

To: CABINET – 16 June 2008

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- (1) REVENUE AND CAPITAL BUDGET OUTTURN 2007-08**
 - (2) REVENUE BUDGET ROLL FORWARD FOR COMMITTED PROJECTS**
 - (3) 2007-08 RE-PHASING OF PERFORMANCE REWARD GRANT**
 - (4) 2007-08 FINAL MONITORING OF KEY ACTIVITY INDICATORS**
 - (5) 2007-08 FINAL MONITORING OF PRUDENTIAL INDICATORS**
 - (6) IMPACT OF 2007-08 REVENUE BUDGET OUTTURN ON RESERVES**
 - (7) CAPITAL BUDGET OUTCOMES & ACHIEVEMENTS IN RECENT YEARS**
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1. Summary

- 1.1 This report sets out the provisional revenue and capital budget outturn for 2007-08. It details:
 - where revenue projects have been rescheduled and/or are committed
 - where there is under or overspending.
- 1.2 Details of the proposals for the use of part of the revenue budget underspending are provided in Appendix 1. This reflects those projects where there is already a commitment to spend in 2008-09.
- 1.3 Details of the re-phasing of projects funded from Performance Reward Grant are provided in Appendix 2.
- 1.4 Final monitoring of key activity indicators for 2007-08 is detailed in Appendix 3.
- 1.5 The report also provides the year-end prudential indicators and impact on reserves.
- 1.6 Capital Budget Outcomes and Achievements in recent years are detailed in Appendix 5.

2. Recommendations

Cabinet is asked to:

- 2.1 Note the provisional outturn position for 2007-08.
- 2.2 Agree the requests for roll forward of part of the 2007-08 revenue underspending into 2008-09, as detailed in Appendix 1, to fund existing commitments.
- 2.3 Note that the remaining underspend will be allocated at the July meeting of Cabinet following a review of the expected impact of the current economic conditions upon key KCC services in 2008-09.
- 2.4 Note the re-phasing of projects funded from Performance Reward Grant as summarised in Appendix 2.
- 2.5 Note the final monitoring of the key activity indicators for 2007-08 as detailed in Appendix 3.
- 2.6 Note the final monitoring of the prudential indicators for 2007-08 as detailed in Appendix 4.
- 2.7 Note the impact of the 2007-08 provisional revenue budget outturn on reserves as detailed in section 3.6.
- 2.8 Note the capital budget outcomes and achievements in recent years as detailed in Appendix 5.
- 2.9 Note that the 2008-09 Capital Programme will be adjusted to reflect the re-phasing and other variances, of the 2007-08 Capital Programme.
- 2.10 Note that contrary to school's previous forecasts, the schools' revenue and capital reserves have increased by some £22m. Details are provided in this report.

3. **BUDGET OUTTURN 2007-08**

3.1 INTRODUCTION

- 3.1.1 This report sets out the provisional revenue and capital budget outturn for 2007-08. 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 8th consecutive year the Council is able to demonstrate sound financial management, by containing its revenue expenditure within the budgeted level.

3.2 REVENUE BUDGET OUTTURN 2007-08

- 3.2.1 The provisional outturn is a net underspend of £7.889m against portfolio budgets and a £4.984m increase in school reserves, giving a total underspend of £12.873m.
- 3.2.2 This £7.889m outturn compares with the variance of -£9.113m last reported to Cabinet at its meeting on 12 May, which represents a movement since the last report of +£1.224m. In addition, the 12 May report included a £3.805m pressure on Asylum which is now shown as breakeven pending the outcome of our two Special Circumstances bids for 2007-08. This reflects our expectation that we will be reimbursed by Government for our Asylum costs. This approach is consistent with previous years. 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
O,R&S (CFHE) ^{note 2}	-799,700	-799,449	+251	+1,634	-1,383
CF&EA	+101,978	+101,677	-301	-1,394	+1,093
KASS	+271,996	+273,493	+1,497	+1,520	-23
E,H&W	+121,751	+120,139	-1,612	-2,535	+923
Regen & SI ^{note 3}	+8,949	+7,889	-1,060	-1,163	+103
Communities	+55,013	+56,143	+1,130	+1,130	0
Public Health	+562	+248	-314	-50	-264
Corporate Support	+27,126	+26,415	-711	-896	+185
Policy & Performance	+3,253	+3,046	-207	-224	+17
Finance	+105,736	+99,174	-6,562	-7,135	+573
SUB TOTAL (excl Schools)	-103,336	-111,225	-7,889	-9,113	+1,224
Asylum ^{note 1}	0	0	0	+3,805	-3,805
TOTAL (excl Schools)	-103,336	-111,225	-7,889	-5,308	-2,581
Schools O,R&S (CFHE)	+852,805	+847,821	-4,984	+15,000	-19,984
TOTAL	+749,469	+736,596	-12,873	+9,692	-22,565

Note 1: Although the Asylum Service is showing a nil variance, we do not yet know whether our Special Circumstances Bids will be successful. Further details are provided in paragraph 3.2.12.

Note 2: Of the £0.251m residual pressure within the OR&S (CFHE) portfolio, -£0.025m relates to budgets managed within the CFHE directorate and +£0.276m relates to budgets managed within the Chief Executives directorate (Kent Works).

Note 3: Of the £1.060m underspend within the R&SI portfolio, -£0.810m relates to budgets managed within the E&R directorate and -£0.250m relates to budgets managed within the Chief Executives directorate (Supporting Independence).

- 3.2.3 The main reasons for the movement in the forecast since the last monitoring report to Cabinet on 12 May, as shown in Table 1, are as follows:

3.2.4 **Children, Families, Health & Education (CFHE):**

3.2.4.1 Operations, Resources & Skills (CFHE) Portfolio:

The overall position for the portfolio has moved by -£1.383m since the last report to Cabinet. The main changes are:

- -£1.7m on the Grants and Contingency budget, which mainly represents the final grant income for the year compared to the previous forecast (on a near £1bn budget).
- -£0.810m ICT – this is mainly due to appropriate re-badging of spend against Standards Fund giving a one-off underspend against base budget of £0.748m.
- -£0.238m Clusters – this is due to an increase in cluster board income of £0.1m with the balance due to staffing underspends and recharges to schools.
- -£0.131m Business Management – due to an unexpected reduction in facilities charges.

These have been partially offset by:

- +£0.672m Building Schools for the Future – due to a change in the accounting treatment of asbestos work at PFI schools which had previously been included within capital, and additional costs on staffing, consultants and specialist fees.
- +£0.500m Capital Projects Unit – this was mainly due to an increase in the costs of tree safety and the moving of mobile classrooms (£0.290m) and an increase in the costs of maintenance of non-operational sites (£0.2m).
- +£0.250m Personnel & Development – mainly due to an increase in the overspend on the CRB budget (£0.172m), with the balance due to increased management and administration costs.

3.2.4.2 Children, Families & Educational Achievement Portfolio:

The overall underspend for the portfolio has reduced by £1.093m since the last report to Cabinet. The main movements are:

- +£0.717m Independent Sector Residential Care – previous forecasts included an assumption that a cash limit virement would be made from re-aligning the budget on grants to voluntary organisations to correct an underlying base budget imbalance but this virement has not happened. The balance of the movement is due to additional expenditure relating to district court assessments, two additional placements and an increase in the cost of placements for three children.
- +£0.630m Fostering Service – previous forecasts included an assumption that a cash limit virement would be made from re-aligning the budget on grants to voluntary organisations to correct an underlying base budget imbalance but this virement has not happened. The balance of the movement relates to 5 new placements from January to March not previously forecast; and fee increases and an increase in respite placements and travel expenses within in-house fostering.
- +£0.578m Grant Income & Contingency – this reflects a reduction in the underspend on this budget, which is largely due to some one-off adjustments and items of expenditure that arose as part of the closedown process, including the write-off of some old debts.
- +£0.238m Leaving Care/16+ - this largely relates to an increase in the number of placements (£0.136m) and some previously unforecast costs.
- +£0.190m International Development Unit – this is due to an increase in the overspend at the Hardelet centre and an overspend on the Intereg project of £0.150m. We are still in negotiations with GOSE about possible income relating to this project.
- +£0.164m Advisory Service Kent (Secondary) – this relates to late payments made to schools and Connexions.
- +£0.113m Advisory Service Kent (Primary) – this relates to a charge from ISG for A2K, not previously forecast, and additional expenditure required to cover staff vacancies and absences.
- +£0.105m Section 17 – this is mainly due to increased travel costs and specialist fees.
- -£0.670m Grants to Voluntary Organisations – previous forecasts included an assumption that a cash limit virement would be made from re-aligning this budget with Independent Sector Residential Care and Fostering, to correct an underlying base budget imbalance, but this virement has not happened.
- -£0.397m Advisory Service Kent (Professional Development) – this is largely due to additional income from schools for training courses (£0.280m), together with a reduction in the cost of running courses and increased income from room hire.
- -£0.210m Advisory Service Kent (Improvement Partners) - this is mainly due to income from BSF towards the Secondary transformation team and additional income from consultancy.

- -£0.144m Other Services Support – this mainly relates to additional income received for the Out of Hours service and other increased income.
- -£0.127m KCC Family Support Service – this relates to the management of staff vacancies in line with the internal management action agreed within this division.

3.2.4.3 It has previously been reported that any unspent DSG would be transferred to an earmarked reserve at year end in accordance with the grant regulations. The unspent balance of DSG within the CFHE non-delegated budget at the end of 2007-08 was £3.428m and this has been transferred to a new DSG reserve. This is a change to the accounting treatment adopted in 2006-07, when the unspent balance of non-delegated DSG was treated as a receipt in advance.

3.2.5 Kent Adult Social Services Portfolio:

The overall position for the portfolio has only marginally moved since the last report to Cabinet, with a £0.023m improvement in the position reported. However there have been some significant changes between client groups. The main changes are:

- +£0.566m on Older People – a reduction in the underspend from £1.514m to £0.948m. Approximately £0.250m of this reduction relates to domiciliary care, this budget is continuing to prove very difficult to forecast with great accuracy, as it is the most volatile activity line within Adult Social Services. The hardware issues since the beginning of March have resulted in more manual interrogation being undertaken through Oracle Financials, especially in relation to domiciliary services. This has picked up some clients that have not previously been identified or included in the forecasts, particularly where suppliers have invoiced for clients at a later stage and backdated charges.

Although there has been a reduction of 17 residential placements in March, any saving has more than been offset by an increase of 29 nursing placements in March. There have been a number of smaller changes to other budgets and some bad debt adjustments.

There has been a movement in gross and income to represent different accounting treatment for funding received from the Department of Health for the Whole System Demonstrator. This will provide a large number of Kent residents with access to telehealth, as well as to telecare, as part of a wider programme that will include greater joint working between Health and Social Care. The funding has now been treated as a receipt in advance rather than dealt with through reserves.

- -£0.359m on Learning Disability – a reduction in the pressure from £4.735m to £4.376m. Of this £0.090m relates to increased income, partly following agreement with Eastern and Coastal Kent PCT to contribute to a residential placement. The amount recharged by direct service units through internal trading arrangements is also about £0.080m less than forecast. There have been a number of smaller changes to other budgets and some bad debt adjustments.
- -£0.211m on Physical Disability – a reduction in the pressure from £1.223m to £1.012m. The main reduction has been in East Kent where the actual cost of non-permanent residential weeks was £0.093m less than predicted. Although March saw a significant increase in the number of clients accessing Direct Payments, the increase came later in the month than expected resulting in a lower cost. There have been small changes on many other service lines, including residential, day-care, domiciliary care and supported accommodation.
- +£0.164m on Assessment and Related – a reduction in the underspend from £0.954m to £0.790m primarily as a result of changes to the bad debt provision. Four invoices to Health, amounting to £0.1m that had been provided for in previous years were actually paid in 2007-08, which meant that the provision could be released back to reduce the revenue position. Although this was previously reflected against Assessment and Related, the closure of accounts process identified that this should be more accurately included against In-House services as the debts related to a couple of Learning Disability Day Opportunities units.
- -£0.146m on Other Services – an increase in the underspend from £1.708m to £1.854m, relating to a number of different budgets.

Also, £3.535m has been transferred to the Supporting People reserve to meet likely funding shortfalls in future years. This is consistent with the practice adopted in previous years. There are proposals (to be agreed by the Supporting People Commissioning Body,) to utilise all of the reserve over the next four years, primarily to fund inflationary uplifts year on year at an assumed 2.5% each year, as the specific grant (Area Based Grant from 2009-10) does not allow for it. There are also proposals for some new developments as well as extensions to existing services. The proposed new developments include:

- Floating Support Accommodation Services from January 2009
- Home Improvement Agency Handy Person scheme in East & West Kent from 2008-09
- Service User Involvement from 2008-09
- Horizons Thanet PFI Bid from 1 November 2008
- Dual Diagnosis Mental Health Service, Dover from 1 November 2008

The activity indicators shown at Appendix 3 generally show a continued increase in direct payments and expenditure on services for the learning disabled. Older persons residential has reduced, whilst nursing care has remained relatively static. Although the number of clients receiving domiciliary care has remained fairly static, the number of hours of service provided has increased reflecting an increasing number of clients who require a higher level of support to enable them to remain within their own homes.

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

The overall underspend for the portfolio has reduced by £0.923m, to £1.612m since the last report to Cabinet. The main movements are:

- +£0.708m relating to the Emergency costs arising from the earthquake, floods and gales. It was previously assumed that these costs would be met from the Emergency Conditions reserve, consistent with previous practice. However, considering the level of underspending across the Authority, it is considered that this should not be assumed for 2007-08. These costs can be offset by the £0.4m saving on the winter maintenance budget reported last month, leaving a residual £0.308m, which will be met from the underspend within the Finance portfolio.
- +£0.177m Kent Highways Services (incl. Public Transport) – this is mainly due to increased forward design work; increased costs of temporary and consultancy staff; some costs of the Safety Camera Partnership not being covered by grant, partially offset by some additional income on Public Transport.
- +£0.111m reduction in the underspend on Waste Management.

3.2.7 **Regeneration & Supporting Independence Portfolio:**

The overall underspend for the portfolio has reduced by £0.103m to £1.163m since the last report to Cabinet. This is made up of a number of small movements including better progress than expected on the Minerals and Waste Local Development Plan.

3.2.8 **Communities Portfolio:**

The outturn position for the portfolio has remained at a pressure of £1.130m, as reported to Cabinet in May, although there have been some small compensatory movements across many units. Of the £1.130m overspend, £0.328m relates to mediation and litigation costs incurred on the original Turner Gallery project which are to be met from the underspending within the Finance portfolio, leaving Communities with a £0.802m overspend to roll forward. £0.873m relates to Adult Education, and this will be rolled forward to be managed during 2008-09 and 2009-10, leaving a £0.071m underspend for which a roll forward bid will be submitted.

3.2.9 **Public Health Portfolio:**

The underspend for the portfolio has increased by £0.264m to £0.314m since the last report to Cabinet. The main movements are:

- -£0.144m re-phasing into 2008-09 of the Towards 2010 Target 50 Public Health Campaign for Young People. This budget did not transfer until late in the financial year from Children, Families & Educational Achievement portfolio.
- -£0.100m re-phasing of the Healthwatch budget into 2008-09.

3.2.10 **Corporate Support Portfolio:**

The underspend for the portfolio has reduced by £0.185m since the last report to Cabinet. This is mainly due to the inclusion of an in year overspend of £0.262m on the Home Computing Initiative. This is a technical accounting adjustment requiring the roll forward of an overspend resulting from the net capital cost of equipment purchased for employees, funded by revenue contributions met from employee salary sacrifice payments over a 3 year period. This overspend will be rolled forward to be met from future years' salary contributions. This is partially offset by

additional income within Learning & Development, Schools Personnel Service and Legal Services together with further re-phasing of the Well Being Health Checks programme.

3.2.11 Finance Portfolio:

The underspend for the portfolio has reduced by £0.573m to £6.562m since the last report to Cabinet. This reflects an underspend of £0.387m on budgets managed within the Chief Executives directorate and an underspend of £6.175m on the Financing Items budgets.

3.2.11.1 There has been a movement of -£0.196m on the Budgets managed within Chief Executives Directorate since the last report to Cabinet. This is largely due to reduced energy costs; reduced costs of car parking; lower spend on reactive maintenance; staff vacancy savings and increased income from room hire within the Property Group.

3.2.11.2 There has been a movement of +£0.769m on the Financing Items budgets since the last report to Cabinet. This is due to further underspending on leases; interest and debt charges; subscriptions and audit fees; and re-phasing of Local Scheme spending recommended by Local Boards relating to Second Homes money allocated since 2005-06; Member Community Grants; and grants to Districts for Local Priorities. However, this additional underspending has been more than offset by a contribution to the Asylum pressure in order to balance the position on Asylum in 2007-08; and providing for a change in the accounting treatment of the indirect staffing costs of the Corporate Property Unit.

