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To: Cabinet – 26 June 2017

Subject: **REVENUE & CAPITAL BUDGET OUTTURN 2016-17**

Classification: Unrestricted

1. SUMMARY

- 1.1 This report provides the provisional revenue and capital budget outturn position for 2016-17, including a final update on key activity data for our highest risk budgets.
- 1.2 The format of this report is:
- This covering summary report which provides a high level financial summary and highlights only the most significant issues and movements since the last financial monitoring report to Cabinet in March;
 - Appendix 1 – details of proposed revenue budget roll forwards;
 - Appendix 2 – details of capital re-phasing;
 - Appendix 3 – details of proposed capital programme cash limit changes;
 - Appendix 4 – final activity information for our highest risk budgets for 2016-17;
 - Appendix 5 – details of the Asylum service outturn and key activity information;
 - Appendix 6 – details of the impact of the provisional outturn on our reserves;
 - Appendix 7 – final monitoring of prudential indicators for 2016-17;
 - Appendix 8 – final capital receipts position for 2016-17.

2. RECOMMENDATIONS

Cabinet is asked to:

- i) **Note** the report, including the provisional outturn position for 2016-17 for both the revenue and capital budgets.
- ii) **Agree** that £589.4k of the 2016-17 revenue underspending is rolled forward to fund existing commitments, as detailed in section 2 of Appendix 1.
- iii) **Agree** that £2,066.1k of the 2016-17 revenue underspending is rolled forward to fund the re-phasing of existing initiatives, as detailed in section 3 of Appendix 1.
- iv) **Agree** that £518.5k of the 2016-17 revenue underspending is rolled forward to fund the bids detailed in section 4 of Appendix 1.
- v) **Agree** that the £597.6k remainder of the 2016-17 revenue underspending is transferred to the earmarked reserve to support future years' budgets to help balance the 2018-19 budget gap.
- vi) **Agree** that the £44.389m of capital re-phasing from 2016-17 will be added into the 2017-18 and later years capital budgets, as detailed in Appendix 2.
- vii) **Agree** the proposed capital cash limit changes outlined in Appendix 3.
- viii) **Agree** the contributions to and from reserves as reflected in Appendix 6, which includes all appropriate and previously agreed transfers to and from reserves.

3. SUMMARISED PROVISIONAL REVENUE BUDGET OUTTURN POSITION

- 3.1 For the 17th consecutive year the Council is able to demonstrate sound financial management, by containing its revenue expenditure within the budgeted level (excluding schools). This is a considerable accomplishment considering the forecast position throughout the year. The provisional outturn against the combined directorate revenue budgets is an underspend of -£3,771.6k (excluding schools). This is an improvement of £3,995.6k compared to the projected £224k overspend after Corporate Director adjustments reported to Cabinet in March. There may be minor variations to the figures during the final stage of the year end process and the external audit.
- 3.2 Details of the proposals for the use of the £3,771.6k revenue budget underspending are provided in Appendix 1. This identifies those projects where there is already a commitment or a request to spend in 2017-18, leaving an uncommitted balance of £597.6k. It is recommended that in consideration of the savings still required to balance the 2018-19 budget and the risks around achieving all of the additional £73m additional income and savings included within the 2017-18 budget, the remaining £597.6k underspend is set aside in the earmarked reserve to support future years' budgets.
- 3.3 The report also provides in Appendix 6 details of the impact of the provisional outturn on our reserves. In addition, the final monitoring of key activity indicators for 2016-17 is detailed in Appendices 2 and 3.
- 3.4 Table 1a: Directorate **revenue** position – provisional outturn

Directorate	Budget £'000	Provisional Outturn £'000	Net Variance £'000	Variance per last Cabinet report £'000	Movement £'000
Education & Young People's Services	49,078.4	+48,373.1	-705.3	+953	-1,658.3
Social Care, Health & Wellbeing - Specialist Children's Services	128,464.9	+132,963.6	+4,498.7	+4,894	-395.3
Social Care, Health & Wellbeing - Asylum	550.0	+1,516.1	+966.1	+1,679	-712.9
<i>Sub Total SCH&W - Specialist Children's</i>	<i>129,014.9</i>	<i>+134,479.7</i>	<i>+5,464.8</i>	<i>+6,573</i>	<i>-1,108.2</i>
Social Care, Health & Wellbeing - Adults	362,182.1	+361,940.9	-241.2	-1,861	+1,619.8
Social Care, Health & Wellbeing - Public Health	-	-0.2	-0.2	-	-0.2
Growth, Environment & Transport	166,947.5	+165,845.9	-1,101.6	-485	-616.6
Strategic & Corporate Services	71,112.6	+69,659.2	-1,453.4	-628	-825.4
Financing Items	142,711.3	+136,976.6	-5,734.7	-4,328	-1,406.7
TOTAL (excl Schools)	921,046.8	+917,275.2	-3,771.6	+224	-3,995.6
<i>Schools (E&YP Directorate)</i>	<i>-</i>	<i>+23,644.6</i>	<i>+23,644.6</i>	<i>+20,857</i>	<i>+2,787.6</i>
TOTAL	921,046.8	+940,919.8	+19,873.0	+21,081	-1,208.0
Variance per table above (excl schools)			-3,771.6	+224	-3,995.6
roll forwards - committed			+589.4	+1,594	-1,004.6
- re-phased			+2,066.1	+832	+1,234.1
- bids			+518.5	+64	+454.5
Total roll forward requirements			+3,174.0	+2,490	+684.0
uncommitted balance			-597.6	+2,714	-3,311.6

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

Directorate	Variance £'000	Roll forwards				Revised Variance £'000
		Committed £'000	Re-phased £'000	Bids £'000	TOTAL	
Education & Young People's Services	-705.3	+42.0	+1,619.1	+100.0	+1,761.1	+1,055.8
Social Care, Health & Wellbeing - Specialist Children's Services	4,498.7	+91.6	+286.6	-	+378.2	+4,876.9
Social Care, Health & Wellbeing - Asylum	966.1	-	-	-	-	+966.1
<i>Sub Total SCH&W - Specialist Children's</i>	<i>5,464.8</i>	<i>+91.6</i>	<i>+286.6</i>	<i>-</i>	<i>+378.2</i>	<i>+5,843.0</i>
Social Care, Health & Wellbeing - Adults	-241.2	+19.9	-	-	+19.9	-221.3
Social Care, Health & Wellbeing - Public Health	-0.2	+0.2	-	-	+0.2	-
Growth, Environment & Transport	-1,101.6	+427.7	-	+418.5	+846.2	-255.4
Strategic & Corporate Services	-1,453.4	+8.0	+160.4	-	+168.4	-1,285.0
Financing Items	-5,734.7	-	-	-	-	-5,734.7
TOTAL (excl Schools)	-3,771.6	+589.4	+2,066.1	+518.5	+3,174.0	-597.6

3.6 The main reasons for the movement since the last report of -£3,995.6k before roll forward requirements, and -£3,311.6k after roll forward requirements, are:

3.6.1 Education & Young People's Services:

Despite the SEN transport budget overspending by £2.6m, the directorate has managed to offset a significant proportion (c. £1.5m) of this pressure. Overall the directorate ended the financial year with a net overspend of just over £1m (after roll forward requirements, as shown in table 1b), and this has been possible through increased trading activity coupled with careful management of vacancies and tighter control over budgets and spending. It is worth adding that this position has been accomplished at the same time as achieving a number of challenging 2016-17 saving targets as agreed by County Council in February 2016. In total the directorate had savings targets of just under £7.5m or 11.5% of its 2016-17 budget total.

The overall position for the directorate has moved by -£1,658k since the 27 March report to Cabinet. The main movements are:

- a) +£173k Strategic Management & Directorate Support: higher than expected security costs at the former Chaucer School site +£240k, partially offset by other minor movements of -£67k.
- b) -£117k Early Intervention & Prevention: A number of minor movements across all cost centres, all of which are below £100k in value.
- c) -£127k 14-24 year olds: Fewer than forecast apprenticeship placements under the Kent Employment Project and Assisted Apprenticeship scheme during the 2016-17 financial year -£94k (a roll forward has been requested for £42k for placements that straddle financial years); other minor movements -£33k.
- d) -£196k Early Years & Childcare: DSG underspend in the Sufficiency and Sustainability Team, mainly on equipment, was used to offset other eligible items of spend elsewhere in the unit -£110k; other minor movements -£86k.
- e) +£128k Youth Service: Purchase of additional books and resources for the Duke of Edinburgh scheme +£48k and additional equipment at the Swattenden Centre +£57k; other minor movements +£23k.
- f) -£132k Troubled Families Programme: Refund of unspent Tackling Troubled Families Grant paid to a district council but not spent -£77k; other minor movements -£55k. A roll forward request for the whole underspend will be submitted to allow the project to continue to support more families in 2017-18.

- g) -£267k Other Schools Services: Lower than forecast spend on revenue maintenance costs due in part to asbestos work resulting from surveys being lower than expected and/or taking place after the end of the 2016-17 financial year -£313k; other minor variances +£46k.
- h) -£242k Kent 16+ Travel Card: Change in accounting policy whereby a receipt in advance for the summer term was not set up at the end of 2016-17 and will not be set up in future.
- i) -£663k Assessment & Support of Children with SEN: The High Needs Strategic Planning Grant was received late on in the financial year, for which a roll forward request has been submitted as the work will need to be undertaken in 2017-18 -£656k; other minor movements -£7k.
- j) There were many small movements across the remaining A-Z service budgets totalling -£215k.

3.6.2 Social Care, Health & Wellbeing – Specialist Children’s Services:

The overall provisional outturn position of Specialist Children’s Services including Asylum is an overspend of £5,465k. This amount comprises of £4,499k excluding Asylum and £966k in relation to Asylum, as shown in table 1a.

The Specialist Children’s Service (excluding Asylum) has been forecasting significant pressures during the year due to the full year effect of increased demand for services in the last six months of 2015-16. In addition to the £4,499k overspend a roll forward is requested of £378k, which increases the outturn position to £4,877k, as shown in table 1b.

The Service put in place a management action plan to hopefully achieve an end of year position of no more than £5,000k (excluding Asylum) but including the roll forward requirements. Overall therefore this has been exceeded by £123k, which evidences really good progress. The main pressure areas have continued to be in commissioned services for residential care, fostering and care leavers; permanent care arrangements, along with social work staffing and legal services.

The overall position for Specialist Children’s Services excluding Asylum has moved by -£395k since the 27 March report to Cabinet. The main movements are:

- a) -£707k Children's Social Care Staffing: this movement is mainly due to salaried and agency staffing movements across Children in Care and Children's Social Work Teams, but also includes -£286.6k relating to the roll-forward request for the balance of the LifeLong Links trial.
- b) +£367k reflecting the removal of the corporate director adjustment as this management action has been achieved and is reflected in the outturn position of the A-Z service lines.
- c) +£284k Fostering – In-House Service reflecting increases across both disability and non-disability fostering placement spend.
- d) +£198k Legal Services: higher than anticipated legal fees, including counsel fees for one case amounting to £120k.
- e) -£153k of movements within Family Support Services.
- f) -£117k of movements within Residential Children's Services - commissioned from independent sector.
- g) -£267k Other minor movements each under £100k, mainly within the Strategic Management & Directorate Support budgets.

3.6.3 Social Care, Health & Wellbeing – Specialist Children’s Services – Asylum:

The outturn position on the Asylum Service is £966k. This pressure is greatly reduced from earlier months’ forecasts, this is partly due to costs reducing in the last few months of the year, which once again evidences management action particularly in reducing accommodation costs, but also reflects a settlement from the Home Office of £766k towards the shortfall in funding.

The overall position for the Asylum service has moved by -£713k since the 27 March report to Cabinet. The main movements are:

- a) -£1,039k Asylum Seekers - Aged 18 and over (care leavers): including an increase in income of -£766k arising from improved funding offer from Home Office, a -£345k decrease in direct spend arising from fewer weeks’ support and a number of young people transferring out of higher cost placements, as well as other minor movements.
- b) +£218k Asylum Seekers - Aged under 16: including an increase in direct spend arising from higher than anticipated interpreter costs offsetting lower than expected activity, as well as other minor movements.
- c) +£108k Asylum Seekers - Aged 16 & 17: including +£180k increase in costs for the reception centre predominately due to higher interpreting costs than anticipated, -£200k direct spend due to lower activity, partly offset by +£116k in lower levels of grant for these individuals, and other minor movements.

3.6.4 Social Care, Health & Wellbeing – Adult Social Care:

The draft outturn position for Adult Social Care outturn is just a small underspend of -£241k. This position is a lower underspend than that last reported to Cabinet on 27th March of -£1,861k, a movement of +£1,620k. However the reason for the majority of this movement is in relation to a change in the accounting treatment of the £1,500k drawdown from the bad debt provision following the change in bad debt policy, which is being used to support the 2017-18 budget. This has now been transferred to the reserve to support future year budgets rather than treated as a roll forward requirement. This change in treatment has had no overall impact on the bottom line position for the authority, as the underspend has reduced but the roll forward requirements have also reduced by an equal amount. The remaining +£120k movement is made up of many changes across all A-Z service lines.

The delivery of a small underspend on Adult Social Care is a substantial achievement considering the significant pressures experienced for direct services, leading to overspends for Older Person’s and Physical Disability of +£1,778k, Mental Health of +£2,958k and Learning Disability of £2,760k. However, savings have continued to be achieved through Phase 2 of the Transformation Programme, particularly in relation to Older People and underspends have been delivered on social care support, assessment staffing and the use of uncommitted monies in line with those reported throughout the year, which have more than offset these pressures.

3.6.5 Social Care, Health & Wellbeing – Public Health:

The performance of Public Health mandated commissioned services continues to improve. The volume of people accessing sexual health clinics in 2016-17 was over 77,700 and access to sexual health services remains consistently high with 100% of clients needing Genito Urinary Medicine (GUM) Services offered an appointment within 48 hours. There was an increase in those receiving an NHS Health Check compared to 2015-16, with 41,633 receiving one during the year, leading to over 156,000 since 2013-14. Work continues around the transformation of the Health Visiting Service building on improvements in the delivery of the five mandated universal checks since the service transferred into the Local Authority and Public Health division. Over 64,000 checks were delivered during the year. Substance Misuse Services delivered structured treatment to over 4,600 Kent residents during the year with over 1,200 leaving treatment with a planned exit. Commissioned campaigns lead to over 100,000 Kent residents having accessed health advice on Kent.gov.uk in response to public health campaigns, including a 76% increase in male callers to a mental health helpline, as a result of the Release the Pressure campaign. Public Health continues commissioning a range of services through the Directorates of KCC, and externally in partnership with other KCC directorates and the NHS. This is delivering good public health outcomes particularly in children's early help services and delivering new partnership models in adult mental health services.

The overall position for Public Health has moved by -£1,424k since the 27 March report to Cabinet to a -£3,141k underspend, which has been transferred into the Public Health reserve, leaving a small movement of -£0.2k, as reflected in table 1 above, relating to a roll forward commitment (see Appendix 1). The main movements are:

- a) -£717k reduction in the main core contract with the Kent Community Health NHS Foundation Trust.
- b) -£188k reduced demand for Nicotine Replacement Therapy and other related prescribing costs.
- c) -£183k as a result of lower than forecast demand for Out of Area Genito Urinary Medicine (GUM).
- d) -£80k reduction in Public Health Staffing, Advice and Monitoring due to a number of small movements.
- e) -£57k reduction in Drug and Alcohol Services
- f) -£199k of other minor movements (each less than £50k) across the A to Z lines.

3.6.6 Growth, Environment and Transport:

The Growth, Environment and Transport (GET) directorate's outturn position for 2016-17, after roll forward requirements, is a commendable net underspend of -£255k. This is a positive contribution towards pressures elsewhere in the authority and forms part of KCC's reported underspend for the year. The gross underspend was -£1.1m, against a net cash limit of £166.9m, with roll forward requests of £846k (see Appendix 1).

The underspend has been delivered despite in-year pressures of £3m arising from activity led pressures including Waste, Young Person's Travel Pass, Coroners and Highways Asset Management. These pressures have been reflected in the Medium Term Financial Plan (MTFP) and budgets have been right-sized accordingly for 2017-18, as well as being adjusted for inflationary and other pressures. This is in addition to delivering the £12.7m of 2016-17 savings that were GET's contribution to the KCC 2016-19 MTFP, so again, a commendable position for GET in being able to deliver this underspend in the current financial climate.

This position was achieved through: effective financial and contract management; strengthening governance and an outcome-based commissioning approach, continuing to become more commercial, working more collaboratively with partners and through transformational activities e.g. the continued roll out of the LED Streetlight Conversion programme. The residential phase across the whole of Kent will soon be complete and the scheme will deliver significant savings to the authority (estimated to be in excess of £5.2m once the programme is complete), as well as reducing carbon emissions.

In addition to this – and despite increasing tonnage levels (an increasing population) – the cost of disposing of each tonne of waste material is now less than it was five years ago, as well as achieving one of the lowest waste to landfill %'s in the country, which is a superb achievement. Contract and procurement savings feature heavily across GET, none more so than in Libraries, Registration and Archives (LRA) whereby the renewal of the Library Management System (LMS) and the replacement of the “self-service” Radio Frequency Identification (RFID) technology was secured at considerably more favourable terms.

GET is also delivering a Capital Programme of some three-quarters of a billion and the revenue budgets continue to support these capital schemes where funding prevents such costs being capitalised and these schemes include a number of Local Growth Fund (LGF) Highways schemes, the No Use Empty Initiative, the Broadband rollout, asset management rolling programmes for Highways and Public Rights of Way, the new Kent & Medway Business Fund (using recycled Regional Growth Fund monies e.g. TIGER, Escalate) to name but a few, and serves to show the scope and achievements of the directorate.

The overall position for the directorate has moved by -£617k since the 27 March report to Cabinet. The main movements are:

- a) -£222k decrease in Other Highways Maintenance & Management, primarily resulting from -£367k underspend within Adverse Weather due to the mild winter. This is requested to roll forward (see Appendix 1). Also within the position is +£242k movement in Streetlight Energy costs, primarily due to the switch in the programme to roll out residential areas first, which are less energy intensive, but with overall savings still on track. This is partly offset by -£102k of additional permit scheme income.
- b) -£117k reduction in Flood Risk Management due to a delay in the undertaking of essential drainage works. Works have since commenced in April and the service is requesting roll forward of this funding.
- c) -£236k decrease in Concessionary Fares, with journey numbers continuing to fall year on year.
- d) +£277k overall increase in the pressure on the Waste Management budgets. Waste Processing shows an increase of +£210k against Recycling Contracts & Composting – primarily resulting from reduced paper and card income – and is partially offset by a -£184k reduction in Payments to Waste Collection Authorities (District Councils). Treatment and Disposal of Residual Waste has moved by +£191k as a result of increased waste at the Allington Waste to Energy plant.
- e) -£282k increase in the Environment underspend; -£135k of this is requested to be rolled into 2017-18 as it relates to externally funded projects which are committed.
- f) -£130k reduction in Strategic Management & Directorate Support resulting from a number of small movements.
- g) +£93k of other smaller movements.

