011-12 budget was set and approved. However, since that time, the service has experienced continued demand on this service.
- During 2010-11 the service experienced high demand for in-house foster placements in both the fostering service (under 16s and those with a disability) and the 16+ service. In total they provided 5,939 more weeks than budgeted at a unit cost of £387, leading to a pressure of £2,298k. This was partially offset by achieving a lower average weekly cost than budgeted, saving £8 per week

which, when multiplied by the budgeted number of weeks, gives a saving of £369k. The net pressure reported on in-house fostering is £1,993k, of which approximately £64k relates to costs that are not directly linked to client weeks, after allowing for this, the remaining net pressure corresponds with the higher than budgeted activity levels.

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

	2008-09				2009-10				2010-11				2011-12	
	No of weeks		Average cost per client week		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	actual	Budget level	Budget level
Apr-June	372	737			369	935			900	1,257	£1,052	£1,080	1,164	£1,080
July-Sep	372	890			369	1,032			900	1,310	£1,052	£1,079	1,165	£1,080
Oct-Dec	372	831			369	1,075			900	1,363	£1,052	£1,089	1,164	£1,080
Jan-Mar	372	823			369	1,126			900	1,406	£1,052	£1,074	1,165	£1,080
	1,488	**3,281**	**£1,010**	**£1,018**	**1,476**	**4,168**	**£1,088**	**£1,052**	**3,600**	**5,336**	**£1,052**	**£1,074**	**4,658**	**£1,080**





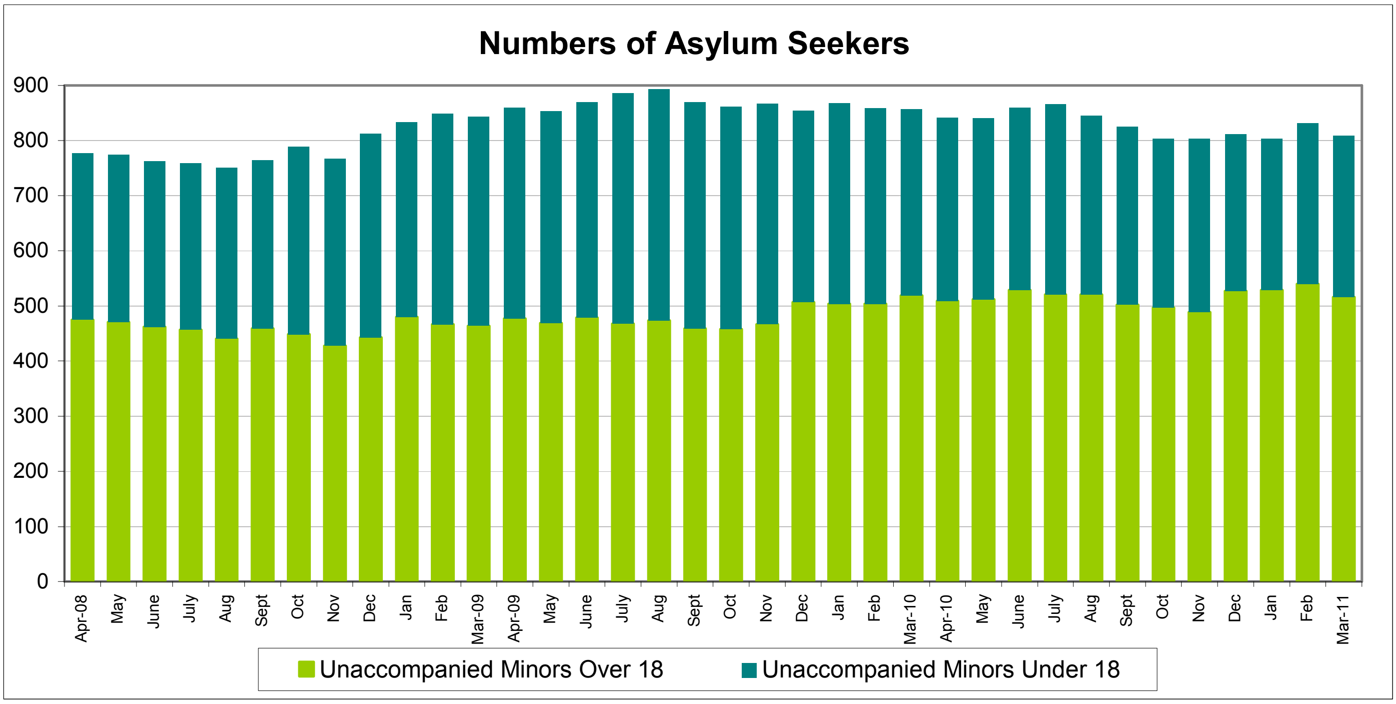
Comments:

- 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 were below the 2009-10 activity because although significant funding was made available as part of the 2010-13 MTP, this was insufficient to cover the demands for this service.
- For the 2011-12 budget further significant funding has been made available based on the actual level of demand at the 3rd quarter's monitoring position for 2010-11, the time at which the 2011-12 budget was set and approved. However, since that date the service has experienced continued demand on this service.
- During 2010-11 the service experienced high demand for independent fostering placements. In total the service provided 1,736 more weeks than budgeted at a unit cost of £1,074, giving a pressure of £1,864k. In addition, the unit cost was £22 per week above the budgeted level, which when multiplied by the budgeted number of weeks resulted in a pressure of £79k. This corresponds with the overall net pressure reported for Independent Fostering within the fostering and 16+ services of £1.94m.

1.6 **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**	307	497	**804**
November	339	428	**767**	400	467	**867**	315	489	**804**
December	370	443	**813**	347	507	**854**	285	527	**812**
January	354	480	**834**	364	504	**868**	274	529	**803**
February	382	467	**849**	355	504	**859**	292	540	**832**
March	379	464	**843**	338	519	**857**	293	516	**809**

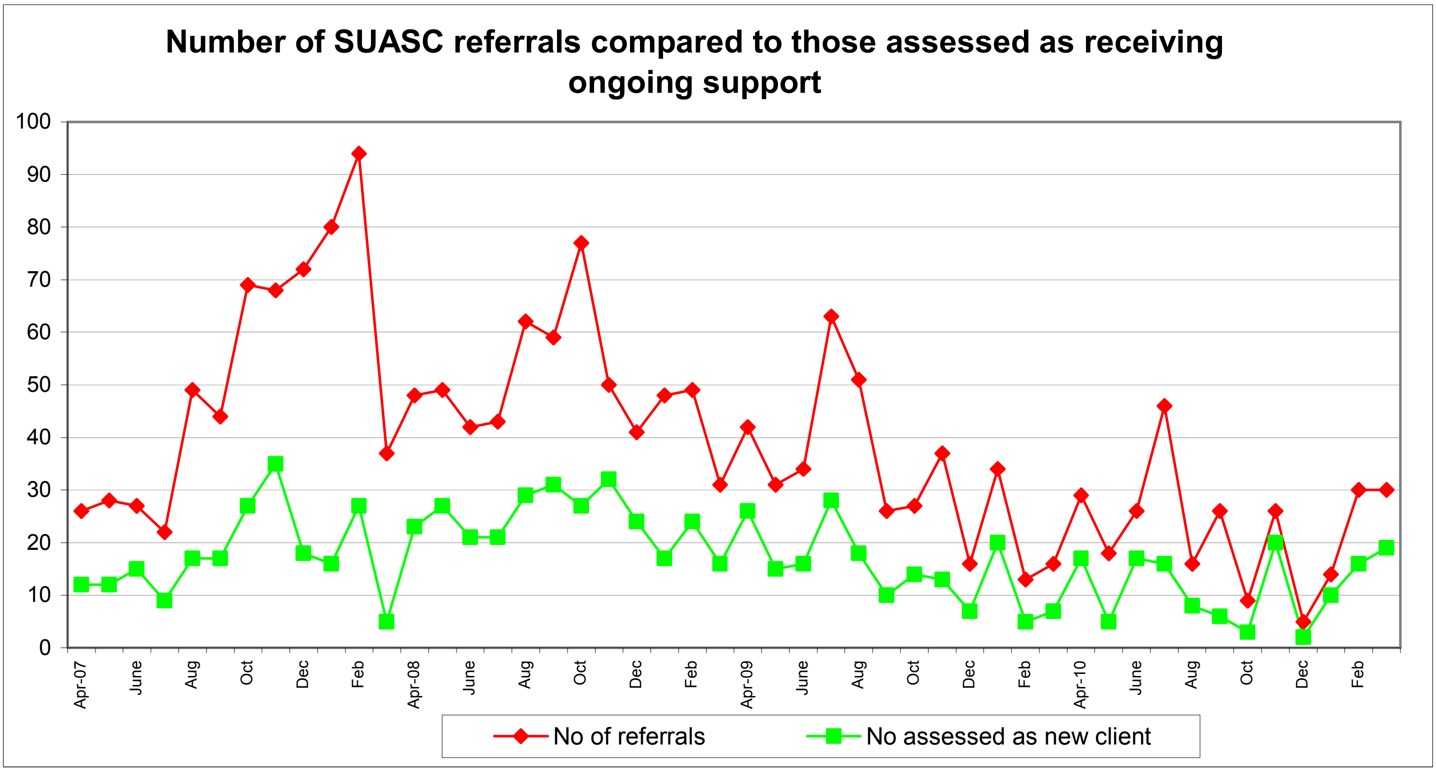


Comment:

- The fall in the number of over 18's in March is largely the result of improved partnership working with the UKBA, which saw a significant rise in the rate of All Rights of appeal Exhausted (ARE) removals.
- In general, the age profile suggests the number of over 18s is increasing compared to 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.

1.7 **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	3	33%
Nov	68	35	51%	50	32	64%	37	13	35%	26	20	77%
Dec	72	18	25%	41	24	59%	16	7	44%	5	2	40%
Jan	80	16	20%	48	17	35%	34	20	59%	14	10	71%
Feb	94	27	29%	49	24	49%	13	5	38%	30	16	53%
March	37	5	14%	31	16	52%	16	7	44%	30	19	63%
	616	**210**	**34%**	**599**	**292**	**49%**	**390**	**179**	**46%**	**275**	**139**	**51%**



Comments:

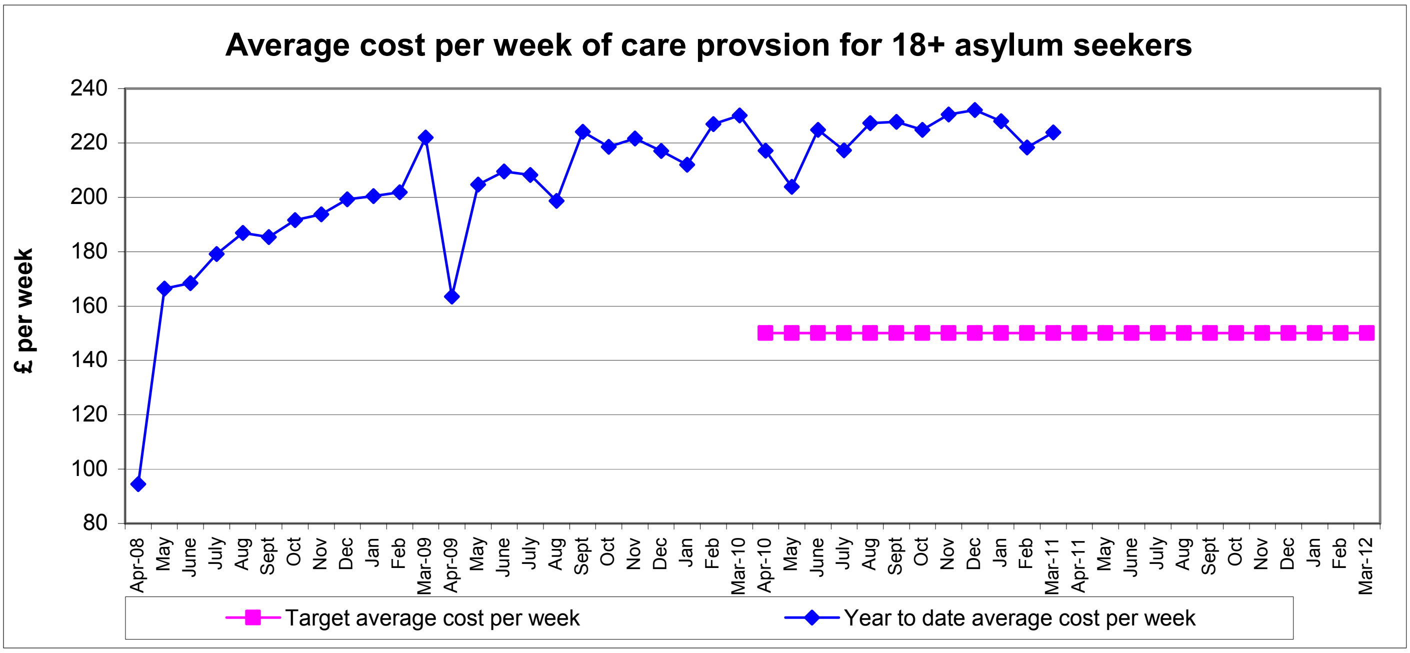
- The number of referrals in the 4th quarter was significantly higher than in the previous quarter. Overall referral rates have been lower since September 2009 which coincides with the French Government's action to clear asylum seeker camps around Calais. The average number of referrals per month is now 23 which is still below the budgeted number of 30 referrals per month.

- The number of referrals assessed as new clients in the 4th quarter was the highest in 2010-11. The budgeted level is based on the assumption that 50% of the referrals will be assessed as a new client. The average number assess as new clients is now 11.6, which is 23% lower than the original forecast of 15 new clients a month.

- There is no known reason for the increase in referrals in quarter 4.

1.8 Average weekly cost of Asylum Seekers Care Provision for 18+ Care Leavers:

	2008-09		2009-10		2010-11		2011-12
	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	Target average weekly cost £p
April		94.48		163.50	150.00	217.14	150.00
May		166.44		204.63	150.00	203.90	150.00
June		168.38		209.50	150.00	224.86	150.00
July		179.17		208.17	150.00	217.22	150.00
August		186.90		198.69	150.00	227.24	150.00
September		185.35		224.06	150.00	227.79	150.00
October		191.67		218.53	150.00	224.83	150.00
November		193.71		221.64	150.00	230.47	150.00
December		199.22		217.10	150.00	232.17	150.00
January		200.46		211.99	150.00	227.96	150.00
February		201.83		226.96	150.00	218.30	150.00
March		221.97		230.11	150.00	223.87	150.00



Comments:

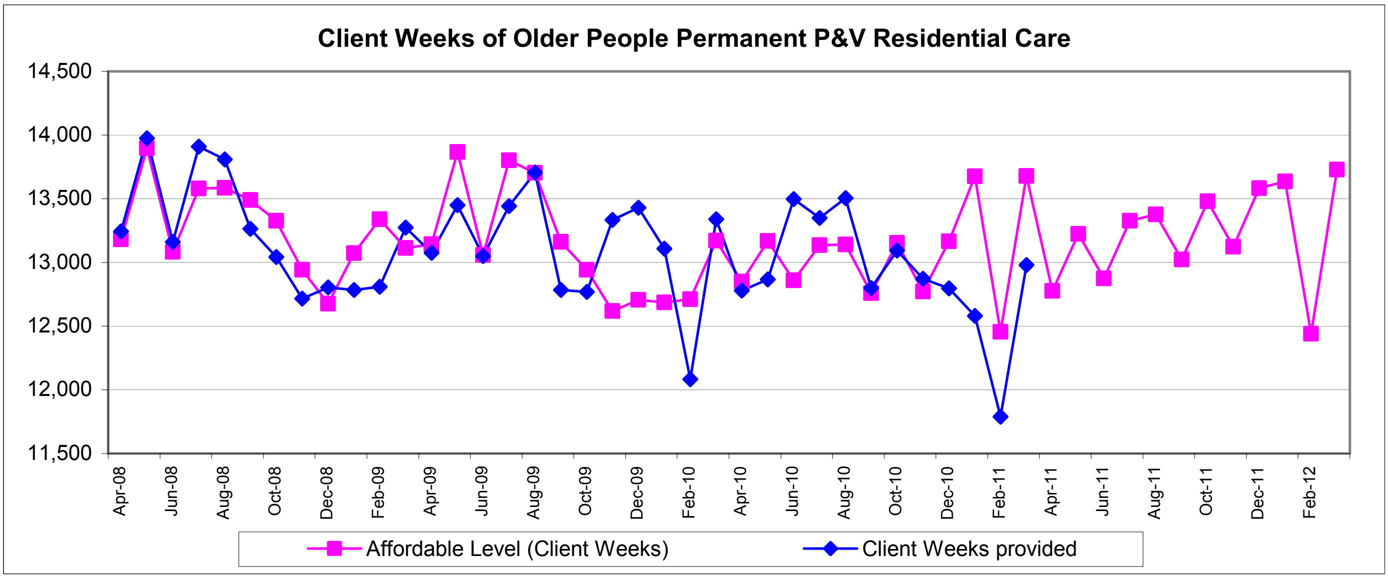
- The funding levels for the Asylum Service agreed with the Government rely on us achieving an average cost per week of £150, in order for the service to be fully funded, which is also reliant on the UKBA accelerating the removal process. The UKBA will fund the costs of an individual for up to three 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. While our partnership working has resulted in an increase in the number of AREs being removed, the average number of days supported as an ARE continues to increase. As a result our ability to achieve a balanced position on the Asylum Service becomes more difficult.
- Moving clients on to the pilot housing scheme has been slower than originally anticipated, however all our young people, who it was planned to move to lower cost accommodation, have now been moved. The final average weekly cost remained higher than originally forecast due to a longer than anticipated transition period to lower cost properties, higher damages claims for vacated properties and short term voids during the transfer period.
- Whilst the average weekly cost for the whole 2010-11 financial year is £223.87, the average cost for the fourth quarter was only £200. Adjusting the actual spend for the fourth quarter to remove one off costs for damages and high cost placements, which have now been replaced with lower costs placements, gives an average weekly cost of £157, much closer to the target average weekly cost of £150.