3.2.12 Asylum:

We will be submitting two special circumstances bids, one to the Home Office for £2.082m and another to the DCSF for £2.638m. The previously reported pressure of £3.805m on Asylum was made up of:

- +£4.720m pressure for 2007-08 (the total of our two special circumstances bids);
- +£0.757m pressure relating to 2006-07 arising from the data matching exercise which reduced the main Asylum claim and increased the Special Circumstances bids for that year, of which to be prudent we assume we will only receive a proportion;
- -£1.672m drawdown of the balance in the Asylum reserve

The final pressure varied only marginally from this, however to get to a balanced position for the year we have assumed that we will be successful in receiving part of the income from our special circumstances bids, with the balance being met from the underspending within the Finance portfolio. We will continue to lobby Government for full recovery of the outstanding special circumstances bids.

3.3 REVENUE BUDGET ROLL FORWARD PROPOSALS

3.3.1 The full proposals for the use of the £7.889m underspend will be reported to Cabinet in July. In the meantime, Cabinet are asked to approve the roll forward of funding for commitments already made. These are detailed in Appendix 1.

3.3.2 Table 2 below provides a summary of the revenue outturn position and shows that of the £7.889m underspend, -£3.651m relates to committed projects; +£0.873m relates to the rolling forward of overspends; leaving £5.111m of uncommitted underspending for decision by Cabinet in July.

TABLE 2: SUMMARY OF REVENUE ROLL FORWARDS:

PORTFOLIO	Provisional Outturn Variance	Committed/ re-phasing	Overspends	transfers to/from	Uncommitted
	£k	£k	£k	£k	£k
O,R&S (CFHE)	251			-276	-25
CF&EA	-301				-301
KASS	1,497			-1,497	0
E,H&W	-1,612	985		-308	-935
R&SI	-1,060	1,060			0
Communities	1,130		-873	-328	-71
Public Health	-314	294			-20
Corporate Support	-711	191		276	-244
Policy & Performance	-207	69			-138
Finance	-6,562	1,052		2,133	-3,377
	-7,889	3,651	-873	0	-5,111

3.4 PERFORMANCE REWARD GRANT

Directorates have underspent against their PRG allocations as a result of re-phasing of projects. In line with practice agreed by Cabinet in 2004-05, these underspends have been transferred to the earmarked PRG reserve to be drawn down as spend is incurred. Details of the re-phasing against individual PRG allocations are given in Appendix 2.

3.5 DELEGATED SCHOOLS BUDGET

3.5.1 The previously forecast draw down from reserves of £15m, based on returns from schools, did not materialise. Past experience has proven that predicting movement on school reserves is extremely difficult. This draw down had been expected following the introduction in January 2007 of the 'balance control mechanism', which is a means of clawing back schools reserves over and above a specified level. The CFHE Directorate is now going through the balance control mechanism process to review all schools balances, as part of the 2007-08 closure of accounts.

3.5.2 In 2007-08 schools actually underspent their delegated budgets by £4.984m, which included £0.447m of unallocated schools budget largely made up of balances from closing schools. This has increased total school revenue reserves to £71.9m. The schools returns show that of this balance, £39.2m is committed to various projects, Standards Fund phasing and protecting against falling rolls.

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 31/3/08 £m	Balance at 31/3/07 £m
Earmarked Reserves	86.0	80.9
General Fund balance	25.8	25.8
Schools Reserves *	71.9	67.6

* the overall increase in schools reserves of £4.3m is made up of an underspend of £5.0m offset by an increase in school loans of £0.7m. The £71.9m balance shown in the table above represents £79.4m of school reserves offset by £7.5m of school loans.

3.6.1 The general reserves position at 31 March 2008 is estimated at £25.8m, which is unchanged from the position as at 31 March 2007, and amounts to 3.6% of the 2008-09 revenue budget (excluding schools). This is reviewed formally as part of the annual budget process.

3.6.2 The provisional movement of +£5.1m in earmarked reserves since 31 March 2007 is mainly due to:

- Dedicated Schools Grant Reserve (Non Delegated budgets) +£3.4m

• South East Improvement and Efficiency Partnership Reserve	+£1.0m	(new grant allocation)
• Increase in Supporting People Reserve	+£3.5m	
• Increase in Commercial Services Earmarked Reserves	+£0.5m	
• Increase in the PFI Reserves	+£4.7m	(to equalise costs)
• Increase in the IT Asset Maintenance Reserve	+£0.6m	
• Reduction in the Kingshill Smoothing Reserve	-£1.0m	
• Reduction in the Regeneration Fund	-£0.7m	
• Reduction in the PRG Reserve	-£3.7m	
• Reduction in the Asylum Reserve	-£1.1m	
• Reduction in the Prudential Equalisation Reserve	-£1.2m	
• Reduction in Landfill Allowance Taxation Scheme Reserve	-£1.1m	

3.7 CAPITAL BUDGET OUTTURN 2007-08

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

	£000s
1. As reported to Cabinet on 12 May 2008	271,204
2. Following the decision to abort the Building Care Capacity capital project during the 2007-08 MTP process, the capital costs which had been incurred in previous years on this project have had to be written back to revenue, therefore freeing up capital funding. KASS has been able to capitalise some costs which would otherwise have been funded from revenue, in order to eliminate the impact on its revenue budget. This released capital funding has therefore been added to the KASS capital cash limit to fund these capitalised costs.	475
3. Schools Devolved Capital – following the consolidation of the schools accounts it is apparent that the capital resources available to schools have increased:	
- further grant funding from the DCSF	8,077
- additional external funding contributions	4,845
- additional revenue contributions from the schools delegated budgets	10,094
	294,695
4. PFI	11,593
	306,288

In addition there has been a virement of £240k from Corporate Support portfolio to Communities portfolio in respect of the Thanet Gateway at Margate Library.

3.7.2 The provisional outturn for the capital budget, excluding schools devolved capital and the Property Enterprise Fund is £201.667m, a variance of -£30.311m. This outturn compares with the variance of -£29.538m last reported to Cabinet at its meeting on 12 May. In addition, the Schools' have underspent their available capital resources by some £17m, 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	Movement
	£k	£k	£k	£k	£k
O,R&S (CFHE)	+112,182	+98,627	-13,555	-13,102	-453
CF&EA	+5,483	+4,214	-1,269	-1,281	+12
KASS	+5,791	+4,828	-963	-1,417	+454
E,H&W	+86,989	+77,656	-9,333	-9,606	+273
Regen & SI	+8,450	+5,774	-2,676	-2,637	-39
Communities	+5,621	+4,593	-1,028	-662	-366
Corporate Support	+2,386	+2,172	-214	-261	+47
Policy & Performance	+543	+506	-37	-37	0
Finance	+4,533	+3,297	-1,236	-535	-701
TOTAL (excl Schools)	+231,978	+201,667	-30,311	-29,538	-773

Schools (O,R&S)	+62,717	+45,736	-16,981	0	-16,981
TOTAL	+294,695	+247,403	-47,292	-29,538	-17,754

Property Enterprise Fund		+596	+596	+597	-1
TOTAL incl PEF	+294,695	+247,999	-46,696	-28,941	-17,755

3.7.3 Table 4 shows how the capital spend of £247.999m, 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	TOTAL
	£m	£m	£m	£m	£m	£m	£m
Supported Borrowing	60,065		60,065	-8,039			-8,039
Prudential	40,550		40,550	-9,075		-1,887	-10,962
Prudential/Revenue (directorate funded)	25,280		25,280	-5,608			-5,608
Grant	74,041	43,862	117,903	-4,771	-14,262		-19,033
External Funding - Other	2,907	5,761	8,668	-2	-2,719		-2,721
External Funding - Developer contributions	4,575		4,575	107			107
Revenue & Renewals	1,293	13,094	14,387	-991			-991
Capital Receipts	20,867		20,867	-3,732			-3,732
General Capital Receipts (generated by Property Enterprise Fund)	2,400		2,400	1,800		2,483	4,283
TOTAL	231,978	62,717	294,695	-30,311	-16,981	596	-46,696

3.7.4 The main reasons for the movement in the forecast since the last monitoring report to Cabinet on 12 May, as shown in Table 3, are as follows:

3.7.5 Operations, Resources & Skills Portfolio:

The overall capital position for the portfolio (excluding capital devolved to schools) has moved by -£0.453m since the last report to Cabinet on 12 May. The main movements are:

- -£0.637m Maintenance Programme – this reduction mainly relates to Emergency Building Maintenance (£0.473m), which is a demand led service and demand has been less than anticipated. There is also an underspend on Health & Safety works (£0.095m).
- -£0.368m Corporate Property staffing – this is due to a change in the accounting treatment of the indirect staffing costs of the Corporate Property Unit, which were previously capitalised but upon latest guidance, these costs must be charged to revenue.

- -£0.301m Children's Centres – the majority of this re-phasing (£0.177m) relates to the increased level of Extended Schools grants devolved to schools, who have now identified that they have been unable to complete their expenditure in 2007-08 and have requested roll forward to 2008-09.

These have been partially offset by:

- +£0.350m Dartford Campus, representing a reduction in the previous forecast level of re-phasing into future years.
- +£0.163m Academies, Sheppey new build – the Academy development fees had previously been incorrectly charged to the Building Schools for the Future (BSF) budget.
- +£0.154m New/Replacement ICT Equipment – this mainly relates to items of equipment, which had previously been incorrectly charged to revenue. These costs have been funded by revenue contributions.
- +£0.141m Vocational Education Programme – this mainly relates to additional costs incurred on the Eurolink, Sittingbourne project (£0.110m) which have been funded by additional grant (£0.100m) and the balance from revenue contributions.
- +£0.075m The North School All Weather Pitch – the project has progressed faster than anticipated.

3.7.6 **Kent Adult Social Services Portfolio:**

The overall capital position for the portfolio has moved by +£0.454m since the last report to Cabinet on 12 May, which is mainly due to the quicker than expected completion of numerous works in residential homes funded by Dignity In Care Grant (£0.399m).

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

The overall capital position for the portfolio has moved by +£0.273m since the last report to Cabinet on 12 May. The main movements are:

- +£0.157m increased costs of the Thamesway project, which is funded by additional grant.
- +£0.121m Energy Usage Reduction Programme – one large project transaction occurred before 31 March, which had previously been forecast to slip into 2008-09.

3.7.8 **Regeneration & Supporting Independence Portfolio:**

The overall capital position for the portfolio has moved by only -£0.039m since the last report to Cabinet on 12 May. However, there are some compensating larger movements. A £0.145m reduction on the Eurokent Spine Road, where contract progress has not been as good as previously anticipated, has been largely offset by more project related study work on the Fastrack Delivery Executive and better progress than anticipated on the design work for Fort Hill de-dualling.

3.7.9 **Communities Portfolio:**

The overall capital position for the portfolio has moved by -£0.366m since the last report to Cabinet on 12 May. The main movements are:

- -£0.360m Big Lottery Fund PE & Sport programme – this represents £0.320m of school/DDA contributions offset against the project and a small amount of re-phasing into 2008-09 (£0.040m).
- -£0.218m Turner Contemporary – this is due to re-phasing of the professional fees against the revised budget plan agreed in February 2008. The project will still be delivered on time.
- -£0.200m Ramsgate Library – the Insurance Settlement is meeting the cost of works up to the agreed settlement sum and has therefore met all of the costs to date. The budget for the costs above the settlement sum is not required until 2008-09.
- -£0.100m Modernisation of Assets – re-phasing into 2008-09 of the Workforce Management System.

These have been partially offset by:

- +£0.538m Modernisation of Assets due to plant and equipment, including ICT, which has been capitalised from revenue and funded by revenue contributions.

3.7.10 **Finance Portfolio:**

The overall capital position for the portfolio has moved by -£0.701m since the last report to Cabinet on 12 May. The main changes are:

- -£0.779m Capitalisation of Works - this is mainly due to a change in the accounting treatment of the indirect staffing costs of the Corporate Property Unit, which were previously capitalised but upon latest guidance, these costs must be charged to revenue.
- -£0.271m in respect of re-phasing of the Modernisation of Assets programme.
- -£0.074m reduction in Commercial Services purchases of vehicles, plant and equipment.
- -£0.063m Works to Properties for Disposal – re-phasing of some disposal activity into 2008-09.

These are partially offset by:

- +£0.377m of LPSA2 pump priming activity, funded by pump priming grant, which has previously not been included in the capital monitoring reports to Cabinet. This activity is approved via the Kent Agreement Pump-Priming Grant Panel, which is made up of Members and officers and representatives from Kent Police and the Health Sector.
- +£0.108m Oakwood House Extension – final costs of the project which have been met by a revenue contribution.

3.7.11 The 2008-09 Capital Programme will now be revised to reflect the re-phasing and other variations of the 2007-08 Capital Programme that resulted in the £30.311m variance in 2007-08. The details of the changes will be included in the first quarter's monitoring report of the 2008-09 budget to be reported to Cabinet on 15 September 2008.

3.7.12 Capital Receipts realised in 2007-08 were £18.013m from the sale of property and £0.102m 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 3.9 below.

3.8 SCHOOLS DEVOLVED CAPITAL

3.8.1 Capital expenditure incurred directly by schools in 2007-08 was £45.7m. Schools have in hand some £17.0m of capital funding which will be carried forward as part of the overall schools reserves position. This represents an increase in schools capital reserves of £4.1m.

3.9 PROPERTY ENTERPRISE FUND

3.9.1 In November 2006, the County Council agreed the establishment of the Property Enterprise Fund, with a maximum permitted deficit of £10m to be funded by temporary borrowing, but to be self-funding over a period of 10 years. At the end of 2006-07 the fund was in deficit by £2.312m, and this was covered by temporary borrowing.

3.9.2 In 2007-08, the costs of disposal activity undertaken within the Fund amounted to £0.596m, as shown in table 3 above. The Property Enterprise Fund realised £6.490m of capital receipts from the sale of non-operational property. These receipts have been used to provide £3.300m support to the 2007-10 MTP, and fund £1.110m of expenditure on the Eurokent Access Road leaving a balance of £0.828m to be funded from the £10m temporary borrowing facility.

3.9.3 Further details of the Property Enterprise Fund are provided in section 5.2 of Appendix 3.

4. 2007-08 FINAL MONITORING OF KEY ACTIVITY INDICATORS

4.1 Details of the final monitoring of key activity indicators for 2007-08 are detailed in Appendix 3.

5. PRUDENTIAL INDICATORS

5.1 The final monitoring of the 2007-08 prudential indicators is detailed in Appendix 4.

6. CAPITAL BUDGET OUTCOMES & ACHIEVEMENTS IN RECENT YEARS

6.1 A report highlighting the main achievements delivered by the capital programme in recent years is attached at Appendix 5.

2007-08 REVENUE BUDGET ROLL FORWARD COMMITMENTS**1. OPERATIONS, RESOURCES & SKILLS (CFHE) PORTFOLIO**

		£k
Provisional outturn variance:	OR&S portfolio	251
	transfer from Corporate Support portfolio in respect of the Kent Works overspend	-276
		-25
Committed roll forwards:		
	None	
UNCOMMITTED		-25

2. CHILDREN, FAMILIES & EDUCATIONAL ACHIEVEMENT PORTFOLIO

		£k
Provisional outturn variance:	CF&EA portfolio	-301
		-301
Committed roll forwards:		
	None	
UNCOMMITTED		-301

3. KENT ADULT SOCIAL SERVICES PORTFOLIO

Provisional outturn variance:	KASS portfolio	£k
	transfer from Finance portfolio to fund	1,497
	overspend in 2007-08	-1,497
		0

This overspending position is consistent with what was assumed would be met from the Finance portfolio underspend in 2007-08 when the 2008-11 MTP was set.