3.6.7 Strategic and Corporate Services:

The overall variance reflected in table 1a above against the directorate is an underspend of -£1,453.4k, which is made up of an underspend for the Strategic & Corporate Services Directorate itself of -£2,291.4k, off-set by +£838k relating to the Corporate aspirational savings target for the Asset Utilisation programme, held against the Corporate Landlord budgets within the Infrastructure division. The delivery of the Asset Utilisation programme is dependent on operational service requirements and Member decisions regarding the exiting of buildings.

The core services within the Strategic & Corporate Services Directorate's controllable budgets (excluding the Asset Utilisation target) have delivered, through strong management action, an overall underspend of -£2,291.4k. Of this, £168.4k is required to roll-forward, leaving a contribution from the core S&CS services of -£2,123k to help with the Authority's overall position. This is a particularly strong performance given the exceptional level of demand and financial pressures faced in 2016-17. Additionally, the Directorate has seen the launch on the 1st May 2016 of Gen² as a wholly owned LATCo which has successfully delivered a dividend, at the budgeted level, from its first year of trading. Work has also been on-going all year to establish a second wholly owned trading vehicle, Invicta Law, to prepare for trading on 1st June 2017. Legal Services have managed to deliver a balanced budget despite the pressures of establishing a trading company whilst also delivering business as usual.

The overall position for the directorate has moved by -£825k since the 27 March report to Cabinet. The main movements are:

- a) -£153k Contact Centre & Digital Web Services: A change in the average call handling time led to a price reduction causing a movement of -£96k. Also, a reduction in call volumes has resulted in a movement of -£65k, and there is +£8k of other minor movements.
- b) -£243k Local Member Grants: £160k of this underspend relates to Member Highway Grant where works were incomplete at financial year end and is included in the roll forward requirements in Appendix 1 of this report.
- c) -£129k Legal Services & Information Governance: -£82k relating to staff vacancies, together with -£47k of other minor movements.
- d) -£127k Gateways: -£75k due to lower than anticipated payments to partner councils together with -£52k of other minor movements.
- e) +£100k increase in the pressure relating to the Corporate aspirational savings target for the Asset Utilisation programme, held against the Corporate Landlord budgets within the Infrastructure division;
- f) -£273k of other minor movements, predominately within Human Resources (excl services commissioned from BSC) (totalling +£159k); Strategic Management and Directorate Support budgets (totalling -£82k); Business Strategy (totalling -£82k) and Communications, Consultation and Engagement (totalling -£110k); all other units (totalling -£158k).

3.6.8 Financing Items:

The overall position for the Financing Items budgets has moved by a net -£1,407k since the 27 March report to Cabinet. This is predominately due to additional interest and an increased valuation of our deposits held in Icelandic Kroner due to changes in exchange rates, together with an increase in dividends declared by external fund managers and lower than anticipated interest apportioned to funds

held on behalf of others. This has been partially offset by a further reduction in the dividend from Commercial Services (see section 3.8 below).

In addition, the underspend on the Modernisation of the Council budget of £593k, based on actual claims for workforce reduction costs, and the underspend against the Insurance Fund of £2,543k have been transferred to the Modernisation of the Council reserve and the Insurance reserve respectively, in line with usual practice.

3.7 Schools delegated budgets:

The schools delegated budget has overspent by £23.645m which is due to:

- +£2.219m as a result of 21 schools converting to academy status and taking their accumulated reserves with them;
- +£4.003m use of schools unallocated reserves to offset pressures on High Needs (for Kent children in non KCC schools and colleges) and Early Years education;
- +£10.303m use of schools unallocated reserves to fund in year schools related pressures, particularly growth in both mainstream and high needs pupil numbers within Kent schools and academies;
- +£7.120m use of schools reserves for the remaining Kent schools
- As a result, schools reserves have reduced from £46.361m to £22.716m.

This represents a movement of +£2.788m since the last report to Cabinet in March based on the January monitoring, as detailed below:

Use of reserves for:	Provisional Outturn	Last report	Movement
	£'000	£'000	£'000
• 21 schools converting to academy status	2,219	2,219	-
• Pressures on High Needs & Early Years Education	4,003	4,513	-510
• In year schools related pressures	10,303	2,338	+7,965
• Remaining Kent Schools	7,120	11,787	-4,667
MOVEMENT IN SCHOOLS RESERVES <i>(a -ve reflects an increase in reserves i.e an underspend transferred to reserves and a +ve reflects a reduction in reserves i.e an overspend met by a drawdown from reserves)</i>	23,645	20,857	+2,788

In addition we have transferred £5,624k of DSG reserves from our earmarked reserves to the schools unallocated reserve in order to consolidate all DSG related reserves in one place. **Schools reserves have therefore reduced in total by £18.021m to £28.340m.**

3.8 Table 2: Performance of our wholly owned companies

Dividends/Contributions (£m)	Budget	Forecast	From trading surplus	from reserves
Commercial Services	8.700	7.473	5.408	2.065
GEN2	0.542	0.542	0.542	0.000

There is a shortfall in the dividend from Commercial Services of £1.227m, which is primarily due to a significant decline in market conditions in the Education sector, and slower growth than anticipated in Connect2Staff. This represents a further reduction of £0.377m from the £0.850m shortfall reported to Cabinet in March.

4. REVENUE BUDGET VIREMENTS/CHANGES TO BUDGETS

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

5. SUMMARISED CAPITAL MONITORING POSITION

- 5.1 The capital programme overall is now much more heavily reliant on grants and external funding. This brings with it different risks and close monitoring of these funding streams will be carried on into 2017-18.
- 5.2 There is a reported variance of -£81.110m on the 2016-17 capital budget (excluding schools and PFI). This is a movement of -£26.694m from the previously reported position and is made up of -£3.930m real variance and -£77.180m rephasing.

5.3 Table 3: Directorate **capital** position

Directorate	2016-17 Working budget	2016-17 Variance	Real variance	Re-phasing variance	Last reported position		Movement	
	£m	£m	£m	£m	Real £m	Rephasing £m	Real £m	Rephasing £m
Education & Young People's Services	145.094	-25.588	-1.904	-23.684	-0.821	-21.397	-1.083	-2.287
Social Care, Health & Wellbeing - Specialist Children's Services	0.109	0.041	0.041	0.000	0.073	-0.025	-0.032	0.025
Social Care, Health & Wellbeing - Adults	6.499	-5.008	-2.077	-2.931	1.007	-4.615	-3.084	1.684
Social Care, Health & Wellbeing - Public Health	0.360	-0.360		-0.360	0.000	-0.360	0.000	0.000
Growth, Environment & Transport	135.314	-45.814	-1.668	-44.146	-0.807	-22.442	-0.861	-21.704
Strategic & Corporate Services	20.442	-4.381	1.678	-6.059	0.098	-5.127	1.580	-0.932
Financing Items	0.000				0.000	0.000	0.000	0.000
TOTAL	307.818	-81.110	-3.930	-77.180	-0.450	-53.966	-3.480	-23.214

- 5.4 The 2017-18 Capital Programme will now be revised to reflect the re-phasing and other variations arising from the 2016-17 outturn. £32.791m of rephasing has already been effected as part of the 2017-20 budget build process, so only “new” rephasing totalling £44.389m will be actioned. Details of the capital re-phasing are provided in Appendix 2, and further proposed cash limit changes are provided in Appendix 3. Final prudential indicators for 2016-17 are shown in Appendix 7, and the capital receipts position is shown at Appendix 8.

5.5 SCHOOLS DEVOLVED CAPITAL

Capital expenditure incurred directly by schools in 2016-17 was £11.811m. As at 31 March 2017 schools capital reserves are £0.695m. This has increased from the £61k held by schools as at 31 March 2016.

5.6 Capital budget monitoring headlines

Movements greater than £0.100m on real variances and movements greater than £1.0m due to rephasing are described below:

Education & Young People's Services

- Annual Planned Enhancement Programme: Real movement of -£1.616m and rephasing movement of -£1.990m. The real movement is due to £1.147m required to fund an overspend on Special Schools Review, and £0.696m transfer of funding to fund revenue expenditure as allowable by the grant conditions. The remaining real movement is made up of minor over and underspends on a variety of projects. The rephasing movement is due to delays to several projects which went into the Easter holidays.
- Modernisation Programme: Rephasing movement of -£0.842m due to the project at Ryarsh Primary being delayed due to planning application being withdrawn as a result of significant objections. The project at Archbishops School was delayed whilst alternative options were being explored.
- Basic Need Programme: Real movement of -£0.525m due to £0.387m transfer of funding for revenue expenditure and -£0.138m to fund Special Schools Review. Rephasing movement of -£1.089m as some projects have encountered delays as a result of not obtaining planning, and opening dates of 2 schools have been pushed back to reflect latest pupil number forecasts.
- Special Schools Review Phase 2: Real movement of £1.100m, funded from Annual Planned Enhancement Programme, Basic Need and Priority School Build Programme.
- Priority School Build Programme: Real movement of -£0.150m to fund Special Schools Review.
- Grammar School Annex at Sevenoaks: Rephasing movement of £2.206m. The project is ahead of schedule by about 3 weeks. The contractor has benefitted from good weather and from lessons learned on the adjacent Trinity School project, which have provided improved design detail and continuation of the same subcontractors on site.

Social Care, Health & Wellbeing – Specialist Children's Services

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

Social Care, Health & Wellbeing – Adults

- Home Support Fund & Equipment: Real movement of -£0.234m due to delays in adaptation works whilst start dates are agreed with clients and contractors.
- Lowfield Street: Real movement of -£0.735m due to budget reduction agreed as part of the 2017-20 Budget Book.
- OP Strategy – Specialist Care Facilities: Real movement of -£1.000m due to budget reduction agreed as part of the 2017-20 Budget Book.
- Wheelchair Accessible Housing: Real movement of -£0.517m. The disabled facility grant is replacing the need to apply developer contributions.

- Housing and Technology Fund: Real movement of £-0.489m. Additional grant income was provided late in 2016-17 for two projects. One project did not proceed in 2016-17 and now new options are being explored.

Social Care, Health & Wellbeing – Public Health

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

Growth, Environment & Transport

Highways, Transportation & Waste

- Highway Major Enhancement: Rephasing movement of -£1.177m. This movement is due to rephasing on replacement of steel columns following structural testing. Delays have arisen relating to asbestos, the availability of appropriate contractors to facilitate works beneath high voltage power lines, and late delivery of materials. Works of Grosvenor Bridge and Wantsum Bridge will now complete in 2017-18 and contribute to the rephasing.
- Integrated Transport Schemes: Real movement of £0.263m. This is due to additional banked developer contributions to fund Sandwich Town Centre works and A20 bus route improvement schemes.
- Sittingbourne Northern Relief Road: Real movement of -£0.841m. This is due to a reduction in compulsory purchase order payments/future liabilities, as well as reduced forecasts for land compensation payments. The underspend has been used to offset external funding required elsewhere in the programme.
- Victoria Way: Real movement of -£0.239m. There is an underspend on the scheme which has been used towards the Thanet Way works in 2016-17.
- Tonbridge Town Centre: Real movement of £0.160m. This is proposed to be funded from underspends on other LGF schemes.

Environment, Planning and Enforcement and Libraries, Registration and Archives

- Village Halls Community Centres – Capital Grants: Real movement of -£0.200m. This is due to the Social Care and Health developer contributions that were initially made available for the Village Halls scheme. However due to the conditions of the agreements it has not been easy to facilitate the drawdown of this funding. This funding is therefore transferring back to social care, but will still be available for draw down should appropriate schemes arise.
- Southborough Hub: Real movement of £0.171m. Additional forward funding has been approved and received for clearing the site and to commission an architect to RIBA stage 4.
- Herne Bay Library Plus: Real movement of -£0.226m. Budget reduction in line with revised spend profile.

Economic Development

- Broadband Contracts 1 & 2: Rephasing movements of -£3.489m and -£2.507m respectively are required to reflect the revised spend profile and forward programme of activity.

- Discovery Park Enterprise Zone: Rephasing movement of -£2.150m. Rephasing is required due to the delay in signing of legal documents by all parties. The completion date has not been affected.
- Innovation Investment Initiative: Rephasing movement of -£1.612m. A number of companies had funding approved at the year end, but the funds will not be released until 2017-18 so this has been re-profiled accordingly.
- Kent and Medway Business Fund: Rephasing movement of -£6.186m. A number of companies had funding approved at the year end, but the funds will not be released until 2017-18 so this has been re-profiled accordingly.

Strategic & Corporate Services

- Corporate Property Strategic Capital: Real movement of -£1.374m. Eligible spend against the DFE grant used to fund this budget line was less at year end than originally forecast.
- Modernisation of Assets: Rephasing movement of -£1.159m. This relates to committed works on 3 major schemes which will now fall in 2017-18.
- Electronic Data Environment: Real movement of -£1.248m due to budget reduction agreed as part of the 2017-20 Budget Book.
- Innovative Schemes Fund: Real movement of -£0.162m due to budget reduction agreed as part of the 2017-20 Budget Book.
- Invicta Law: Real movement of £2.000m reflecting equity share investment in new wholly owned company. Funded by revenue.
- LAN Refresh: Real movement of £0.796m. This reflects purchase of hardware, funded by revenue.
- TRP Equipment: Real movement of £1.562m. This reflects the capitalisation of TRP purchases, funded by revenue.
- New Ways of Working: Real movement of £0.310m – this reflects dilapidations works funded by revenue. Rephasing movement of £1.138m due to rephasing of major works on 2 buildings due to value engineering requirements and negotiations with contractors.
- Web Redevelopment Programme: Real movement of -£0.239m due to reduction in budget per 2017-20 Budget Book.

6. CONCLUSIONS

- 6.1 For the 17th consecutive year the Council is able to demonstrate sound financial management by containing its revenue expenditure within the budgeted level (excluding schools). In the context of a savings requirement of around £81m in 2016-17 and on the back of delivering approximately £434m of savings across the previous five years, together with the continued high demand for services such as social care, SEN transport, and waste, an overall underspending position is a considerable achievement. However, with further savings of £73m required in 2017-18 and a budget gap still to close for 2018-19 with budget savings being more and more difficult to achieve as the easier options have already been taken, we must not be complacent, hence the recommendation to put the uncommitted underspend from 2016-17 into reserves pending future budget decisions.

7. RECOMMENDATIONS

Cabinet is asked to:

- i) **Note** the report, including the provisional outturn position for 2016-17 for both the revenue and capital budgets.
- ii) **Agree** that £589.4k of the 2016-17 revenue underspending is rolled forward to fund existing commitments, as detailed in section 2 of Appendix 1.
- iii) **Agree** that £2,066.1k of the 2016-17 revenue underspending is rolled forward to fund the re-phasing of existing initiatives, as detailed in section 3 of Appendix 1.
- iv) **Agree** that £518.5k of the 2016-17 revenue underspending is rolled forward to fund the bids detailed in section 4 of Appendix 1.
- v) **Agree** that the £597.6k remainder of the 2016-17 revenue underspending is transferred to the earmarked reserve to support future years' budgets to help balance the 2018-19 budget gap.
- vi) **Agree** that the £44.389m of capital re-phasing from 2016-17 outturn will be added into the 2017-18 and later years capital budgets, as detailed in Appendix 2.
- vii) **Agree** the proposed capital cash limit changes outlined in Appendix 3.
- viii) **Agree** the contributions to and from reserves as reflected in Appendix 6, which includes all appropriate and previously agreed transfers to and from reserves.

8. BACKGROUND DOCUMENTS

None

9. CONTACT DETAILS

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2016-17 REVENUE BUDGET ROLL FORWARD PROPOSALS

		£'000	£'000
1.	2016-17 provisional underspend		-3,771.6
2.	Details of committed projects where we have a legal obligation:		
a)	<i>Education & Young People Directorate</i>		
	i) <i>Re-phasing of Vulnerable Learners Assisted Apprenticeship placements in to 2017-18</i> Funding is required to fund placements that began in 2016-17 but continue into 2017-18	42.0	
b)	<i>Social Care, Health & Wellbeing Directorate</i>		
	i) <i>Re-phasing of Kent Safeguarding Children Board (KSCB) into 2017-18</i> This represents KCC's share of the underspend of the KSCB Board. Under the terms of the inter-agency agreement, KCC has an obligation to provide this funding to the Board. The underspending relating to partners contributions is held in a Fund.	91.6	
	1) <i>Re-phasing of Kent & Medway Safeguarding Vulnerable Adults Committee into 2017-18</i> This represents KCC's share of the underspend of the Committee. Under the terms of the multi-agency agreement, KCC has an obligation to provide this funding to the Committee. The underspending relating to partners contributions is held in a Fund.	19.9	
	1) <i>Public Health externally funded project</i> This represents funds required to fulfil our obligation to the partnership agreements in relation to the DWELL (Diabetes & Wellbeing) externally funded project.	0.2	
c)	<i>Growth, Environment & Transport Directorate</i>		
	i) <i>Various externally funded projects</i> This represents funds required to fulfil our obligation to the partnership agreements in relation to various externally funded projects.	179.3	
	1) <i>Reinvestment of Flood underspend in flood works</i> The project is to undertake essential drainage works on Dolphins Road to prevent highway runoff from flooding and has been a long-standing problem for this road that blights the lives of the residents due to the high frequency of flooding. A public consultation has been undertaken and residents of the road informed that the works will commence. Construction works were to commence in January 2017 originally but a cost engineering exercise was required that delayed works to March 2017 and then again to the end of April to accommodate public engagement on the revised design. The roll forward of funding is essential to the viability of this project, which is being run in collaboration with Southern Water – who will deliver sewer improvement works at the same time.	117.0	

		£'000	£'000
	1) <i>Spring Clean 2017</i> Re-phasing of part of the £300k funding for the spring clean 2017 campaign	71.4	
	iv) <i>Libraries ICT project re-phasing</i> Re-phasing due to contractor delays in delivering enhancements to the Spydus IT system – a fully automated web-based information management solution for libraries.	60.0	
d)	Strategic & Corporate Services Directorate		
	i) <i>Democratic Services</i> Hay evaluation work on the various roles for elected Members set out in the constitution	8.0	
			589.4
3.	Details of re-phasing required to continue/complete an initiative where we are not yet legally committed:		
a)	Education & Young People Directorate		
	i) <i>Re-phasing of Troubled Families Programme into 2017-18</i> The underspend is due to projects supporting families spanning financial years. In addition, due to the payment by results element of the programme, the grant has increased during the year and the projects associated with this increase do not begin until the income is received. Roll forward is requested in order to continue supporting families as part of the Tackling Troubled Families government initiative.	903.4	
	ii) <i>High Needs Strategic Planning Grant</i> This grant was received at the end of January 2017 and is required to fund work continuing into 2017-18.	655.7	
	iii) <i>Home to School transport</i> Re-phasing of essential software development	60.0	
b)	Social Care, Health & Wellbeing Directorate		
	i) <i>LifeLong Links trial – building positive lifelong support networks for children in the care system</i> Kent is one of seven English local authorities to receive this DfE grant funding at the end of March 2017, to enable Lifelong Links to be trialed for a three year period. This will be aimed at under 16 year olds who have been in care for less than 2 years and for whom there is no plan for them to live within their family or be adopted. The trial will be independently evaluated to determine whether Lifelong Links is effective in improving outcomes for children in care.	286.6	
d)	Strategic & Corporate Services		
	i) <i>Re-phasing of Local Member Grants</i> Each Member is provided with £20k to provide grants to schemes within their local area to enhance the community. This represents the value of grants which have been approved in 2016-17 for projects internal to KCC, but where the work was not completed by 31 March 2017.	160.4	
			2,066.1