2. KENT ADULT SOCIAL SERVICES DIRECTORATE

The affordable levels included for 2011-12 are based on the approved budget, however Families & Social Care will be reviewing the split of their budget across service groups in light of the outturn and any changes will be requested in the first full monitoring report for 2011-12, to be reported to Cabinet in September. The affordable levels of activity will therefore change as a result of this exercise.

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		2011-12
	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**	**Affordable Level (Client Weeks)**
April	13,181	13,244	13,142	13,076	12,848	12,778	12,777
May	13,897	13,974	13,867	13,451	13,168	12,867	13,224
June	13,084	13,160	13,059	13,050	12,860	13,497	12,875
July	13,581	13,909	13,802	13,443	13,135	13,349	13,327
August	13,585	13,809	13,703	13,707	13,141	13,505	13,378
September	13,491	13,264	13,162	12,784	12,758	12,799	13,022
October	13,326	13,043	12,943	12,768	13,154	13,094	13,479
November	12,941	12,716	12,618	13,333	12,771	12,873	13,122
December	12,676	12,805	12,707	13,429	13,167	12,796	13,584
January	13,073	12,784	12,685	13,107	13,677	12,581	13,636
February	13,338	12,810	12,712	12,082	12,455	11,790	12,440
March	13,114	13,275	13,172	13,338	13,678	12,980	13,729
TOTAL	**159,287**	**158,793**	**157,572**	**157,568**	**156,812**	**154,909**	**158,593**

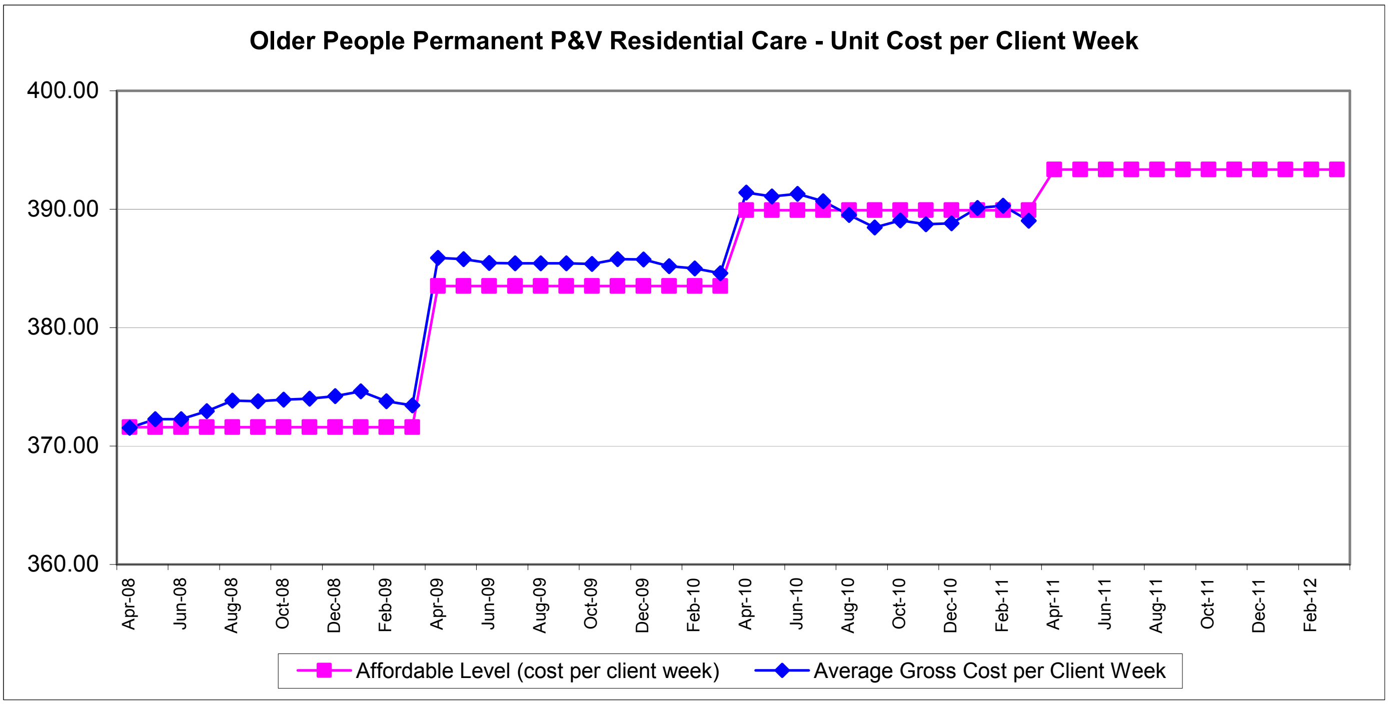


Comments:

- 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 2010-11 it was 2,787; however client numbers were higher than this during the period September to November 2010.
- The outturn position is 154,909 weeks of care against an affordable level of 156,812, a difference of -1,903 weeks. Using the actual unit cost of £389.02, this reduced level of activity generated an saving of £740k.

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		2011-12
	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**	**Affordable Level (Cost per Week)**
April	371.60	371.54	383.52	385.90	389.91	391.40	393.34
May	371.60	372.28	383.52	385.78	389.91	391.07	393.34
June	371.60	372.27	383.52	385.47	389.91	391.29	393.34
July	371.60	372.94	383.52	385.43	389.91	390.68	393.34
August	371.60	373.84	383.52	385.44	389.91	389.51	393.34
September	371.60	373.78	383.52	385.42	389.91	388.46	393.34
October	371.60	373.91	383.52	385.39	389.91	389.06	393.34
November	371.60	374.01	383.52	385.79	389.91	388.72	393.34
December	371.60	374.22	383.52	385.76	389.91	388.80	393.34
January	371.60	374.61	383.52	385.20	389.91	390.12	393.34
February	371.60	373.78	383.52	385.01	389.91	390.31	393.34
March	371.60	373.42	383.52	384.59	389.91	389.02	393.34

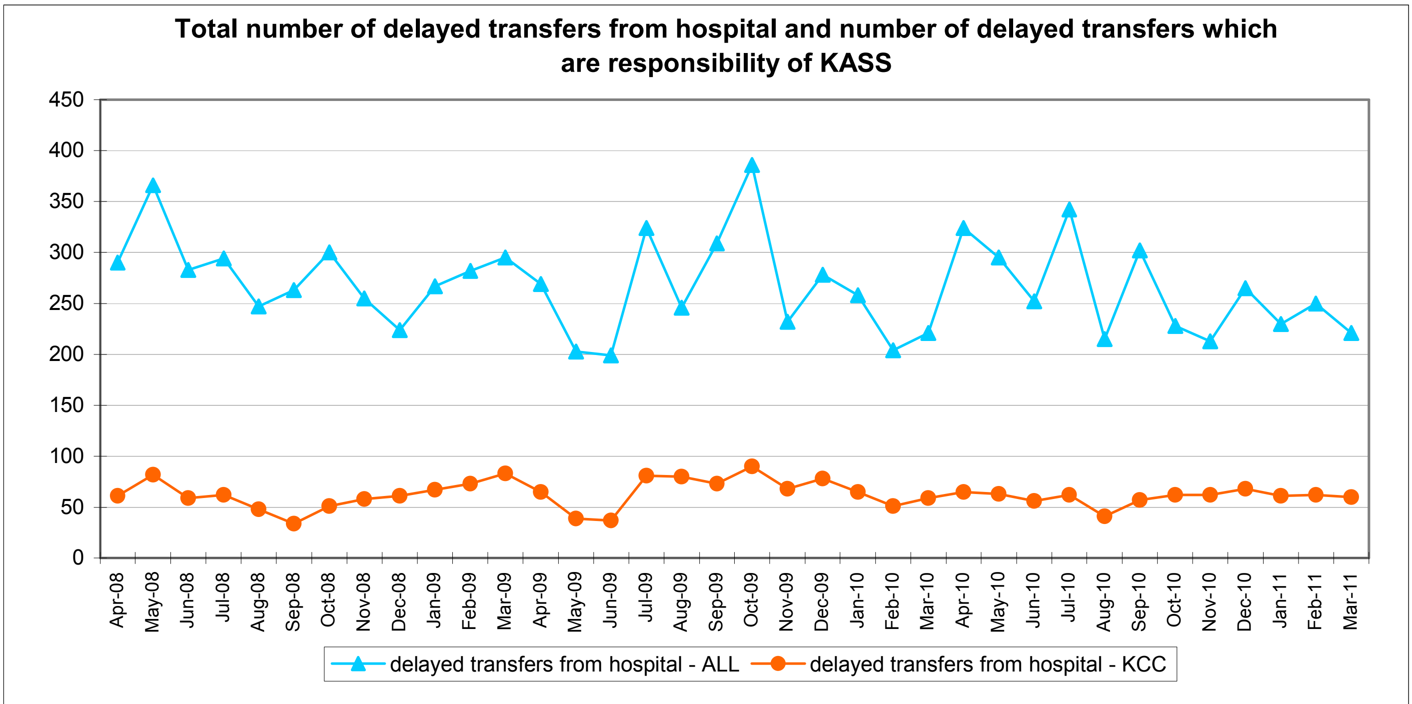


Comments:

- The unit cost of £389.02 is marginally lower than the affordable cost of £389.91 and this difference of -£0.89 produced a saving of £141k when multiplied by the affordable weeks.

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

	2008-09		2009-10		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	228	62
November	255	58	232	68	213	62
December	224	61	278	78	265	68
January	267	67	258	65	230	61
February	282	73	204	51	250	62
March	295	83	221	59	221	60



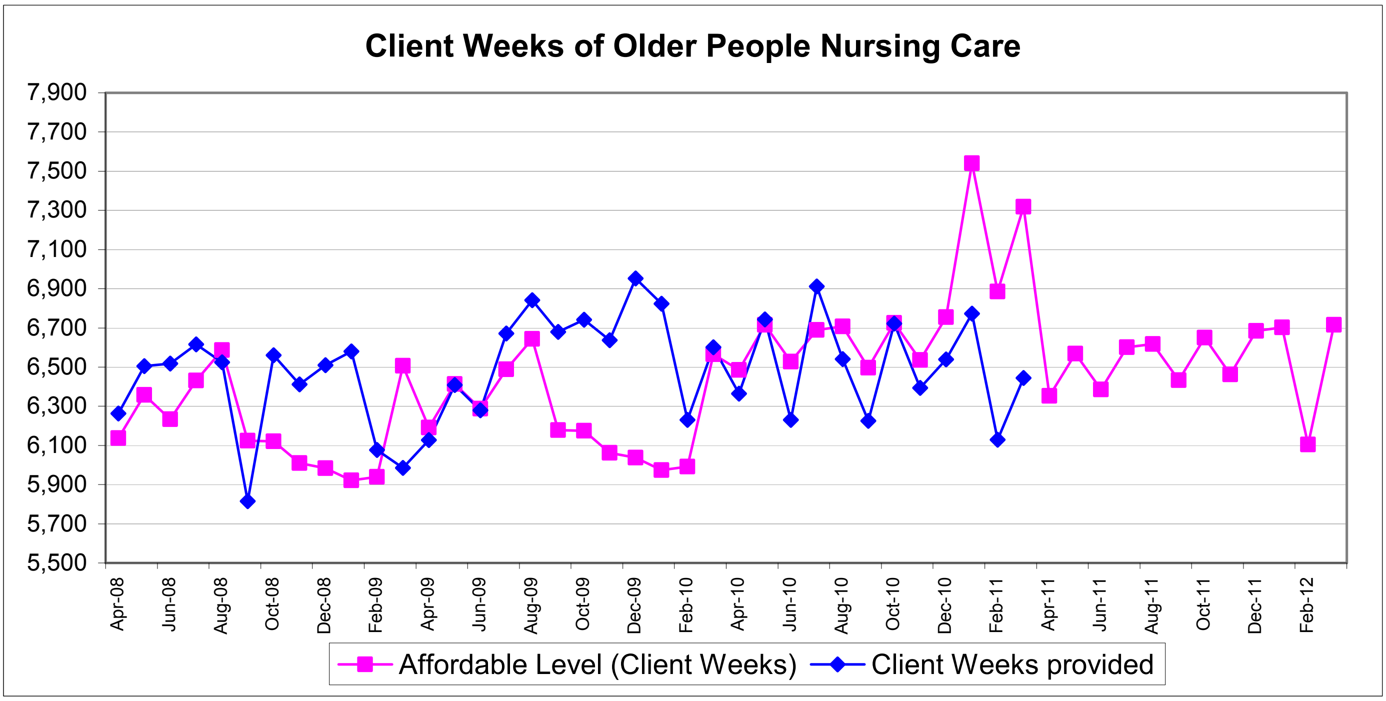
Comments:

- 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 28%), with the reasons ‘Awaiting non-acute NHS care’ and ‘Awaiting assessment’ being the next highest (approx. 24% and 15% respectively). 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		2011-12
	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**	**Affordable Level (Client Weeks)**
April	6,137	6,263	6,191	6,127	6,485	6,365	6,353
May	6,357	6,505	6,413	6,408	6,715	6,743	6,569
June	6,233	6,518	6,288	6,279	6,527	6,231	6,385
July	6,432	6,616	6,489	6,671	6,689	6,911	6,601
August	6,586	6,525	6,644	6,841	6,708	6,541	6,618
September	6,124	5,816	6,178	6,680	6,497	6,225	6,433
October	6,121	6,561	6,175	6,741	6,726	6,722	6,650
November	6,009	6,412	6,062	6,637	6,535	6,393	6,463
December	5,984	6,509	6,037	6,952	6,755	6,539	6,684
January	5,921	6,580	5,973	6,824	7,541	6,772	6,702
February	5,940	6,077	5,992	6,231	6,885	6,129	6,104
March	6,507	5,985	6,566	6,601	7,319	6,445	6,715
TOTAL	**74,351**	**76,367**	**75,008**	**78,992**	**81,382**	**78,016**	**78,277**

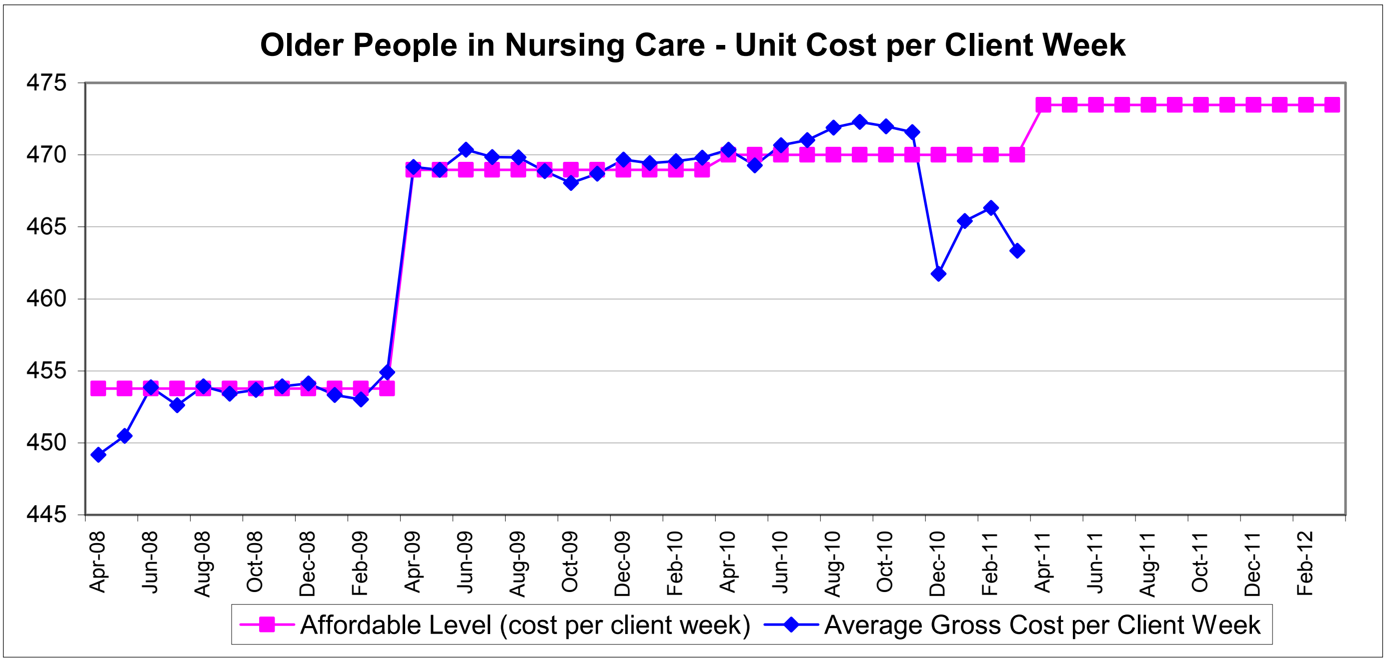


Comment:

- 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 2010-11 it was 1,379, although this was a decrease on the position a couple of months earlier.
- The outturn position is 78,016 weeks of care against an affordable level of 81,382, a difference of -3,366 weeks. Using the actual unit cost of £463.34, this lower level of activity produced a saving of £1,560k.
- 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		2011-12
	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**	**Affordable Level (Cost per Week)**
April	453.77	449.18	468.95	469.15	470.01	470.36	473.47
May	453.77	450.49	468.95	468.95	470.01	469.27	473.47
June	453.77	453.86	468.95	470.37	470.01	470.67	473.47
July	453.77	452.61	468.95	469.84	470.01	471.03	473.47
August	453.77	453.93	468.95	469.82	470.01	471.90	473.47
September	453.77	453.42	468.95	468.88	470.01	472.28	473.47
October	453.77	453.68	468.95	468.04	470.01	471.97	473.47
November	453.77	453.92	468.95	468.69	470.01	471.58	473.47
December	453.77	454.13	468.95	469.67	470.01	461.75	473.47
January	453.77	453.33	468.95	469.42	470.01	465.40	473.47
February	453.77	453.02	468.95	469.55	470.01	466.32	473.47
March	453.77	454.90	468.95	469.80	470.01	463.34	473.47

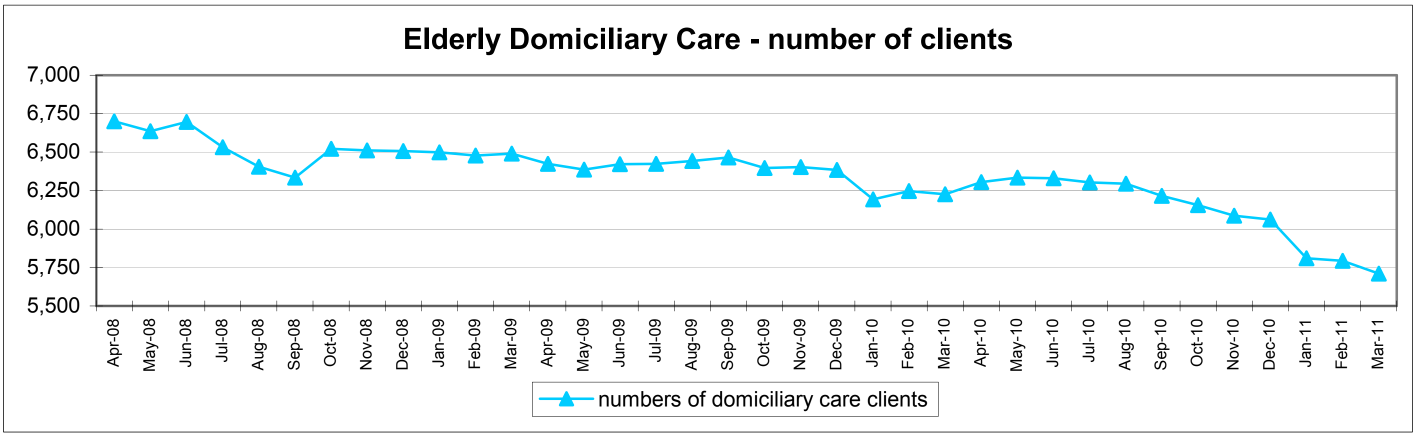


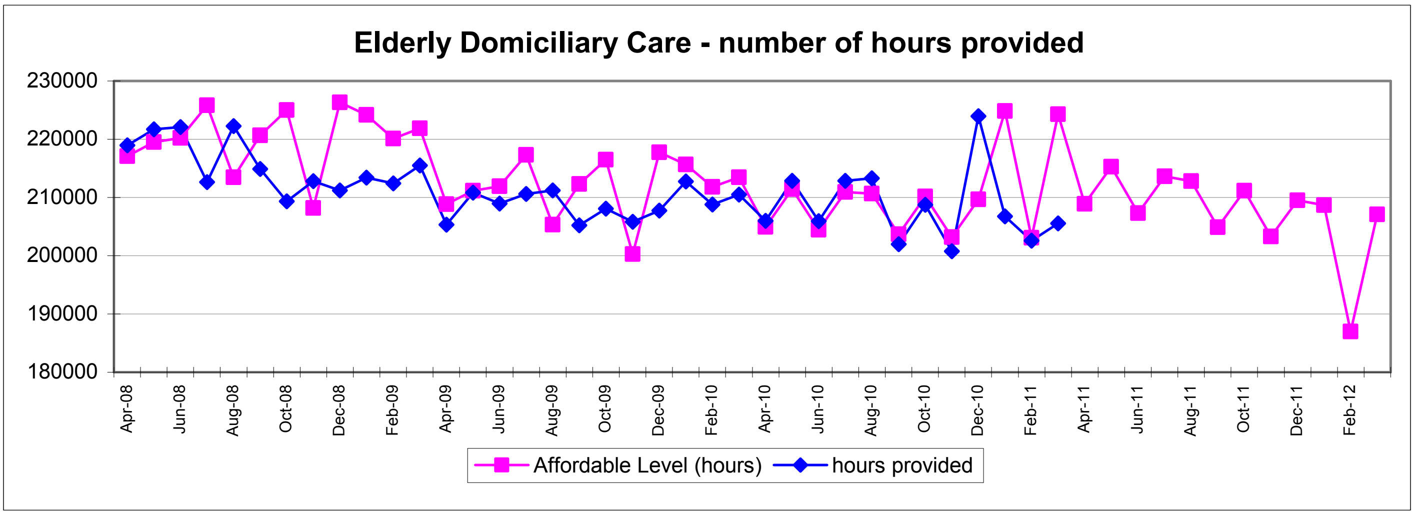
Comments:

- 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 unit cost of £463.34 is below the affordable cost of £470.01 but does fluctuate with the differing placements within it (non OPMH, OPMH and non permanent). The difference in unit cost of -£6.67 produced a saving of £542k when multiplied by the affordable weeks.

2.3.1 **Elderly domiciliary care – numbers of clients and hours provided in the independent sector**:

	2008-09			2009-10			2010-11			2011-12
	Affordable level (hours)	**hours provided**	**number of clients**	**Affordable level (hours)**	**hours provided**	**number of clients**	**Affordable level (hours)**	**hours provided**	**number of clients**	**Affordable level (hours)**
April	217,090	218,929	6,700	208,869	205,312	6,423	204,948	205,989	6,305	208,879
May	219,480	221,725	6,635	211,169	210,844	6,386	211,437	212,877	6,335	215,285
June	220,237	222,088	6,696	211,897	208,945	6,422	204,452	205,937	6,331	207,287
July	225,841	212,610	6,531	217,289	210,591	6,424	210,924	212,866	6,303	213,639
August	213,436	222,273	6,404	205,354	211,214	6,443	210,668	213,294	6,294	212,817
Sept	220,644	214,904	6,335	212,289	205,238	6,465	203,708	201,951	6,216	204,898
Oct	225,012	209,336	6,522	216,491	208,051	6,396	210,155	208,735	6,156	211,172
Nov	208,175	212,778	6,512	200,292	205,806	6,403	203,212	200,789	6,087	203,306
Dec	226,319	211,189	6,506	217,749	207,771	6,385	209,643	223,961	6,061	209,526
Jan	224,175	213,424	6,499	215,686	212,754	6,192	224,841	206,772	5,810	208,704
Feb	220,135	212,395	6,478	211,799	208,805	6,246	203,103	202,568	5,794	186,991
March	221,875	215,488	6,490	213,474	210,507	6,227	224,285	205,535	5,711	207,063
TOTAL	**2,642,419**	**2,587,139**		**2,542,358**	**2,505,838**		**2,521,376**	**2,501,274**		**2,489,567**



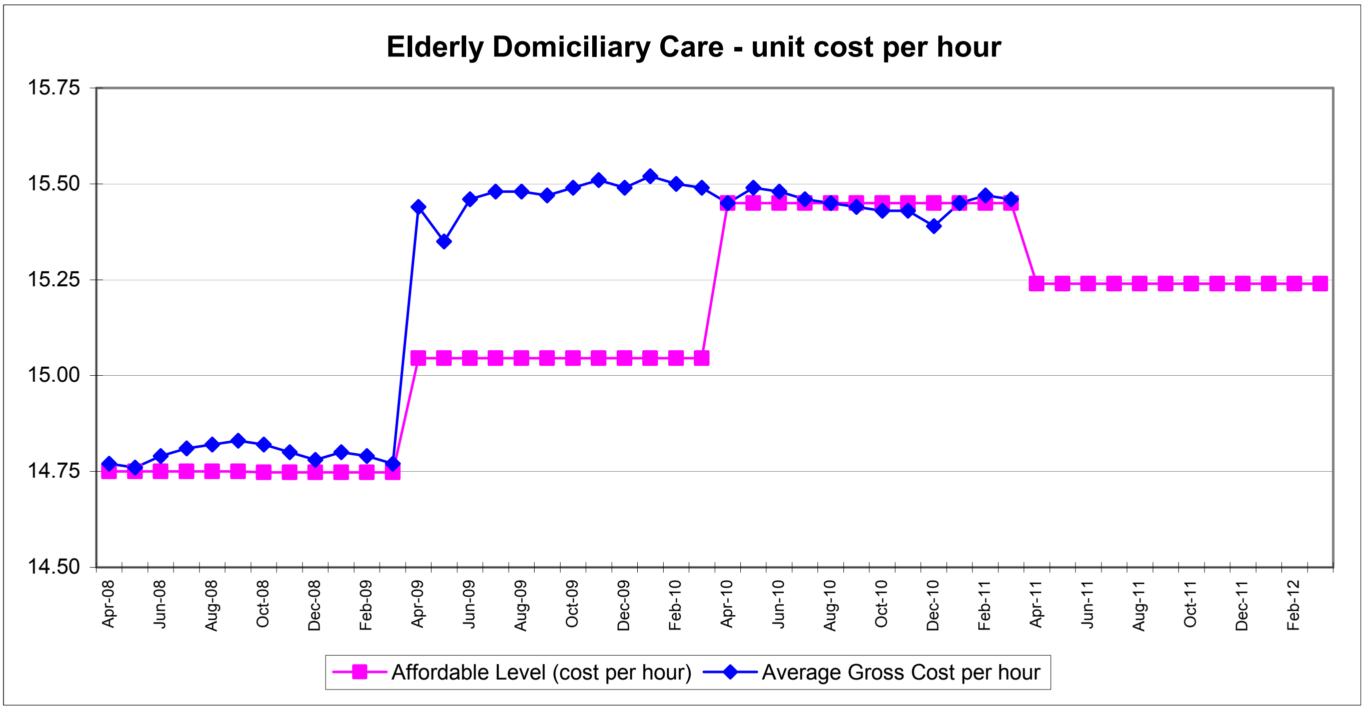


Comments:

- Figures exclude services commissioned from the Kent Enablement At Home Service.
- At outturn, 2,501,274 hours of care had been delivered against an affordable level of 2,521,376, a difference of -20,102 hours. Using the actual unit cost of £15.463 this reduction in activity generated an underspend of £311k.
- The number of clients receiving domiciliary care has been decreasing over the past two years. 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		2011-12
	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**	**Affordable Level (Cost per Hour)**
April	14.75	14.77	15.045	15.44	15.45	15.45	15.24
May	14.75	14.76	15.045	15.35	15.45	15.49	15.24
June	14.75	14.79	15.045	15.46	15.45	15.48	15.24
July	14.75	14.81	15.045	15.48	15.45	15.46	15.24
August	14.75	14.82	15.045	15.48	15.45	15.45	15.24
September	14.75	14.83	15.045	15.47	15.45	15.44	15.24
October	14.75	14.82	15.045	15.49	15.45	15.43	15.24
November	14.75	14.80	15.045	15.51	15.45	15.43	15.24
December	14.75	14.78	15.045	15.49	15.45	15.39	15.24
January	14.75	14.80	15.045	15.52	15.45	15.45	15.24
February	14.75	14.79	15.045	15.50	15.45	15.47	15.24
March	14.75	14.77	15.045	15.49	15.45	15.46	15.24

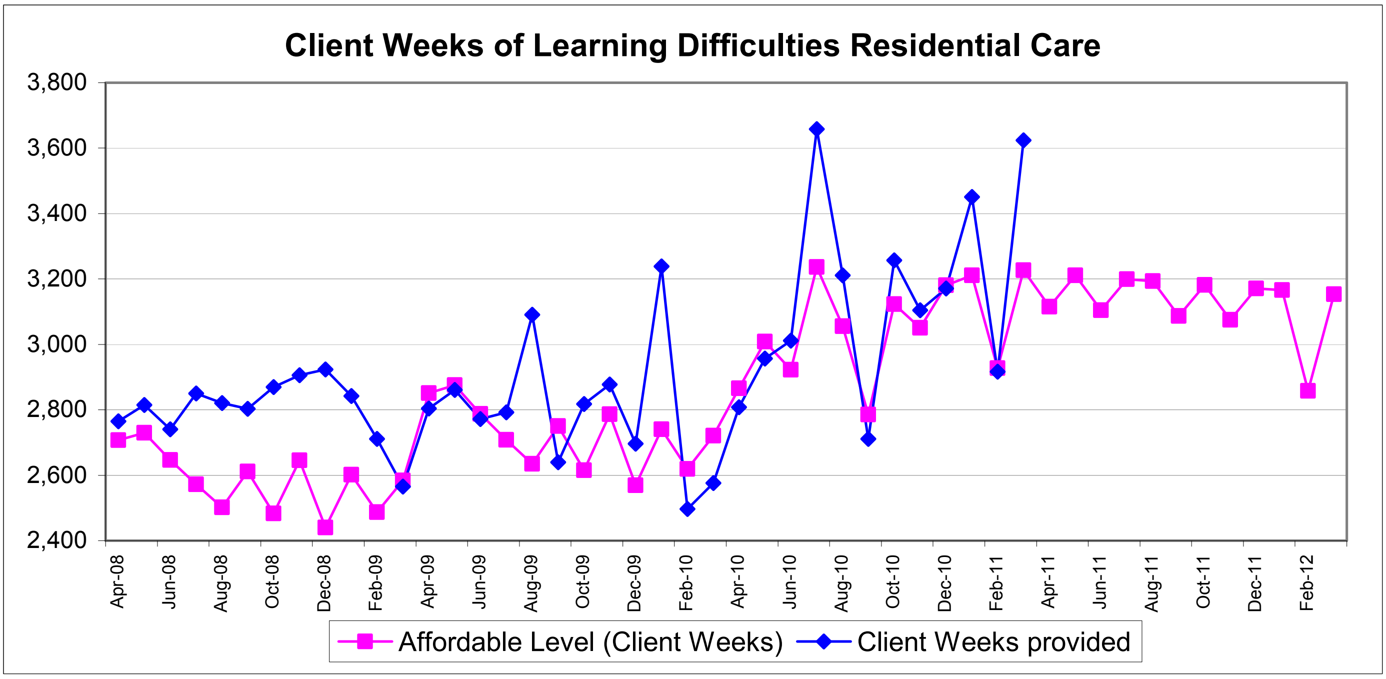


Comments:

- Average unit cost per week has increased more than inflation and is likely to reflect the same issues outlined above concerning more intense packages and higher levels of need.
- The actual unit cost of £15.463 is slightly higher than the affordable cost of £15.452 and this difference of £0.011 generated a pressure of £25k when multiplied by the affordable hours.
- The affordable unit cost in 2011-12 in lower than that for 2010-11 as it reflects the estimated reduction following the review of domiciliary procurement featured in the 2011-13 MTFP.

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		2011-12
	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**	**Affordable Level (Client Weeks)**
April	2,707	2,765	2,851	2,804	2,866	2,808	3,115
May	2,730	2,815	2,875	2,861	3,009	2,957	3,211
June	2,647	2,740	2,787	2,772	2,922	3,011	3,104
July	2,572	2,850	2,708	2,792	3,236	3,658	3,199
August	2,502	2,821	2,635	3,091	3,055	3,211	3,193
September	2,611	2,803	2,750	2,640	2,785	2,711	3,087
October	2,483	2,870	2,615	2,818	3,123	3,257	3,182
November	2,646	2,906	2,786	2,877	3,051	3,104	3,075
December	2,440	2,923	2,569	2,696	3,181	3,171	3,171
January	2,602	2,842	2,740	3,238	3,211	3,451	3,166
February	2,487	2,711	2,619	2,497	2,927	2,917	2,858
March	2,584	2,565	2,721	2,576	3,227	3,624	3,153
TOTAL	**31,011**	**33,611**	**32,656**	**33,662**	**36,593**	**37,880**	**37,514**



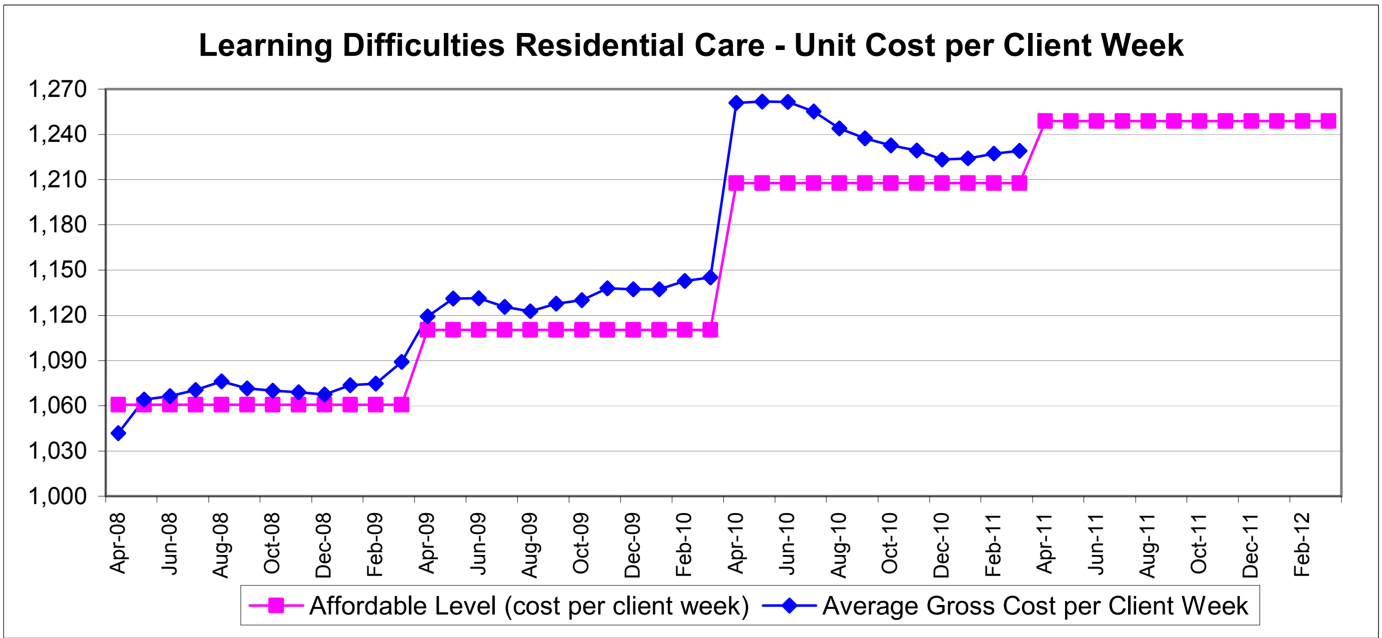
Comments:

- 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 December 2010 it was 708. By the end of 2010-11 the number had increased to 713, of which 111 were S256 clients.