4. ENVIRONMENT, HIGHWAYS & WASTE PORTFOLIO

Provisional outturn variance:	EH&W portfolio	£k
	transfer from Finance portfolio for	-1,612
	Emergency costs	-308
		-1,920

Committed roll forwards:

▪ Design of Borough Green & Platt Bypass	160
Re-phasing of the design to planning stage (£40k spent in 2007-08)	
▪ CTRL (Domestic Services) Impact Study	50
Re-phasing of work from 2007-08	
▪ Kent Waste Partnership (KCC and District Councils)	325
To support the delivery of the joint waste strategy and associated action plans	
▪ Replacement of MIDAS Financial & Management Information System	450
Current system is 19 years old. Support and Licences expire at the end of 2008	
	985

UNCOMMITTED

-935

5. REGENERATION & SUPPORTING INDEPENDENCE PORTFOLIO

		£k
Provisional outturn variance:	R&SI portfolio	-1,060
		-1,060
Committed roll forwards:		
▪ Supporting Independence Programme Commitment to reduce the numbers of people dependent on welfare benefits (Target 9 of Towards 2010).		250
▪ Land restoration works at Shaw Grange Re-phasing due to planning decision impact. Legal obligation.		270
▪ Local Development Framework for Minerals and Waste Completion of work		220
▪ Lower Thames Crossing Study Re-phasing of work from 2007-08		50
▪ KCC Contribution to the Dover Pride Project Partnership working to support regeneration of Dover		50
▪ KCC Contribution to the Dover Priory Project Works to the Station Approach and public realm		100
▪ Bio-fuels Project Continuation of feasibility studies		40
▪ Completion of Regeneration Strategy production		40
▪ Empty Properties Initiative Additional support for 2008-09 as project going county-wide		40
		1,060
UNCOMMITTED		0

6. COMMUNITIES PORTFOLIO

		£k
Provisional outturn variance:	Communities portfolio	1,130
	transfer from Finance portfolio for mediation and litigation costs incurred on the original Turner Gallery	-328
		802
Committed roll forwards:		
▪ Adult Education roll forward of overspend due to inability to repay £500k loan and £373k deficit due to lower than expected take-up of courses and unexpected costs of restructuring and premises rationalisation. The service will make structural changes to balance the budget over 2008-09 and 2009-10 against an agreed action plan.		-873
		-873
UNCOMMITTED		-71

7. PUBLIC HEALTH PORTFOLIO

Provisional outturn variance:	Public Health portfolio	£k -314
		-314

Committed roll forwards:

▪ Health Policy Officer	50
The roll forward of £50k to 2008-09 is essential to meet the staffing commitment for this year.	
▪ Health Watch	100
▪ Towards 2010 Target 50 - Health for Young People	144
A Hard Hitting campaign aimed at young people to prevent or discourage behaviours that are risky or harmful to their health.	
	294

UNCOMMITTED	-20
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8. CORPORATE SUPPORT PORTFOLIO

Provisional outturn variance:	CS portfolio	£k -711
	transfer to O,R&S portfolio in respect of Kent Works overspend	276
		-435

Committed roll forwards:

▪ Home Computing Initiative	-262
▪ Well Being Healthchecks	125
The Work & Wellbeing Health Check initiative is a 3 year rolling programme which enables employees to attend a health screen conducted by a qualified nurse.	
▪ Strategic Development Unit - Gateways	98
Enhancements to the Gateway programme	
▪ Strategic Development Unit - What's On in Kent Website	84
Start-up costs for the What's On channel on Kent TV to deliver a guide to events in the county.	
▪ Strategic Development Unit - Kent TV	116
The roll-forward will be delivering the core Kent TV project (Towards 2010 target number 24)	
▪ Strategic Development Unit - Route Development Funding	30
Re-phasing of Route Development funding, required to investigate the provision of new air services that promote business or inbound tourism within Kent.	
	191

UNCOMMITTED	-244
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9. **POLICY & PERFORMANCE PORTFOLIO**

		£k
Provisional outturn variance:	P&P portfolio	-207
		-207
Committed roll forwards:		
▪ Climate Change Activities		69
To support delivery of corporate commitments under the climate change programme.		
		69
UNCOMMITTED		-138

10. FINANCE PORTFOLIO

	£k
Provisional outturn variance:	
Finance portfolio	-6,562
transfer to Communities portfolio in respect of mediation and litigation costs incurred on the original Turner Gallery	328
transfer to KASS portfolio	1,497
transfer to EH&W	308
	-4,429
Committed roll forwards:	
▪ Financing Items 2008-09 budget predicated on this planned underspend rolling forward	638
▪ Member Community Grants Grants which have been committed in 07-08 for projects internal to KCC, but the work was not completed by 31 March	8
▪ Shared Priorities Projects internal to KCC, agreed by Local Boards to be funded by 2005-06 second homes money, which were not complete by 31 March.	169
▪ Local Priorities Grants to District Councils for Local Priorities from 2007-08 second homes money, which have been requested to roll forward to 2008-09	102
▪ Local Scheme spending recommended by Local Boards Grants which have been committed in 2007-08 for projects internal to KCC, but the work was not completed by 31 March and allocation of residual budget for Canterbury & Swale - decision not ratified until April 08.	87
▪ PWC Audit Work This is for the second year of a call-off contract with PWC to provide specialist audit consultancy to supplement Internal Audit.	60
▪ Property Enterprise Fund Roll forward of an overspend representing the net revenue cost of borrowing against the £10m 'overdraft' facility which funds capital activity within the Fund. This cost will be offset in 2008-09 by interest earned on surplus of receipts over costs of acquisitions/disposals.	-12
	1,052
UNCOMMITTED	-3,377

PERFORMANCE REWARD GRANT 2007-08

	2007-08 Budget	Transfer to PRG Reserve	Portfolio
	£000s	£000s	
Children, Families, Health & Education:			
• Children - Preventive Strategy	1,320	0	CF&EA
	<u>1,320</u>	<u>0</u>	
Adult Social Services:			
• Social Care Training - Vocational Centres	130	21	KASS
• People with Learning Disabilities	431	0	KASS
• People with Physical Disabilities	145	0	KASS
• People with Mental Health problems	113	0	KASS
	<u>819</u>	<u>21</u>	
Communities:			
• Youth Offending Service	20	0	CMY
	<u>20</u>	<u>0</u>	
	<u><u>2,159</u></u>	<u><u>21</u></u>	

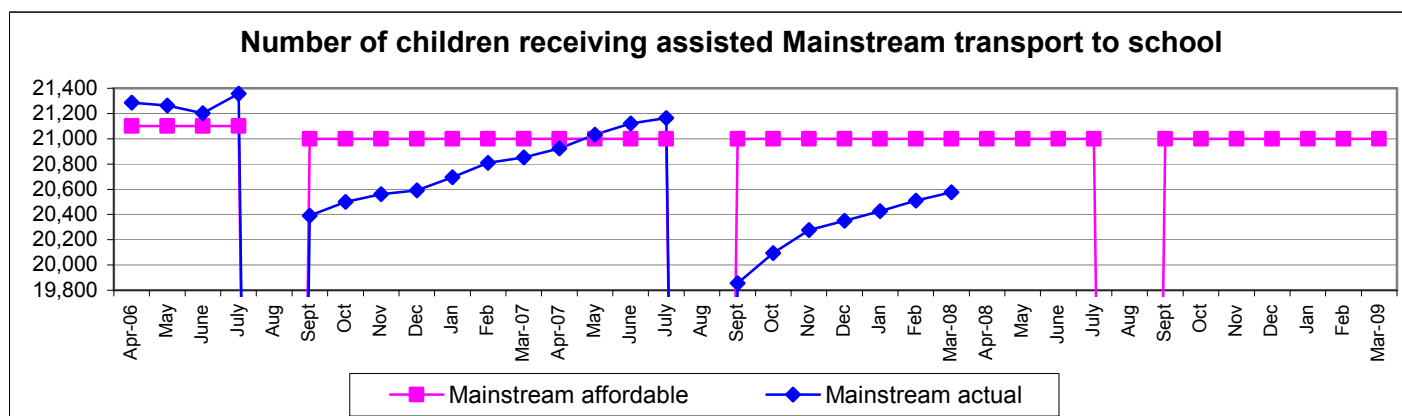
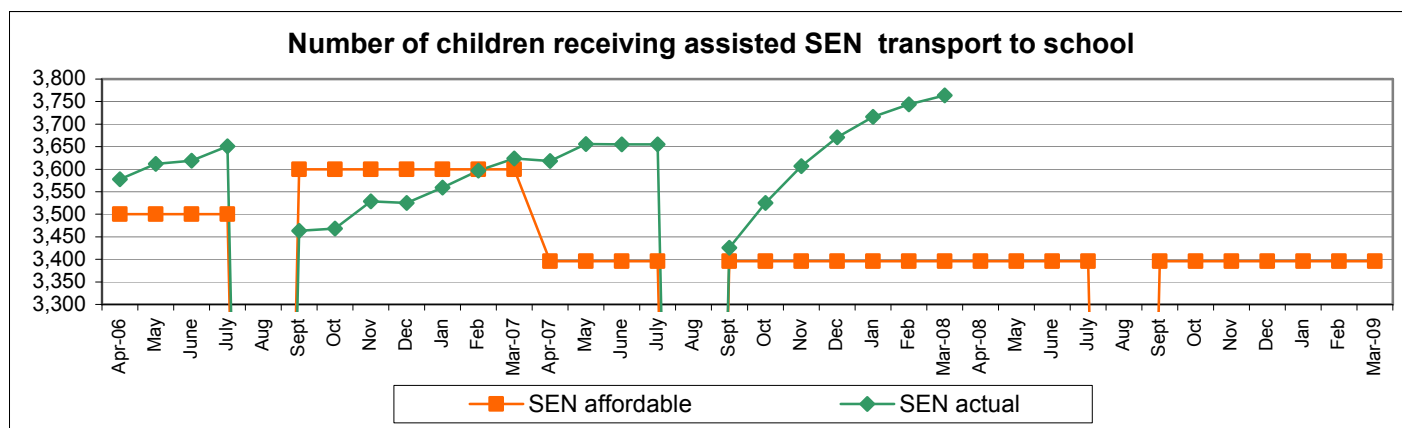
2007-08 FINAL MONITORING OF KEY ACTIVITY INDICATORS

1. CHILDREN, FAMILIES, HEALTH & EDUCATION DIRECTORATE

CFHE Finance are currently reviewing these graphs with their Cabinet Members with a view to making some improvements. In particular they are keen to strengthen the links between the data in the graphs and the quarterly budget monitoring, e.g. KCC Foster Care placements could be expressed as client weeks rather than a target number of children.

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

	2006-07				2007-08				2008-09	
	SEN		Mainstream		SEN		Mainstream		SEN	Mainstream
	planned	actual	planned	actual	affordable	actual	Affordable	actual	Affordable	Affordable
April	3,500	3,578	21,100	21,285	3,396	3,618	21,000	20,923	3,396	21,000
May	3,500	3,612	21,100	21,264	3,396	3,656	21,000	21,032	3,396	21,000
June	3,500	3,619	21,100	21,202	3,396	3,655	21,000	21,121	3,396	21,000
July	3,500	3,651	21,100	21,358	3,396	3,655	21,000	21,164	3,396	21,000
August	0	0	0	0	0	0	0	0	0	0
September	3,600	3,463	21,000	20,392	3,396	3,426	21,000	19,855	3,396	21,000
October	3,600	3,468	21,000	20,501	3,396	3,525	21,000	20,093	3,396	21,000
November	3,600	3,529	21,000	20,561	3,396	3,607	21,000	20,276	3,396	21,000
December	3,600	3,525	21,000	20,591	3,396	3,671	21,000	20,349	3,396	21,000
January	3,600	3,559	21,000	20,694	3,396	3,716	21,000	20,426	3,396	21,000
February	3,600	3,597	21,000	20,810	3,396	3,744	21,000	20,509	3,396	21,000
March	3,600	3,624	21,000	20,852	3,396	3,764	21,000	20,575	3,396	21,000



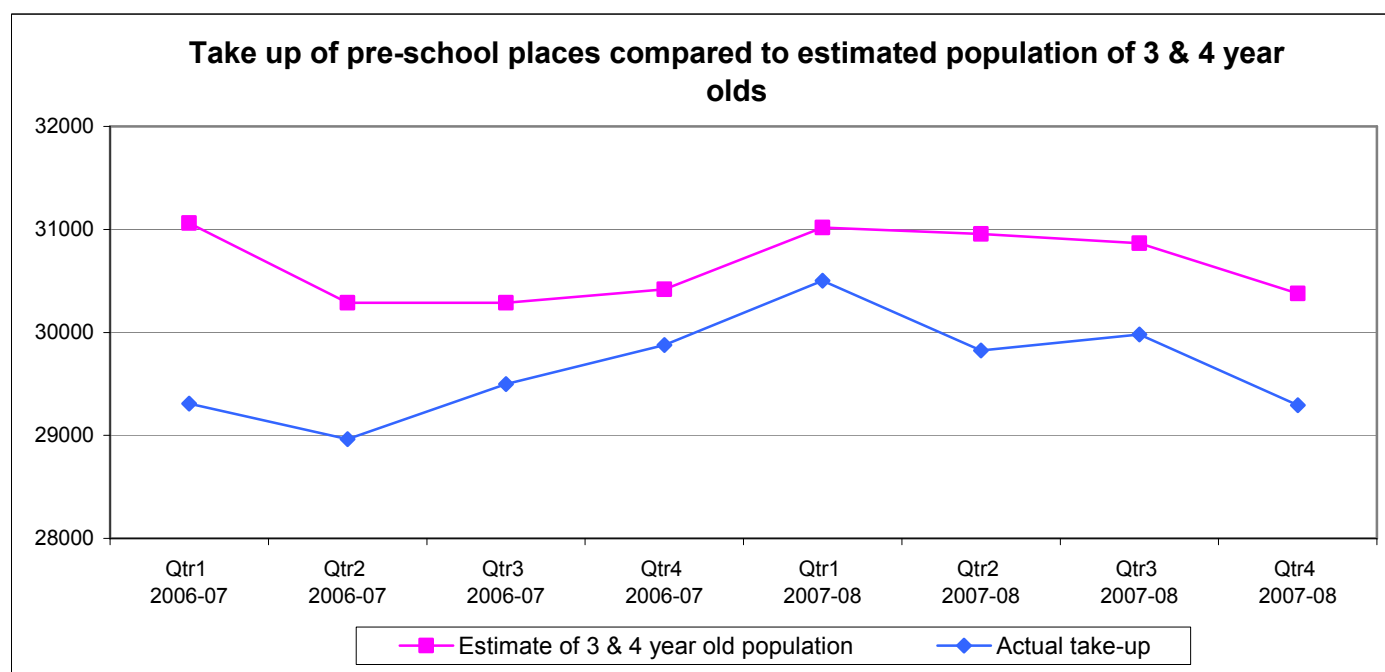
Comments:

- SEN HTST** - The significant gap between the actual and affordable assisted SEN transport to school relates to the savings targets which have significantly reduced the affordable level from last year, and the fact that the service is currently unable to achieve these savings in full as previously reported. The final outturn on SEN transport was a £892k overspend. The affordable level has been calculated by dividing the budget (after it has been reduced by the savings target) by the current average cost per child.

- **Mainstream HTST** - There is a slight decrease in the actual number of children receiving assisted mainstream transport to schools and this has resulted in a £52k net saving.

1.2.1 Take up of pre-school places against the estimate of 3 & 4 year old population, split between Private Voluntary and Independent Sector (PVI) places and School places:

	2006-07			2007-08				
	Total places taken up	Estimate of 3 & 4 year old population	% take up	PVI places taken up	School places taken up	Total places taken up	Estimate of 3 & 4 year old population	% take up
April - June	29,307	31,062	94%	21,027	9,475	30,502	31,019	98%
July - Sept	28,963	30,287	96%	20,323	9,496	29,823	30,956	96%
Oct - Dec	29,498	30,289	97%	14,691	15,290	29,981	30,867	97%
Jan - March	29,878	30,419	98%	17,274	12,020	29,294	30,378	96%

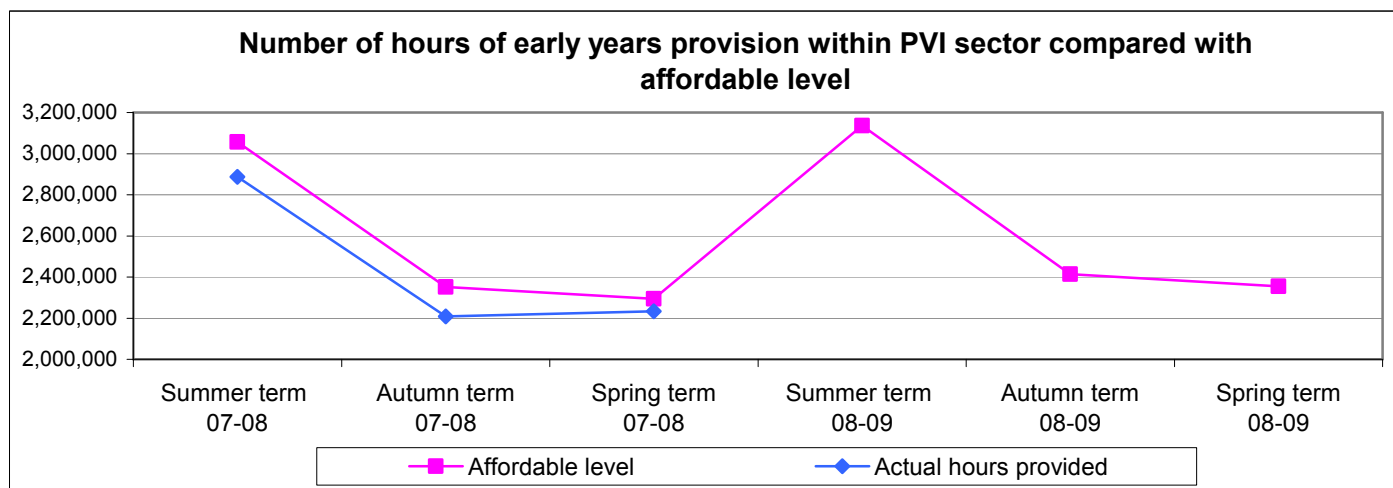


Comments:

- The total places taken-up for January to March has changed since the previous report as the previous figure was an estimate based on the take-up at the beginning of the term, but this has changed as parents are able to alter their take-up and the provider used mid term rather than just at the end of term.
- This graph shows that currently 96% of the estimated population of 3 and 4 year olds are receiving some level of early years provision, whether this be one session per week for 33 weeks or the maximum of five sessions per week for the full 38 weeks. This activity indicator is based on headcount and provides a snapshot position at a point in time, whereas the activity data in 2.2.2 below provides details of the number of hours provided in the Private, Voluntary & Independent sector, and correlates with an underspend on the Early Years budget within the Management Information Unit of £1.065m. As this budget is funded entirely from DSG, any surplus or deficit for the financial year must be carried forward to the next financial year in accordance with the regulations, and cannot be used to offset over or underspends elsewhere in the directorate budget. Therefore, as any unspent Early Years funding has to be returned to schools, the 07-08 underspend of £1.065m has been transferred to the schools unallocated reserve for DSG and hence is not included in the overall directorate outturn position.
- The split between PVI and school places is weighted more heavily to school places in the 3rd quarter as 4 year olds move into reception classes in mainstream schools at the start of the autumn term. This gradually balances back out again as more 3 year olds take-up PVI places throughout the remainder of the year. The number of school places taken up reduces in the 4th quarter as some of the children turn 5 and are no longer included in the count.