		£'000	£'000
4.	Bids for Roll Forward:		
a)	Education & Young People Directorate		
	i) <i>Apprenticeship recruitment within small Primary Schools</i> Following the introduction of the apprenticeship levy, small Kent primary schools will face financial difficulty due to the levy deductions. These funds will enable the Skills and Employability service to help, assist and encourage those schools to recruit an apprentice by providing a one-off payment of £2k to assist with the recruitment of 50 new Kent apprentices (this equates to 11% of the 2017-18 school target of 464 places)	100.0	
b)	Growth, Environment & Transport Directorate		
	i) <i>Adverse weather underspend to be invested in soft landscaping maintenance</i> A key decision (16/00076) has been taken following recommendation from the Environment & Transport Cabinet Committee that any future winter service budget underspend be treated as a roll forward, so that additional funding is available in the following financial year for the pressures a mild winter places on highway soft landscaping maintenance	279.5	
	ii) <i>Strategic Planning Projects</i> Strategic Planning/Transport Planning Projects including Lower Thames Crossing, Strategic Environmental Assessment, Local Transport Plan 4; National Government schemes such as Operation Stack lorry area and Aviation policy and additional consultancy resource for business case development to improve our chances of securing funding for infrastructure projects	64.0	
	iii) <i>Country Parks</i> Funding required to develop and enhance the Education, Team Building and Learning Services offer within the Kent Country Parks service. This project is key to the service achieving significant income targets in 2017-18, as well as the longer term ambition to move towards cost neutrality. The project was due to mobilise in Q2 of 2016-17 but delays mean this will now commence in Q1 2017-18. Roll forward funding is required to increase capacity and marketing in this area or the financial targets could prove unachievable and cannot be met from elsewhere within the service.	40.0	
	iv) <i>Hosting the Turner Prize ceremony</i> A contribution towards the cost of a programme manager for hosting the 2019-20 annual awards ceremony for the Turner Prize at the Turner Contemporary in Margate. The prestigious event will raise the profile of the gallery and provide an opportunity to demonstrate on a national platform how it is successfully using arts and culture to drive positive social and economic change. The Turner Prize is hosted at a different venue each year. An MTFP bid will be put forward for the costs in 2018-19 & 2019-20.	35.0	
			518.5
5.	Remaining uncommitted balance of underspending		-597.6

CAPITAL RE-PHASING

The 2017-18 and future years capital programme will be adjusted to reflect the total re-phasing of £44.389m as follows:

GET - Environment, Planning & Enforcement and Libraries, Registration and Archives	2016-17 £'000	2017-18 £'000	2018-19 £'000	Future years £'000	Total £'000
Country Parks	-111	111			0
Village Halls & Community Centres	-110	110			0
Radio Frequency ID	-641	641			0
Sustainable Access to Maidstone Employment Areas	-444	444			0
Sustainable Access to Education and Employment	-189	189			0
Tunbridge Wells Cultural Hub	-311	311			0
Herne Bay Library Plus	-250	250			0
Southborough Hub	-152	152			0
Total rephasing >£100k	-2,208	2,208	0	0	0
Other rephased projects <£100k	-119	119			0
TOTAL REPHASING	-2,327	2,327	0	0	0
Rephasing already actioned through Budget Build		715			
Remaining rephasing to action from outturn		1,612			

GET - Economic Development	2016-17 £000's	2017-18 £000's	2018-19 £000's	Future years £000's	Total £000's
Broadband Contract 1	-3,489	3,489			0
Broadband Contract 2 (Superfast Extension Programme)	-3,317	-121	3,438		0
Discovery Park Enterprise Zone	-4,600	4,600			0
Empty Property Initiative	-552	552			0
Folkestone Heritage Quarter (HLF)	-341	341			0
Innovation Investment Initiative (i3)	-1,612	1,612			0
Kent and Medway Business Fund	-6,385	6,385			0
Marsh Millions	-168	168			0
No Use Empty - Rented Affordable Homes extension	-159	159			0
Workspace Kent	-763	763			0
Total rephasing >£100k	-21,386	17,948	3,438	0	0
Other rephased projects <£100k	0	0	0	0	0
TOTAL REPHASING	-21,386	17,948	3,438	0	0
Rephasing already actioned through Budget Build		1,139			
Remaining rephasing to action from outturn		16,809	3,438		

GET - Highways, Transportation & Waste	2016-17 £'000	2017-18 £'000	2018-19 £'000	Future Years £'000	Total £'000
Major Scheme- Preliminary Design Fees	-692	692			0
Highway Major Maintenance	-1,539	1,539			0
Integrated Transport Scheme	-1,005	1,005			0
Sittingbourne Northern Relief Road	-433	99	334		0
East Kent Access PH2	-883	549	334		0
Westwood Relief Strategy - Poorhole Lane Improvements	-138	77	41	20	0
Energy & Water Investment Funds- External (Salix Fund 4K07)	-123	123			0
Ashford-Drover's Roundabout junct.	-114	84	30		0
Thanet Parkway	-1,649	354	1,295		0
Rathmore Road Link	-3,827	2,453	192	1,182	0
A28 Chart Road	-1,567	1,567			0
A226 London Rd /St Clements Way	-220	220			0
Kent Thameside Strategic Transport Programme	-121	121			0
Tonbridge Town Centre Regeneration	-185	185			0
Maidstone Gyrotory Bypass- Junction Improvement	-1,228	1,228			0
LED Conversion	-2,990	4,082	-1,765	673	0
Maidstone Integrated Transport	-1,035	1,035			0
M20 Junction 4 Eastern overbridge	-472	472			0
A26 London Road/Speldhurst Road/Yew Tree Road	-250	250			0
Sturry Link Road, Canterbury	-834		834		0
West Kent Local Sustainable transport - Tackling Congestion	-119	119			0
Kent Thameside LSTF - Integrated door-to-door journeys	-369	369			0
Kent Sustainable interventions prog for growth	-187	187			0
Total rephasing >£100k	-19,980	16,810	1,295	1,875	0
Total rephasing <£100k	-457	401	56	0	0
TOTAL REPHASING	-20,437	17,211	1,351	1,875	0
Rephasing already actioned through Budget Build		13,250	25	1,823	
Remaining rephasing to action from outturn		5,338			

Education, Learning & Skills	2016-17	2017-18	2018-19	Future years	Total
	£'000	£'000	£'000	£'000	£'000
Annual Planned Enhancement	-4,945	4,945			0
Pupil Referral Units	-752	752			0
Basic Need - Other	-4,520	4,520			0
Modernisation	-3,396	3,396			0
Special Schools Review phase 2	-2,659	1,221	1,438		0
Skidders Academy	-149	149			0
Nursery Provision for 2 year olds	-448	448			0
Sevenoaks Grammar	-3,794	3,794			0
Sevenoaks Free School	-142	142			0
Universal Infant Free School Meals	-132	132			0
Priority School Build Programme	-1,523	326	1,197		0
EYPS Single System	-903	903			0
Total Rephasing >£100k	-23,363	20,728	2,635	0	0
Rephasing <£100k	-322	322	0	0	0
TOTAL REPHASING	-23,685	21,050	2,635	0	0
Rephasing already actioned through Budget Build		-1,680	12,817		
Remaining rephasing to action from outturn		13,169	-621		

Social Care, Health & Wellbeing - Adults	2016-17	2017-18	2018-19	Future years	Total
	£'000	£'000	£'000	£'000	£'000
OP Strategy - Lowfield Street: Rephase into Developer Funded Community Schemes	-241				-241
OP Strategy - Specialist Care Facilities	-1,000	1,000			0
Developer Funded Community Schemes	-71	312			241
LD Strategy Community Hubs	-728				-728
LD Strategy Community Initiatives } Merge into Good Day Prog	-318				-318
Short Break Units (prev Southfields)	-504				-504
Good Day Programme - new budget line		1,550			1,550
Total rephasing >£100k	-2,862	2,862	0	0	0
Total Other rephased projects <£100k	-69	69	0	0	0
TOTAL REPHASING	-2,931	2,931	0	0	0
Rephasing already actioned through Budget Build		2,071			
Remaining rephasing to action from outturn		860			

Social Care, Health & Wellbeing - Childrens Services	2016-17 £'000	2017-18 £'000	2018-19 £'000	Future years £'000	Total £'000
NONE					0.000
Total rephasing >£100k	0.000	0.000	0	0	0.000
Other rephased projects <£100k					0.000
TOTAL REPHASING	0.000	0.000	0	0	0.000
Social Care, Health & Wellbeing - Public Health	2016-17 £'000	2017-18 £'000	2018-19 £'000	Future years £'000	Total £'000
Community Sexual Health Services	-360	360			0
Total rephasing >£100k	-360	360	0	0	0
Other rephased projects <£100k					0
TOTAL REPHASING	-360	360	0	0	0
Rephasing already actioned through Budget Build		235			
Remaining rephasing to action from outturn		125			

Strategic & Corporate Services Portfolio	2016-17 £000's	2017-18 £000's	2018-19 £000's	Future years £000's	Total £000's
Common Data Environment	-188	188			0
Customer Relationship Management Solution	-200	200			0
LIVE Margate	-820	820			0
Modernisation of Assets	-1,159	1,159			0
New Ways of Working	-1,262	1,262			0
Property Investment & Acquisition Fund (PIF)	-2,349	2,349			0
Total rephasing >£100k	-5,978	5,978	0	0	0
Other rephased projects <£100k	-82	82			
TOTAL REPHASING	-6,060	6,060	0	0	0
Rephasing already actioned through Budget Build		2,401			
Remaining rephasing to action from outturn		3,659			

TOTAL	2016-17 £'000	2017-18 £'000	2018-19 £'000	TOTAL £'000
Remaining rephasing to action from outturn	-44,389	41,572	2,817	0

SUMMARY OF PROPOSED CAPITAL PROGRAMME CASH LIMIT CHANGES

GET - Environment, Planning & Enforcement and Libraries, Registration and Archives	2017-18	2017-18	Future	Total	
	£'000	£'000	Years	£'000	
Public Rights of Way	-215			-215	Reduction in DFT grant as per Highways allocation
Javelin Way (including Jasmin Vardimon)	155			155	Rephasing of anticipated Q4 spend, not forthcoming
Sustainable Access to Maidstone Employment Areas	10			10	Additional external funding
Coroners Service Interim Property Funding	248			248	Spend agreed
Southborough Hub	215			215	Spend agreed
Tunbridge Wells Cultural Hub	-1,000	-600	1,600	0	Future years rephasing
Total Other Cash Limit Changes	-587	-600	1,600	413	

GET - Highways, Transportation & Waste	2017-18	2018-19	Future	Total	
	£'000	£'000	Years	£'000	
Kent Thameside	-2,310	-6,687	-11,705	-20,702	Reduction of grant for Dartford Town Centre (now separate line in Budget Book), and reduction of expected developer contributions
Sturry Rd Landfill site - Emergency works	-100			-100	To fund overspend on Richborough
Maidstone Integrated Transport Scheme	-835	-835	815	-855	Additional rephasing
Non TSG Land ,Compensation Claims and Blight	41			41	Increase in developer contributions
M20 Junction 4 Eastern overbridge	-168		-9	-177	Revisions to developer funding
North Farm Longfield Road - Tunbridge Wells	24	29	15	68	Increase in developer contributions
Westwood Relief Strategy - Poorhole Lane Improvements	15			15	Increase in developer contributions
Highway Major Maintenance	2,156			2,156	Increase due to Incentive Fund
Integrated Transport Scheme	102			102	Increase due to Incentive Fund
Rathmore Road	-68	36	32	0	Additional rephasing
Duke of York Roundabout	20			20	Rephasing of anticipated Q4 spend, not forthcoming
A2 Off Slip Wincheap, Canterbury	216			216	Rephasing of anticipated Q4 spend, not forthcoming
Dartford Town Centre	450			450	Rephasing of anticipated Q4 spend, not forthcoming
Total Other Cash Limit Changes	-457	-7,457	-10,852	-18,766	

GET - Economic Development	2017-18	2018-19	Future	Total	
	£000's	£000's	years	£000's	
Marsh Millions	-15	-3	-21	-39	To reflect revised loan repayments

Education, Learning & Skills	2017-18	2018-19	Future	Total	
	£'000	£'000	years	£'000	
			£'000	£'000	
Tunbridge Wells Youth Centre	4			4	Additional Dev Cons
Annual Planned Enhancement	-300			-300	To fund modernisation
Basic Need - Other	6,106	2,268		8,374	To reflect full forward funding of developer contributions
Basic Need - Other	1,147			1,147	Roll forward of underspends elsewhere to fund future Basic Need pressures
Basic Need - Other	-25			-25	Decrease in external funding
Basic Need - Other			-12,685	-12,685	Decrease in BN funding in 19-20
Modernisation	-1,700			-1,700	To fund Special Schools Review
Special Schools Review phase 2	1,650	55		1,705	To be funded from modernisation
Academy Unit Costs	79			79	Funded from banked grant
John Wallis	75			75	Rephasing of anticipated Q4 spend, not forthcoming
Early Years Capital Fund	4,177			4,177	Additional grant received
TOTAL	11,213	2,323	-12,685	851	

Social Care, Health & Wellbeing - Adults	2017-18	2018-19	Future	Total	
	£'000	£'000	years	£'000	
			£'000	£'000	
Developer Funded Community Schemes	-713			-713	Adjustment to dev contributions
Good Day Programme - new budget line	235			235	Additional developer contributions
Short Break Units (prev Southfields)	-92			-92	To merge into Good Day Programme line
Transforming Social Care Grant	2			2	Additional banked grant
SWIFT Replacement Phase 1	51			51	Additional banked grant
Family Development	525			525	Grant received in 16-17, awaiting confirmation of roll forward
Totals	8	0	0	8	

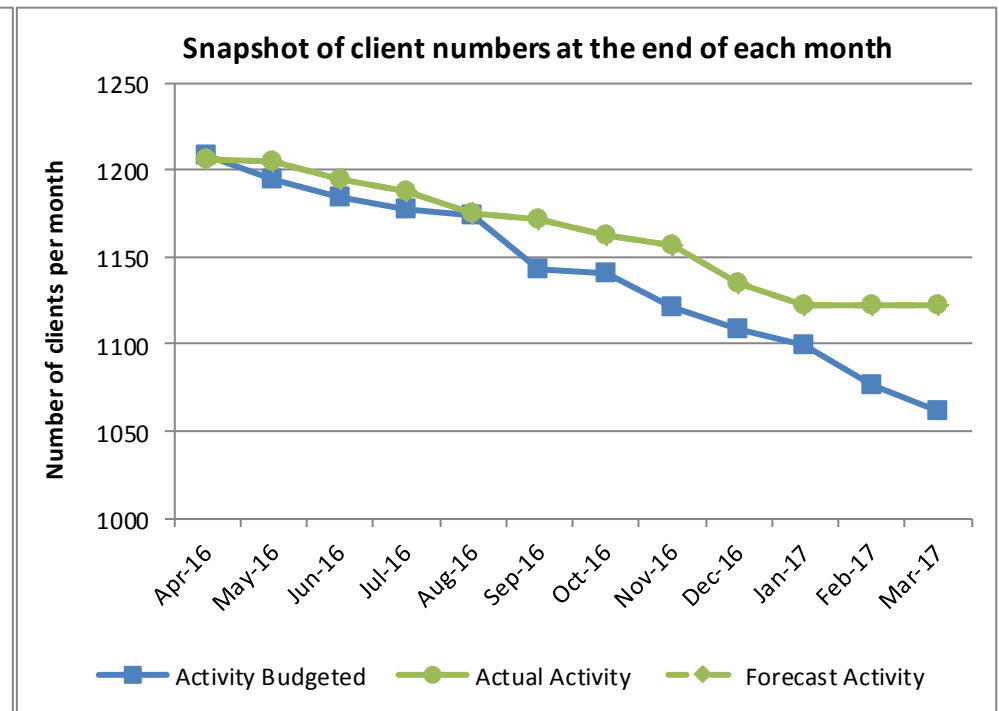
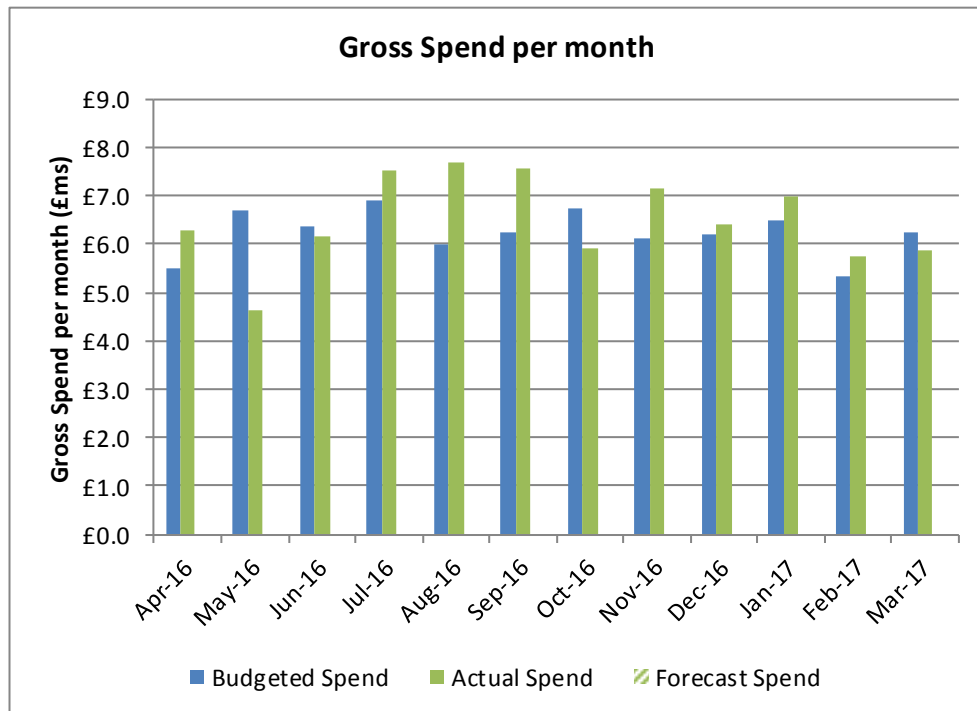
Appendix 4.1: Nursing & Residential Care - Learning Disability (aged 18+)

2016-17 Outturn	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£74.9	-£6.1	£68.8	1,062
Actual	£78.0	-£6.2	£71.8	1,122
Variance	£3.1	-£0.0	£3.0	60

Position as at 31st Mar 2017	Gross £m	Client Number as at 31/03/2017
Budget: Spend/Activity Year to Date	£74.9	1,062
Actual: Spend/Activity Year to Date	£78.0	1,122
Variance as at 31st Mar 2017	£3.1	60

MAIN REASONS FOR VARIANCE:

The gross variance of +£3.1m is due to higher than expected demand (+£3.0m), and an increase in unit cost (+£0.5m) along with net unrealised creditors (-£0.4m). This leads to an overall net variance of +£3.0m.