- The outturn is 37,880 weeks of care against an affordable level of 36,593, a difference of +1,287 weeks. Using the actual unit cost of £1,229.19 this additional activity added £1,582k to the outturn position.

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		2011-12
	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	Affordable Level (Cost per Week)
April	1,060.70	1,041.82	1,110.15	1,119.42	1,207.58	1,260.82	1,248.92
May	1,060.70	1,064.19	1,110.15	1,131.28	1,207.58	1,261.67	1,248.92
June	1,060.70	1,066.49	1,110.15	1,131.43	1,207.58	1,261.46	1,248.92
July	1,060.70	1,070.50	1,110.15	1,125.65	1,207.58	1,255.21	1,248.92
August	1,060.70	1,076.27	1,110.15	1,122.81	1,207.58	1,243.87	1,248.92
September	1,060.70	1,071.59	1,110.15	1,127.79	1,207.58	1,237.49	1,248.92
October	1,060.70	1,070.02	1,110.15	1,130.07	1,207.58	1,232.68	1,248.92
November	1,060.70	1,068.95	1,110.15	1,137.95	1,207.58	1,229.44	1,248.92
December	1,060.70	1,067.59	1,110.15	1,137.28	1,207.58	1,223.31	1,248.92
January	1,060.70	1,073.71	1,110.15	1,137.41	1,207.58	1,224.03	1,248.92
February	1,060.70	1,074.67	1,110.15	1,142.82	1,207.58	1,227.26	1,248.92
March	1,060.70	1,089.10	1,110.15	1,145.12	1,207.58	1,229.19	1,248.92



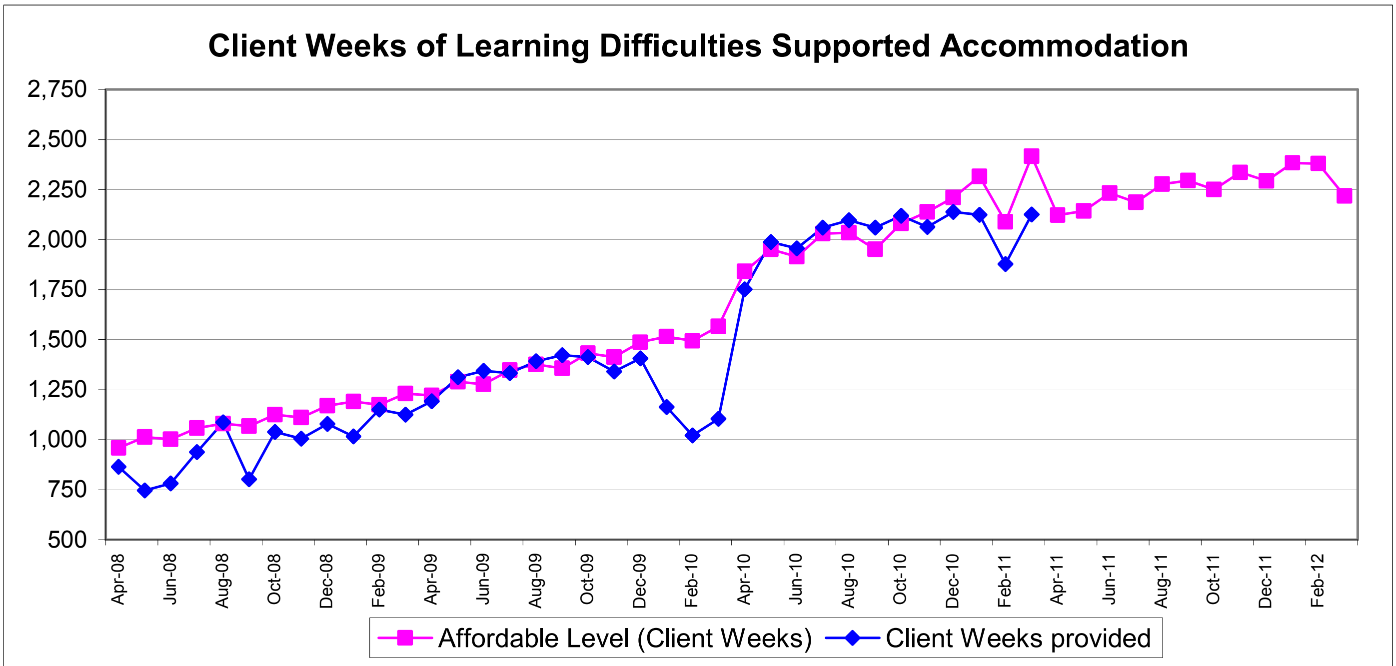
Comments:

- 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 costs – 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 unit cost of £1,229.19 is higher than the affordable cost of £1,207.58 and this difference of +£21.61 added £791k to the outturn position when multiplied by the affordable weeks.

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

	2008-09		2009-10		2010-11		2011-12
	Affordable Level (Client Weeks)	**Client Weeks of LD supported accommo-dation provided**	**Affordable Level (Client Weeks)**	**Client Weeks of LD supported accommo-dation provided**	**Affordable Level (Client Weeks)**	**Client Weeks of LD supported accommo-dation provided**	**Affordable Level (Client Weeks)**
April	960	865	1,221	1,192	1,841	1,752	2,121
May	1,014	747	1,290	1,311	1,951	1,988	2,143
June	1,003	782	1,276	1,344	1,914	1,956	2,232
July	1,058	939	1,346	1,333	2,029	2,060	2,186
August	1,081	1,087	1,375	1,391	2,034	2,096	2,277
September	1,067	803	1,357	1,421	1,951	2,059	2,294
October	1,125	1,039	1,431	1,412	2,080	2,119	2,250
November	1,110	1,006	1,412	1,340	2,138	2,063	2,336
December	1,169	1,079	1,487	1,405	2,210	2,137	2,293
January	1,191	1,016	1,515	1,163	2,314	2,123	2,384
February	1,174	1,151	1,493	1,021	2,088	1,878	2,380
March	1,231	1,125	1,567	1,105	2,417	2,125	2,218
TOTAL	**13,183**	**11,639**	**16,770**	**15,438**	**24,967**	**24,356**	**27,114**

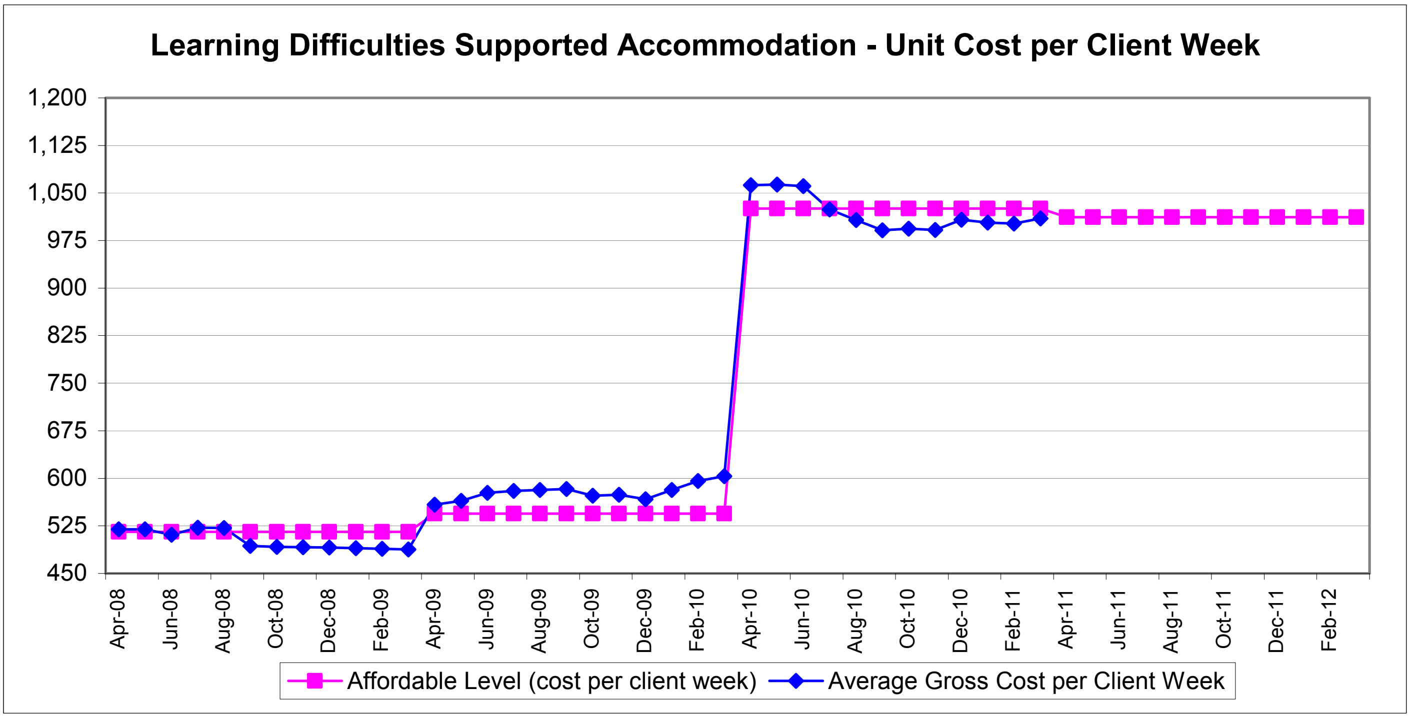


Comments:

- The above graph reflects the number of client weeks of service. The actual number of clients in LD supported accommodation at the end of 2008-09 was 233 and at the end of 2009-10 it was 309. As at the end of December there were 487 clients and by the end of 2010-11 the number had increased to 491, of which 131 were S256 clients.
- The outturn position is 24,356 weeks of care against an affordable level of 24,967, a difference of -611 weeks. Using the final unit cost of £1,009.82 this reduction in activity produced an underspend of £617k.
- 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		2011-12
	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	Affordable Level (Cost per Week)
April	515.41	519.60	544.31	558.65	1,025.67	1,062.38	1,011.73
May	515.41	519.40	544.31	564.49	1,025.67	1,063.22	1,011.73
June	515.41	511.10	544.31	577.33	1,025.67	1,060.59	1,011.73
July	515.41	522.30	544.31	580.27	1,025.67	1,023.90	1,011.73
August	515.41	521.40	544.31	581.76	1,025.67	1,007.58	1,011.73
September	515.41	493.33	544.31	583.26	1,025.67	991.20	1,011.73
October	515.41	491.85	544.31	572.59	1,025.67	993.92	1,011.73
November	515.41	491.47	544.31	574.24	1,025.67	991.56	1,011.73
December	515.41	490.83	544.31	566.87	1,025.67	1,007.95	1,011.73
January	515.41	489.75	544.31	581.53	1,025.67	1,003.21	1,011.73
February	515.41	488.90	544.31	595.89	1,025.67	1,001.98	1,011.73
March	515.41	487.60	544.31	603.08	1,025.67	1,009.82	1,011.73

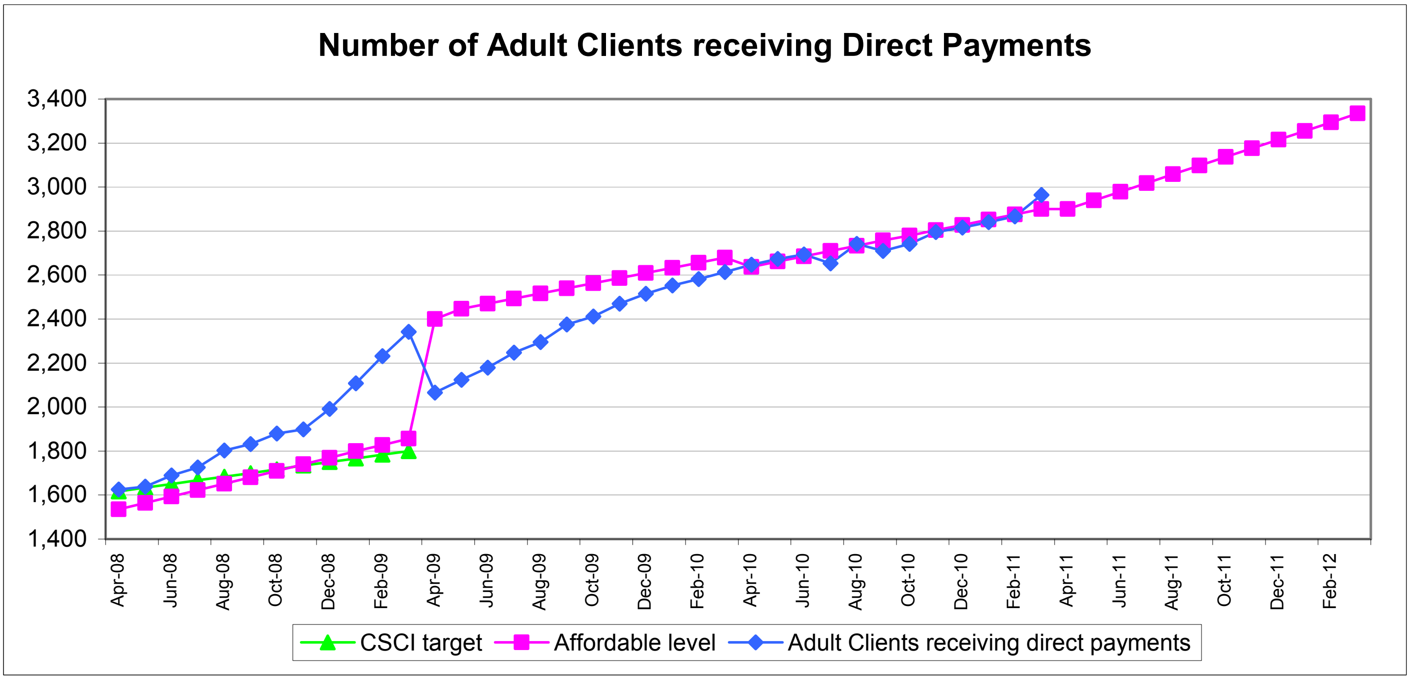


Comments:

- The actual unit cost of £1,009.82 is lower than the affordable cost of £1,025.67 and this difference of -£15.85 generated a saving of £396k when multiplied by the affordable weeks.
- 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.

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

	2008-09			2009-10		2010-11		2011-12
	CSCI Target	Affordable Level	Adult Clients receiving Direct Payments	Affordable Level	Adult Clients receiving Direct Payments	Affordable Level	Adult Clients receiving Direct Payments	Affordable Level
April	1,617	1,535	1,625	2,400	2,065	2,637	2,647	2,900
May	1,634	1,564	1,639	2,447	2,124	2,661	2,673	2,939
June	1,650	1,593	1,689	2,470	2,179	2,685	2,693	2,979
July	1,667	1,622	1,725	2,493	2,248	2,709	2,653	3,018
Aug	1,683	1,651	1,802	2,516	2,295	2,733	2,741	3,058
Sept	1,700	1,681	1,832	2,540	2,375	2,757	2,710	3,097
Oct	1,717	1,710	1,880	2,563	2,411	2,780	2,742	3,137
Nov	1,734	1,740	1,899	2,586	2,470	2,804	2,795	3,176
Dec	1,750	1,769	1,991	2,609	2,515	2,828	2,815	3,215
Jan	1,767	1,799	2,108	2,633	2,552	2,852	2,841	3,255
Feb	1,783	1,828	2,231	2,656	2,582	2,876	2,867	3,294
March	1,800	1,857	2,342	2,679	2,613	2,900	2,964	3,334



Comments:

- The activity being reported is the long term clients in receipt of direct payments in the year as at the end of the month. The drive to implement personalisation and allocate personal budgets has seen continued increases in direct payments, particularly at the end of the year.