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

	2007-08		2008-09
	Affordable number of hours	Actual hours provided	Affordable number of hours
Summer term	3,056,554	2,887,134	3,136,344
Autumn term	2,352,089	2,209,303	2,413,489
Spring term	2,294,845	2,233,934	2,354,750
	7,703,488	7,330,371	7,904,583



Comments:

- The total number of hours of early provision within the PVI sector for January to March has changed since the previous report as the previous figure was an estimate based on the take-up at the beginning of the term, but this has changed as parents are able to alter the number of hours taken up and the provider used mid term rather than just at the end of term.
- The affordable 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 current level of activity has led to an underspend of £1.065m which has been transferred to the schools unallocated reserve for DSG as detailed in 1.2.1 above.
- It should be noted that not all parents currently take up their full entitlement and this can change during the year.

1.3 Number of schools with deficit budgets compared with the total number of schools:

	2005-06	2006-07	2007-08
	as at 31-3-06	as at 31-3-07	as at 31-3-08
Total number of schools	600	596	575
Total value of school revenue reserves	£70,657k	£74,376k	£79,360k
Number of deficit schools	9	15	15
Total value of deficits	£947k	£1,426k	£1,068k

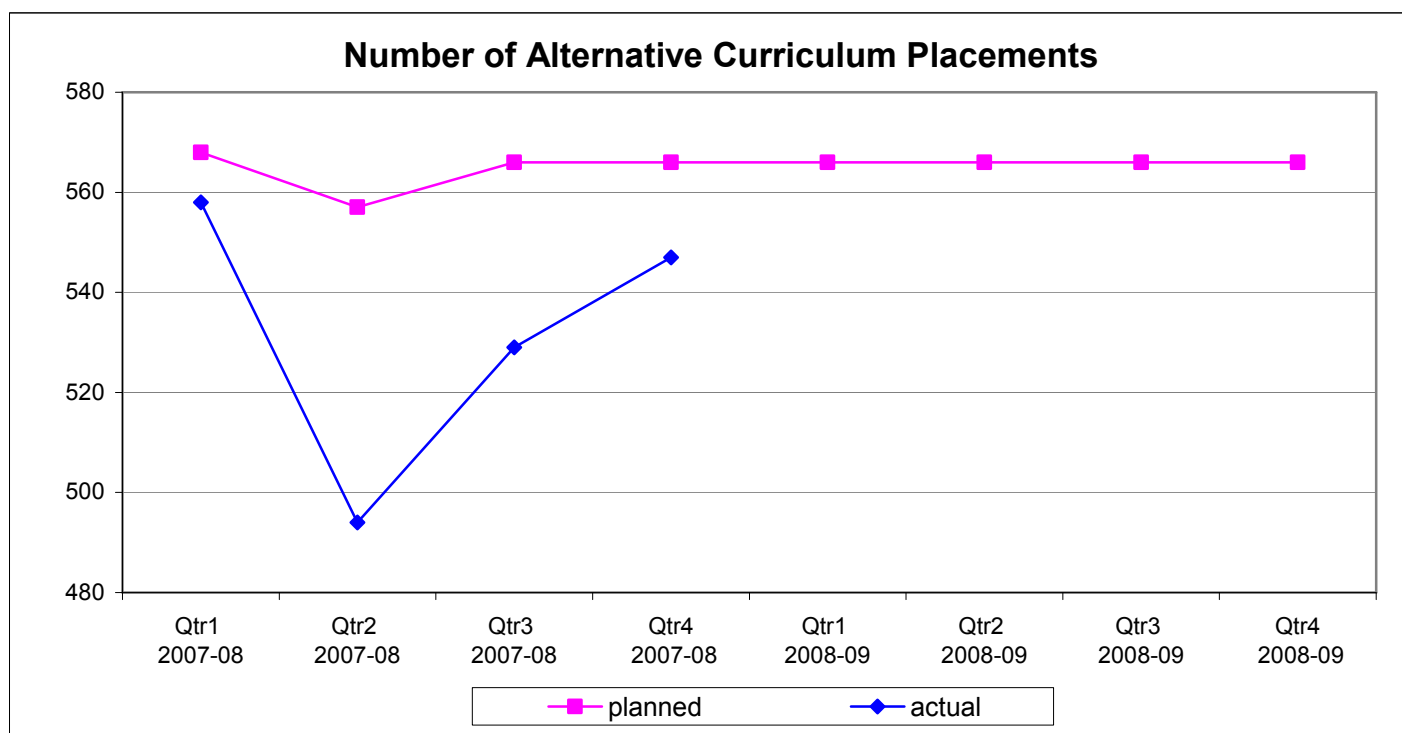
Comments:

- Schools increased their reserves by £4.984m this year.
- KCC now has a “no deficit” policy for schools, which means that schools cannot plan for a deficit budget at the start of the year. Unplanned deficits will need to be addressed in the following year’s budget plan, and schools that incur unplanned deficits in successive years will be subject to intervention by the LA, which could ultimately mean suspending delegation.

- The CFHE Deficit and Compliance 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.

1.4 Number of Alternative Curriculum Placements:

	2007-08		2008-09
	planned	actual	planned
April - June	568	558	566
July - September	557	494	566
October - December	566	529	566
January - March	566	547	566

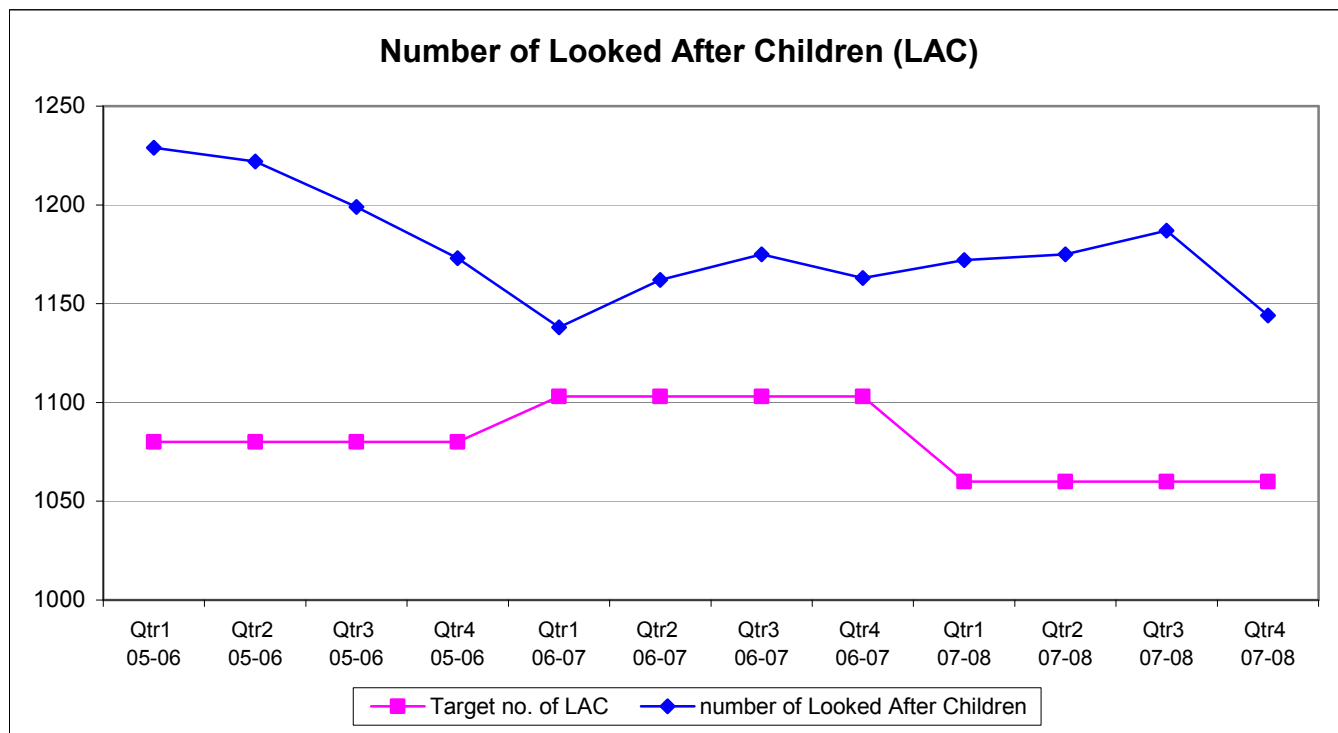


Comments:

- Full time alternative curriculum places need to be purchased 6 months in advance in order to secure them. From September 2007, Government guidelines required excluded pupils to be placed in full-time education within 6 days of being excluded. This target is now being met in the vast majority of cases.
- Please note that spare capacity is expected at this stage in the school year and is essential to cope with predicted demand throughout the school year.

1.5 Numbers of Looked After Children (LAC):

	2005-06		2006-07		2007-08	
	Target	number of Looked After Children	Target	number of Looked After Children	Target	number of Looked After Children
Apr – Jun	1,080	1,229	1,103	1,138	1,060	1,172
Jul – Sep	1,080	1,222	1,103	1,162	1,060	1,175
Oct – Dec	1,080	1,199	1,103	1,175	1,060	1,187
Jan – Mar	1,080	1,173	1,103	1,163	1,060	1,144

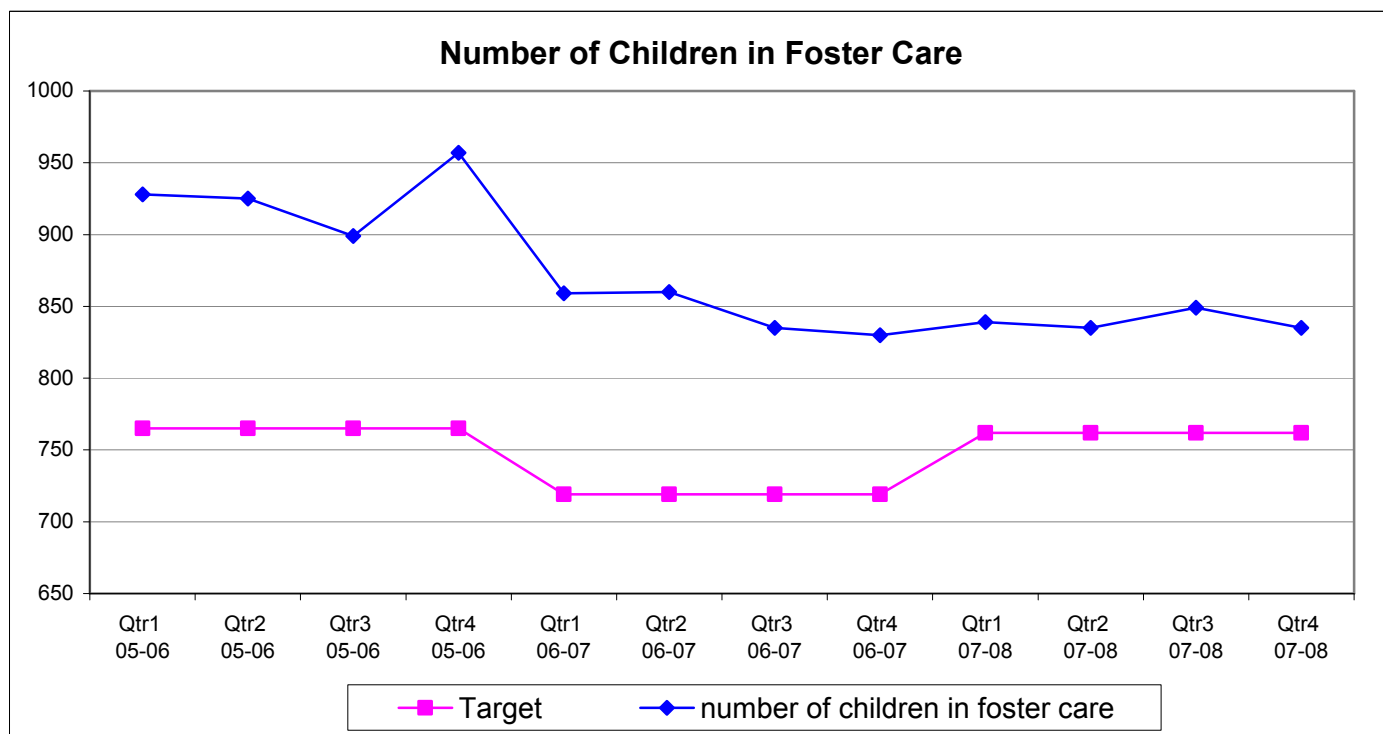


Comments:

- The current number of looked after children compared to the targeted level is of cause for concern.
- The target number of children does not represent the affordable level, but the position which the county is aiming to achieve.

1.6 Number of Children in KCC Foster Care placements:

	2005-06		2006-07		2007-08	
	Target	number of children in foster care	Target	number of children in foster care	Target	number of children in foster care
Apr - Jun	765	928	719	859	762	839
Jul - Sep	765	925	719	860	762	835
Oct - Dec	765	899	719	835	762	849
Jan - Mar	765	957	719	830	762	835



Comments:

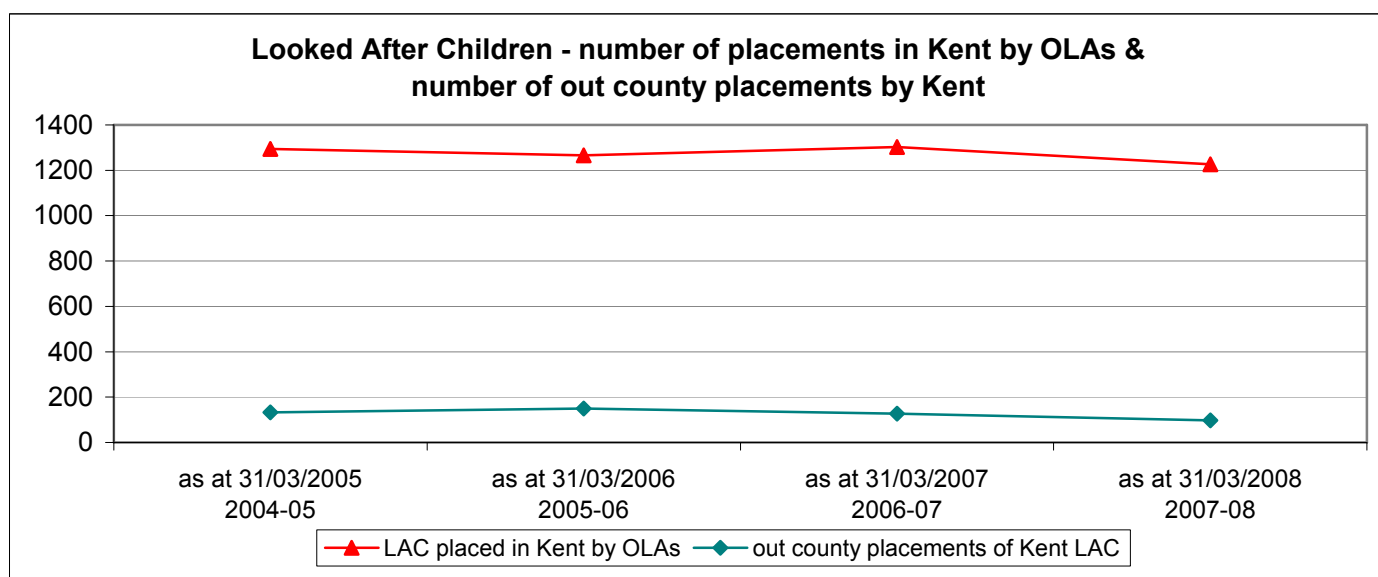
- The number of children in foster care represents the number of children placed in KCC placements. It excludes foster placements in the independent sector.
- The current number of children in foster care compared to the target is of cause for concern.
- The target number of children does not represent the affordable level, but the position which the county is aiming to achieve.
- The outturn for KCC In-House Fostering for 2007-08 was an overspend of £0.312m.