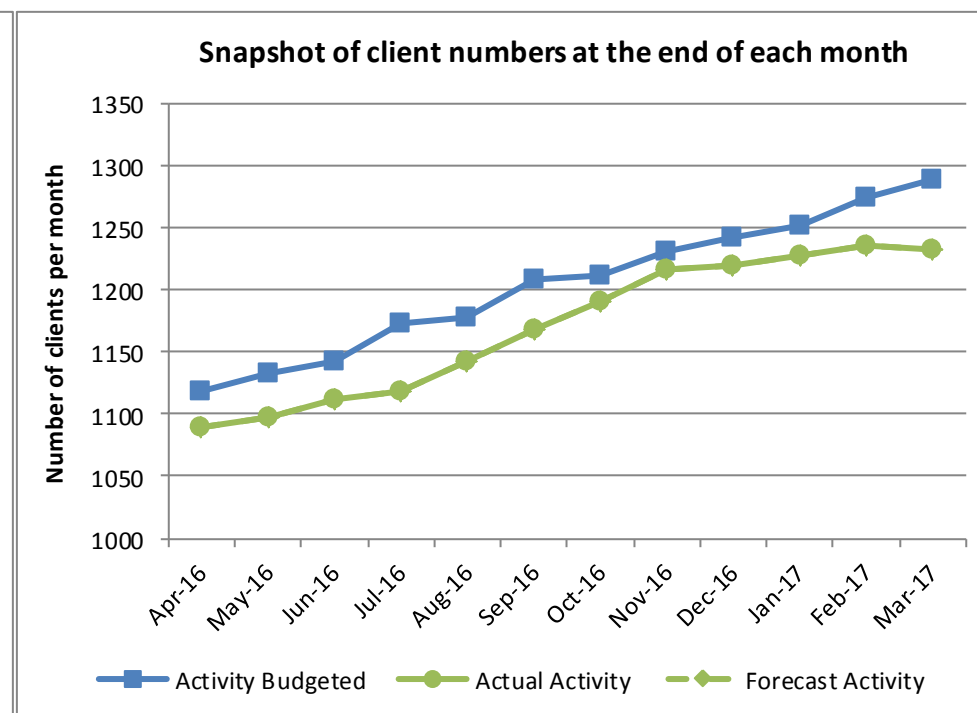
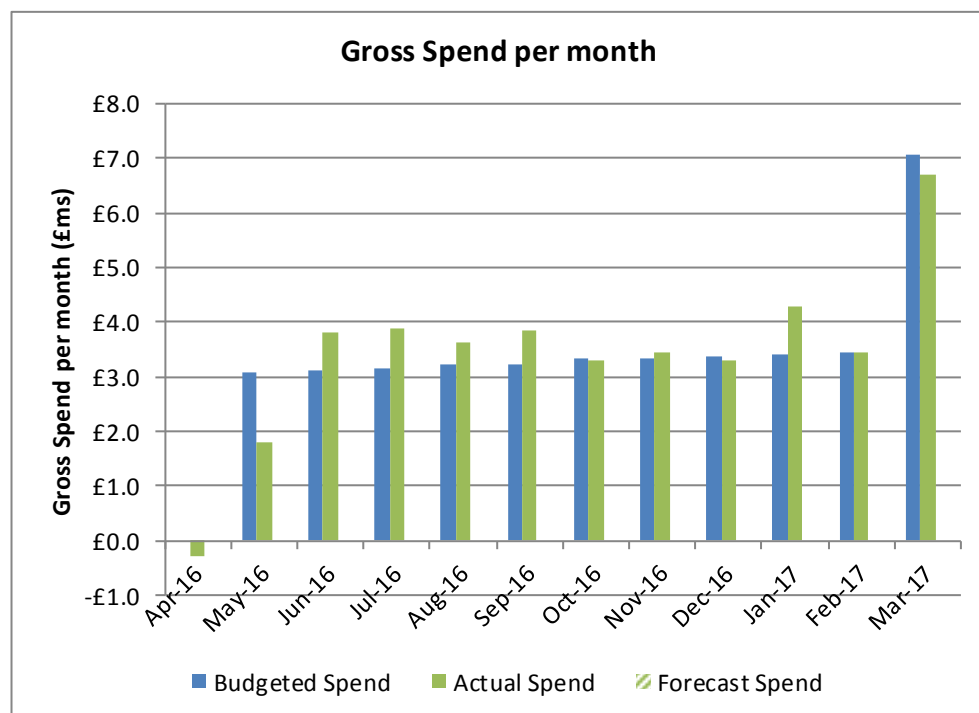
Appendix 4.2: Supported Living - Learning Disability (aged 18+) - Other Commissioned Supported Living arrangements

2016-17 Outturn	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£39.7	-£0.2	£39.5	1,288
Actual	£41.1	-£0.2	£40.9	1,233
Variance	£1.4	£0.0	£1.4	-55

Position as at 31st Mar 2017	Gross £m	Client Number as at 31/03/2017
Budget: Spend/Activity Year to Date	£39.7	1,288
Actual: Spend/Activity Year to Date	£41.1	1,233
Variance as at 31st Mar 2017	£1.4	-55

MAIN REASONS FOR VARIANCE:

The gross variance of +£1.4m is due to higher than anticipated demand (+£2.6m) as clients' eligible needs are greater than originally budgeted for resulting in a higher than budgeted number of hours per client being provided. This is partially offset by a lower unit cost (-£0.7m) due to higher than anticipated contract savings in the first year. In addition, unrealised creditors (-£0.7m), along with other minor variances totalling +£0.2m, leads to an overall net variance of +£1.4m.



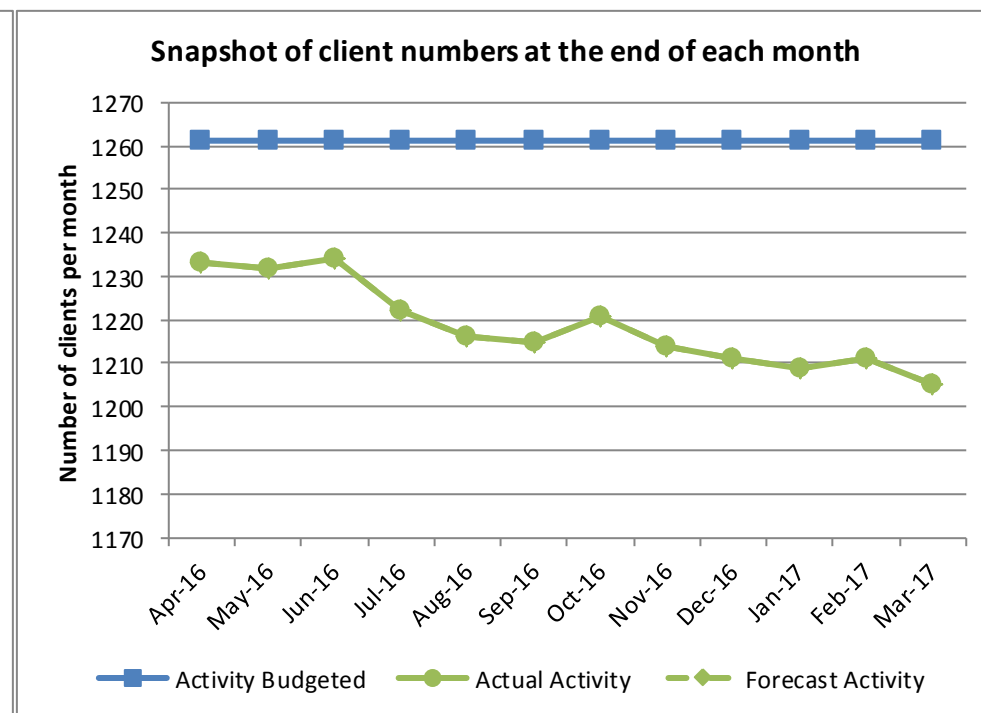
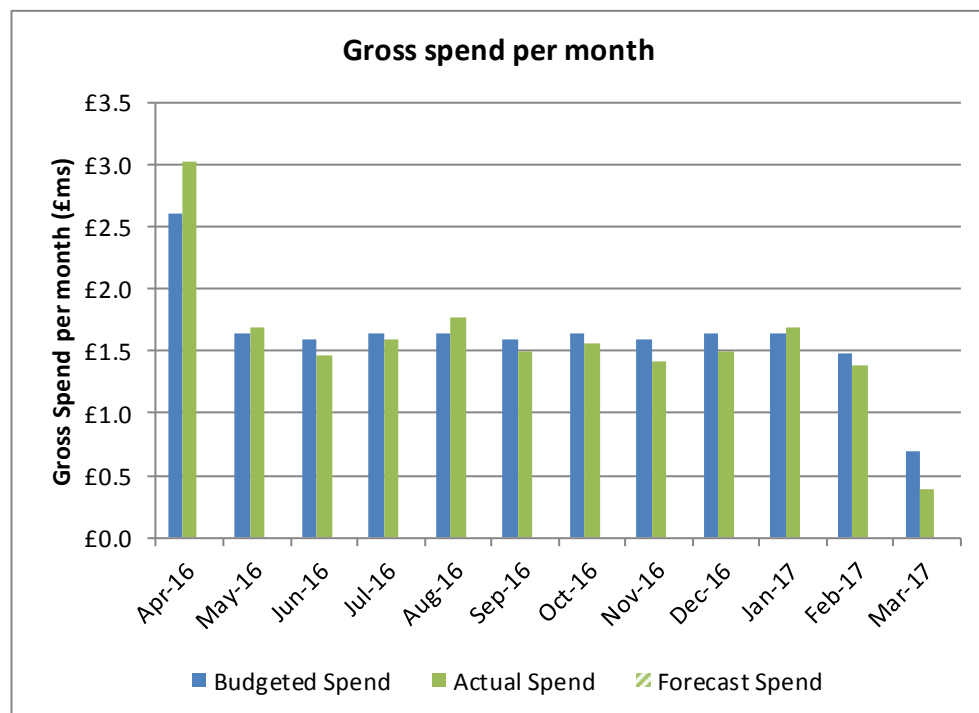
Appendix 4.3: Direct Payments - Learning Disability (aged 18+)

2016-17 Outturn	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£19.4	-£1.0	£18.5	1,261
Actual	£19.0	-£0.9	£18.1	1,205
Variance	-£0.4	£0.0	-£0.4	-56

Position as at 31st Mar 2017	Gross £m	Client Number as at 31/03/2017
Budget: Spend/Activity Year to Date	£19.4	1,261
Actual: Spend/Activity Year to Date	£19.0	1,205
Variance as at 31st Mar 2017	-£0.4	-56

MAIN REASONS FOR VARIANCE:

The gross underspend of -£0.4m can be partly attributed to lower than anticipated demand (-£0.7m) and higher unit cost (+£0.4m). In addition one-off direct payments (+£1.2m) and prior year costs predominately related to a historic Ordinary Residence case (+£0.3m) are offset by the recovery of unspent funds from clients (-£1.6m), leading to a net underspend of -£0.4m.



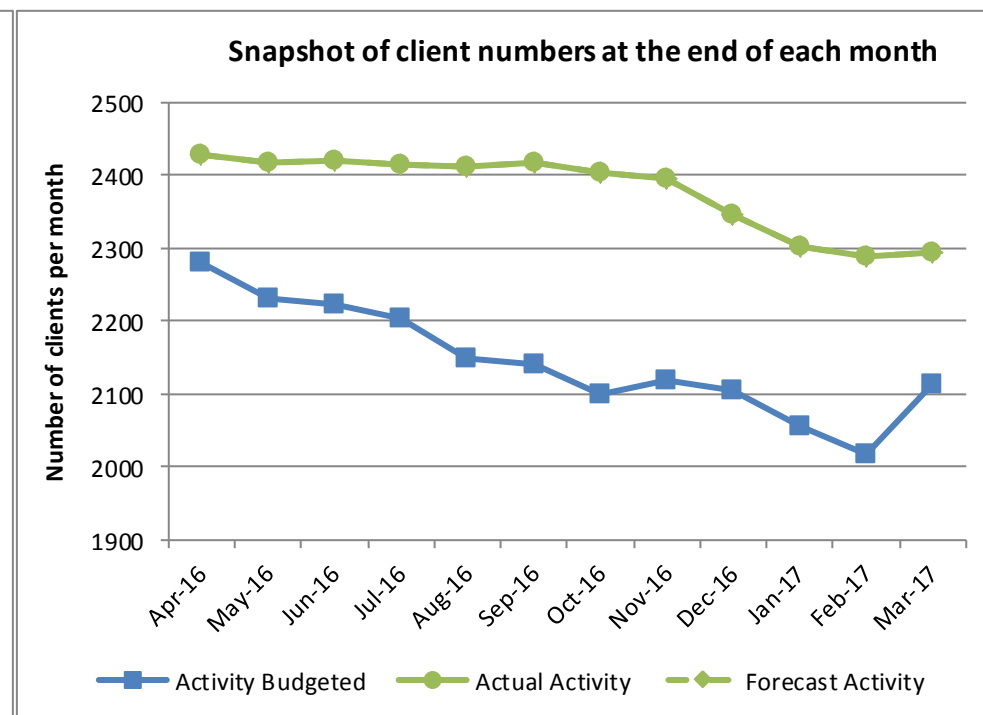
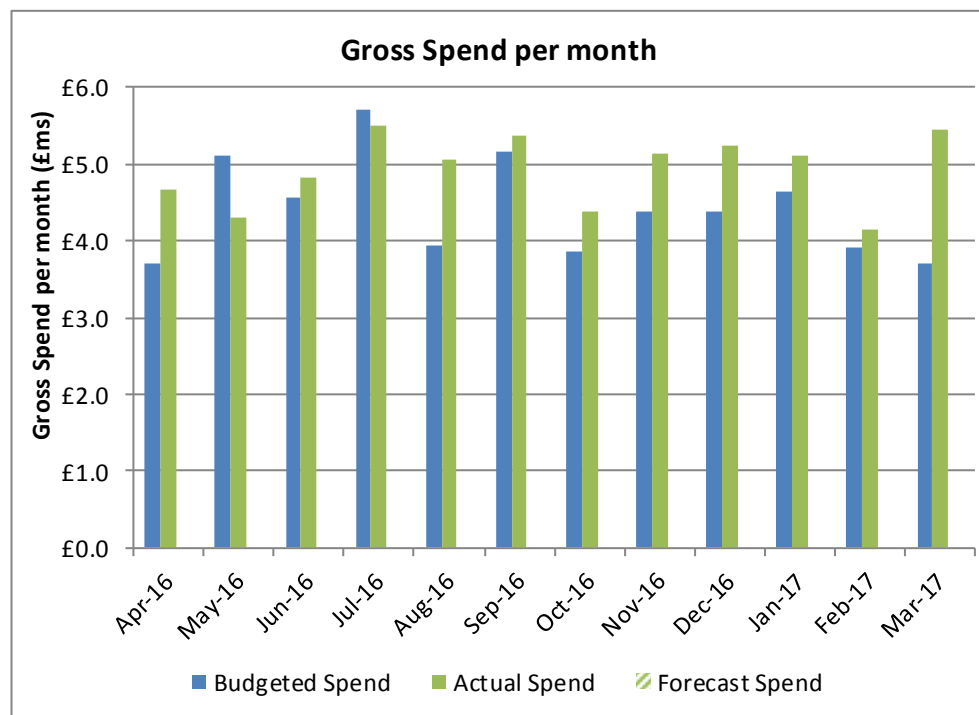
Appendix 4.4: Nursing & Residential Care - Older People (aged 65+) - Residential - Commissioned service

2016-17 Outturn	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£53.1	-£27.8	£25.4	2,112
Actual	£59.2	-£29.6	£29.6	2,294
Variance	£6.1	-£1.8	£4.2	182

Position as at 31st Mar 2017	Gross £m	Client Number as at 31/03/2017
Budget: Spend/Activity Year to Date	£53.1	2,112
Actual: Spend/Activity Year to Date	£59.2	2,294
Variance as at 31st Mar 2017	£6.1	182

MAIN REASONS FOR VARIANCE:

The gross pressure of +£6.1m is due to higher than anticipated demand (+£5.0m) and higher unit cost (+£0.7m) and net old year spend of £0.4m. This is partially offset by higher than expected service user contributions (-£1.8m) linked to the higher demand (-£2.3m) and a lower average contribution per service user (+£0.5m) leading to a net pressure of +£4.2m.



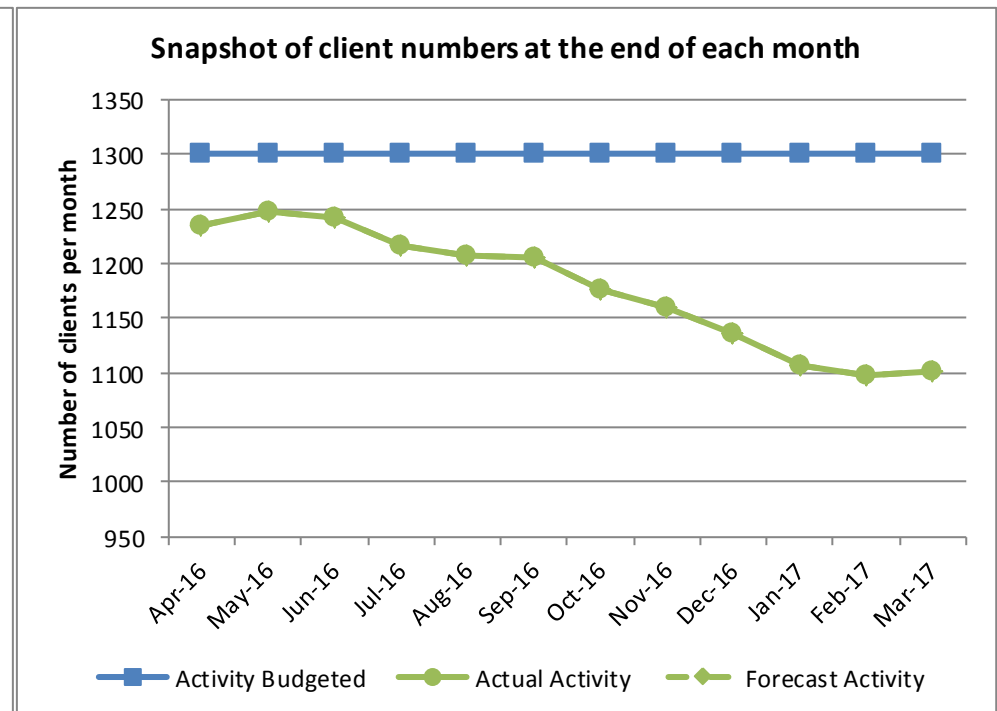
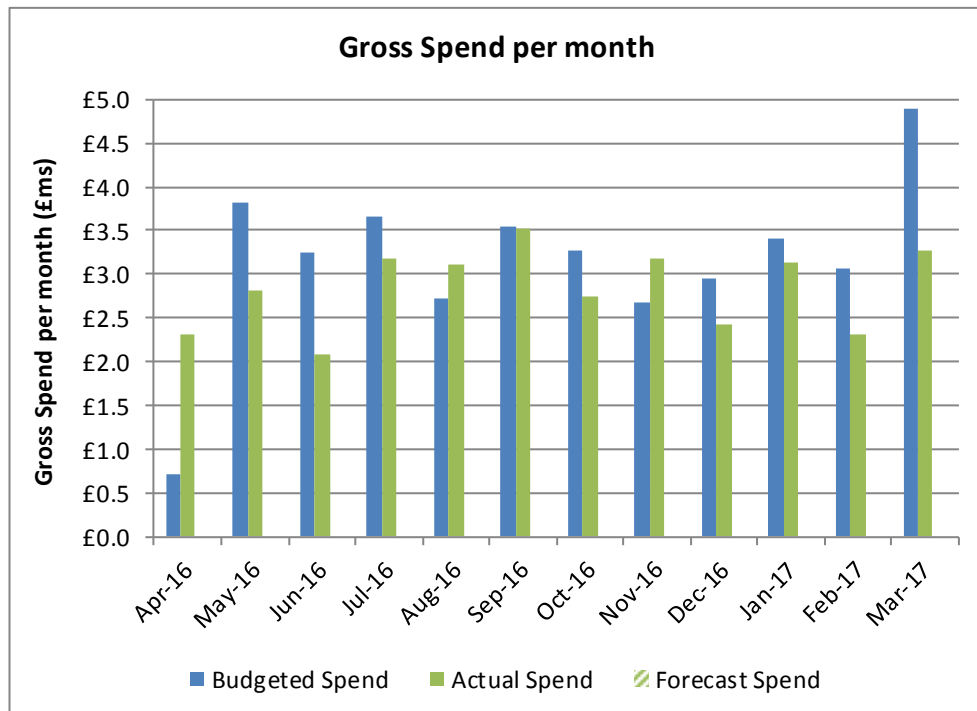
Appendix 4.5: Nursing & Residential Care - Older People (aged 65+) - Nursing

2016-17 Outturn	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£37.9	-£14.6	£23.3	1,301
Actual	£34.1	-£13.2	£20.9	1,101
Variance	-£3.8	£1.5	-£2.4	-200

Position as at 31st Mar 2017	Gross £m	Client Number as at 31/03/2017
Budget: Spend/Activity Year to Date	£37.9	1,301
Actual: Spend/Activity Year to Date	£34.1	1,101
Variance as at 31st Mar 2017	-£3.8	-200

MAIN REASONS FOR VARIANCE:

The gross underspend of -£3.8m is due to lower than anticipated demand (-£3.2m) along with non-activity variance against health commissioned beds (-£0.6m) which have been decommissioned this year. There is a £1.5m shortfall in service user contributions, due to the lower demand (+£1.2m) and a lower average contribution per service user (+£0.3m) leading to a net underspend of -£2.4m.