2.7 KASS OUTSTANDING DEBT

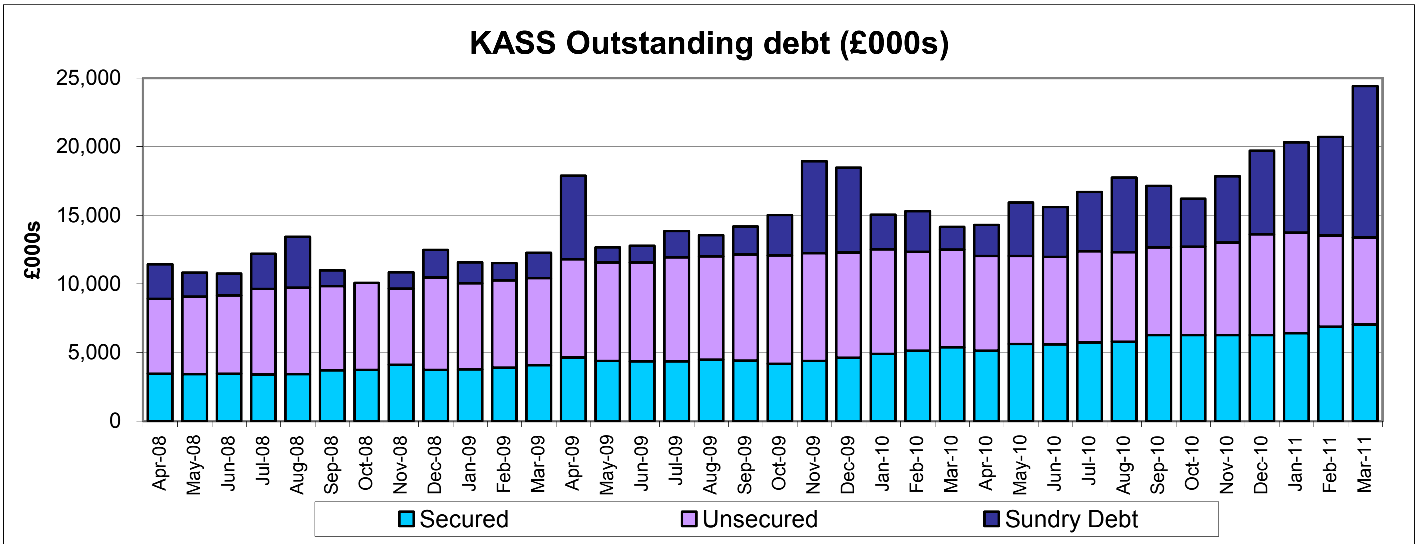
The outstanding due debt as at the March 2011 was £24.413m compared with January's figure of £20.313m (reported to Cabinet in April) excluding any amounts not yet due for payment (as they are still within the 28 day payment term allowed). Within this figure is £11.011m of sundry debt compared to £6.560m at the end of January. The amount of sundry debt can fluctuate for large invoices to health. There is currently an outstanding invoice with health for £5.5m which is partially under dispute. We are currently in negotiations to get the majority of this debt paid, whilst discussions continue regarding the proportion which is under dispute. Also within the outstanding debt is £13.402m relating to Social Care (client) debt which is a reduction of £0.351m from the last reported position to Cabinet in April (January 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.

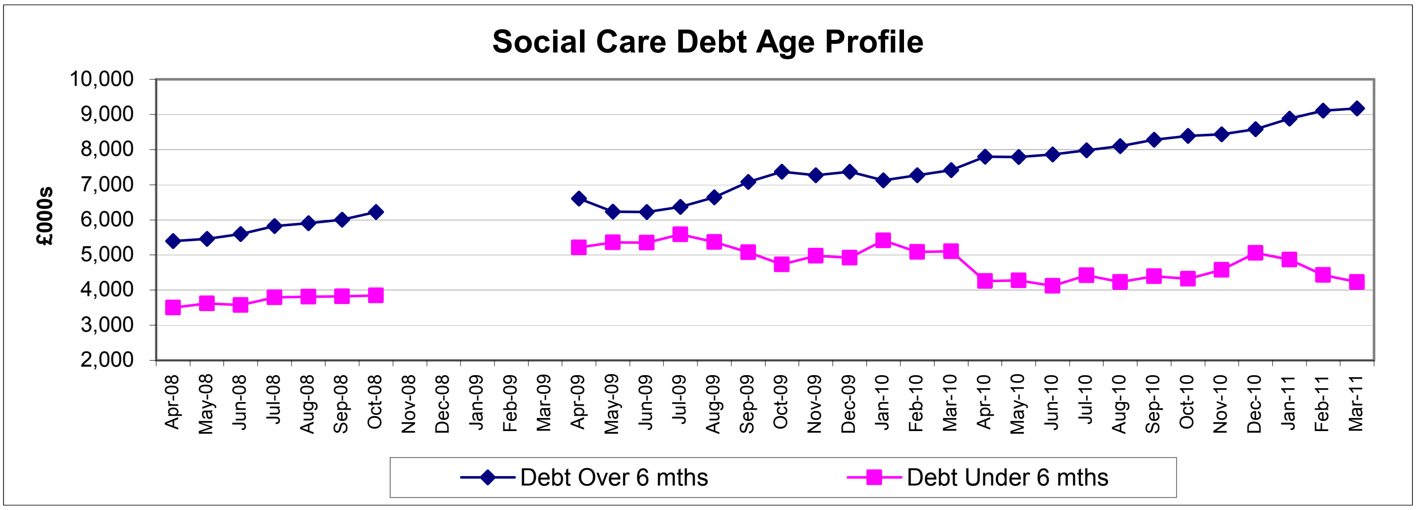
Now that the full client debt monitoring and recovery function has been fully integrated into KASS, we have been able to develop bespoke reports that accurately reflect the ageing of Social Care debt. This has therefore meant that since April there has been some slight changes to how debt is categorised 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	Debt Over 6 mths £000s	Debt Under 6 mths £000s	Secured £000s	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	**17,828**	**4,813**	13,015	8,438	4,577	6,273	6,742
Dec-10	**19,694**	**6,063**	13,631	8,577	5,054	6,285	7,346
Jan-11	**20,313**	**6,560**	13,753	8,883	4,870	6,410	7,343
Feb-11	**20,716**	**7,179**	13,537	9,107	4,430	6,879	6,658
Mar-11	**24,413**	**11,011**	13,402	9,168	4,234	7,045	6,357

* 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.





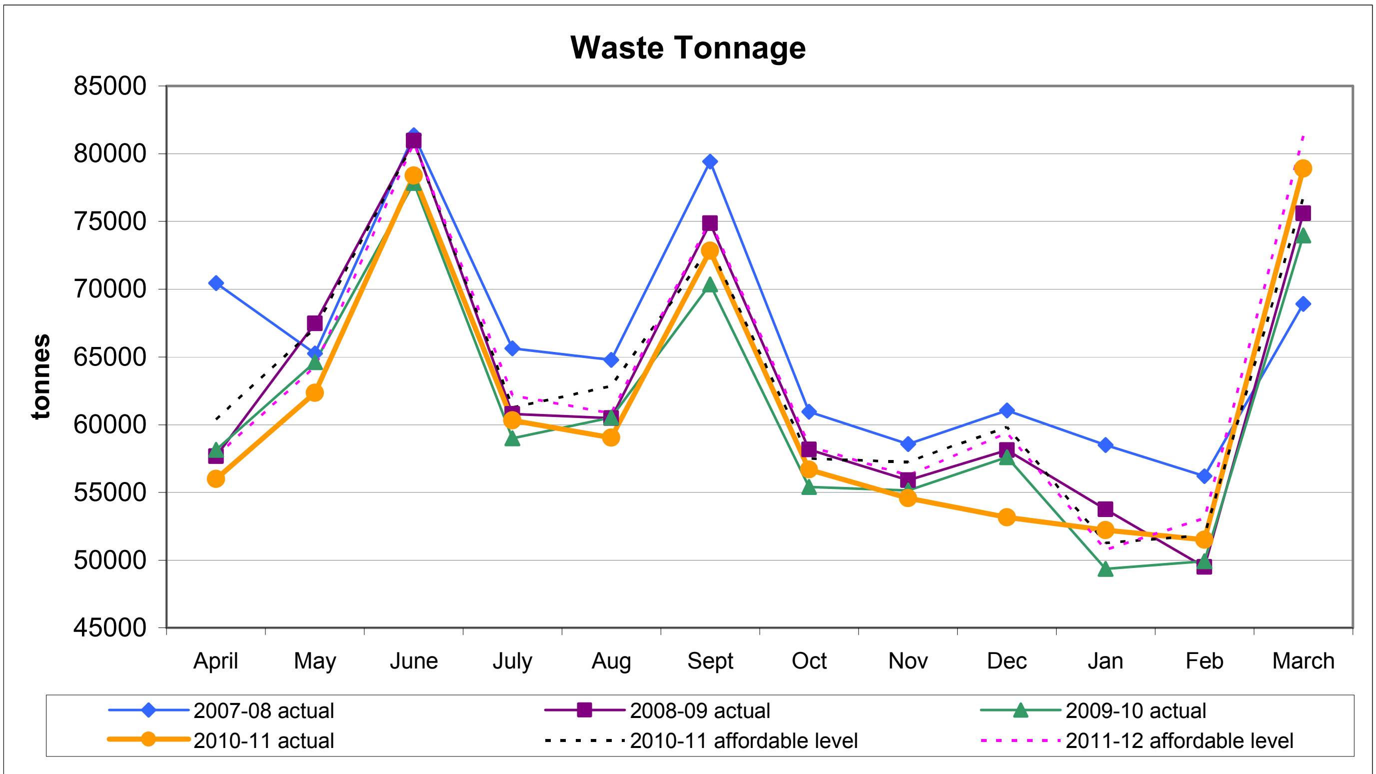
- The age of debt cannot be completed for the months between November 2008 and March 2009 as the switch to Client Billing meant that all debts transferring on to the new system became "new" for purposes of reporting therefore it was not possible to show ageing until April 2009 (i.e. once these debts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

3. ENVIRONMENT & REGENERATION DIRECTORATE

3.1 Waste Tonnage:

	2007-08	2008-09	2009-10	2010-11		2011-12
	Waste Tonnage	Waste Tonnage	Waste Tonnage	Waste Tonnage*	Affordable Level	Affordable Level
April	70,458	57,688	58,164	55,975	60,394	57,687
May	65,256	67,452	64,618	62,354	67,096	64,261
June	81,377	80,970	77,842	78,375	80,826	80,772
July	65,618	60,802	59,012	60,310	61,274	62,154
August	64,779	60,575	60,522	59,042	62,842	60,847
September	79,418	74,642	70,367	72,831	73,065	75,058
October	60,949	58,060	55,401	56,690	57,526	58,423
November	58,574	55,789	55,138	54,576	57,252	56,246
December	61,041	58,012	57,615	53,151	59,825	59,378
January	58,515	53,628	49,368	52,211	51,260	50,766
February	56,194	49,376	49,930	51,517	51,845	53,093
March	68,936	76,551	73,959	78,902	76,795	81,315
TOTAL	**791,115**	**753,545**	**731,936**	**735,934**	**760,000**	**760,000**

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

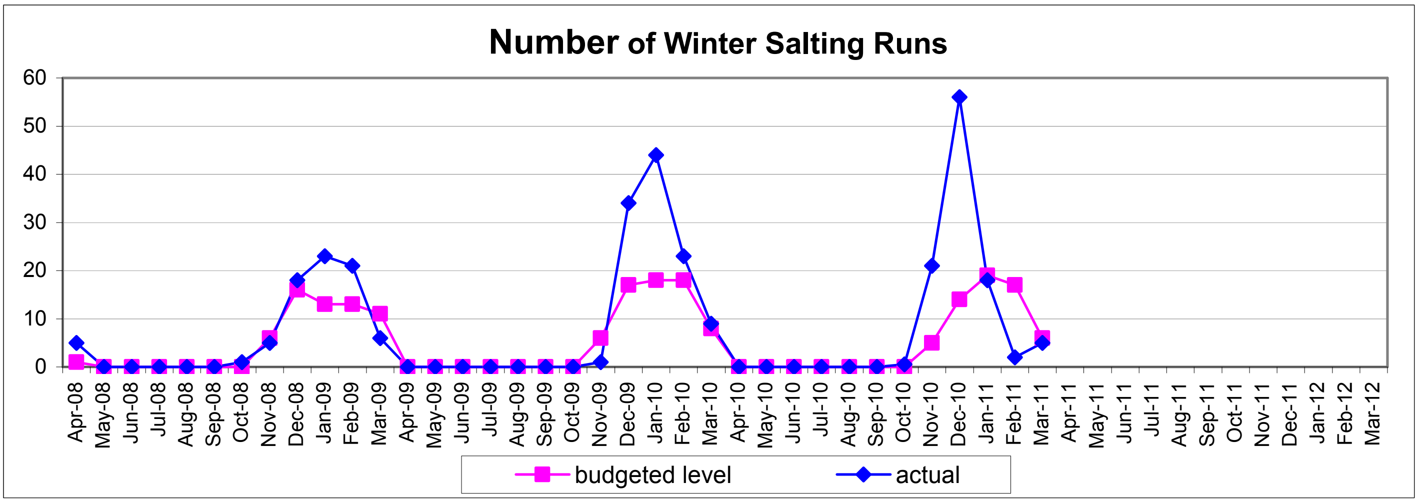


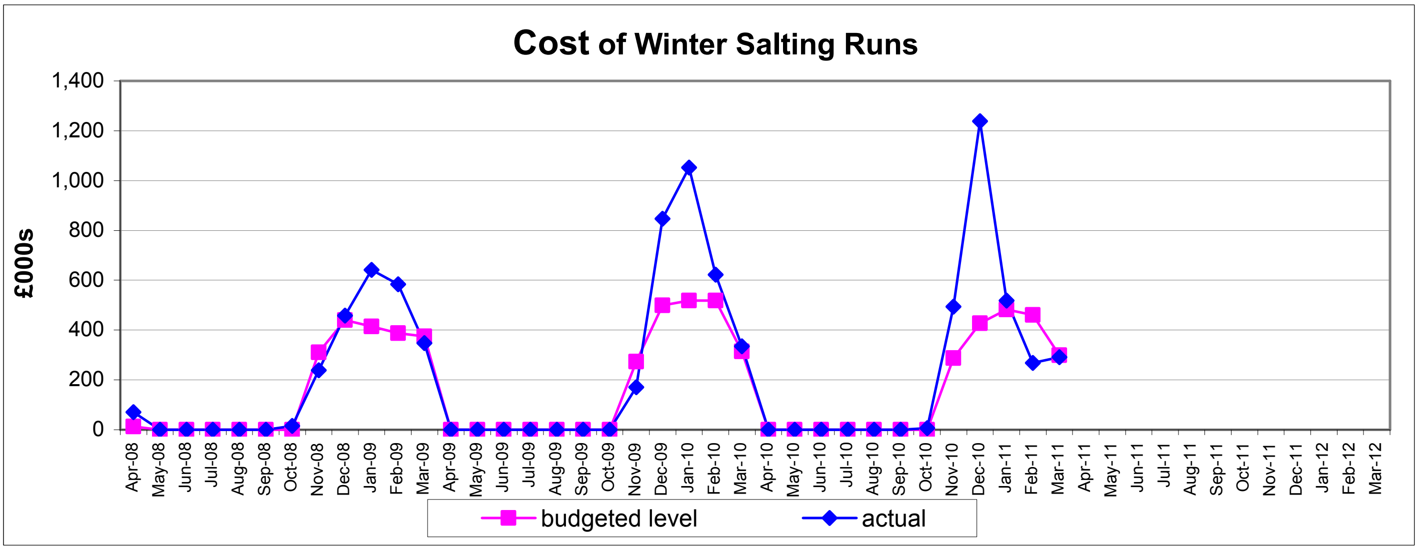
Comments:

- The final tonnage for the year is nearly 736,000 (still subject to change as data is checked), slightly up on the forecast of 730,000 tonnes. This has been caused by a spike in March of 5,000 tonnes over the previous year (2,000 tonnes above the affordable level). This increase, if it continues into April and May, could signify the start of a return to the higher levels of waster we experienced back in 2007-08. We will watch these figures carefully to see if an upward trend is returning but hopefully March was a one-off increase.
- The actual tonnage was 24,066 tonnes below the affordable level, which at approximately £70 per tonne, produced a saving of £1.685m

3.2 **Number and Cost of winter salting runs**:

	2008-09				2009-10				2010-11				2011-12	
	Number of salting runs		Cost of salting runs		Number of salting runs		Cost of salting runs		Number of salting runs		Cost of salting runs		No of salting runs	Cost of salting runs
	Actual	Budget Level	Actual £000s	Budget Level £000s	Actual	Budget Level	Actual £000s	Budget Level £000s	Actual	Budget level	Actual £000s	Budget Level £000s	Budget Level	Budget Level £000s
April	5	1	70	13	-	-	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aug	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sept	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oct	1	-	16	-	-	-	-	-	0.5	-	6	-	-	-
Nov	5	6	239	310	1	6	171	273	21	5	494	288	See	
Dec	18	16	458	440	34	17	847	499	56	14	1,238	427	final	
Jan	23	13	642	414	44	18	1,052	519	18	19	519	482	comment	
Feb	21	13	584	388	23	18	622	519	2	17	268	461	below	
Mar	6	11	348	375	9	8	335	315	5	6	291	299	graph	
TOTAL	**79**	**60**	**2,357**	**1,940**	**111**	**67**	**3,027**	**2,125**	**102.5**	**61**	**2,816**	**1,957**		





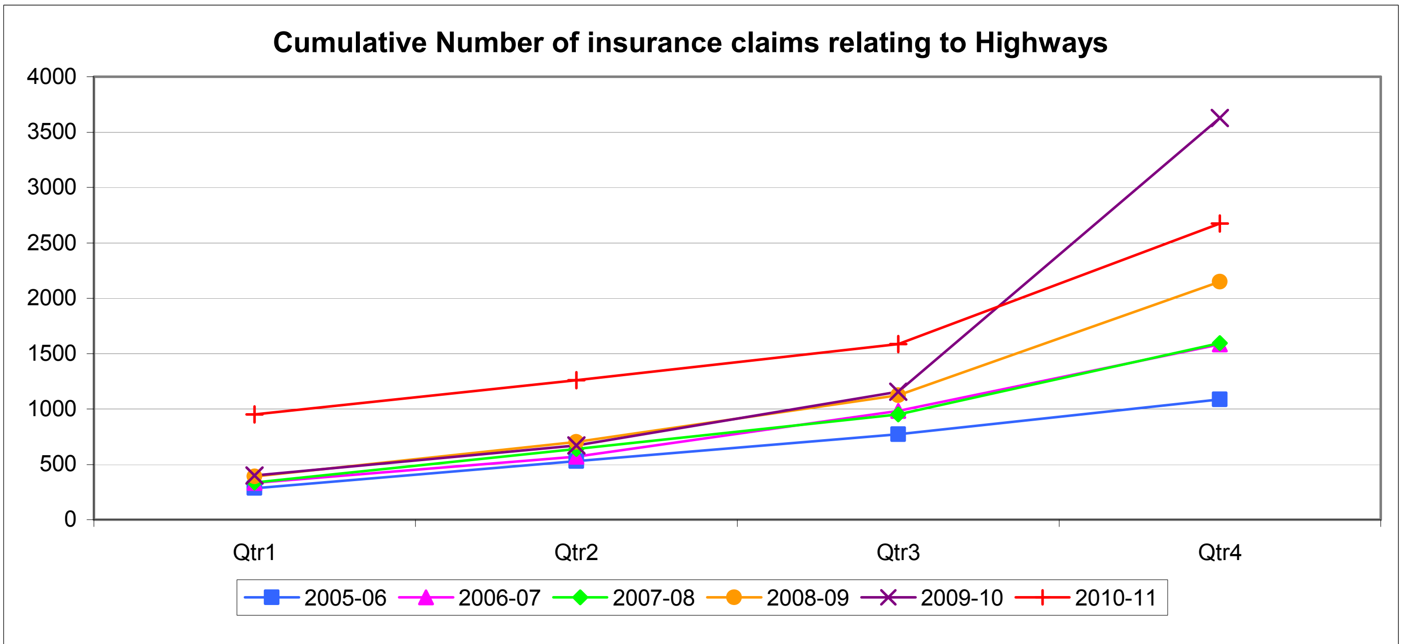
Comments:

- 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 normal salting period.