1.7 **Number of Placements in Kent of LAC by other Authorities:**

2004-05 as at 31/03/2005	2005-06 as at 31/03/2006	2006-07 as at 31/03/2007	2007-08 as at 31/03/2008
1,294	1,266	1,303	1,226

1.8 **Number of Out County Placements of LAC by Kent:**

2004-05 as at 31/03/2005	2005-06 as at 31/03/2006	2006-07 as at 31/03/2007	2007-08 as at 31/03/2008
132	149	127	97

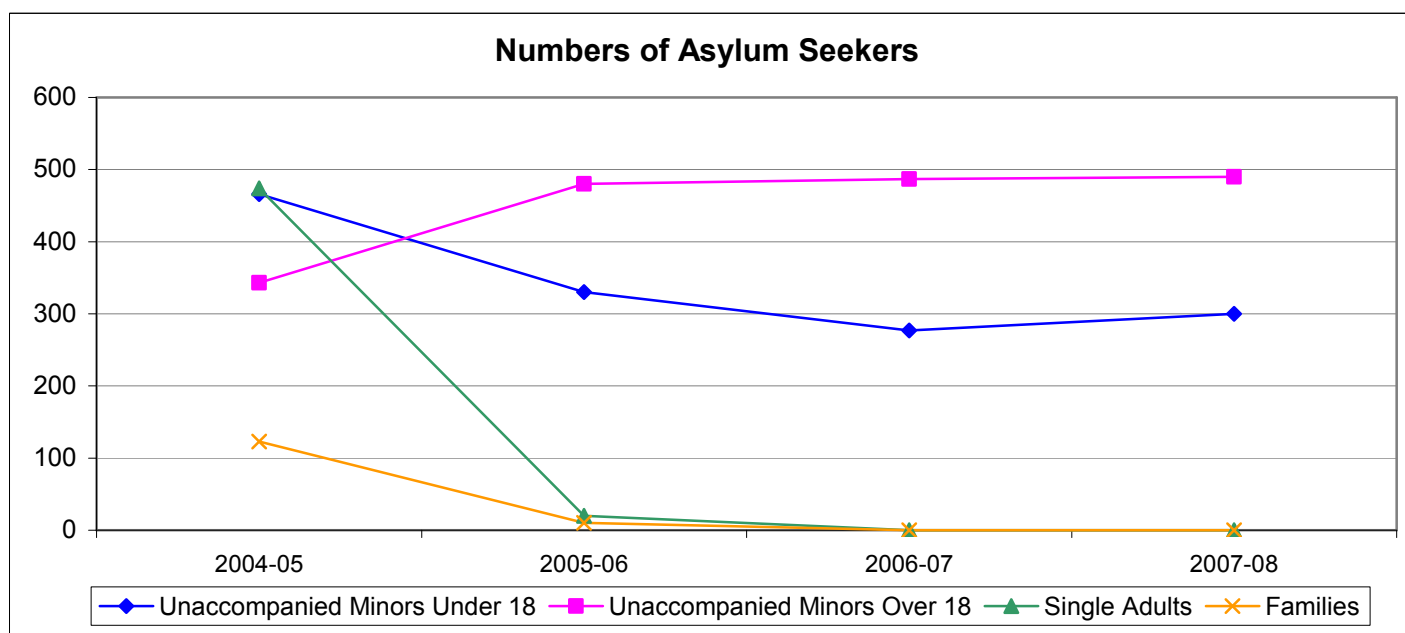


Comment:

- 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.

1.9 Numbers of Asylum Seekers (by category):

	2004-05	2005-06	2006-07	2007-08
	31-03-05	31-03-06	31-03-07	31-03-08
	Number	Number	Number	Number
Unaccompanied Minors Under 18	466	330	277	300
Unaccompanied Minors Over 18	343	480	487	490
Single Adults	474	20	0	0
Families	123	10	0	0

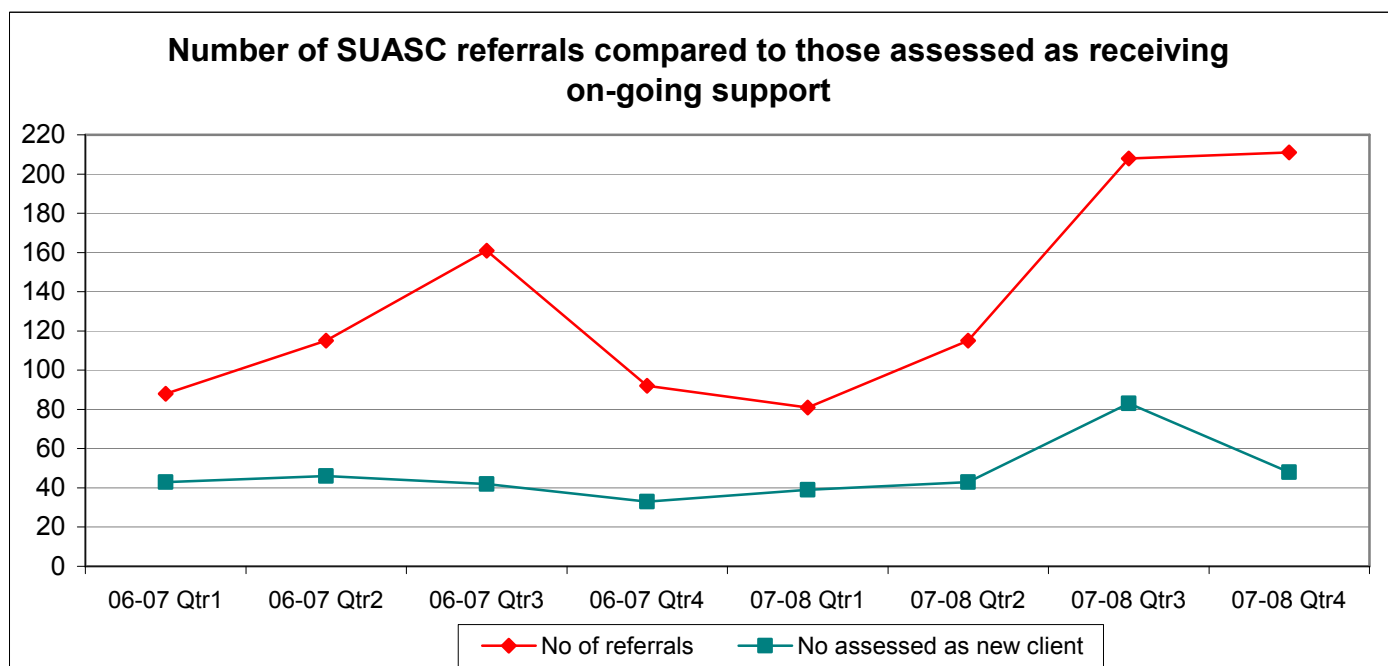


Comment:

- The numbers above refer to clients who have been assessed as qualifying for asylum. The numbers are slightly lower than originally forecast. This is a result of the numbers leaving the Service being higher than we originally anticipated.

1.10 **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:**

	2006-07			2007-08		
	No. of referrals	No. assessed as new client	%	No. of referrals	No. assessed as new client	%
April - June	88	43	49%	81	39	48%
July - Sept	115	46	40%	115	43	37%
Oct - Dec	161	42	26%	209	80	38%
Jan - March	92	33	36%	211	48	23%



Comments:

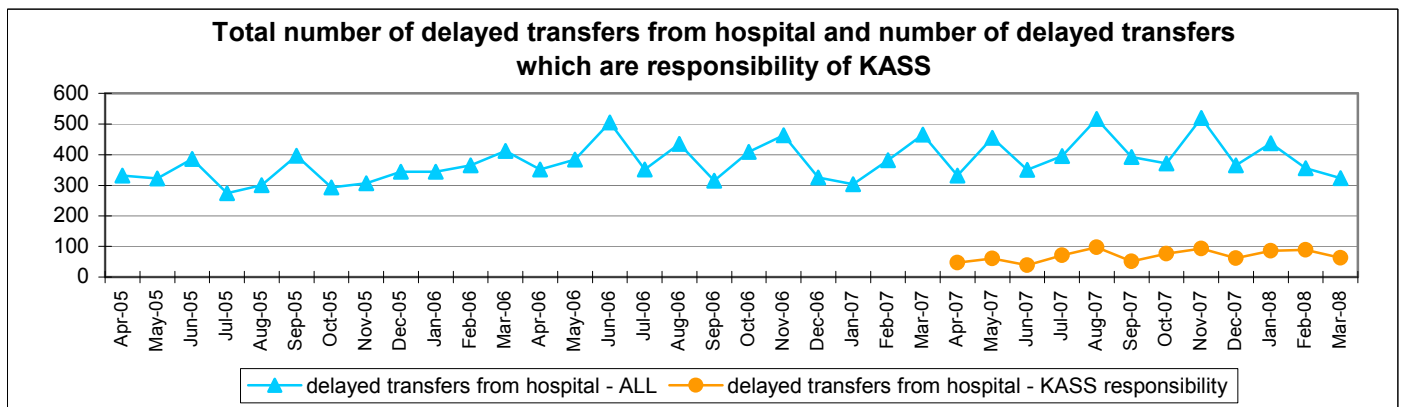
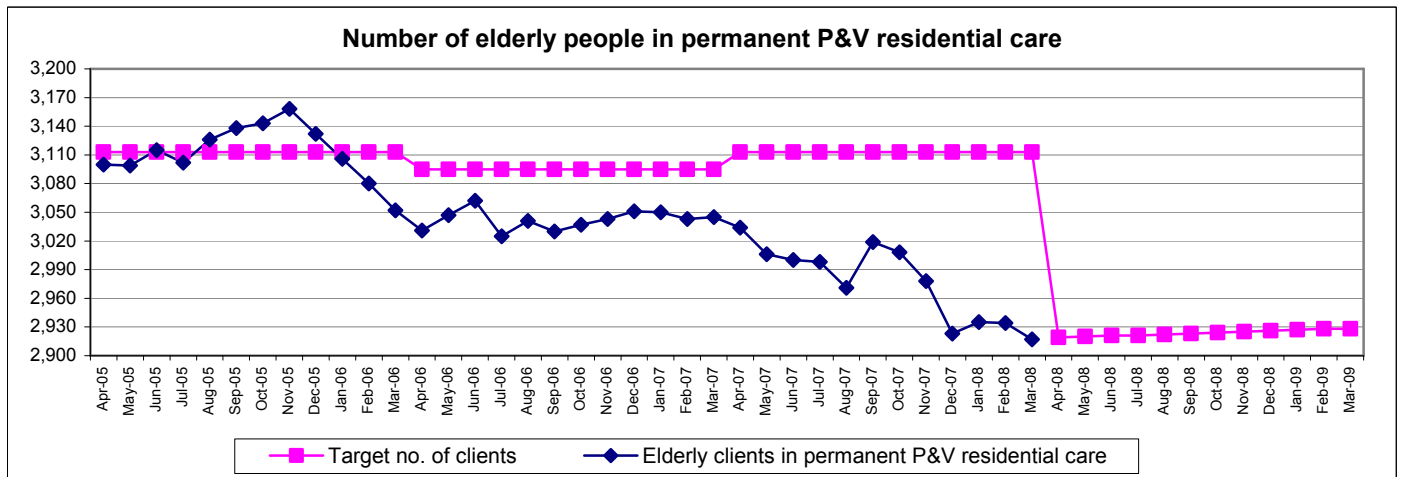
- The number of referrals in the fourth quarter is significantly higher than the forecast of 100. This represents the highest quarterly figure in over 3 years and it should be noted that the majority of these referrals (174) were received in January and February.
- For the full year we had 616 referrals, almost 50% higher than the original forecast of 430. In the second half of the year we had a total of 420 referrals which was 75% higher than the forecast of 240.
- The percentage of referrals that were assessed as being under 18 years of age and therefore eligible for a service, in the fourth quarter was only 23% and is significantly below the forecast level of 50%
- For the full financial year, 210 referrals were assessed as being under 18 and this was broadly in line with our forecast figure of 215. However this represents only 34% of the referrals this year where the forecast was 50%.

2. KENT ADULT SOCIAL SERVICES DIRECTORATE

Owing to delays in implementing SWIFT (client activity system), the activity data for the period August 2006 to March 2007 was entirely reliant on local records and manual counts. Since April 2007 SWIFT data has been used in conjunction with local records and manual counts to produce the performance information contained within this report. The information is regularly revisited as part of the on-going validation and data quality process and it is often the case that previous months' figures will change. This is more evident at year-end because of the work required to produce the statistical returns completed by the Directorate.

2.1.1 Numbers of elderly people in permanent P&V residential care, including indicators on delayed transfers:

	2005-06			2006-07			2007-08			2008-09	
	Target	Elderly clients in permanent P&V residential care	Delayed transfers from hospital	Target	Elderly clients in permanent P&V residential care	Delayed transfers from hospital	Target	Elderly clients in permanent P&V residential care	Delayed transfers from hospital (DTCs)		Target
									All	KASS	
April	3,113	3,100	332	3,095	3,031	352	3,113	3,034	332	47	2,919
May	3,113	3,099	322	3,095	3,047	384	3,113	3,006	455	61	2,920
June	3,113	3,115	386	3,095	3,062	505	3,113	3,000	351	39	2,921
July	3,113	3,102	274	3,095	3,025	352	3,113	2,998	395	71	2,921
August	3,113	3,126	301	3,095	3,041	435	3,113	2,971	517	97	2,922
Sept	3,113	3,138	397	3,095	3,030	315	3,113	3,019	392	51	2,923
Oct	3,113	3,143	293	3,095	3,037	409	3,113	3,008	372	76	2,924
Nov	3,113	3,158	307	3,095	3,043	463	3,113	2,978	520	93	2,925
Dec	3,113	3,132	344	3,095	3,051	326	3,113	2,923	365	62	2,926
Jan	3,113	3,106	344	3,095	3,050	304	3,113	2,935	437	86	2,927
Feb	3,113	3,080	365	3,095	3,043	382	3,113	2,934	356	89	2,928
March	3,113	3,052	412	3,095	3,045	465	3,113	2,917	323	63	2,928

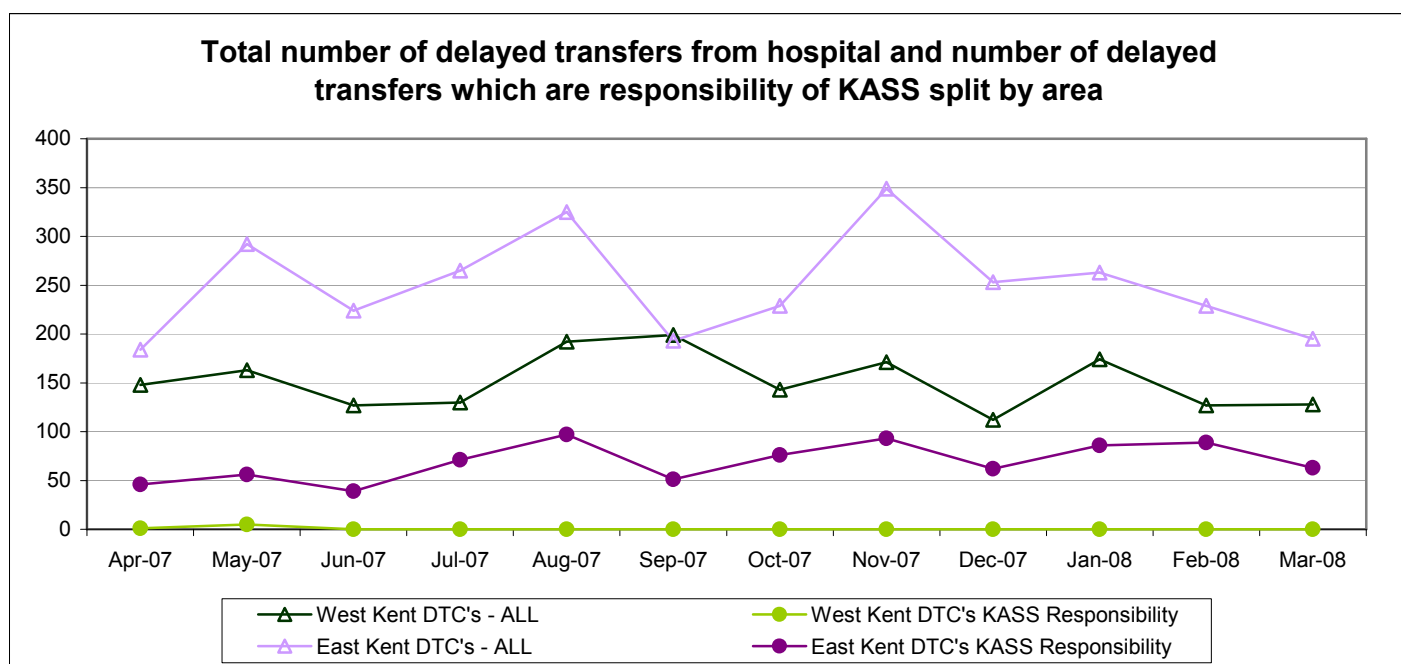


Comments:

- The Delayed Transfers of Care (DTCs) show the numbers of people whose movement from an acute hospital has been delayed. Typically this may be because they are waiting for an assessment to be completed, they are choosing a residential or nursing home placement, or waiting for a vacancy to become available. This figure shows all delays, but those attributable to Adult Social Services, and therefore subject to the reimbursement regime, are a minority and these are also now shown on the graph. 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 over which we have very little influence. It should also be noted that each third month is a five-week month.