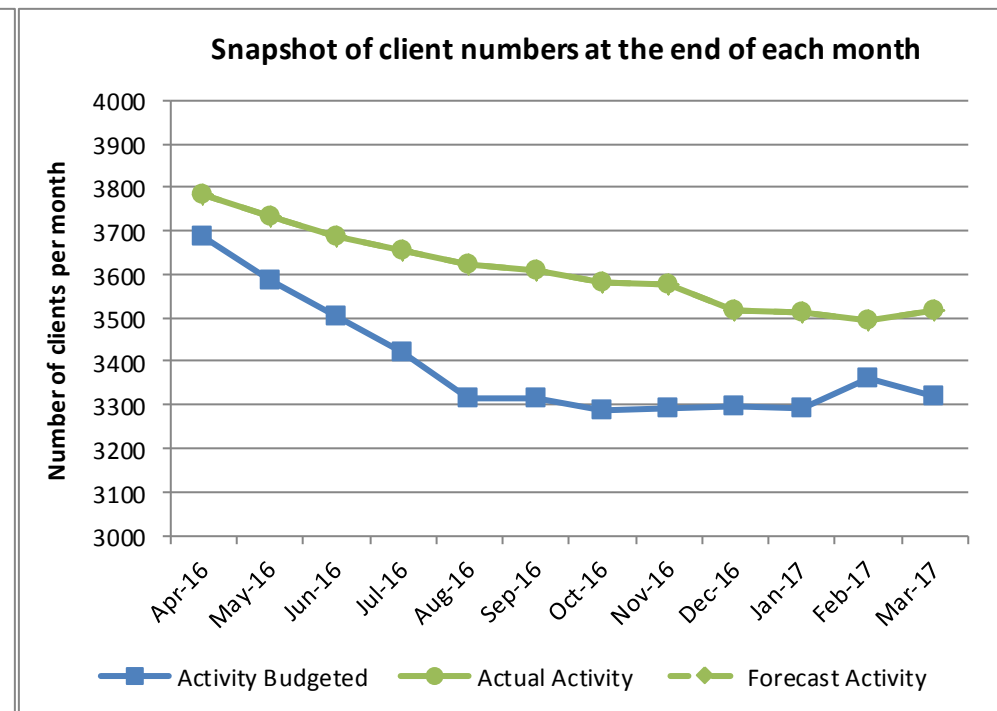
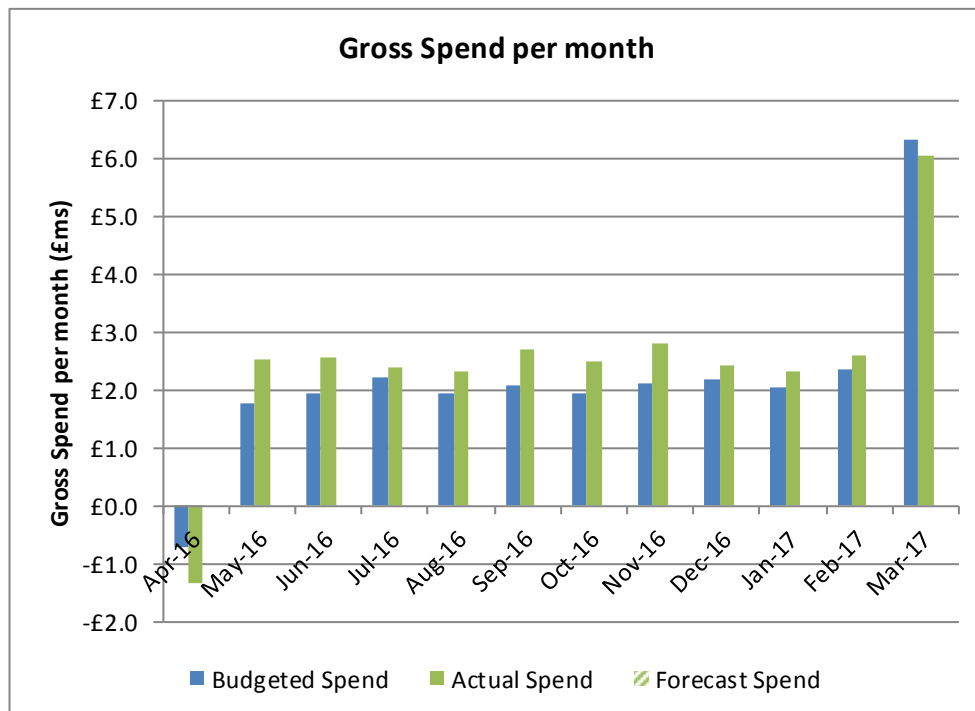
Appendix 4.6: Domiciliary Care - Older People (aged 65+) - Commissioned service

2016-17 Outturn	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£26.2	-£10.2	£16.0	3,321
Actual	£29.9	-£10.3	£19.6	3,516
Variance	£3.7	-£0.1	£3.7	195

Position as at 31st Mar 2017	Gross £m	Client Number as at 31/03/2017
Budget: Spend/Activity Year to Date	£26.2	3,321
Actual: Spend/Activity Year to Date	£29.9	3,516
Variance as at 31st Mar 2017	£3.7	195

MAIN REASONS FOR VARIANCE:

The gross pressure of +£3.7m is due to higher than anticipated demand (+£2.4m) linked to both increased care packages and higher than budgeted client numbers along with a higher unit cost (+£0.3m). Additional extra care support has led to a pressure of +£1.0m, leading to a net pressure of +£3.7m.



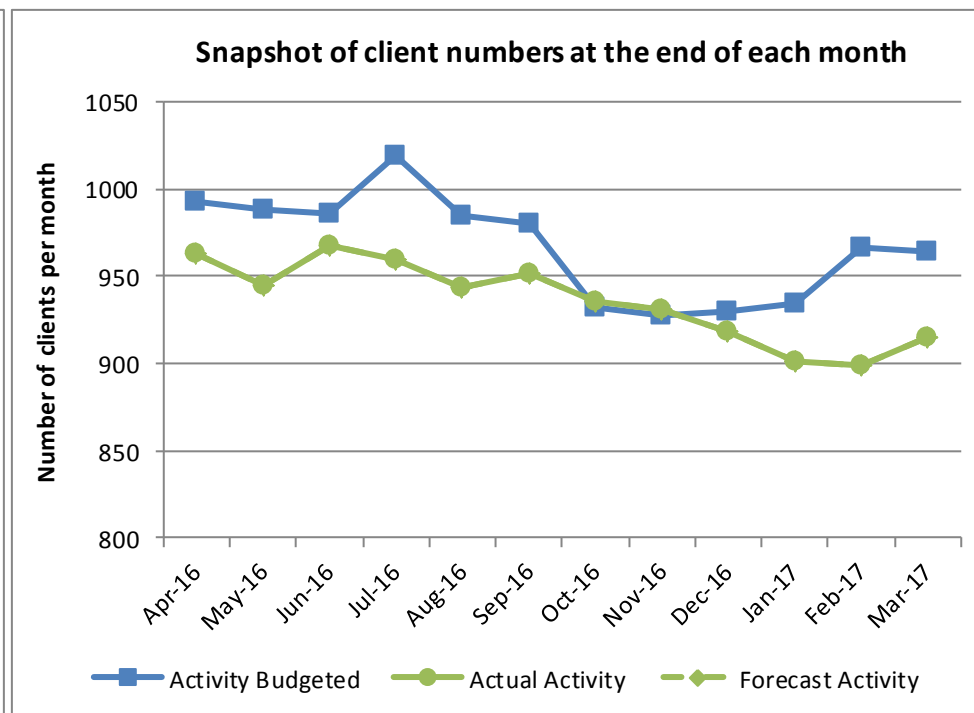
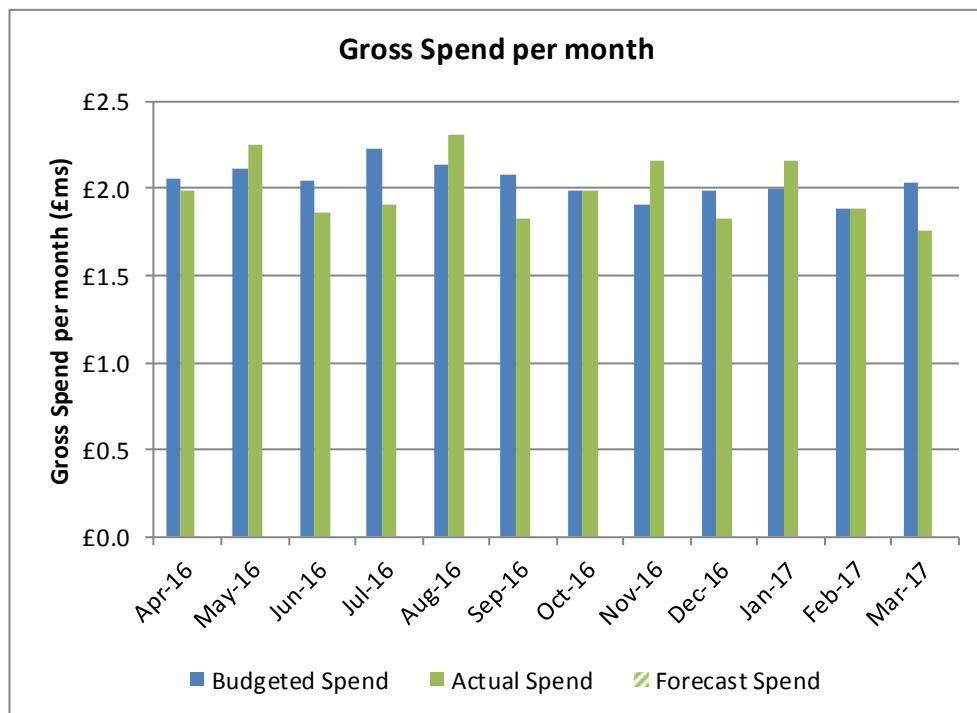
Appendix 4.7: Children in Care (Looked After) - Fostering - In house service

2016-17 Outturn	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£24.4	-£0.5	£24.0	964
Actual	£23.9	-£0.2	£23.7	915
Variance	-£0.5	£0.3	-£0.3	-49

Position as at 31st Mar 2017	Gross £m	Client Number as at 31/03/2017
Budget: Spend/Activity Year to Date	£24.4	964
Actual: Spend/Activity Year to Date	£23.9	915
Variance as at 31st Mar 2017	-£0.5	-49

MAIN REASONS FOR VARIANCE:

The gross underspend of -£0.5m is due to lower than anticipated demand (-£0.5m) a higher unit cost (+£0.6m), along with other variances of -£0.7m due to -£0.2m funding allocated for prices not committed, -£0.5m mainly due to current vacancy levels in County Fostering staffing, -£0.2m for lower than expected activity on Connected Persons fostering placements, net against a £0.2m overspend on other In-House Fostering related expenditure. Combined with the lower than expected income of +£0.3m due to fewer than anticipated fostering placements made for Unaccompanied Asylum Seeking Children (UASC), resulting in lower contributions from the UASC Service, leads to a net underspend of -£0.3m.



Appendix 4.8: Children in Care (Looked After) - Fostering - Commissioned from Independent Fostering Agencies

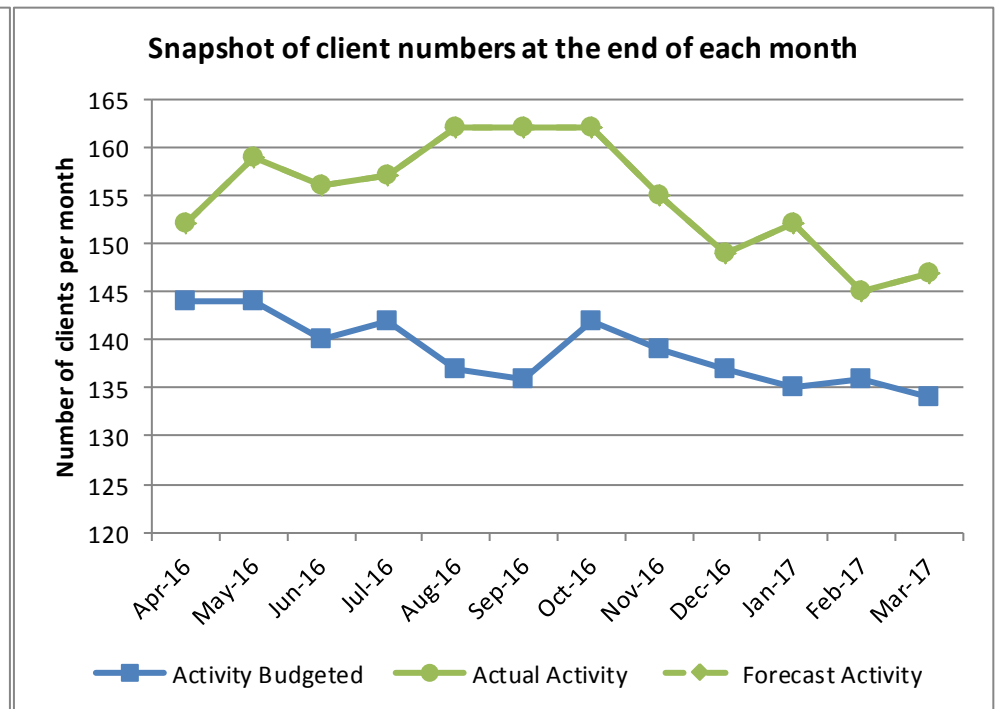
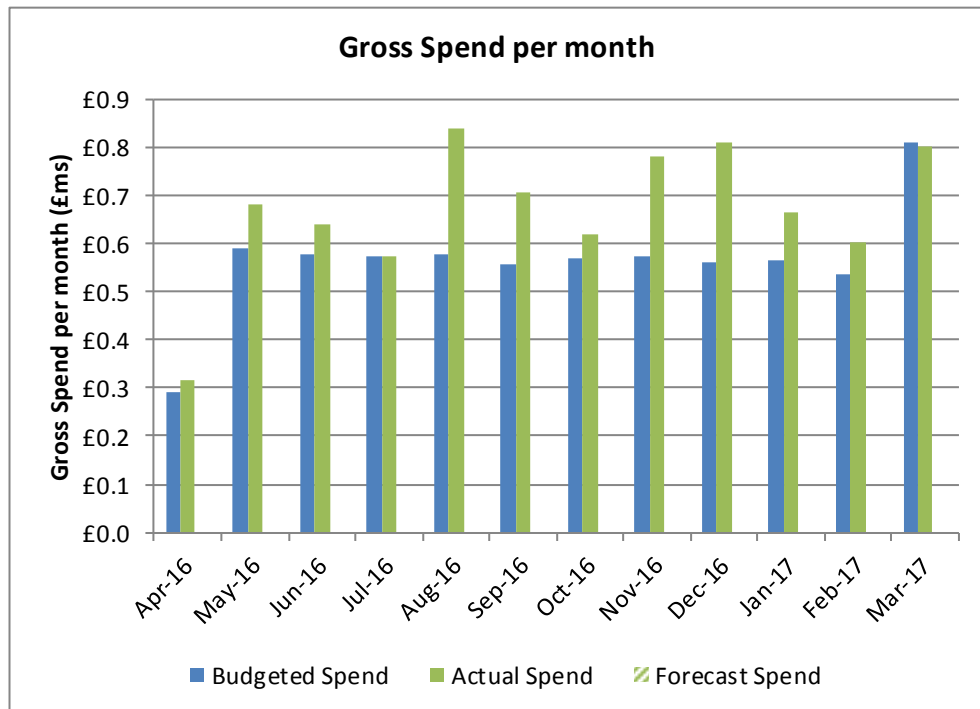
2016-17 Outturn	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£6.8	£0.0	£6.8	134
Actual	£8.0	£0.0	£8.0	147
Variance	£1.3	£0.0	£1.3	13

Position as at 31st Mar 2017	Gross £m	Client Number as at 31/03/2017
Budget: Spend/Activity Year to Date	£6.8	134
Actual: Spend/Activity Year to Date	£8.0	147
Variance as at 31st Mar 2017	£1.3	13

* client numbers taken from the weekly activity extract of 28-3-17

MAIN REASONS FOR VARIANCE:

The gross pressure of +£1.3m is due to higher than anticipated demand (+£1.0m) and higher unit cost (+£0.3m).