- The bad weather during December and January caused the number and cost of salting runs to go over budget. The table above shows outturn costs of £2.816k compared to a budgeted position of £1.957k i.e. an overspend of £0.859m. In addition we incurred £1.9m (£1.4m unbudgeted) of costs relating to snow clearance and other emergency conditions expenditure. After the £0.4m virement from the Finance portfolio towards this pressure agreed by Cabinet in May, it leaves the Directorate with an overspend of £1.9m on winter weather (which is offset by the waste underspend).
- The 2011-12 affordable levels have not been provided because these will be under the new highways contract and until the new contract has been awarded the prices and therefore the level of activity the budget will buy is not known.

3.3 **Number of insurance claims arising related to Highways with accident dates during these periods**:

	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	401	950
July – Sept	530	570	640	702	672	1,258
Oct – Dec	771	982	950	1,125	1,155	1,585
Jan - Mar	1,087	1,581	1,595	2,150	3,628	2,675



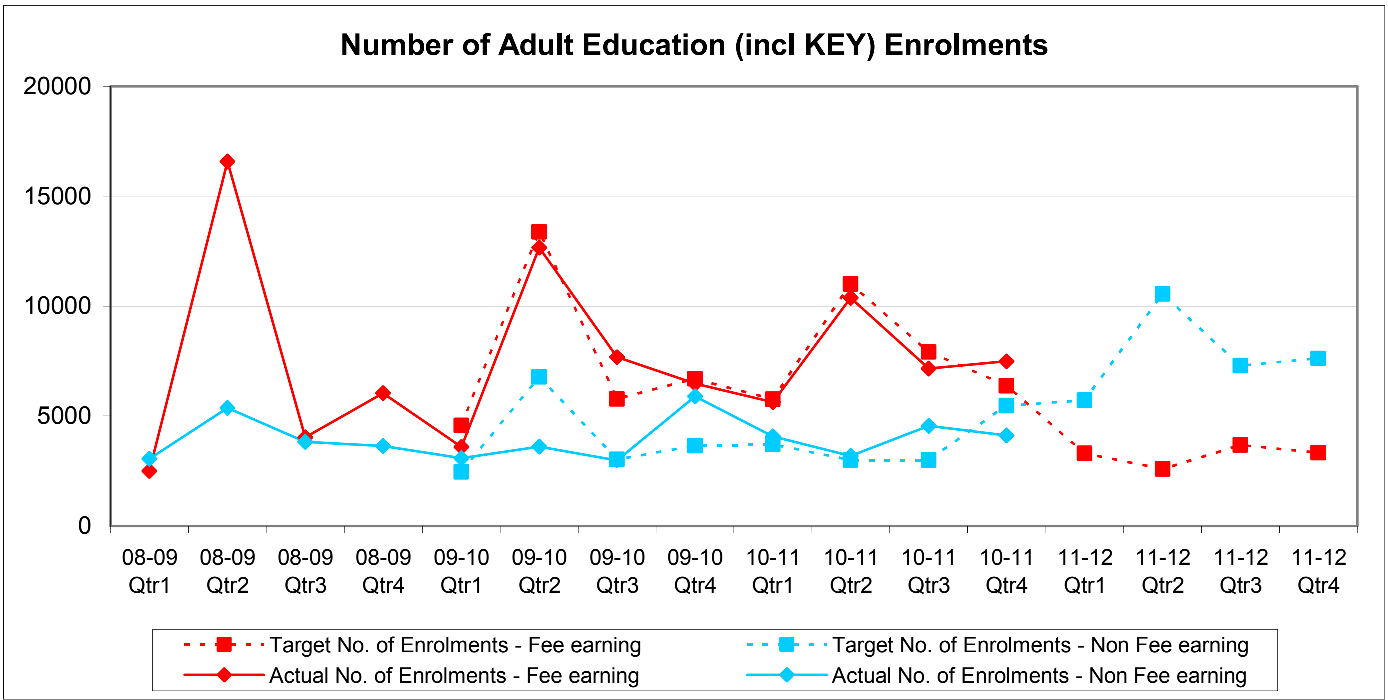
Comments:
- Numbers of claims will continually change as new claims are received relating to accidents occurring in previous quarters. Claimants have 3 years to pursue an injury claim and 6 years for damage claims. The data previously reported has been updated to reflect claims logged with Insurance as at 5 May 2011.
- The number of claims rose sharply at the end of 2008-09 and more so in 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. The claims for the last quarter of 2010-11 have also seen a significant increase for the same reason (and are likely to increase further as more claims for the bad weather 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 92%.

4. COMMUNITIES DIRECTORATE

4.1 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						2011-12		
	TARGET			ACTUALS			TARGET		
	Fee earning	Non fee earning	TOTAL	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**	3,300	5,714	**9,014**
Jul – Sept	11,000	3,000	**14,000**	10,382	3,186	**13,568**	2,580	10,557	**13,137**
Oct – Dec	7,900	3,000	**10,900**	7,155	4,550	**11,705**	3,684	7,275	**10,959**
Jan - Mar	6,368	5,462	**11,830**	7,488	4,117	**11,605**	3,334	7,614	**10,948**
TOTAL	**31,018**	**15,162**	**46,180**	**30,644**	**15,928**	**46,572**	**12,898**	**31,160**	**44,058**



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 with fees have reduced by 1.2% against target, leading to a shortfall in fee income of £85k (2.3%) as a result of Train to Gain fees due from employers not being realised. Adult Learning provision fees are not affected by the downturn in learners, due to a change in profile of courses with higher fees, in line with government direction, which means there are more courses with higher fees.

The increase in enrolment for courses without fees is due to:

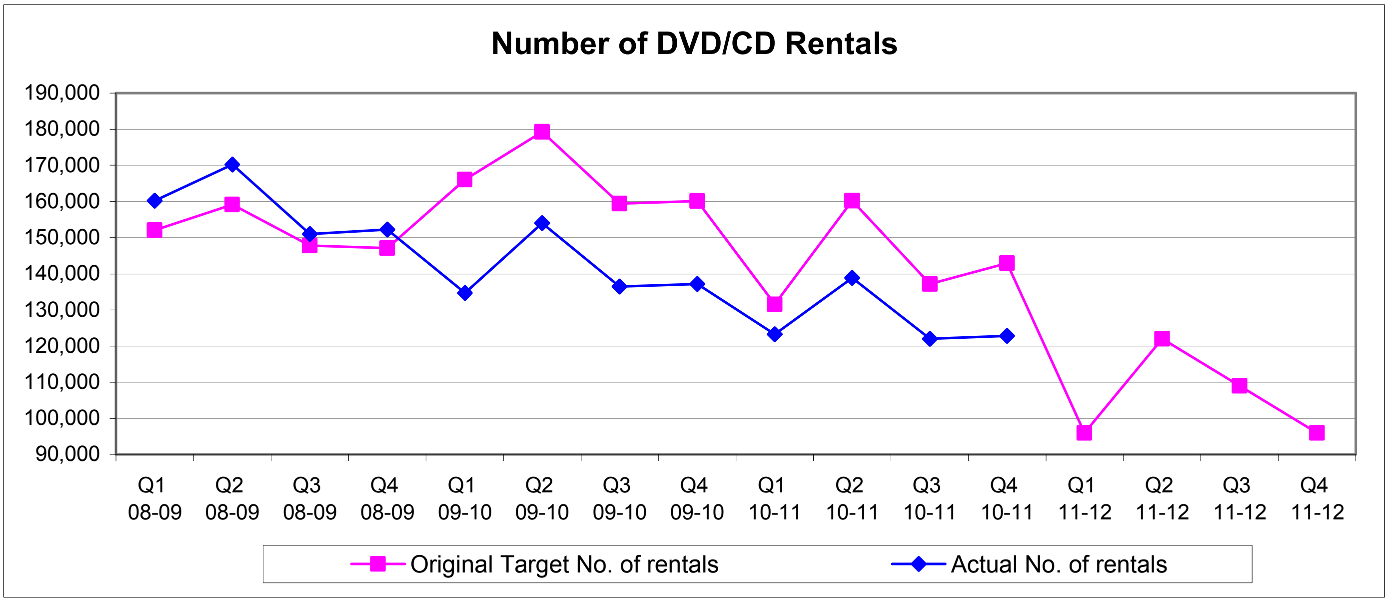
a) increased enrolments on Family Learning courses whereby courses are being offered/delivered earlier in the academic year to secure grant funding,
b) Train to Gain courses offered to employers, where fees were planned to test the market in readiness for Government changes, but market forces have meant this target has not been realised and a majority of employers continue to engage without contributing fees.
c) Additionally a small project called "aiming high" has funded additional non paying fee learners.

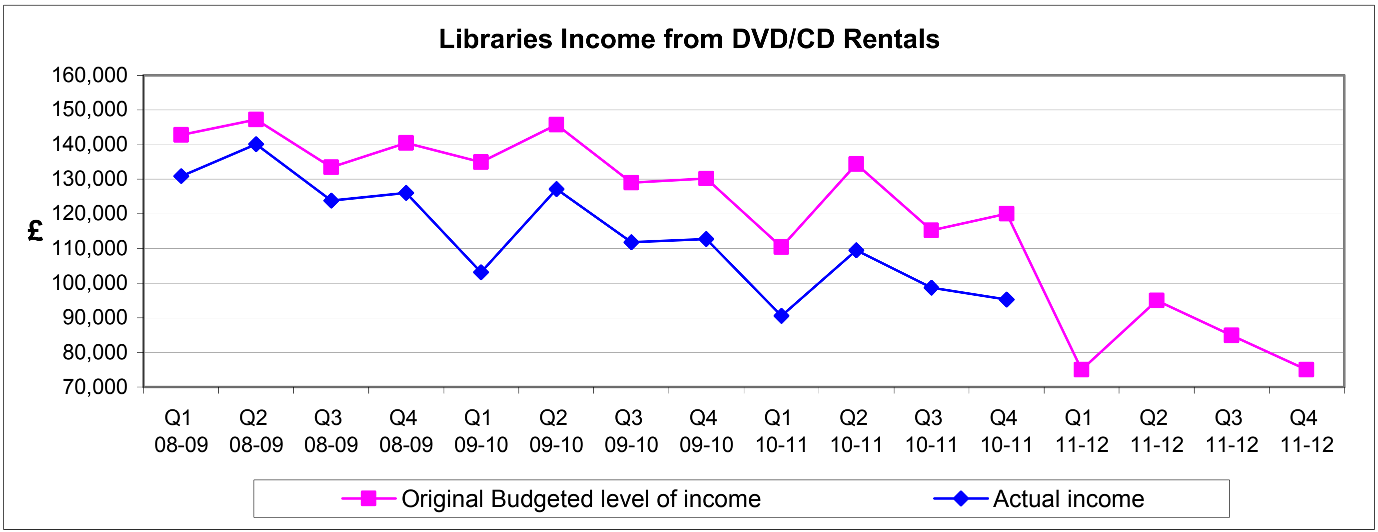
Grant income is down against target predominantly in the Train to Gain funding stream with a £291k shortfall. There has been a marginal reduction in learner numbers on this programme and this is due to uncertainties related to the Comprehensive Spending Review and the subsequent announcement of the cessation of the Train to Gain scheme. However, the significant impact on financial drawdown of the grant is as a result of changes to funding imposed by the Skills Funding Agency which has reduced the average financial drawdown per learner in many cases by as much as 50%.

4.2 **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				2011-12	
	No of rentals		Income (£)		No of rentals	Income (£)
	Budgeted target	actual	Budget	actual	Budgeted target	Budget
April – Jun	131,600	123,201	110,400	90,569	96,000	75,000
July – Sep	160,200	138,853	134,400	109,462	122,000	95,000
Oct – Dec	137,200	122,036	115,200	98,713	109,000	85,000
Jan – Mar	143,000	122,846	120,000	95,317	96,000	75,000
TOTAL	**572,000**	**506,936**	**480,000**	**394,061**	**423,000**	**330,000**





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 £86k. Demand for spoken word materials and DVDs has remained reasonably stable despite the introduction of downloadable books.

- 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 during 2010-2011 are significantly below target levels, partly due to adverse weather condition culminating in the closure of several Libraries. The snow closures had a significant impact on fines and charges; and a fines amnesty was offered to customers as a gesture of goodwill on the days libraries had to close due to weather conditions. Despite the adverse weather conditions and the impact of library closures, income from the sale of merchandise increased during the period, but was still below the planned target.

- 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. In the budget build for 2011-2012, the service has reduced planned expenditure on AV materials by £150k and also revised the expected income target as part of a strategy to move towards reducing reliance on this form of income.

- The service has set a similar target for 2011-12 as 2010-11 for merchandising income and is confident that the new merchandising arrangements set up with Kent Cultural Trading, including the introduction of the online shop, will ensure the merchandising target of £160k is achieved. The service is hoping that income derived from the sale of merchandise will exceed the target and thus make up some of the shortfall in AV income.

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

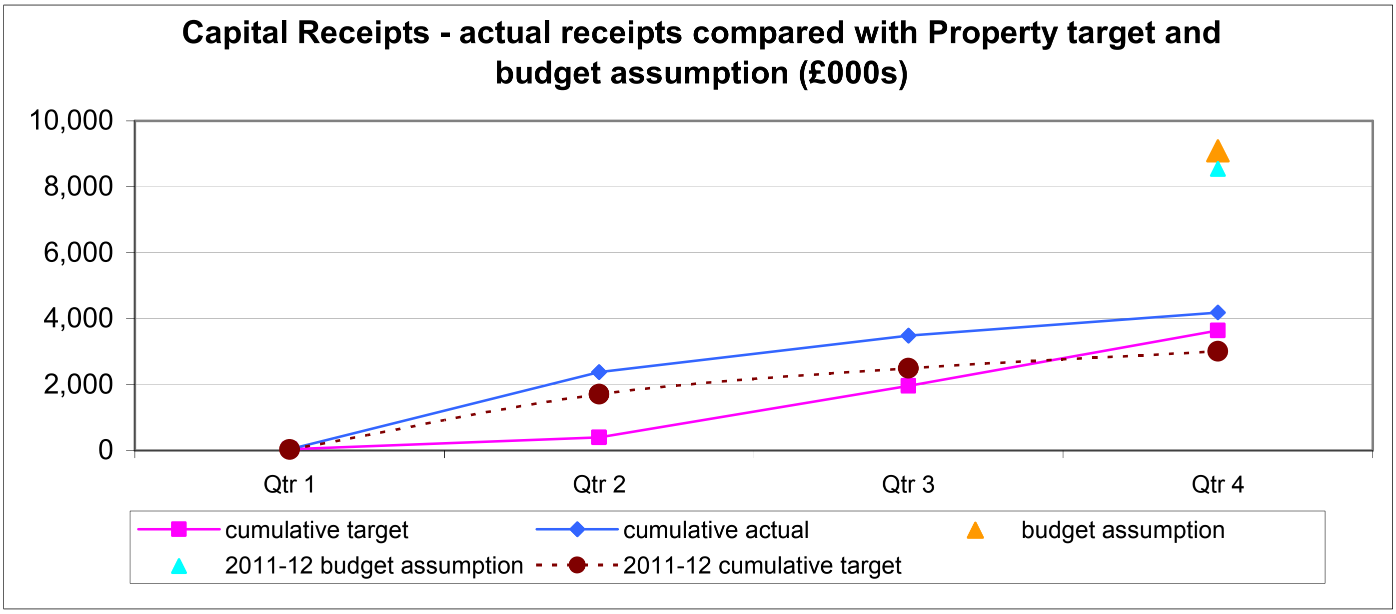
- To enable better comparison of AV issues and income data, the actual income reported for the previous quarter is changed from the figure previously reported, to reflect the late banking of income which has taken place during the current quarter but relates to rentals issued within the previous quarter.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

5. CHIEF EXECUTIVE DIRECTORATE

5.1 **Capital Receipts – actual receipts compared to budget profile**:

	2010-11				2011-12
	Budget funding assumption £000s	Cumulative Target profile £000s	Cumulative Actual Receipts £000s	Budget funding assumption £000s	Cumulative Target profile £000s
April - June		36	38		30
July - Sept		399	2,373		1,710
Oct - Dec		1,960	3,481		2,490
Jan - March		3,630	4,189		3,000
TOTAL	***9,091***	**3,630**	**4,189**	**8,538**	**3,000**

The budget funding assumption has figures reflect the 2011-14 budget.
The cumulative target profile for 2010-11 and 2011-12 show totals of £3.630m and £8.538m respectively. 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.
Across the two years, we require £17.6m and expect to get £7.189m.
Due to a change to accounting requirements in 2009-10, capital receipt deposits cannot be treated as a capital receipts. The deposits received in 2009-10 were reflected in the 2009-10 Outturn Report; these deposits were transferred to capital receipts during 2011-1 following payment of the final balance increasing the profile of cumulative receipts that have been previously reported.