2.1.2 Indicators on delayed transfers, split between East and West Kent

2007-08						
	Delayed transfers from hospital (DTCs)					
	West Kent		East Kent		TOTAL	
	ALL	KASS	ALL	KASS	ALL	KASS
April	148	1	184	46	332	47
May	163	5	292	56	455	61
June	127	0	224	39	351	39
July	130	0	265	71	395	71
August	192	0	325	97	517	97
September	199	0	193	51	392	51
October	143	0	229	76	372	76
November	171	0	349	93	520	93
December	112	0	253	62	365	62
January	174	0	263	86	437	86
February	127	0	229	89	356	89
March	128	0	195	63	323	63

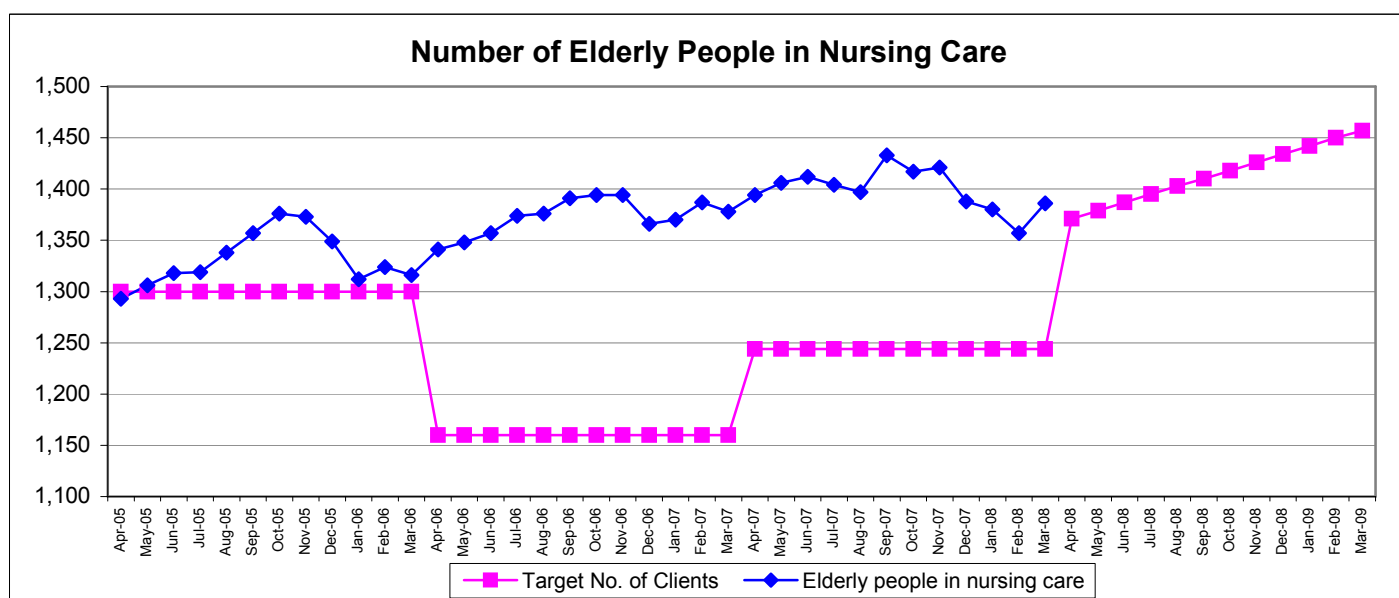


Comments:

- This graph analyses the data by KASS Area in order to reflect the differences in both the finances and performance of the East Kent and West Kent PCTs.

2.2 Numbers of elderly people in nursing care:

	2005-06		2006-07		2007-08		2008-09
	Target	Elderly people in nursing care	Target	Elderly people in nursing care	Target	Elderly people in nursing care	Target
April	1,300	1,293	1,160	1,341	1,244	1,394	1,371
May	1,300	1,306	1,160	1,348	1,244	1,406	1,379
June	1,300	1,318	1,160	1,357	1,244	1,412	1,387
July	1,300	1,319	1,160	1,374	1,244	1,404	1,395
August	1,300	1,338	1,160	1,376	1,244	1,397	1,403
September	1,300	1,357	1,160	1,391	1,244	1,433	1,410
October	1,300	1,376	1,160	1,394	1,244	1,417	1,418
November	1,300	1,373	1,160	1,394	1,244	1,421	1,426
December	1,300	1,349	1,160	1,366	1,244	1,388	1,434
January	1,300	1,312	1,160	1,370	1,244	1,380	1,442
February	1,300	1,324	1,160	1,387	1,244	1,357	1,450
March	1,300	1,316	1,160	1,378	1,244	1,386	1,457

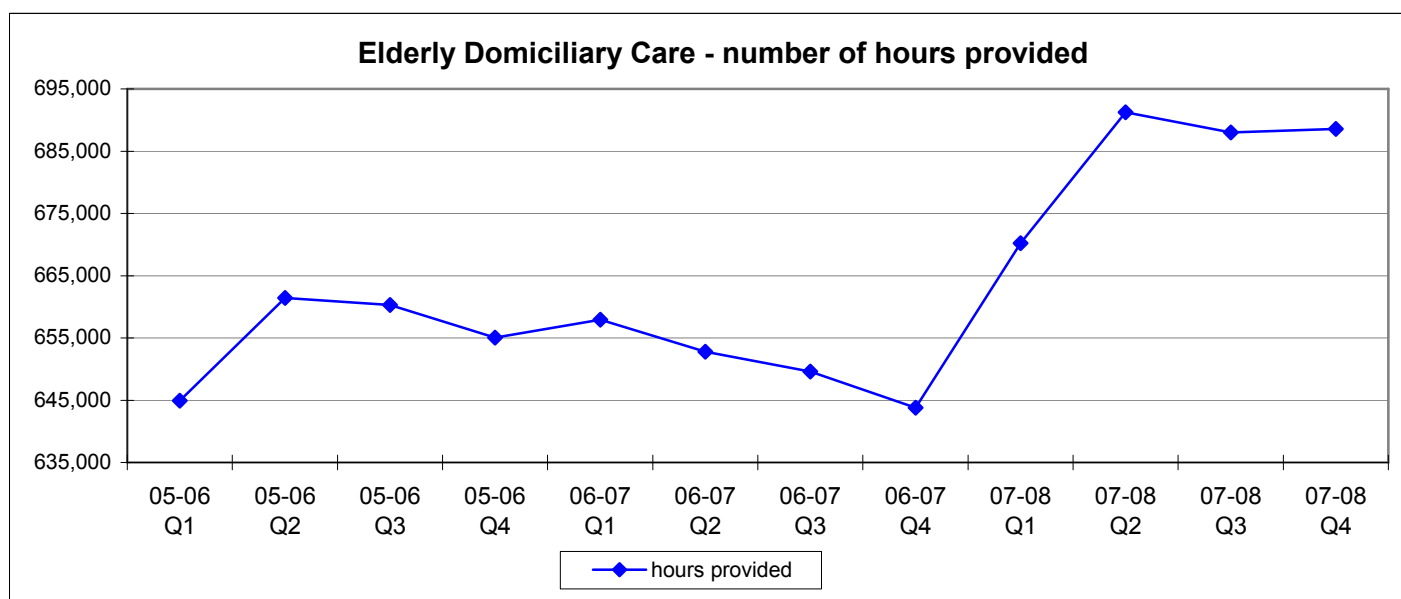
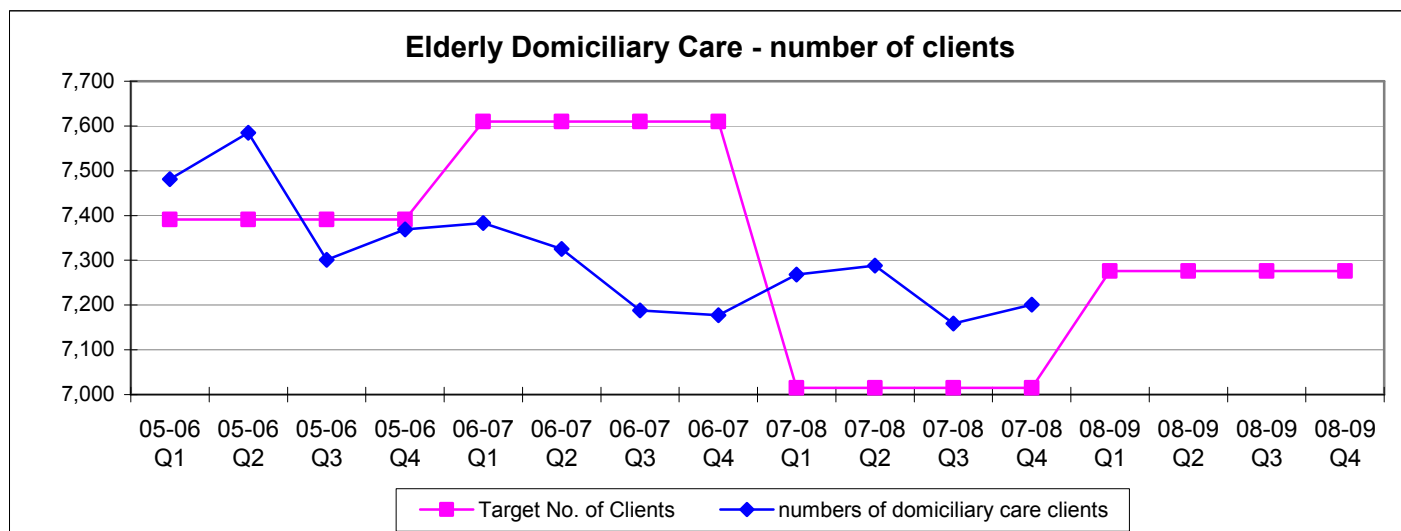


Comment:

- Increases in permanent nursing care may happen for many reasons. The main influences over the last year have been the closure of hospital beds in the East of the County. The knock on effect of minimising delayed transfers of care has resulted in an increase in the number of older people being admitted to nursing 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 more intense nursing care. The recent general downturn in placements is the result of higher than expected attrition.

2.3 Elderly domiciliary care – numbers of clients and hours provided:

	2005-06			2006-07			2007-08			2008-09
	Target	numbers of domiciliary care clients	hours provided	Target	numbers of domiciliary care clients	hours provided	Target	numbers of domiciliary care clients	hours provided	Target
Apr-Jun	7,391	7,481	644,944	7,610	7,383	657,948	7,015	7,268	670,203	7,276
Jul-Sep	7,391	7,585	661,415	7,610	7,325	652,789	7,015	7,288	691,231	7,276
Oct-Dec	7,391	7,301	660,282	7,610	7,188	649,624	7,015	7,159	688,032	7,276
Jan-Mar	7,391	7,369	655,071	7,610	7,177	643,777	7,015	7,201	688,571	7,276

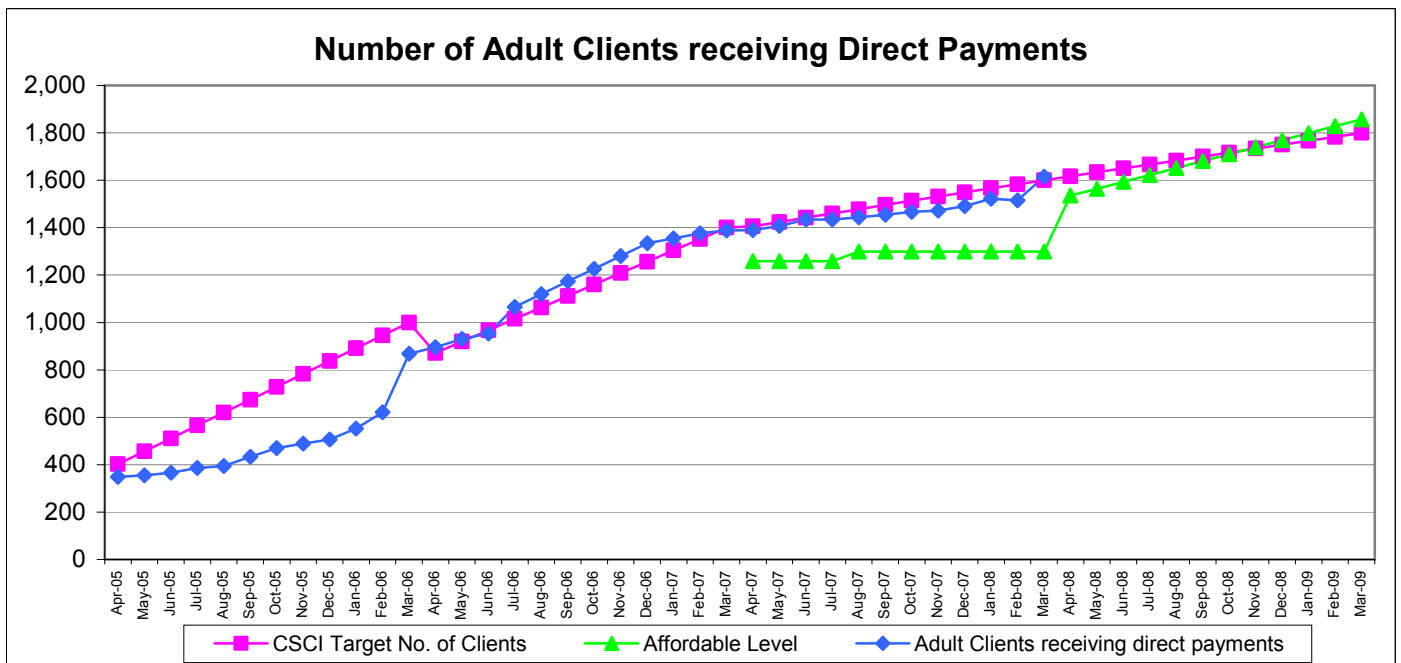


Comment:

- The number of people receiving domiciliary care, together with the number of hours provided, has increased in Quarter 4. In addition, the average number of hours provided per client has increased slightly and continues to reflect the increasing number of clients who require a higher level of support to enable them to remain within their own homes. Often this support could be through two care workers rather than one. As indicated earlier in the report the reduction in residential placements has also had an impact on activity, as this is often the alternative to seeking a permanent placement. Data quality issues in Swift make comparison with last year more difficult which might also explain the significant increase in clients.