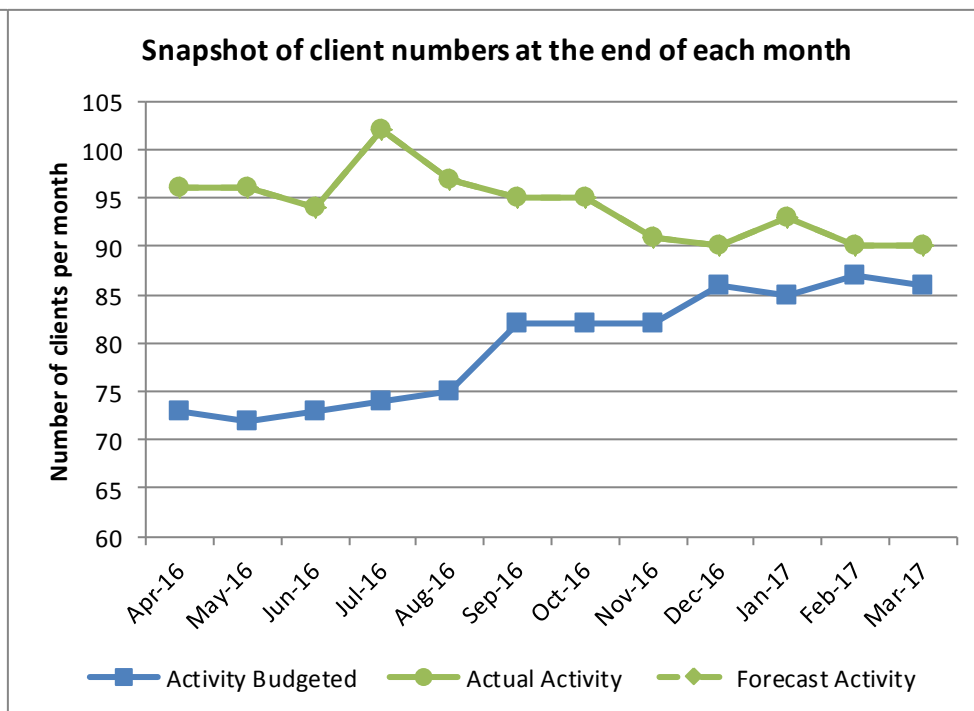
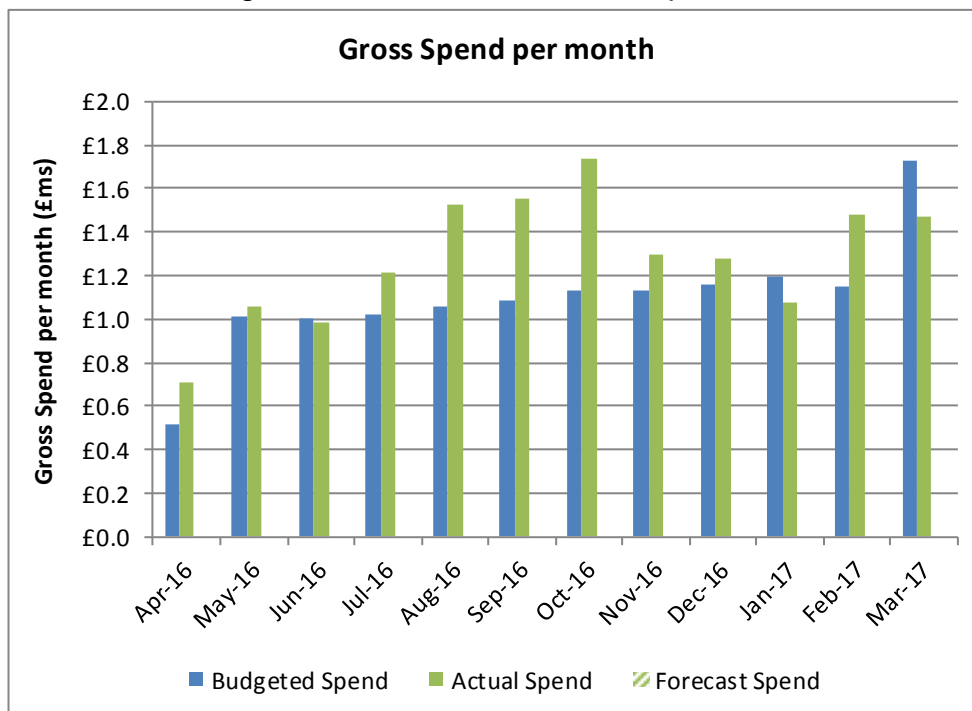
Appendix 4.9: Children in Care (Looked After) - Residential Children's Services - Commissioned from Independent Sector

2016-17 Outturn	Gross £m	Income £m	Net £m	Client Number as at 31/03/2017
Budget	£13.2	-£2.3	£10.9	86
Actual	£15.4	-£2.1	£13.3	90
Variance	£2.2	£0.2	£2.4	4

Position as at 31st Mar 2017	Gross £m	Client Number as at 31/03/2017
Budget: Spend/Activity Year to Date	£13.2	86
Actual: Spend/Activity Year to Date	£15.4	90
Variance as at 31st Mar 2017	£2.2	4

MAIN REASONS FOR VARIANCE:

The gross pressure of +£2.2m is due to higher than anticipated demand (+£2.3m) and lower unit cost (-£0.3m), along with an additional variance of +£0.2m predominately due to greater than anticipated placements in Secure Accommodation. This pressure is further increased by lower than expected income of +£0.2m primarily due to lower than anticipated service income for Children with a Disability, mainly relating to fewer contributions for care costs from Health & Education as a result of an increase in split payments of care at source, resulting in lower costs and recharge income. This leads to a net pressure of +£2.4m.



Appendix 4.10: Assessment Services - Children's Social Care (CSC) staffing

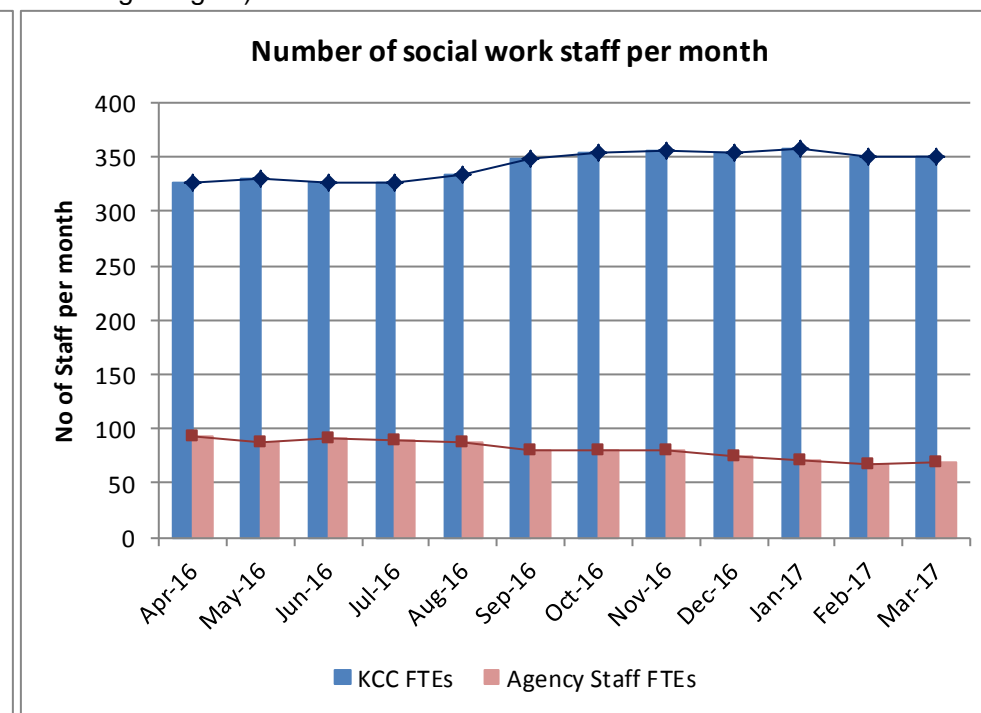
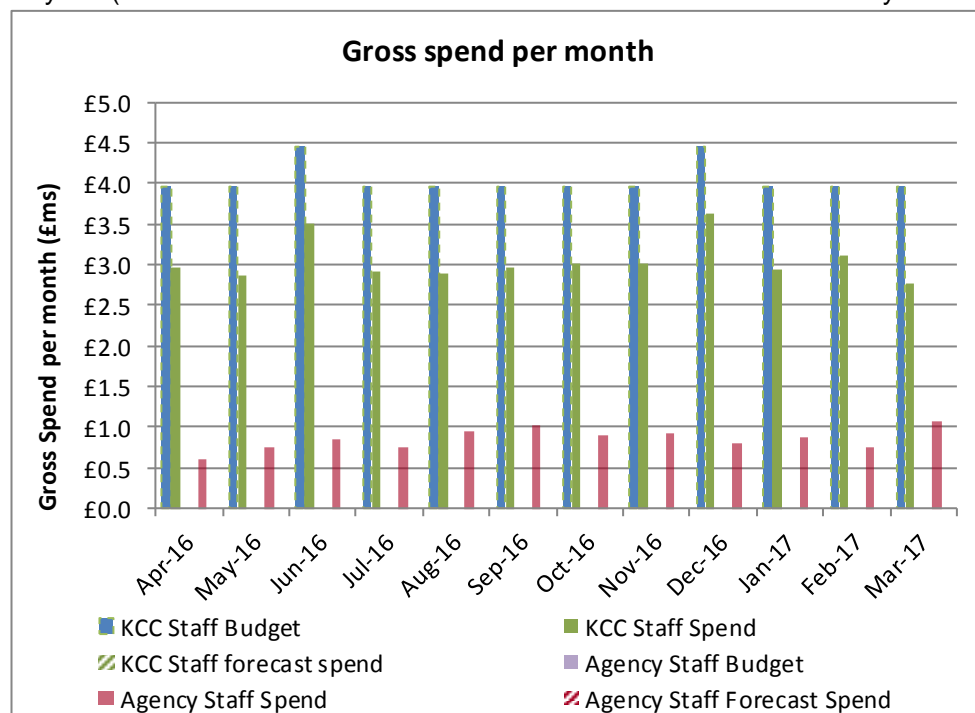
2016-17 Outturn	KCC £m	Agency £m	Gross £m
Budget	£48.5	£0.0	£48.5
Actual	£36.6	£10.2	£46.8
Variance	-£11.9	£10.2	-£1.6

as at 31/03/17	KCC £m	Agency £m	Gross £m
YTD Budget	£48.5	£0.0	£48.5
YTD Spend	£36.6	£10.2	£46.8
YTD Variance	-£11.9	£10.2	-£1.6

Staff numbers	KCC FTEs	Agency Nos
as at 31/03/16	334.6	88.6
as at 31/03/17	350.1	68.4
YTD Movement	15.5	-20.2

MAIN REASONS FOR VARIANCE:

This measure focusses on the level of social workers & senior practitioners rather than the overall staffing level within this budget. The budget assumes that CSC Staffing will be met using salaried workers, so every agency worker (who are more expensive than salaried staff) results in a pressure on this budget. This measure shows the extent of the vacancies within CSC that are covered by agency workers which contributes to a £0.5m net pressure against the Children's Assessment staffing budget in 2016-17. However, this pressure is offset in the table above by a reduction in the Asylum related gross staffing spend resulting from a decline in client numbers due to the dispersal programme, but this is matched by a corresponding reduction in income recharges to Asylum (which is not reflected within this indicator as this measure only includes staffing budgets).

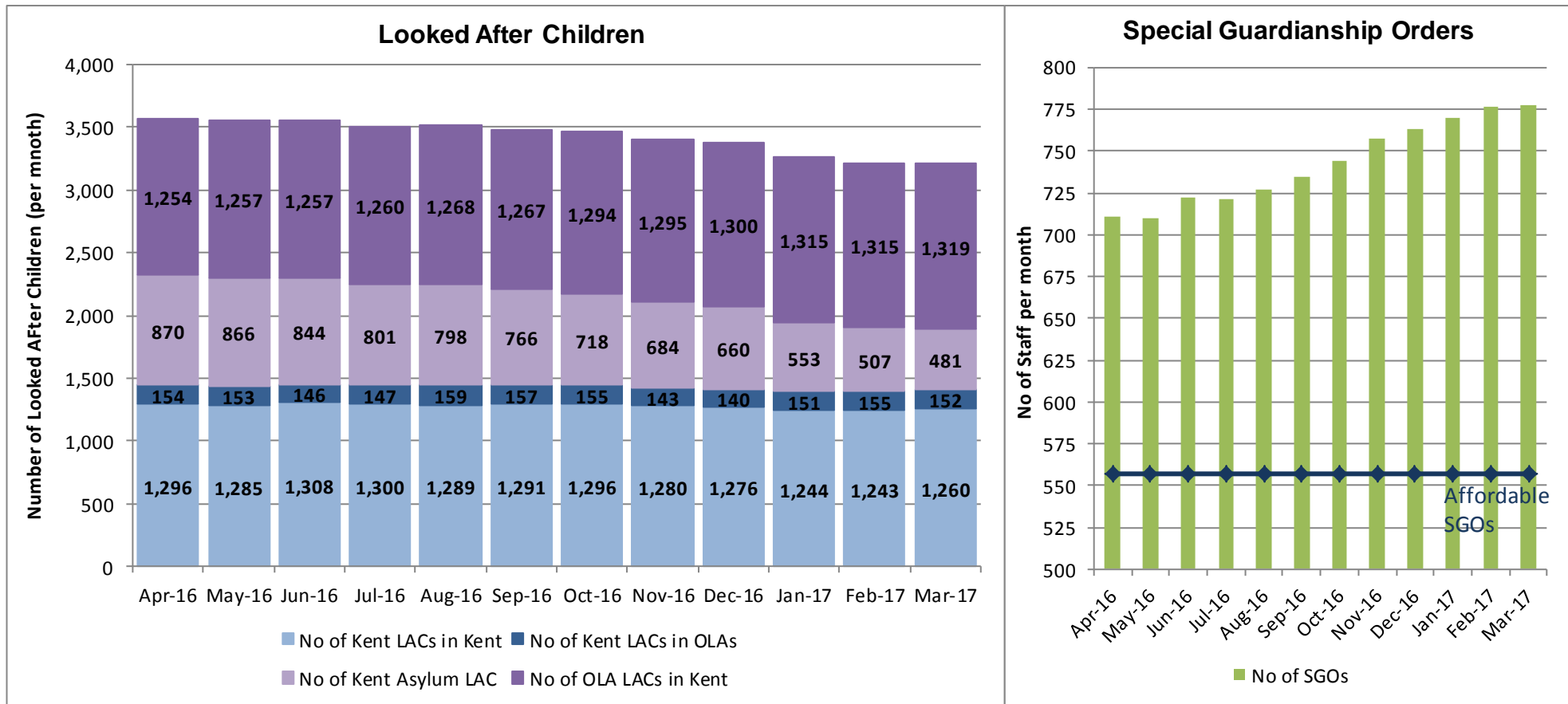


Appendix 4.11: Number of Looked After Children and Number of Special Guardianship Orders (SGOs) with Costs

The left-hand graph shows a snapshot of the number of children designated as looked after at the end of each month (including those currently missing), it is not the total number of looked after children during the period. It is important to note, the OLA LAC information has a confidence rating of 29% and is completely reliant on Other Local Authorities keeping KCC informed of which children are placed within Kent. The Management Information Unit (MIU) regularly contact these OLAs for up to date information, but replies are not always forthcoming.

There is an overall pressure on the Specialist Children's Services budget, with key parts of this relating to the LAC headings of Commissioned Residential Care, Commissioned Foster Care and Legal Charges and non-LAC headings such as Social Care Staffing, Adoption & other permanent care arrangements (including Special Guardianship Orders (SGOs)), and Leaving Care.

The right hand graph shows the number of SGOs incurring costs, which are approved by the courts. These children are either former LAC or may have become LAC if an SGO was not granted.



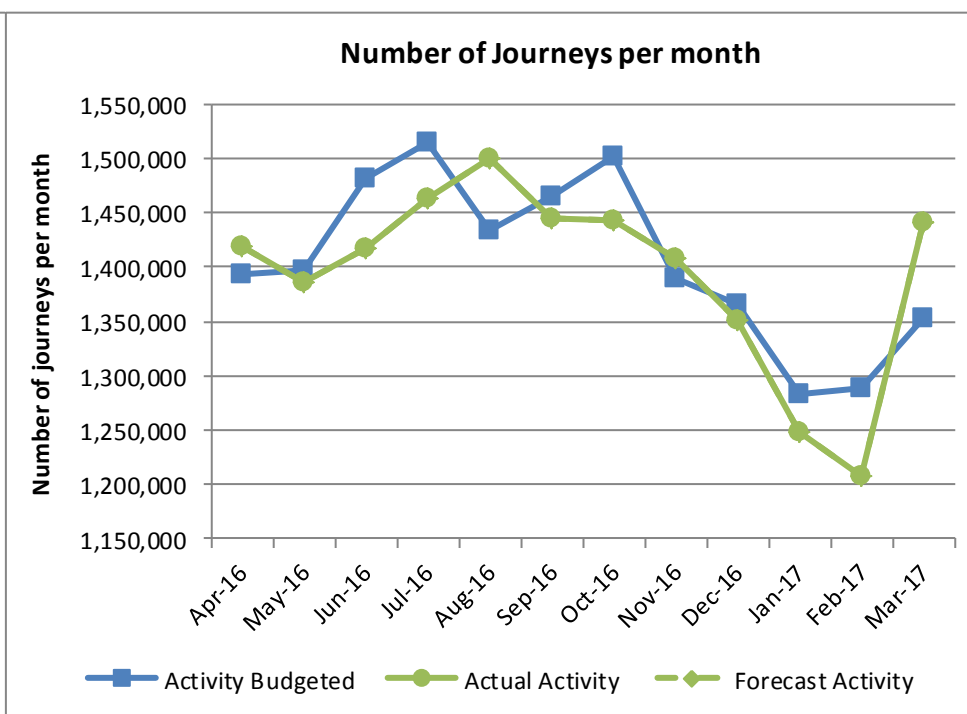
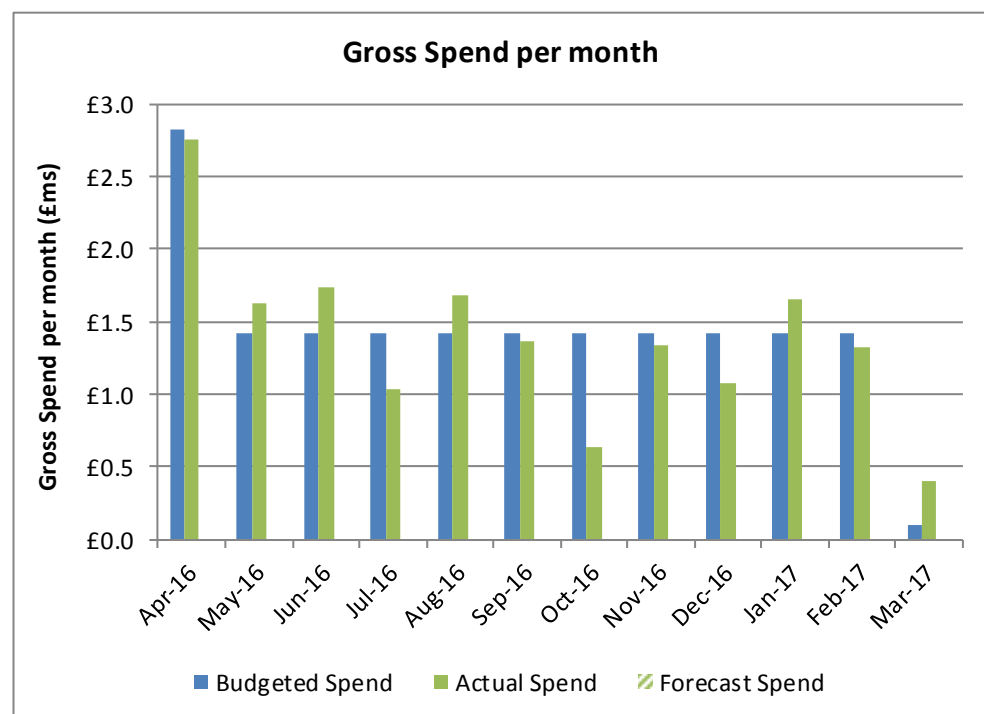
Appendix 4.12: Transport Services - Concessionary fares

2016-17 Outturn	Gross £m	Income £m	Net £m	No of journeys to 31/03/2017
Budget	£17.1	-£0.0	£17.1	16,867,404
Actual	£16.6	-£0.1	£16.6	16,728,298
Variance	-£0.5	-£0.1	-£0.6	-139,106

Position as at 31st Mar 2017	Gross £m	No of journeys to 31/03/2017
Budget: Spend/Activity Year to Date	£17.1	16,867,404
Actual: Spend/Activity Year to Date	£16.6	16,728,298
Variance as at 31st Mar 2017	-£0.5	-139,106

MAIN REASONS FOR FORECAST VARIANCE:

The underspend of -£0.6m is due to lower than anticipated demand (-£0.1m), and a slightly lower unit cost (-£0.3). In addition there are minor underspends (-£0.1m) within other gross costs and a slight over-recovery in income (-£0.1m).