Comments:

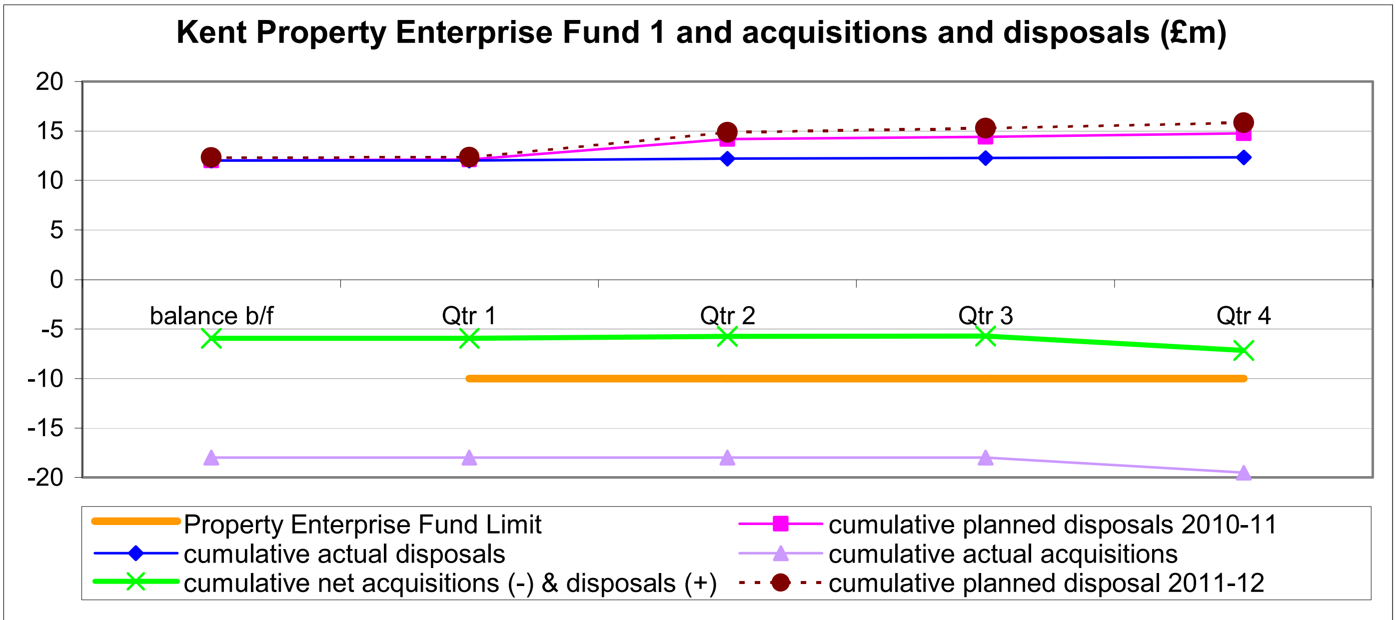
- The table shows a deficit of £0.7m in 2010-11. This is due to the target level of disposals not being achieved. This deficit has not impacted on the funding of the capital programme due to the re-phasing of a number of projects since the MTFP was agreed.
- The surplus forecast of £2.7m in 2011-12 is due to planned receipts being achieved during 2011-12 which are not required until future years. This is a timing issue rather than a real overall surplus.
- The budget assumption shows a surplus of £0.7m, this is not a real surplus as the level of receipts forecast to be achieved in 2011-12 are expected to cover the funding requirement in the capital programme.

	2010-11 £'000	2011-12 Budget Assumption £'000	2011-12 Current Forecast £'000
Capital receipt funding per revised 2011-14 MTFP	9,091	8,538	8,538
Property Groups' actual (forecast for 10-11) receipts	3,425	3,000	5,040
Receipts banked in previous years for use	1,788	5,269	5,269
Capital receipts from other sources	3,140	946	946
(Potential for 09-10) surplus/(deficit) receipts	**-738**	**677**	**2,717**

5.2 **Capital Receipts – Kent Property Enterprise Fund 1**:

	2010-11					2011-12
	Kent Property Enterprise Fund Limit £m	Cumulative Planned Disposals (+) £m	Cumulative Actual Disposals (+) £m	Cumulative Actual Acquisitions (-) £m	Cumulative Net Acquisitions (-) & Disposals (+) £m	Cumulative Planned Disposals (+) £m
Balance b/f		12.019	12.019	-17.967	-5.948	12.342
April - June	*-10*	12.102	12.019	-17.967	-5.948	12.377
July – Sept	*-10*	14.199	12.209	-17.967	-5.758	14.862
Oct – Dec	*-10*	14.420	12.253	-17.967	-5.714	15.282
Jan – Mar	*-10*	14.778	12.342	-18.136	-5.794	*15.638
Other Commitments against Property Enterprise Fund 1					-1.368	
Revised Property Enterprise Fund balance after funding commitments					**-7.162**	

- *The value of disposals for 2011-12 is £3,500k*



<u>Background:</u>

- 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 deficit balance brought forward from 2009-10 on the Property Group Enterprise Fund No. 1 was **-£5.948m**.

A value of **£2.759m** was 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.

Actual disposals for 2010-11 total £0.323m from the disposal of 2 non-operational properties.

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

Acquisitions/Costs

There were no committed acquisitions to report. The cost of disposal was **£0.169m**. These costs include estate fees to prepare the properties for disposal in future years.

Forecast Outturn

Taking all the above into consideration, the Fund is expected to be in a deficit position of £7.162m at the end of 2010-11.

Opening Balance – 01-04-10	-£5.948m
Planned Receipts (Risk adjusted)	£0.323m
Costs	-£0.169m
Acquisitions	-
Other Funding: - Ashford Library - Gateways	 -£1.000m -£0.368m
Closing Balance – 31-03-11	**-£7.162m**

Other Fund Commitments

The fund provided **£1.0m** for Ashford Library and **£0.368m** for Gateways in 2010-11. It is expected to provide £0.197m for Gateways and £0.300m for Improvements to Maidstone High Street in 2011-12.

Revenue Implications

In 2010-11 the fund is currently generated £0.016m of low value revenue receipts but, with the need to fund both costs of borrowing (£0.519m) against the overdraft facility and the cost of managing properties held for disposal (net £0.166m), the PEF1 carried forward a £1.604m deficit on revenue which will be rolled forward to be met from future income streams.

5.3 **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 Actual	2011-12 Forecast
	£m	£m
Capital:		
Opening balance	-33.274	-22.209
Properties agreed into PEF2	0.000	-22.121
Actual sale of PEF2 properties	11.188	23.815
Disposal costs	-0.123	-1.031
Closing balance	-22.209	-21.546
Revenue:		
Opening balance	-2.153	-3.417
Interest on borrowing	-1.126	-0.878
Holding costs	-0.138	-0.692
Closing balance	-3.417	-4.987
Overall closing balance	-25.626	-26.533

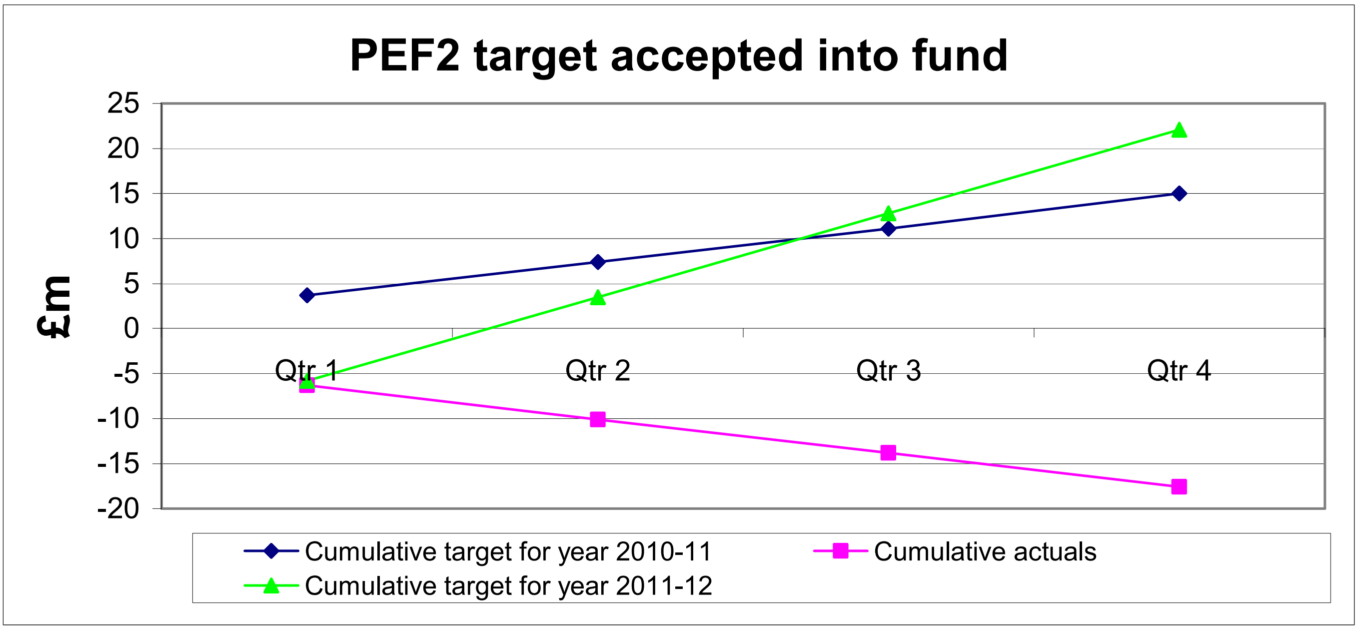
The 2010-11 closing balance for PEF2 is -£25.626m, this is within the overdraft limit of £85m. The revenue closing balance of -£3.417m has been temporarily funded by the Prudential Equalisation Reserve, until such time PEF2 receipts are available to pay this back.

The target receipts to be accepted into PEF2 during 2010-11 equate to the PEF2 funding requirement in the 2011-14 budget book, and achievement against this is shown below:

	2010-11		**2011-12**
	Cumulative target for year 2010-11	Cumulative actuals	Cumulative target for year 2011-12
	£m	£m	£m
Balance b/fwd	-2.6	-2.6	-15.1
Qtr 1	3.7	-6.3	-5.8
Qtr 2	7.4	-10.1	3.5
Qtr 3	11.1	-13.8	12.8
Qtr 4	15.0	-17.6	22.1

Comments:

- The above table shows that £15m was needed to be transferred into PEF2 during 2010-11. However, no properties were transferred into the fund, leaving a deficit of £17.6m. This deficit is reduced to £15.1m, after taking into consideration the balance of roll forwards of £2.5m.
- The £15.1m deficit is the net of a £17.6m deficit within CFE and £2.5m of PEF2 achieved in previous years by KASS and EHW that is not required until later years.
- The deficit in 2010-11 is purely timing and Corporate Finance, Corporate Property and CFE have agreed that sufficient asset values are held by CFE that can be transferred into PEF2 during 2011-12 to cover the shortfall in 2010-11 plus the amount required for 2011-12.



PEF2 Disposals

To date seven PEF2 properties have been sold and five are in the process of completing. The cumulative profit on disposal to date is £1.309M. Large profits or losses are not anticipated over the lifetime of the fund.

Interest costs

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

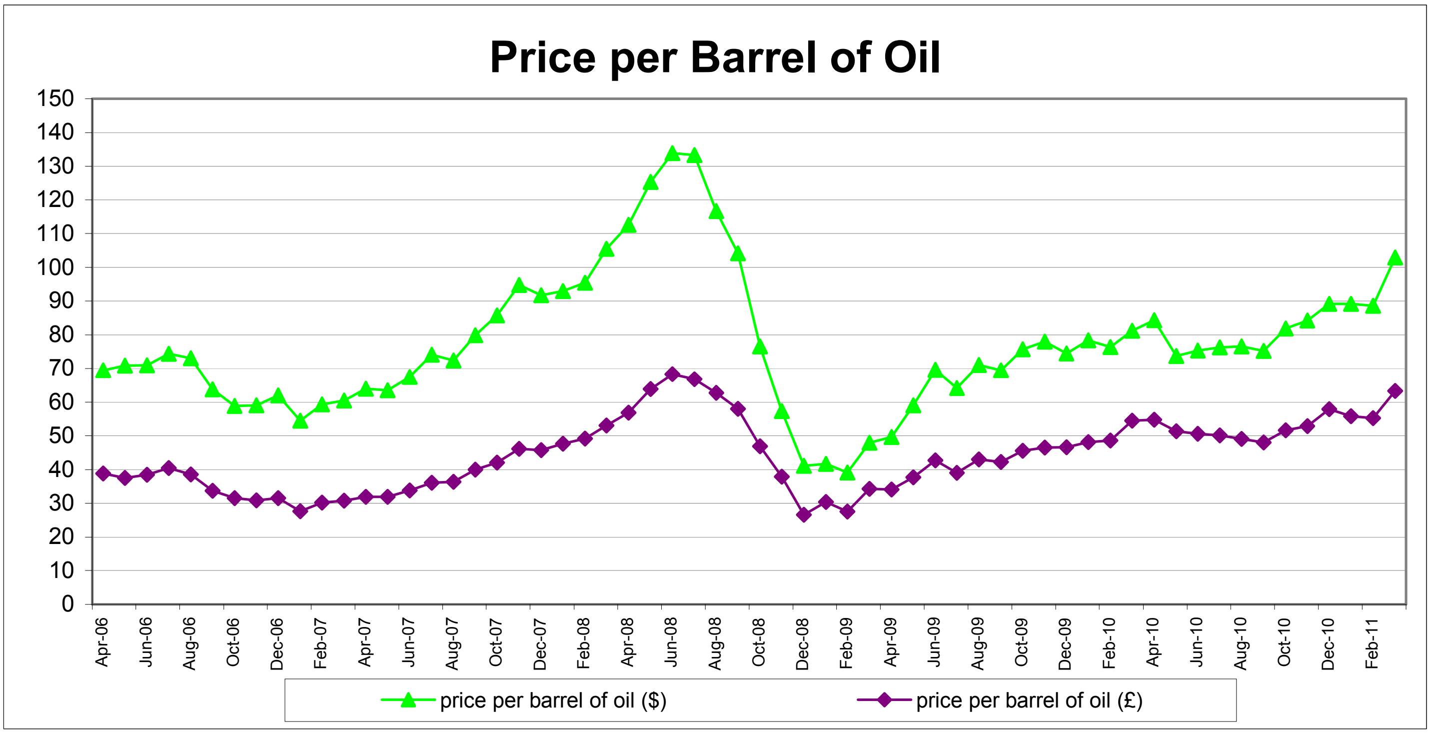
The actual interest costs for the year are £1.126m, a decrease of £0.434m. This is because there have been no properties transferred into PEF2 to fund the capital programme and a number of disposals during the year.

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

6. FINANCING ITEMS

6.1 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	84.25
December	61.96	91.69	41.12	74.47	89.15
January	54.51	92.97	41.71	78.33	89.17
February	59.28	95.39	39.09	76.39	88.58
March	60.44	105.45	47.94	81.20	102.86



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.