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

	2005-06		2006-07		2007-08		2008-09		
	CSCI Target	Adult Clients receiving Direct Payments	CSCI Target	Adult Clients receiving Direct Payments	CSCI Target	Affordable Level	CSCI Target	Affordable Level	
April	403	349	871	896	1,406	1,259	1,390	1,617	1,535
May	457	355	919	930	1,424	1,259	1,407	1,634	1,564
June	511	366	967	954	1,442	1,259	1,434	1,650	1,593
July	566	386	1,015	1,065	1,460	1,259	1,434	1,667	1,622
August	620	395	1,063	1,119	1,478	1,299	1,444	1,683	1,651
Sept	674	434	1,112	1,173	1,496	1,299	1,454	1,700	1,681
Oct	728	470	1,160	1,226	1,514	1,299	1,467	1,717	1,710
Nov	783	489	1,208	1,280	1,532	1,299	1,472	1,734	1,740
Dec	837	507	1,256	1,334	1,549	1,299	1,491	1,750	1,769
Jan	891	553	1,304	1,355	1,566	1,299	1,522	1,767	1,799
Feb	945	621	1,352	1,376	1,583	1,299	1,515	1,783	1,828
March	1,000	868	1,400	1,388	1,600	1,299	1,615	1,800	1,857

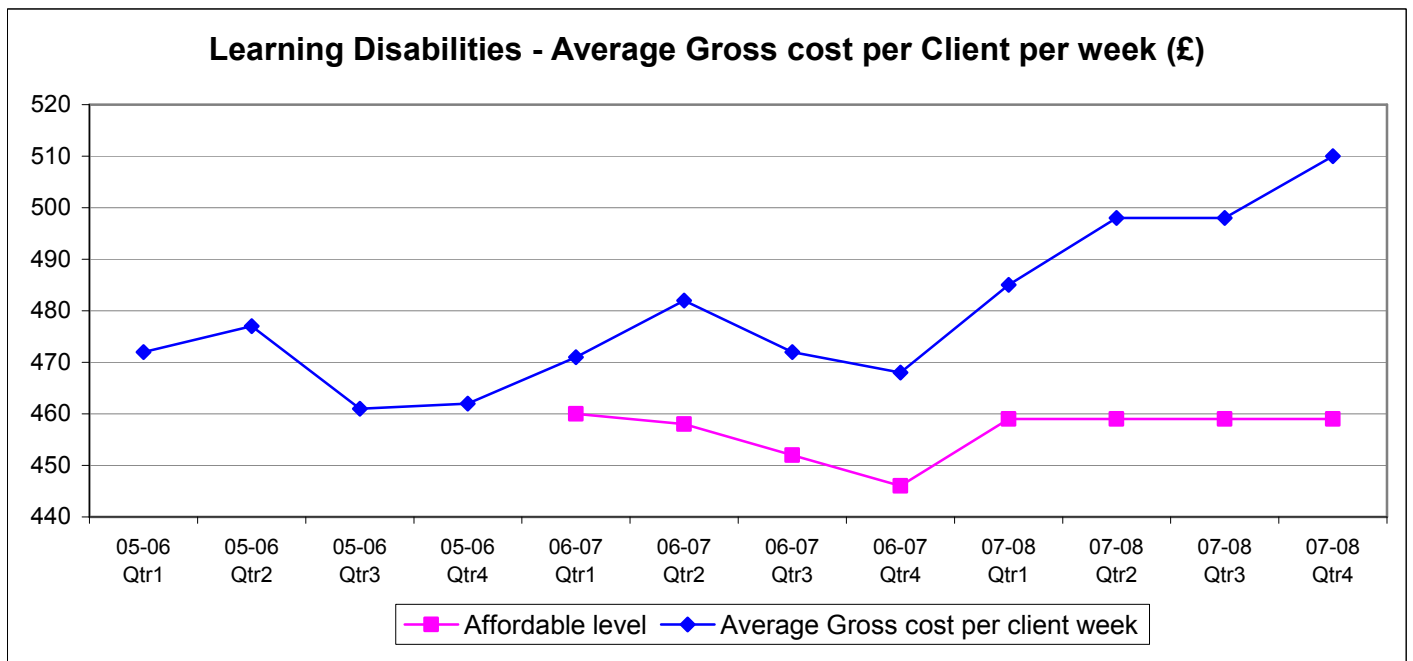


Comments:

- Direct payments are increasing, however a body of evidence is growing which suggests that the introduction of direct payments is identifying some previously unmet demand/need. Work is ongoing to track all new direct payment clients to prove /disprove this belief.
- It should be noted that the affordable level is 1,299, which relates to the budgets that are currently set for direct payments. This level has been increased since July to reflect budgets vired from other service lines, such as domiciliary and day-care, to recognise the move away from traditional services into self directed support.
- The financial forecast and variances being reported cover the ongoing costs of the 1,615 direct payment users we currently have.
- The original target of 1,662 clients was a self-reported target to the Commission for Social Care Inspection (CSCI). Following review the Directorate decided to assume a target of 1,600 clients by year-end which would still leave us in the top band. The actual number of clients in receipt of a Direct Payment by 31st March was 1,615, 15 higher than the revised target.

2.5 Learning Disabilities – Average Gross Cost per Client per Week:

	2005-06	2006-07		2007-08	
	Average Gross cost per client £	Affordable level £	Average Gross cost per client £	Affordable level £	Average Gross cost per client £
April - June	472	460	471	459	485
July - September	477	458	482	459	498
October - December	461	452	472	459	498
January - March	462	446	468	459	510

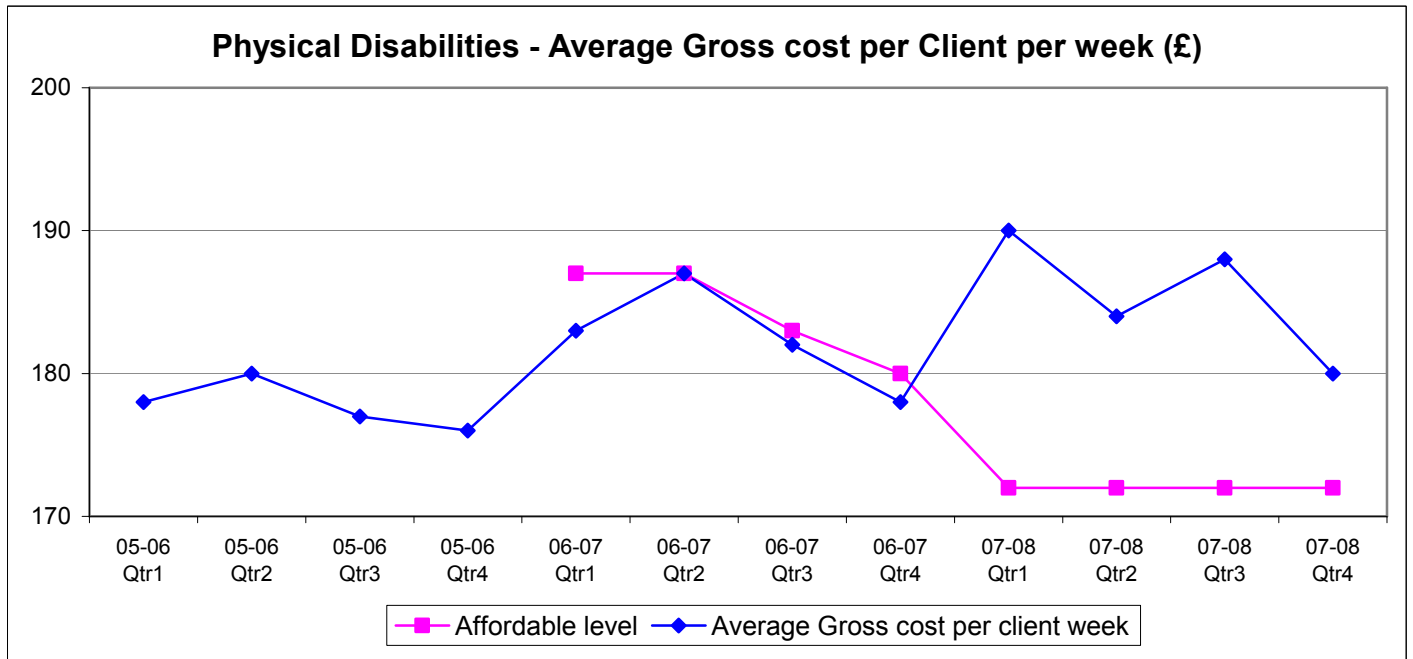


Comments:

- Targets did not exist prior to 2006-07 as this average cost is not a real performance indicator. It is merely intended to demonstrate the general upward trend in the cost of supporting clients with Learning Disabilities.
- This graph reflects the average cost per client week across all Learning Disability services, including those with the lowest levels of need.
- The basis for calculation has changed from last year in order to include both the costs of services provided by the private and voluntary sector and in-house service provision. The previous years' figures have been adjusted accordingly.
- There is no target for 2008-09 for this indicator as this indicator will be replaced by more detailed analysis around the cost of residential care in 2008-09.

2.6 Physical Disabilities – Average Gross Cost per Client per Week:

	2005-06	2006-07		2007-08	
	Average Gross cost per client £	Affordable level £	Average Gross cost per client £	Affordable level £	Average Gross cost per client £
April - June	178	187	183	172	190
July - September	180	187	187	172	184
October - December	177	183	182	172	188
January - March	176	180	178	172	180



Comments:

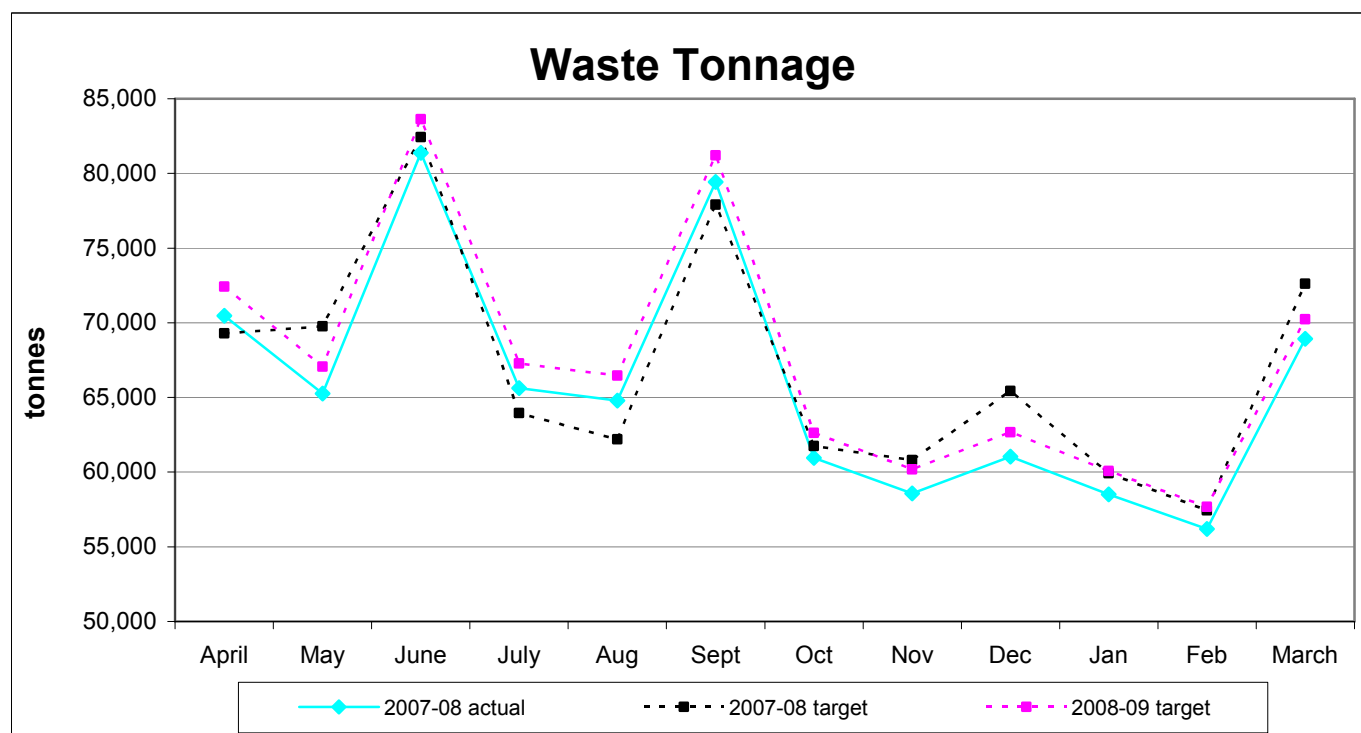
- Targets did not exist prior to 2006-07 as this average cost is not a real performance indicator. It merely attempts to demonstrate the general upward trend in the cost of supporting clients with Physical Disabilities.
- This graph reflects the average cost per client week across all Physical Disability services, including those with the lowest levels of need.
- The basis for calculation has changed from last year in order to include both the costs of services provided by the private and voluntary sector and in-house service provision. The previous years' figures have been adjusted accordingly.
- There is no target for 2008-09 for this indicator as we do not propose to continue reporting on this indicator for 2008-09 because it is considered that the activity associated with this client group is less volatile than others and is not a high financial risk. If this position changes, we will consider the most appropriate replacement.

3. ENVIRONMENT & REGENERATION DIRECTORATE

3.1 Waste Tonnage:

	2005-06	2006-07	2007-08		2008-09
	Waste Tonnage	Waste Tonnage	Waste Tonnage *	Business Plan Target *	Target
April	75,142	69,137	70,458	69,290	72,411
May	70,964	69,606	65,256	69,760	67,056
June	83,770	82,244	81,377	82,425	83,622
July	65,063	63,942	65,618	63,953	67,275
August	66,113	62,181	64,779	62,189	66,459
September	78,534	77,871	79,418	77,912	81,212
October	61,553	61,066	60,949	61,751	62,630
November	60,051	60,124	58,574	60,807	60,180
December	62,397	64,734	61,041	65,426	62,669
January	59,279	60,519	58,515	59,932	60,073
February	54,337	58,036	56,194	57,443	57,679
March	66,402	73,171	68,936	72,610	70,234
TOTAL	803,605	802,631	791,115	803,498	811,500

* there has been some minor re-alignment of the actual and profile tonnage since the first detailed monitoring report for 2007-08 to reflect outstanding data received from a number of district councils



Comments:

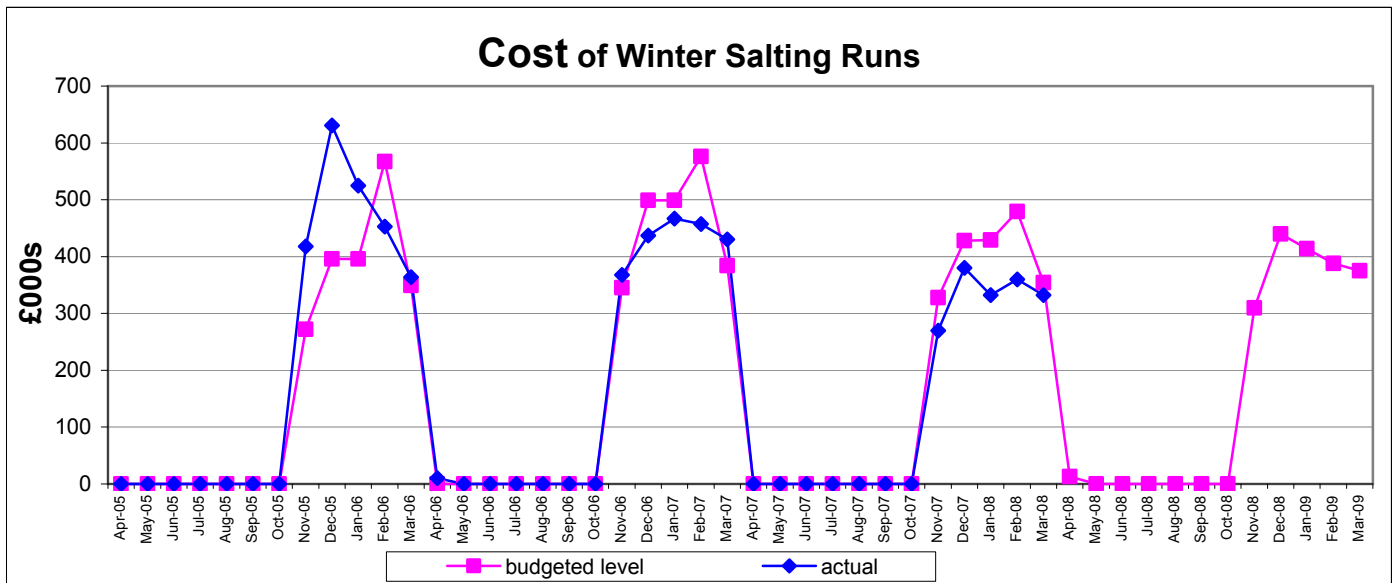
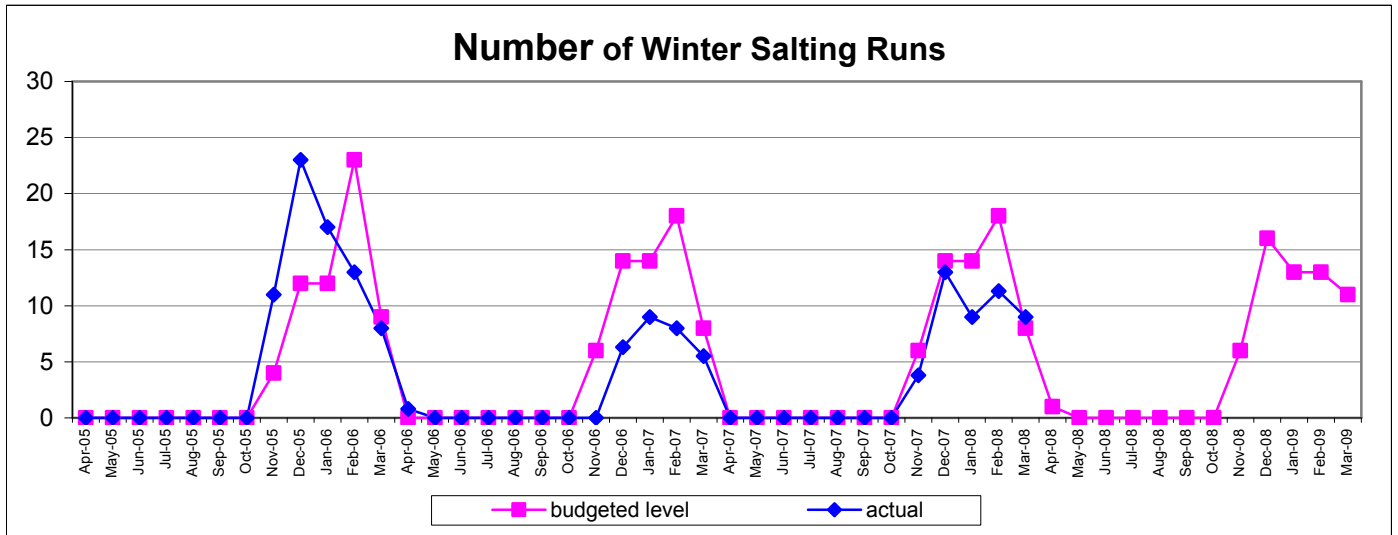
- Tonnage has declined from last year. Also the expected volume to be put through the Allington WtE Plant was significantly below expectation. As, in the early years, the cost of Allington processing is higher than standard Landfill, the budget benefits from reduced costs. So, even if the total tonnage to be managed was the same as last year, there would still have been an under spending on the budget, all other things being equal.
- The target tonnage profile has been amended slightly since the first detailed monitoring report for 2007-08, and the actual tonnage profile has been amended slightly since previous reports. This is to reflect outstanding data received from a number of district councils which had previously been estimated.