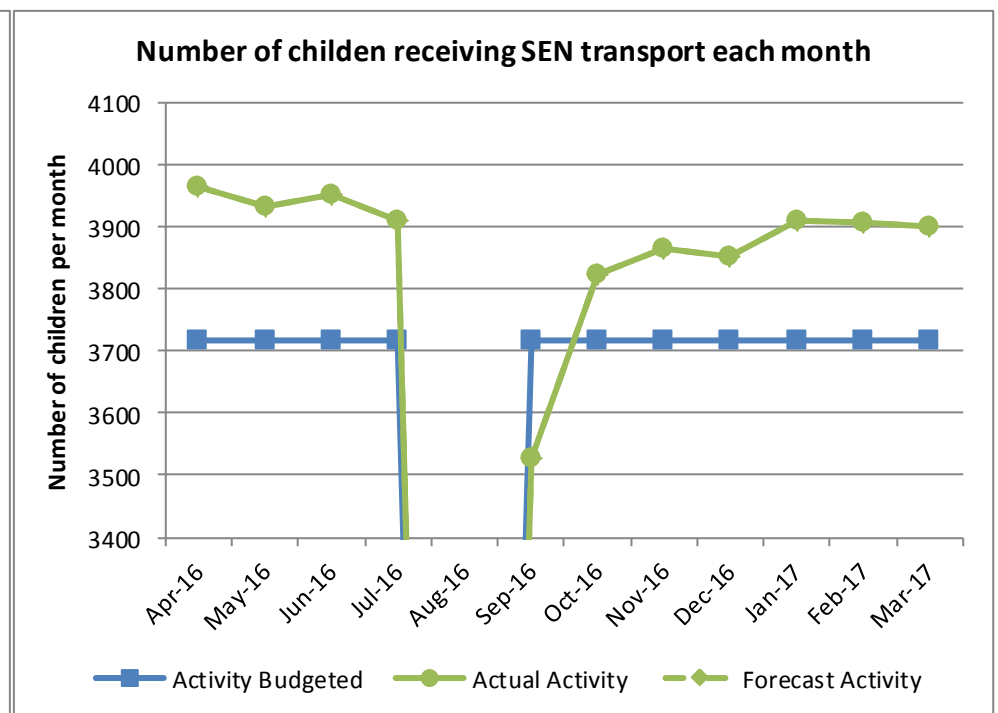
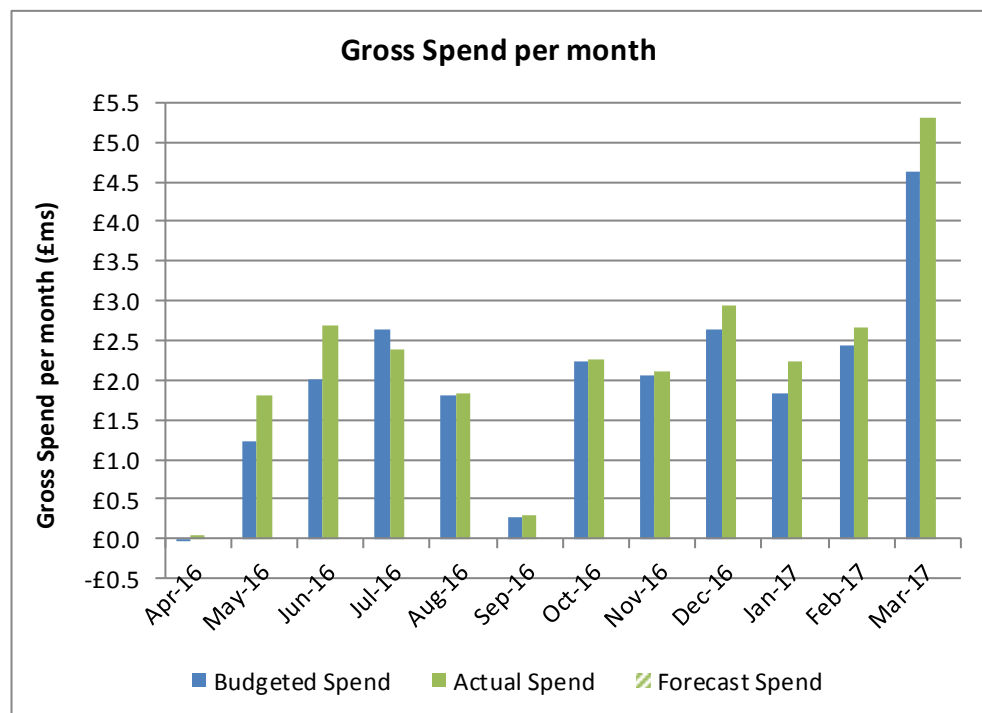
Appendix 4.13: Transport Services - Home to School / College Transport (Special Education Needs)

2016-17 Outturn	Gross £m	Income £m	Net £m	No of pupils as at 31/03/2017
Budget	£23.8	-£0.8	£23.0	3,717
Actual	£26.6	-£1.0	£25.6	3,901
Variance	£2.8	-£0.2	£2.6	184

Position as at 31st Mar 2017	Gross £m	No of pupils as at 31/03/2017
Budget: Spend/Activity Year to Date	£23.8	3,717
Actual: Spend/Activity Year to Date	£26.6	3,901
Variance as at 31st Mar 2017	£2.8	184

MAIN REASONS FOR VARIANCE:

Within SEN Home to School Transport the gross pressure of +£2.8m is due to higher than anticipated demand (+£0.9m) and higher unit cost (+£1.9m). There are additional pressures of +£0.6m on SEN Home to College Transport, which are offset by an underspend on Personal Transport budgets and Independent Travel of -£0.2m, -£0.1m cessation of payment to PRUs, -£0.2m delay in implementation of new software system and -£0.1m other minor variances. In addition there is a -£0.2m income variance relating to increased recoupment income.



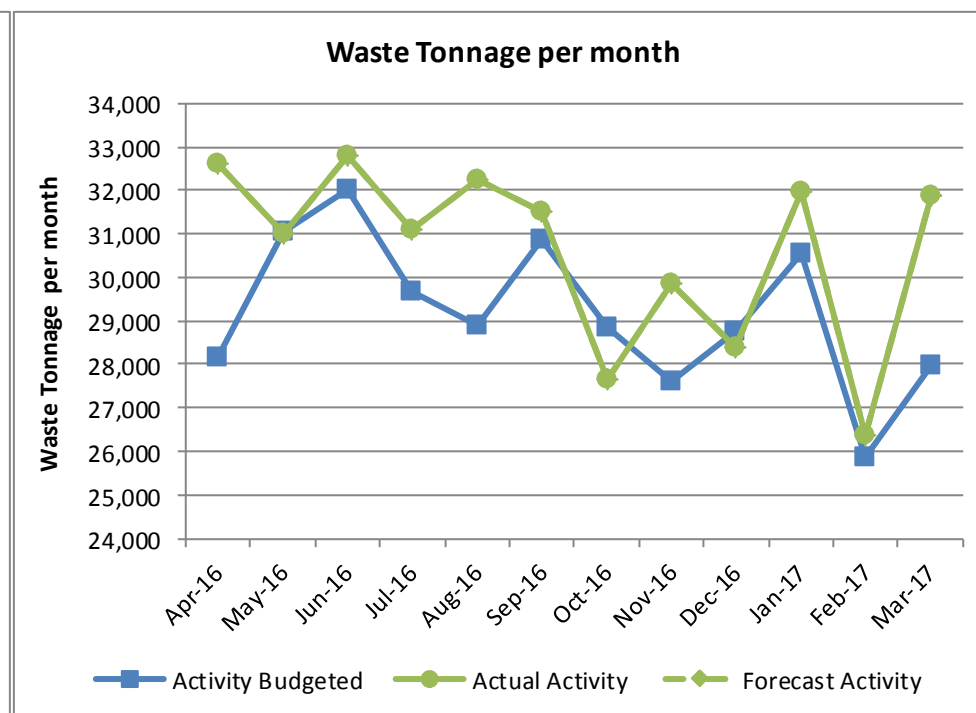
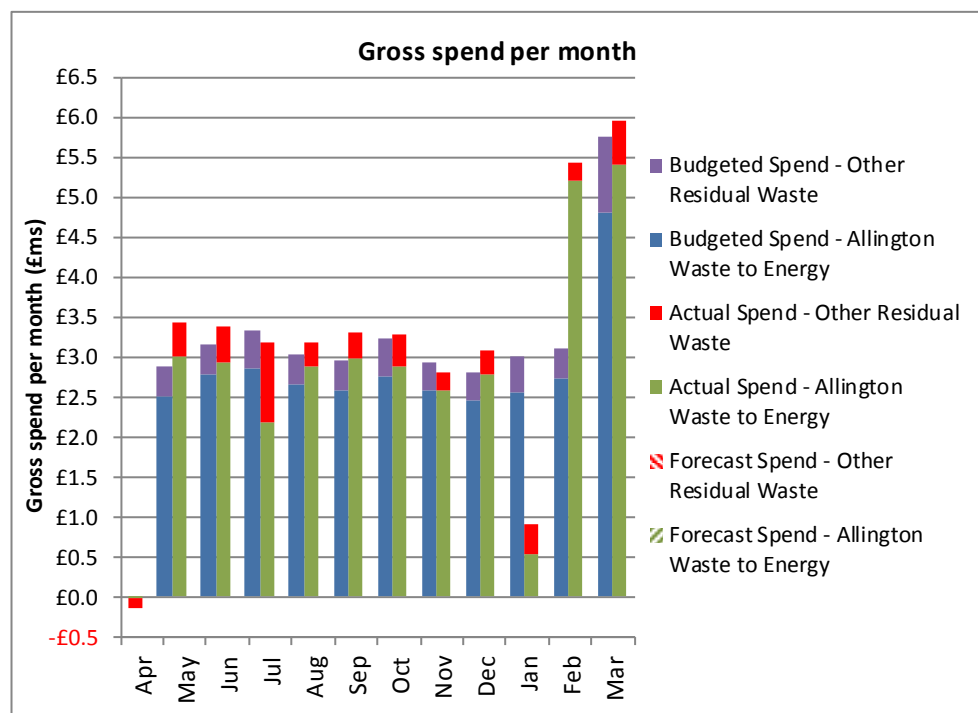
Appendix 4.14: Treatment and disposal of residual waste

2016-17 Outturn	Gross £m	Income £m	Net £m	Waste Tonnage to 31/03/2017
Budget	£36.2	£0.0	£36.2	350,200
Actual	£37.8	-£0.5	£37.3	367,266
Variance	£1.6	-£0.5	£1.1	17,066

Position as at 31st Mar 2017	Gross £m	Waste Tonnage to 31/03/2017
Budget: Spend/Activity Year to Date	£36.2	350,200
Actual: Spend/Activity Year to Date	£37.8	367,266
Variance as at 31st Mar 2017	£1.6	17,066

MAIN REASONS FOR FORECAST VARIANCE:

The gross overspend of +£1.6m is due to higher than anticipated demand (+£1.8m), although some of this relates to trade waste, the cost of which is covered through income, and a lower unit cost (-£0.2m). This is offset by higher than expected income (-£0.5m), from trade waste tonnes, leading to a net overspend of +£1.1m.



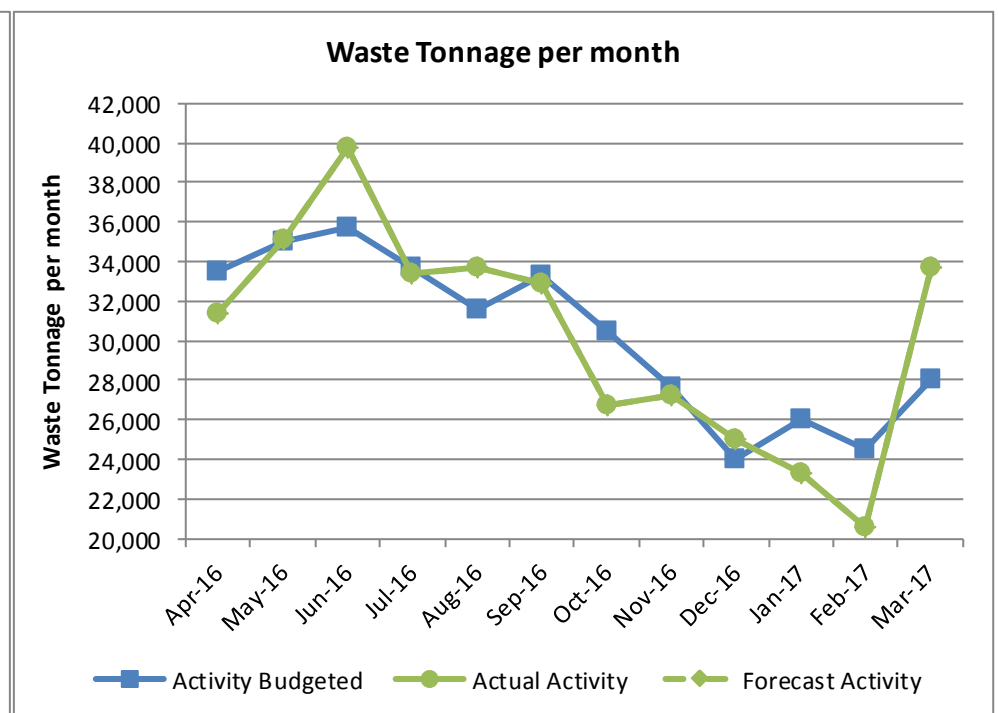
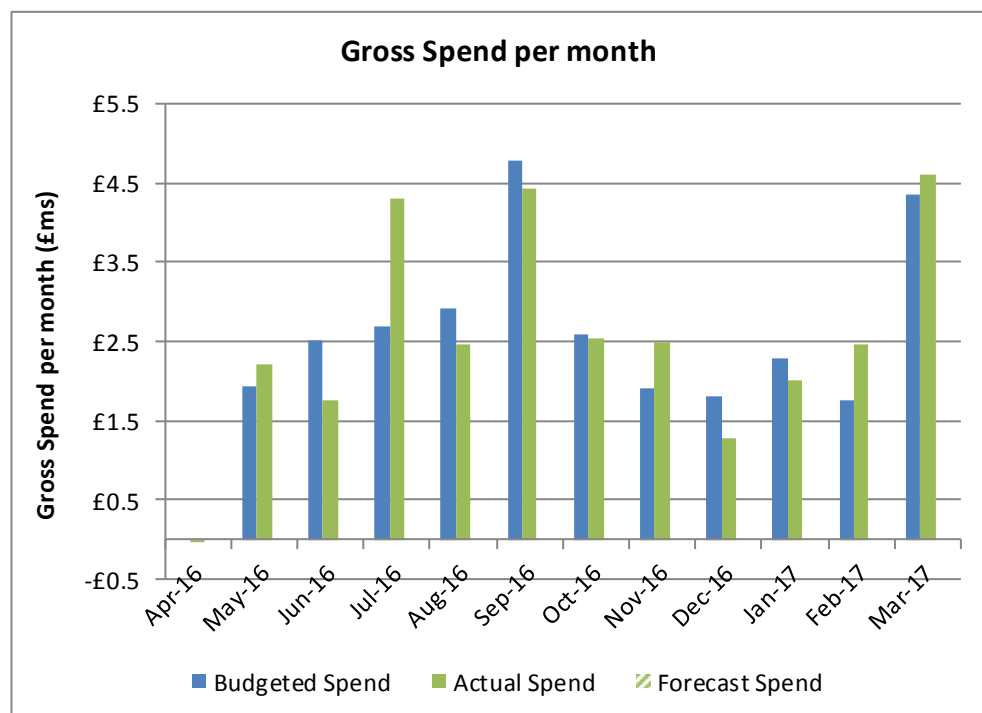
Appendix 4.15: Waste Processing

2016-17 Outturn	Gross £m	Income £m	Net £m	Waste Tonnage to 31/03/2017
Budget	£29.5	-£1.4	£28.1	363,500
Actual	£30.5	-£1.5	£29.0	362,916
Variance	£1.0	-£0.0	£0.9	-584

Position as at 31st Mar 2017	Gross £m	Waste Tonnage to 31/03/2017
Budget: Spend/Activity Year to Date	£29.5	363,500
Actual: Spend/Activity Year to Date	£30.5	362,916
Variance as at 31st Mar 2017	£1.0	-584

MAIN REASONS FOR FORECAST VARIANCE:

The gross overspend of +£1.0m is due higher than anticipated demand (+£0.2m) primarily for composting; the re-procurement of the dry recyclables contract (+£0.4m); increased tipping away payments (+£0.4m) as well as a new cost of re-providing a temporary transfer station while Church Marshes was closed for re-development (+£0.2m); other minor variances (-£0.2m) make up the balance. Additional Income (-£0.1m) primarily from paper and card, reduces this to a net overspend of +£0.9m. Variations in tonnes may not lead to an increased financial position as not all changes in waste types attract an additional cost.