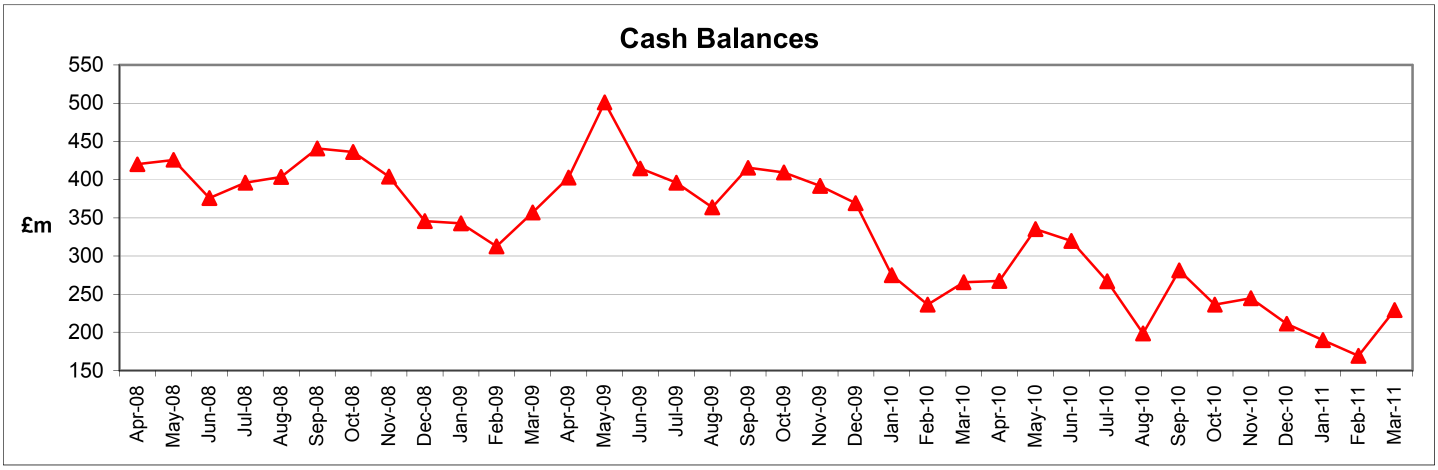
APPENDIX 5

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 (£41.155m), balances of schools in the corporate scheme (£51.6m), 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	244.9	211.5	189.5	169.1	229.5



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 £47.069m 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.

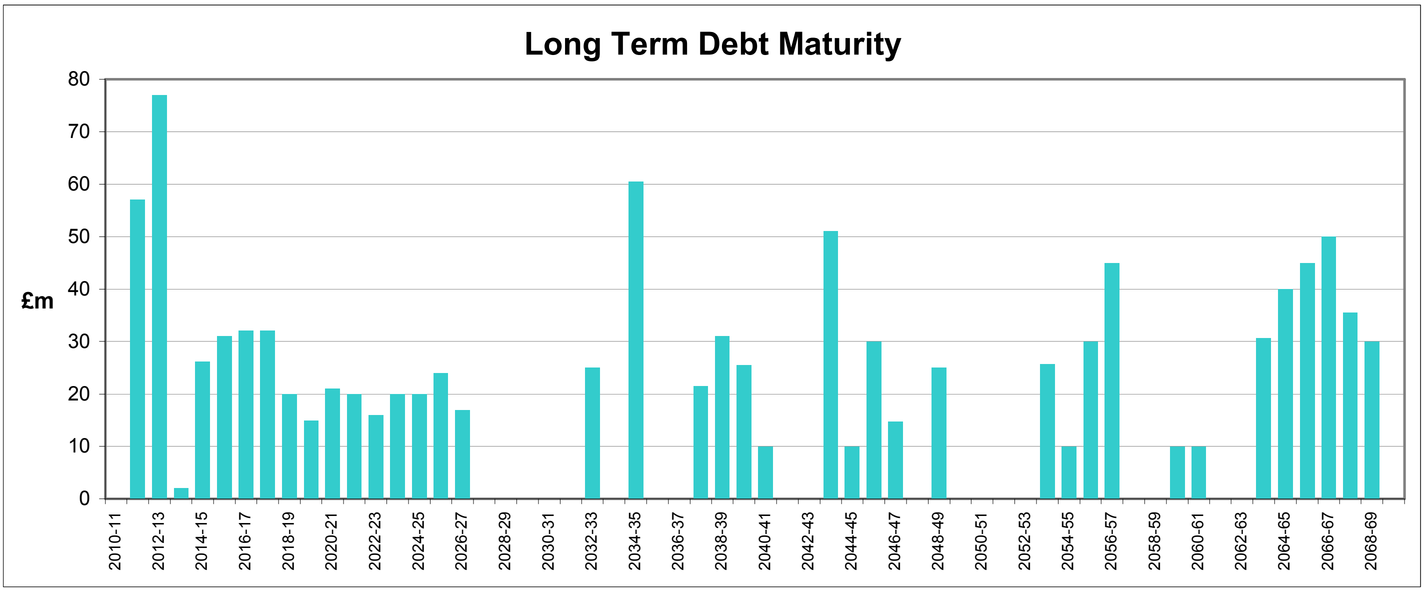
The total debt principal repaid in 2010-11 was £46.031m, £45m maturity loan and £1.031m relating to small annuity and equal instalment of principal loans.

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.

£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, in 2059-60 and 2060-61, for the other two loans.

Also, a £10m market loan was advanced by RBS on 31 January at an interest rate of 4.2%, which is to mature in 2040-41.

Year	£m	Year	£m	Year	£m	Year	£m	Year	£m
2010-11	0.000	*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*	10.000	*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**	**1,096.333**
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		



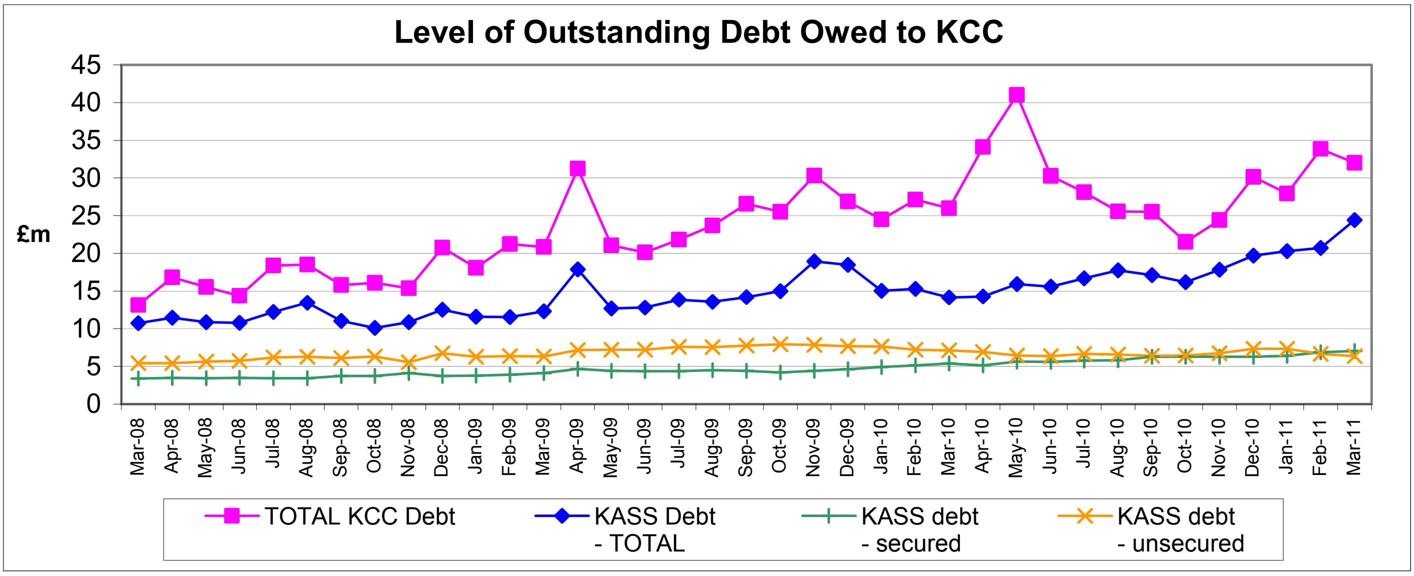
3. OUTSTANDING DEBT OWED TO KCC

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**
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**

	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 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	6.273	6.742	13.015	4.813	**17.828**	6.569	**24.397**
Dec 10	6.285	7.346	13.631	6.063	**19.694**	10.432	**30.126**
Jan 11	6.410	7.343	13.753	6.560	**20.313**	7.624	**27.937**
Feb 11	6.879	6.658	13.537	7.179	**20.716**	13.124	**33.840**
March 11	7.045	6.357	13.402	11.011	**24.413**	7.586	**31.999**

* 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

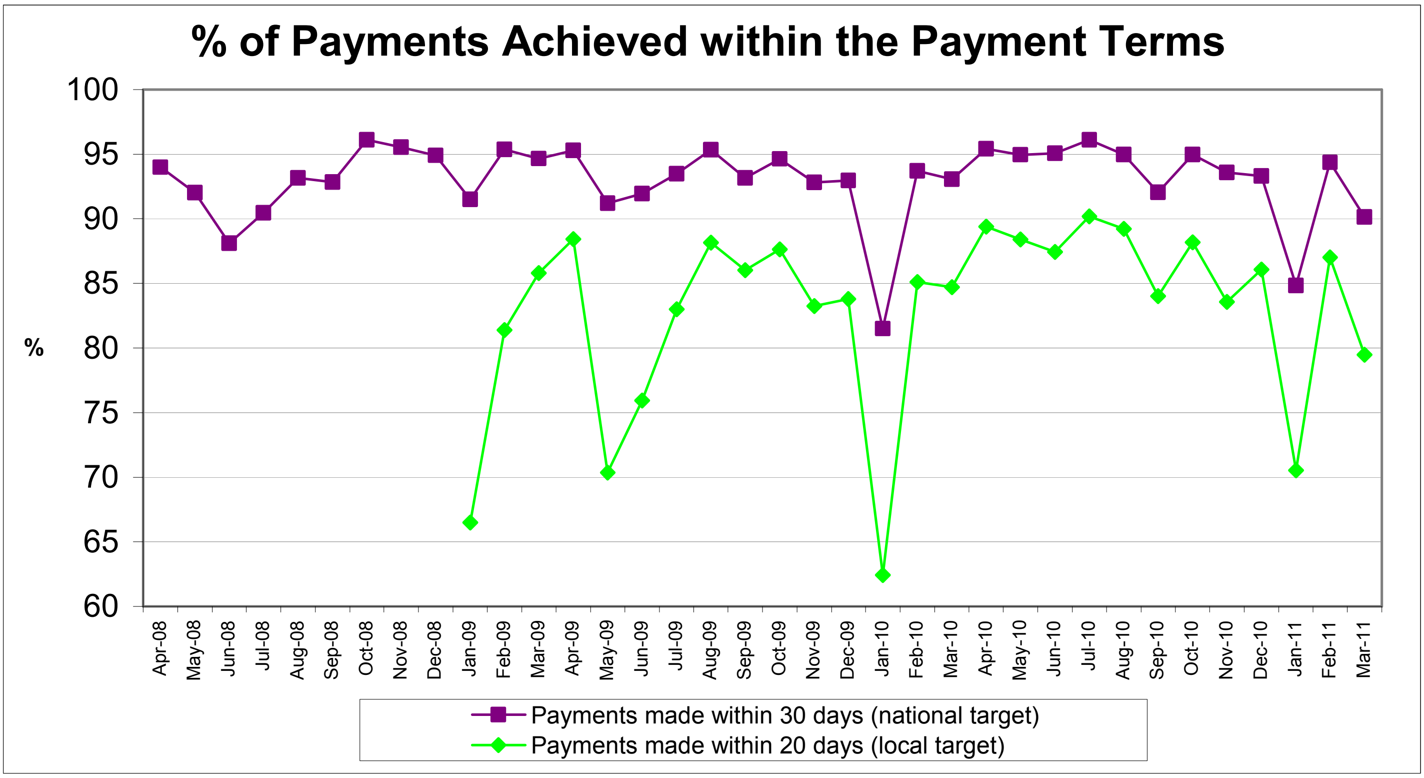


The overall KCC debt increased significantly in April and May 2010 due to two large invoices to Health raised within the Kent Drug Action Team and one large invoice raised within CFE to a youth charity, all of which have now been paid.

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	95.0	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	92.0	84.0
October	96.1	N/A	94.6	87.6	95.0	88.2
November	95.5	N/A	92.8	83.3	93.6	83.6
December	94.9	N/A	92.9	83.8	93.3	86.1
January	91.5	66.5	81.5	62.4	84.8	70.6
February	95.4	81.4	93.7	85.1	94.3	87.0
March	94.7	85.8	93.0	84.7	90.1	79.5

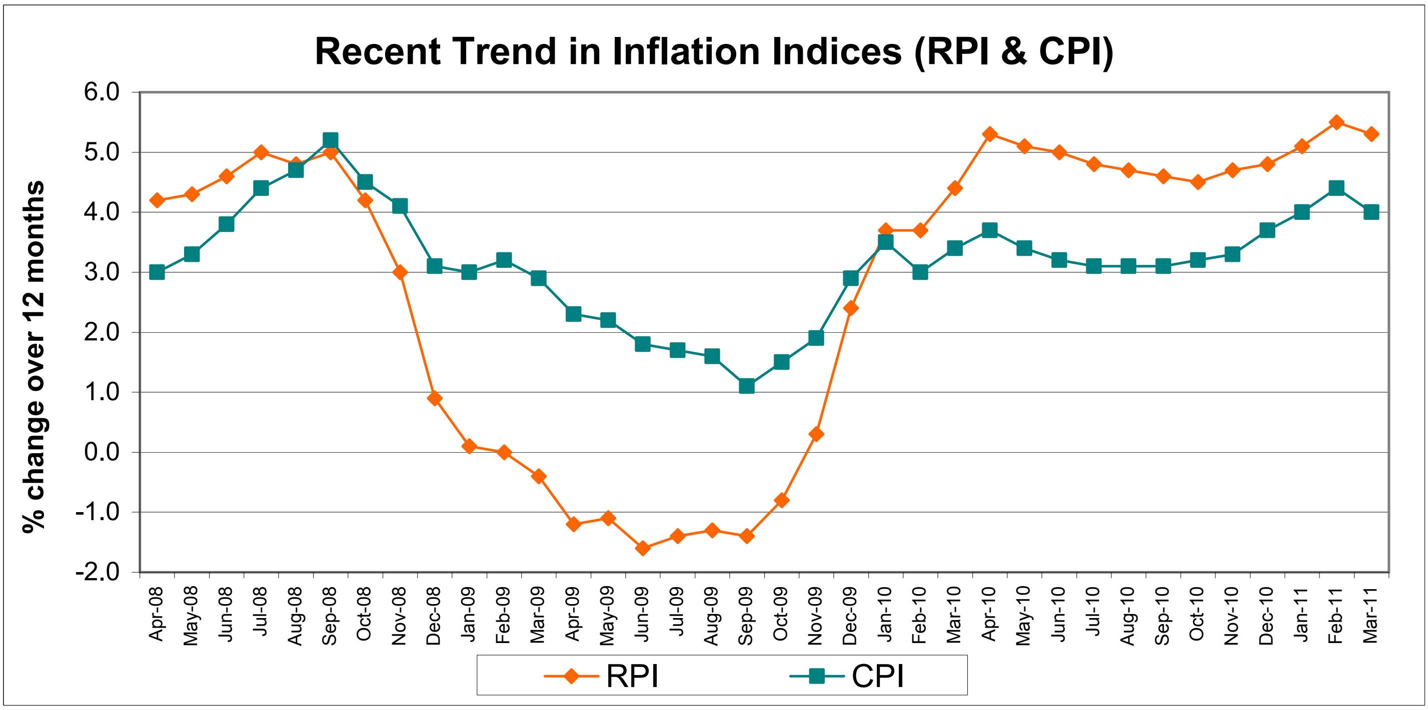


The percentages achieved for January were lower than other months due to the Christmas break. This is evident in all three years but this position was exacerbated in 2009-10 due to the snow. The 2010-11 overall performance for invoices paid within 20 days is 85.4%, and for 30 days is 93.4%. This compares with overall performance in 2009-10 of 81.9% and 92.6% respectively.

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	4.7	3.3
December	0.9	3.1	2.4	2.9	4.8	3.7
January	0.1	3.0	3.7	3.5	5.1	4.0
February	0.0	3.2	3.7	3.0	5.5	4.4
March	-0.4	2.9	4.4	3.4	5.3	4.0



APPENDIX 6

2010-11 Final Monitoring of Prudential Indicators

1. Estimate of capital expenditure (excluding PFI)

Actual 2009-10	£344.065m
Original estimate 2010-11	£460.330m
Actual 2010-11	£377.147m (schools inc)

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

	2009-10 Actual	2010-11 Original Estimate	2010-11 Revised Estimate in 2011-14 MTFP	2010-11 Actual
	£m	£m	£m	£m
Capital Financing Requirement	1,236.211	1,333.075	1,309.517	1,273.113
Annual increase in underlying need to borrow	69.002	82.779	73.306	36.902

In the light of actual capital expenditure incurred, net borrowing by the Council did 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%
Actual 2010-11	12.85%

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 was not exceeded in 2010-11.

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

	Prudential Indicator 2010-11	Actual 2010-11
	£m	£m
Borrowing	1,301.0	1,049.1
Other Long Term Liabilities	0.0	0.0
	1,301.0	1,049.1

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

	Prudential Indicator 2010-11	Actual 2010-11
	£m	£m
Borrowing	1,349.0	1,096.3
Other Long Term Liabilities	0.0	0.0
	1,349.0	1,096.3

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 limits for 2010-11 were:

(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 was not utilised in 2009-10 and external debt, was 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 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 %	Actual %
Under 12 months	25	0	0
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	11.86
10 years and within 20 years	20	10	12.59
20 years and within 30 years	15	5	14.91
30 years and within 40 years	15	5	12.84
40 years and within 50 years	20	10	11.01
50 years and within 60 years	20	10	21.99

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

Indicator	Actual
£50m	**£10m**

There has been some movement in the position since the last monitoring as call options have been exercised by borrowing banks and some deals have been replaced with deals with differing maturity.