Appendix 4.16: All Staffing Budgets (excluding schools)

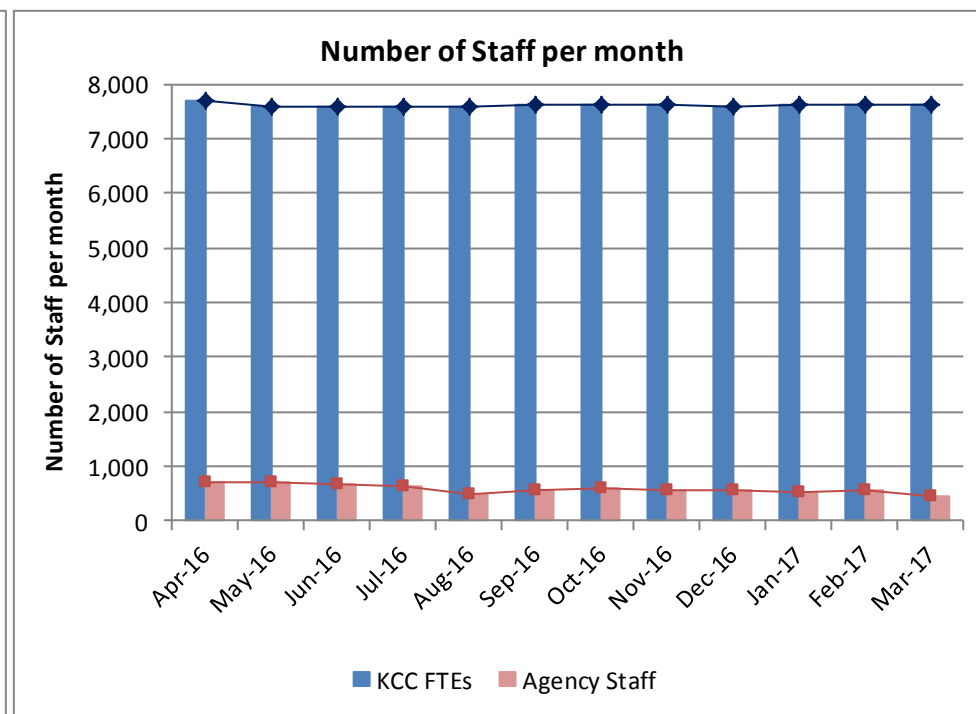
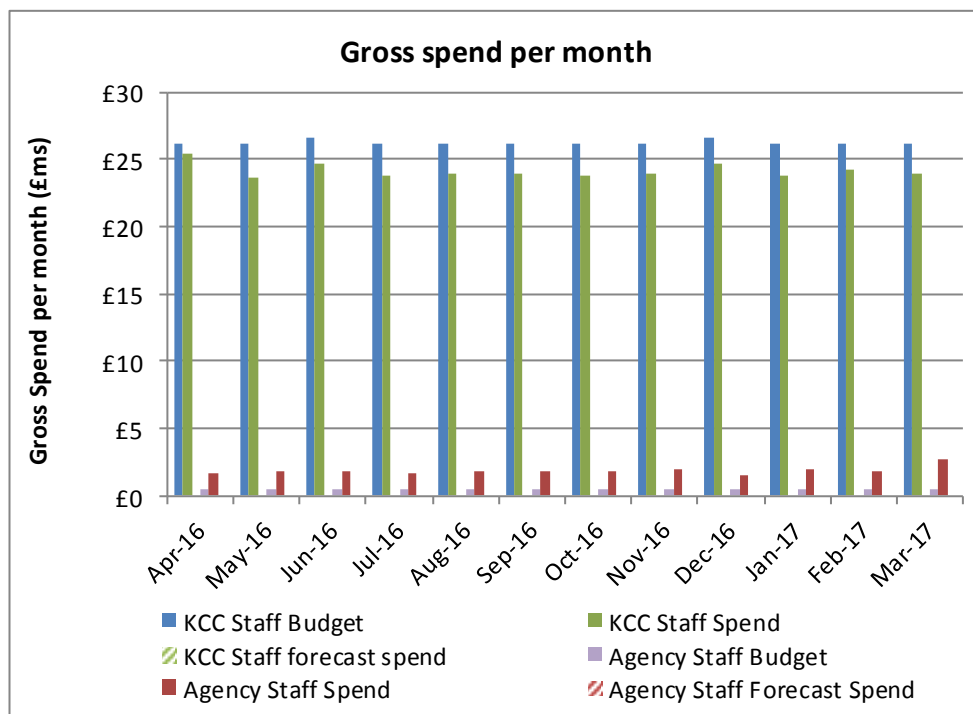
2016-17	KCC	Agency	Gross
Outturn	£m	£m	£m
Budget	£314.2	£5.9	£320.1
Outturn	£289.5	£22.6	£312.1
Variance	-£24.6	£16.7	-£8.0

as at 31 Mar	KCC	Agency	Gross
2017	£m	£m	£m
YTD Budget	£314.2	£5.9	£320.1
YTD Spend	£289.5	£22.6	£312.1
YTD Variance	-£24.6	£16.7	-£8.0

Staff numbers	KCC	Agency
	FTEs	Nos
as at 31 Mar 2016	7,719.59	671
as at 31 Mar 2017	7,609.36	445
Annual Movement	-110.23	-226

MAIN REASONS FOR VARIANCE:

There is a significant underspend against KCC staff budgets but this is largely offset by an overspend on agency staff. Vacancies were held pending the outcome of restructuring and the uncertainty around budget cuts, which contributed to the overall underspend against the combined KCC & Agency staff budgets. The staffing numbers provided are a snapshot position at the end of the month.



Unaccompanied Asylum Seeking Children (UASC)

1. Position compared to budget by age category

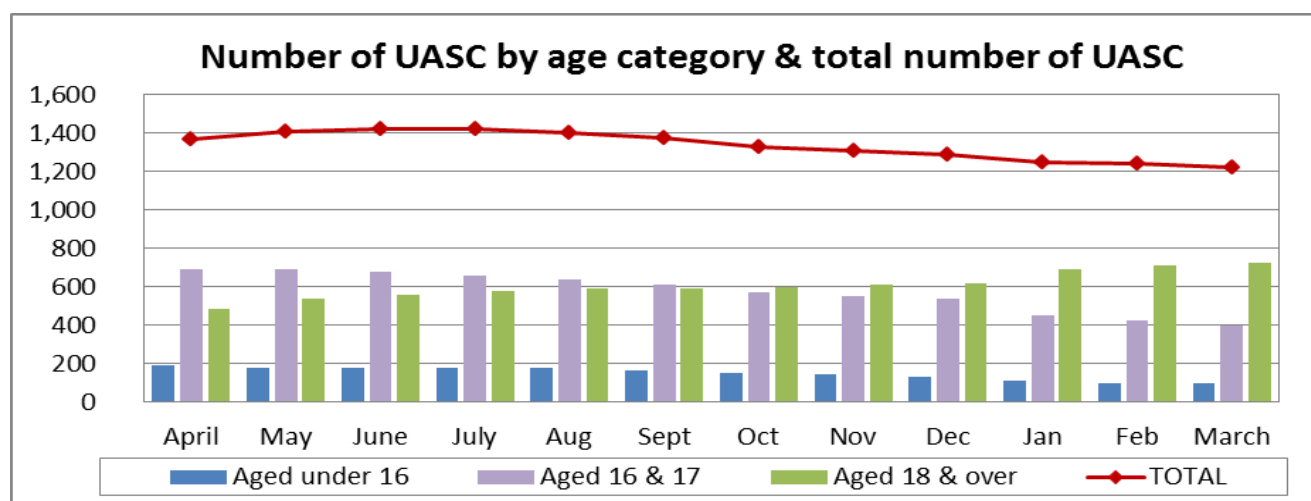
The outturn position is an overspend of £1.0m as detailed below:

	Cash Limit			Forecast Variance		
	Gross £m	Income £m	Net £m	Gross £m	Income £m	Net £m
Aged under 16	13.1	-13.1	0.0	-6.1	5.6	-0.5
Aged 16 & 17	25.0	-25.0	0.0	-4.9	6.0	1.1
Aged 18 & over (care leavers)	8.4	-7.9	0.6	-2.0	2.4	0.4
	46.5	-46.0	0.6	-13.0	14.0	1.0

The following tables exclude individuals being reunited with family under the Dublin III regulation who are awaiting pick up by relatives and are not Asylum seekers (so are not eligible under grant rules), but we are recharging for the time they use the Authority's services, so the authority should not face net costs.

2. Number of UASC & Care Leavers by age category

	Aged under 16	Aged 16 & 17	Aged 18 & over	TOTAL
April	191	689	486	1,366
May	181	691	539	1,411
June	182	679	561	1,422
July	182	660	577	1,419
Aug	176	638	590	1,404
Sept	167	613	594	1,374
Oct	155	573	601	1,329
Nov	147	553	610	1,310
Dec	135	538	616	1,289
Jan	109	451	691	1,251
Feb	101	425	714	1,240
March	99	398	725	1,222



The number of Asylum LAC shown in Appendix 4.11 is different to the total number of under 18 UASC clients shown within this indicator, due to UASC

under 18 clients including both Looked After Children and 16 and 17 year old Care Leavers.

3. Number of Eligible & Ineligible Clients incl All Rights of appeal Exhausted (ARE) clients at the end of each month

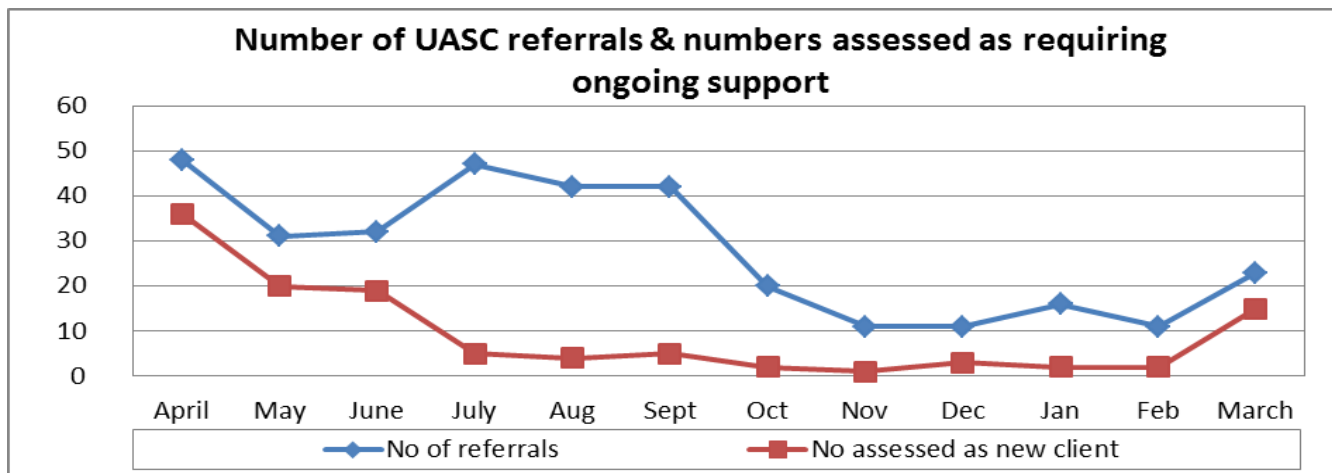
	Eligible Clients	of which AREs	Ineligible Clients	of which AREs	Total Clients	Total AREs
April	1,158	7	208	56	1,366	63
May	1,171	7	240	51	1,411	58
June	1,181	12	241	45	1,422	57
July	1,187	12	232	47	1,419	59
Aug	1,156	19	248	42	1,404	61
Sept	1,134	19	240	40	1,374	59
Oct	1,083	16	246	38	1,329	54
Nov	1,067	15	243	36	1,310	51
Dec	1,046	14	243	32	1,289	46
Jan	1,030	14	221	34	1,251	48
Feb	1,018	6	222	40	1,240	46
March	1,008	7	214	38	1,222	45

Eligible Clients are those who do meet the Home Office grant rules criteria. Appeal Rights Exhausted (ARE) clients are eligible for the first 13 weeks providing a human rights assessment is completed.

Ineligible clients are those who do not meet the Home Office grant rules criteria. For young people (under 18), this includes accompanied minors and long term absences (e.g. hospital or prison). For care leavers, there is an additional level of eligibility as the young person must have leave to remain or "continued in time" appeal applications to be classed as an eligible client.

4. Numbers of UASC referrals, assessed as requiring ongoing support

	No of referrals	No assessed as new client	%
April	48	36	75%
May	31	20	65%
June	32	19	59%
July	47	5	11%
Aug	42	4	10%
Sept	42	5	12%
Oct	20	2	10%
Nov	11	1	9%
Dec	11	3	27%
Jan	16	2	13%
Feb	11	2	18%
March	23	15	65%
TOTAL	334	114	34%



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

	Arrivals who have been dispersed post new Government Dispersal Scheme (w.e.f 01 July 16)	Former Kent UASC who have been dispersed (entry prior to 01 July 16)	TOTAL
April		12	12
May		4	4
June		10	10
July	14	11	25
Aug	31	1	32
Sept	30	10	40
Oct	33		33
Nov	16	2	18
Dec	7		7
Jan	8	5	13
Feb	15		15
March	16	5	21
TOTAL	170	60	230

The 170 new arrivals that have been dispersed since July are included within the referrals in table 4. The dispersal process has been slower than expected and has resulted in Kent becoming involved in some of the work or assessment for these clients prior to their dispersal and are therefore counting as a referral. It is expected that we will get to the point where clients are dispersed more quickly and therefore will not be included in the referral numbers.

2016-17 RESERVES PROVISIONAL OUTTURN POSITION

1. The table below reflects the impact of the provisional outturn and activity for 2016-17 on our revenue reserves. These are provisional figures and are subject to change during the final stages of the closing of accounts process.

Account	Balance at 31/3/16	Provisional Balance at 31/3/17	Movement
	£m	£m	£m
General Fund balance	36.4	36.7	+0.3
Earmarked Reserves	165.3	163.2	-2.1
Surplus on Trading Accounts *	0.6	-	-0.6
Schools Reserves **	46.4	28.4	-18.0

* The surplus on Trading Accounts relates entirely to Commercial Services.

** Schools reserves include both the delegated schools reserves and the unallocated schools budget. Details of the reasons for the movement in schools reserves are provided in section 3.7 of the main report.

2. The General Fund balance is made up of KCC General Reserves and Commercial Services General Reserves as shown below:

General Fund Balance	Balance at 31/3/16	Provisional Balance at 31/3/17	Movement
	£m	£m	£m
Kent County Council	37.2	37.2	-
Commercial Services	-0.8	-0.5	+0.3
	36.4	36.7	+0.3

3. The provisional reduction of £2.1m in earmarked reserves since 31 March 2016 is due to:

	£m
• Budgeted drawdown of earmarked reserves to support 2016-17 budget including use of directorate reserves	-5.0
• Drawdown from reserves of residual 2014-15 underspend to support 2016-17 budget	-4.1
• Budgeted drawdown from Kingshill Smoothing reserve	-2.0
• Budgeted contribution to reserves for Transformation work	2.5
• Budgeted phased repayment of sums borrowed from long term reserves in 2011-12 (year 3 of 10)	1.3
• Budgeted contribution to elections reserve	0.5
• Use of rolling budget reserve (2015-16 underspend) to fund approved roll forwards	-7.6
• Transfer to earmarked reserve to support future budgets of uncommitted 2015-16 rolled forward underspend	2.4
• Impact on rolling budget reserve of 2016-17 outturn	3.8
• Use of Dedicated Schools Grant reserve	-2.9
• Transfer of residual DSG earmarked reserve to schools reserves (see section 3.7 of main report)	-5.6
• Budgeted drawdown from Public Health reserve (use of prior year underspending)	-1.3
• Transfer to Public Health reserve of 2016-17 underspend (see section 3.6.5 of main report)	3.1
• Transfer to Insurance reserve of 2016-17 underspend	2.5
• Transfer to Modernisation of the Council reserve of 2016-17 underspend	0.6
• Transfer to Prudential Equalisation reserve of reduction in Minimum Revenue Provision following re-phasing of capital programme in 2015-16	1.1
• Net use of Commercial Services earmarked reserves, including contribution to KCC budget (see section 3.8 of the main report)	-1.0
• Net increase in PFI reserves	2.3
• Net increase in repairs and renewals of vehicle, plant & equipment reserves	1.6
• Transfer to earmarked reserve to support future budgets of underspend resulting in change in social care bad debt policy (see section 3.6.4 of main report)	1.5
• Net increase in Kent Lane Rental Scheme reserve	0.6
• Increase in earmarked reserve to support future budgets to be used to support 2017-18 budget	1.2
• Other movements in various earmarked reserves	2.4
	-2.1

2016-17 Final Monitoring of Prudential Indicators

1. Estimate of Capital Expenditure (excluding PFI)				
Actuals 2015-16	£234.911m			
Original estimate 2016-17	£299.658m			
Revised Estimate 2016-17	£238.519m			
2. Estimate of capital financing requirement (underlying need to borrow for a capital purpose)				
	2015-16	2016-17	2016-17	
	Actual	Original Estimate	Actual	
	£m	£m	£m	
Capital Financing requirement	1,348.259	1,335.724	1,362.394	
Annual increase/reduction in underlying need to borrow	-34.597	-17.266	14.135	
In the light of current commitments and planned expenditure, forecast net borrowing by the Council will not exceed the Capital Financing Requirement.				
3. Estimate of ratio of financing costs to net revenue stream				
Actuals 2015-16	13.90%			
Original estimate 2016-17	13.71%			
Revised estimate 2016-17	13.41%			
4. Operational Boundary for External Debt				
The operational boundary for debt is determined having regard to actual levels of debt, borrowing anticipated in the capital plan, the requirements of treasury strategy and prudent requirements in relation to day to day cash flow management. The operational boundary for debt will not be exceeded in 2016-17.				
a)	Operational boundary for debt relating to KCC assets and activities			
		Prudential Indicator	Position as at 31-03-17	
		£m	£m	
	Borrowing	975	927	
	Other Long Term Liabilities	248	271	
		1,223	1,198	
b)	Operational boundary for total debt managed by KCC including that relating to Medway Council etc (pre Local Government Reorganisation)			
		Prudential Indicator	Position as at 31-03-17	
		£m	£m	
	Borrowing	1,015	966	
	Other Long Term Liabilities	248	271	
		1,263	1,237	

5. Authorised Limit for External Debt

The authorised limit includes additional allowance, over and above the operational boundary to provide for unusual cash movements. It is a statutory limit set and revised by the Council. The revised limits for 2016-17 are:

	Authorised limit for debt relating to KCC assets and activities	Position as at 31-03-17	Authorised limit for total debt managed by KCC	Position as at 31-03-17
	£m	£m	£m	£m
Borrowing	1,015	927	1,055	966
Other long term liabilities	248	271	248	271
	<u>1,263</u>	<u>1,198</u>	<u>1,303</u>	<u>1,237</u>

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

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

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

The Council has determined the following upper limits for 2016-17

Fixed interest rate exposure	100%
Variable rate exposure	40%

These limits have been complied with in 2016-17

8. Upper limits for maturity structure of borrowings

	Upper limit	Lower limit	Position as at 31-03-17
	%	%	%
Under 12 months	10	0	3.51
12 months and within 24 months	10	0	2.35
24 months and within 5 years	15	0	6.64
5 years and within 10 years	15	0	10.30
10 years and within 20 years	20	5	9.18
20 years and within 30 years	20	5	20.19
30 years and within 40 years	25	10	16.64
40 years and within 50 years	30	10	24.41
50 years and within 60 years	30	10	6.78

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

Indicator	£230m
Actual	£163.4m

2016-17 Capital Receipts Position

1.1	Capital Receipts														
	The total receipts banked in 2016-17 is £17.9m .														
1.2	Capital Receipts Funding Capital Programme														
1.3	We are in the unprecedented position of not having enough capital receipts banked at the end of the year to fund expenditure in the capital programme. A conscious decision was made within the year to delay sale of certain sites in order to achieve a significantly higher return in 18 - 24 months time. The deficit of £13.5m has been funded through a mixture of short term borrowing and banked grant, which will need to be repaid from capital receipts in 17-18.														
1.4	The 2017-20 capital programme is reliant on £33m of capital receipts funding which is before any roll forwards are added from 2016-17. There will need to continue to be a rigorous capital receipts target going forward, and close monitoring throughout 2017-18.														