3.2 Number and Cost of winter salting runs:

	2005-06				2006-07				2007-08				2008-09	
	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	Budget level	Actual	Budget Level £000s	Actual	Budget Level £000s	Actual	Budget level	Actual	Budget Level ² £000s	Budget level	Budget level ² £000s
April	-	-	-	-	0.8 ¹	-	10	-	-	-	-	-	1	13
May	-	-	-	-	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-	-	-	-	-
August	-	-	-	-	-	-	-	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-	-	-	-	-	-	-	-
October	-	-	-	-	-	-	-	-	-	-	-	-	-	-
November	11	4	418	272	-	6	368	345	3.8	6	270	328	6	310
December	23	12	631	396	6.3	14	437	499	13	14	380	428	16	440
January	17	12	525	396	9.0	14	467	499	9	14	332	429	13	414
February	13	23	453	567	8.0	18	457	576	11.3	18	360	479	13	388
March	8	9	364	349	5.5	8	430	384	9	8	332	354	11	375
TOTAL	72	60	2,391	1,980	29.6	60	2,169	2,303	46.1	60	1,674	2,018	60	1,940

Note ¹: only part of the Kent Highways Network required salting

Note ²: the 2007-08 & 2008-09 budgets exclude overheads, as these are now charged centrally

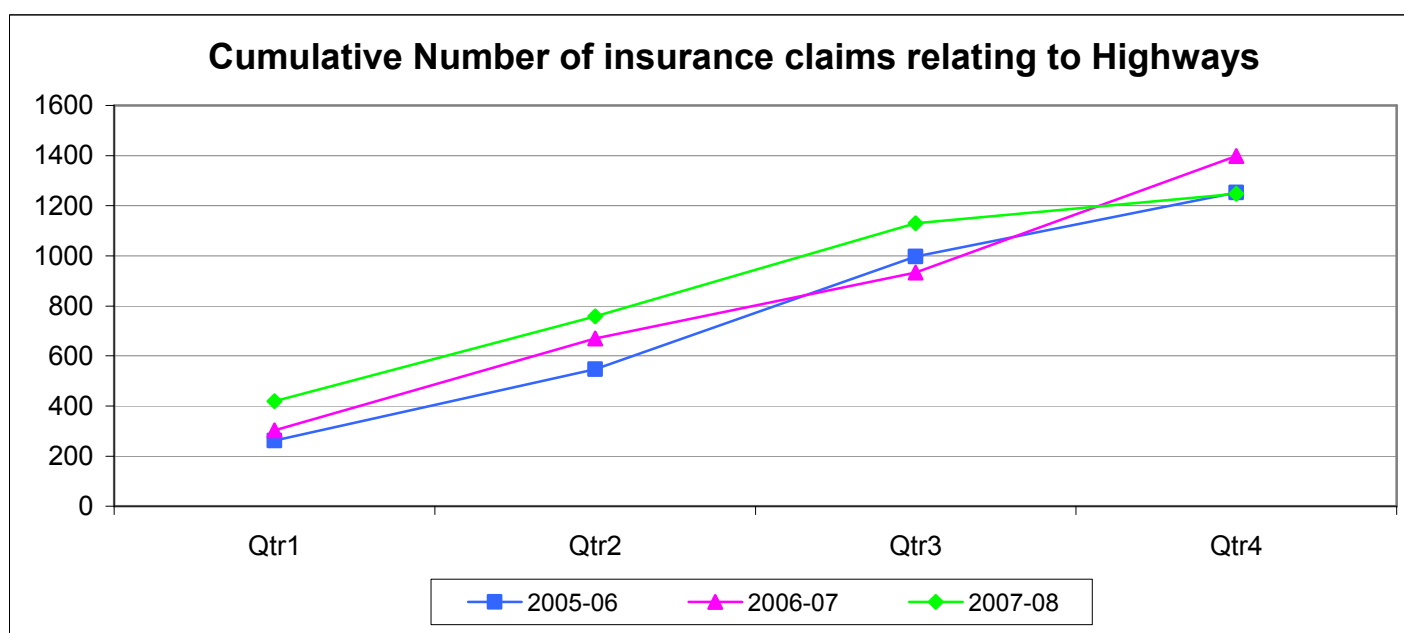


Comment:

- The charges for the Winter Maintenance Service reflect two elements of cost: the smaller element being the variable cost of the salting runs undertaken; the major element of costs, relating to overheads and mobilisation within the contract, have been apportioned equally over the 5 months of the salting period. The actual cost figures for November, December and January have changed since the previous report due to a previous overestimate of the overheads and mobilisation element of cost.
- In setting the 2008-09 Budget, a reassessment of the overheads and mobilisation element of the costs of the service has enabled a slightly lower budget to be set.

3.3 Number of insurance claims arising related to Highways:

	2005-06	2006-07	2007-08
	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims
April – June	263	303	419
July – September	547	669	758
October – December	997	933	1,130
January - March	1,252	1,398	1,247



Comments:

- The increase in claims between 2005-06 and 2006-07 appears to reflect a national trend. Nearly all other county councils in South East England have reported a similar rise in 2006. Carriageway claims are starting to increase and this may be evidenced by the relatively high figure for the first three quarters of this financial year, though the last quarter of 2007-08 has seen a marked slowing down of claims received.

4. COMMUNITIES DIRECTORATE

4.1 Number of Consumer Direct South-East contacts, by local authority area:

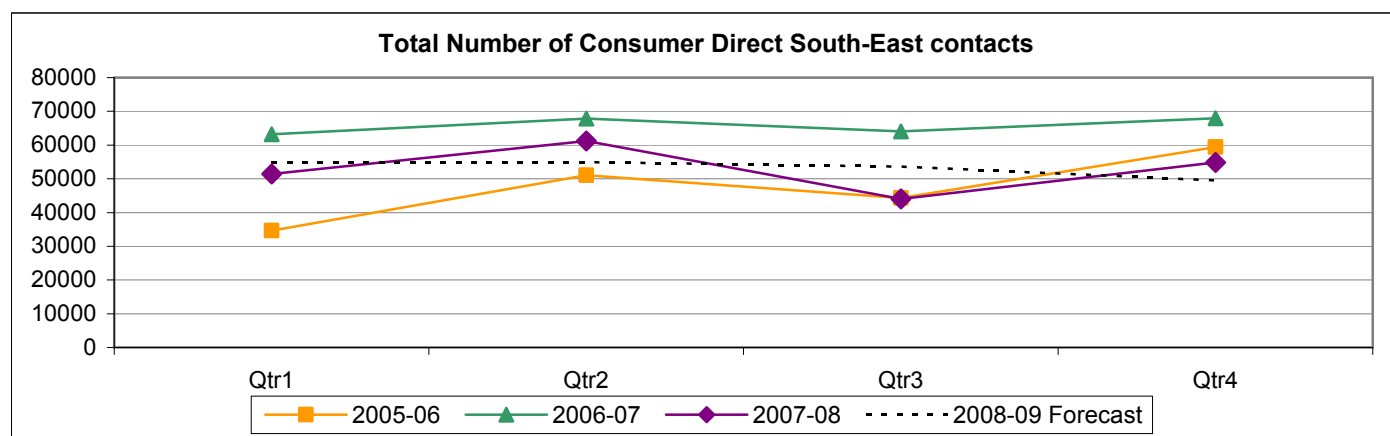
	2005-06	2006-07	2007-08				TOTAL
	Total for the year	Total for the year	Qtr1	Qtr2	Qtr3	Qtr4	
			01/04/07 to 30/06/07	01/07/07 to 30/09/07	01/10/07 to 31/12/07	01/01/08 to 31/03/08	
Bracknell Forest	715	330	209	271	188	199	867
Brighton & Hove	7,116	5,834	987	899	662	750	3,298
Buckinghamshire	9,006	4,012	614	708	690	643	2,655
East Sussex	9,717	9,893	1,843	2,047	1,705	1,909	7,504
Hampshire	19,105	12,520	2,237	2,167	1,554	1,693	7,651
Isle of Wight	2,129	2,106	346	446	349	373	1,514
Kent	29,074	21,500	3,571	4,028	3,115	3,231	13,945
Medway	1,671	1,249	267	358	248	251	1,124
Milton Keynes	1,037	671	85	91	101	78	355
Oxfordshire			No immediate plans to switch				
Portsmouth	5,524	4,332	571	547	548	523	2,189
Reading	2,582	2,952	534	564	536	479	2,113
Royal Borough of Windsor & Maidenhead ²	809		Callers to RBWM are asked to redial CDSE direct				
Slough	1,826	1,717	346	380	288	375	1,389
Southampton	4,680	3,780	24	374	454	329	1,181
Surrey	21,660	19,278	2,846	3,480	2,808	2,779	11,913
West Berkshire	1,503	1,831	278	261	179	282	1,000
West Sussex ³		2,334	1,441	1,257	991	1,060	4,749
Wokingham	758	648	176	170	171	166	683
Main English Landline ^{*1}	60,248	127,064	26,852	33,479	20,998	30,132	111,461
Main English Mobile ^{*1}	7,712	25,073	5,398	6,677	5,520	6,121	23,716
Calls handled for other regions	2,532	6,373	407	63	432	909	1,811
Call-backs handled for other regions		1,017	0	407	56	116	579
E-Mails		8,546	2,405	2,496	2,448	2,499	9,848
2007-08 TOTAL			51,437	61,170	44,041	54,897	211,545
2006-07 TOTAL by Qtr		263,060	63,185	67,865	64,080	67,930	
2005-06 TOTAL by Qtr	189,404		34,616	51,015	44,334	59,439	

			Qtr1	Qtr2	Qtr3	Qtr4	TOTAL
2008-09 FORECAST by Qtr			54,927	54,962	53,601	49,498	212,988

*1 – These are calls received directly on the 0845 number which, although known to be from one of the local authorities in the CDSE area, cannot be identified by individual local authority.

*2 – since 01/01/06 callers to RBWM Trading Standards are asked to redial CDSE direct

*3 – since January 2007, West Sussex calls and e-mails have been diverted to CDSE.



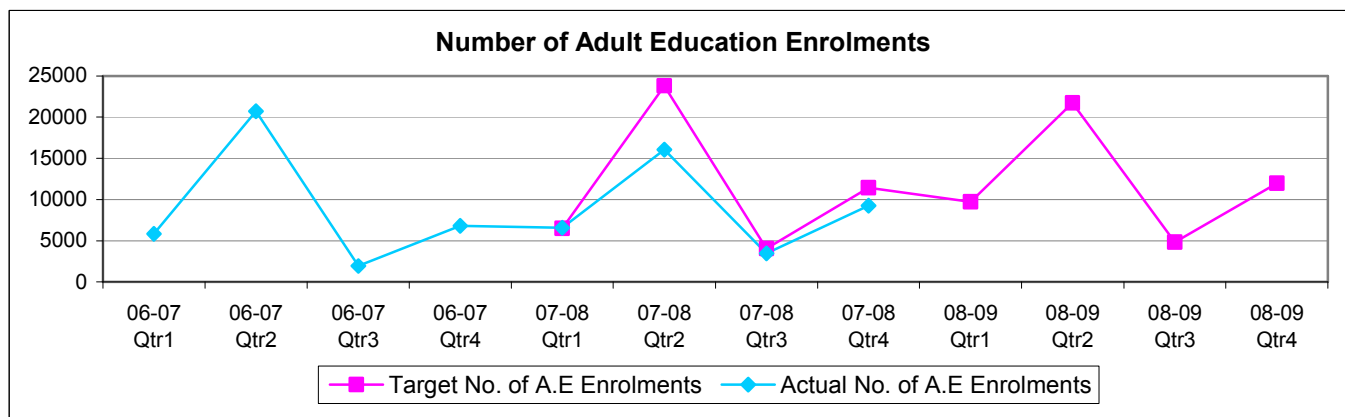
Comments

- Consumer Direct South East is funded according to the number of calls it receives. When it was established a reserve of £172k was set up to cover trading deficits. The impact of reduced call volumes means £103k of this reserve has been drawn down in 2007-08.
- We have been able to secure a quality bonus in 2007-08 which has increased the income per call.
- We are negotiating with Trading Standards South East Ltd (TSSL) and with partner authorities the extent to which they will cover potential trading deficits on CDSE in future. We are also working on decreasing the time taken to respond to calls to reduce costs.
- The longer term strategy remains to increase the call base so that the service is sufficiently large to be able to accommodate fluctuations in call volumes without the need for a reserve.

4.2 Number of Adult Education Enrolments:

	Financial Year			
	2006-07	2007-08		2008-09
	A.E Enrolments	Target	A.E Enrolments	Target
April – June	5,849	6,501	6,567	9,714
July – Sept	20,713	23,803	16,052	21,718
Oct – Dec	1,925	4,071	3,473	4,825
Jan - March	6,829	11,416	9,230	11,948
TOTAL	35,316	45,791	35,322	48,205

In previous years we have shown the number of Adult Education learners. This year we have revised the data to show the number of enrolments as this gives a better picture, as some learners enrol on more than one course. Enrolments is a better indicator of income levels than student numbers as both LSC Further Education (FE) formula grants and tuition fees are based on enrolments.



Comments:

- The LSC grants depend partly on enrolments to courses and are subject to a contract agreement with LSC. 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.

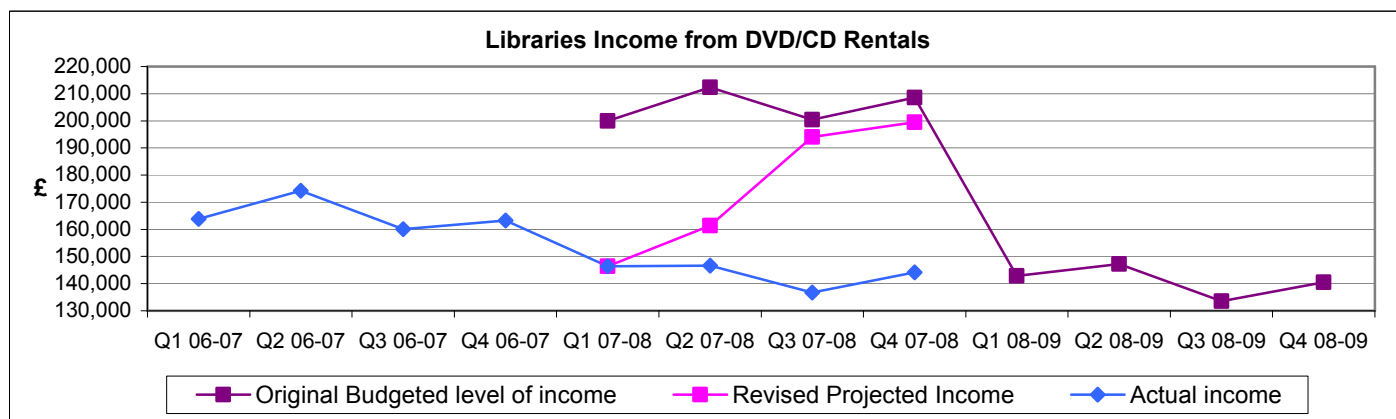
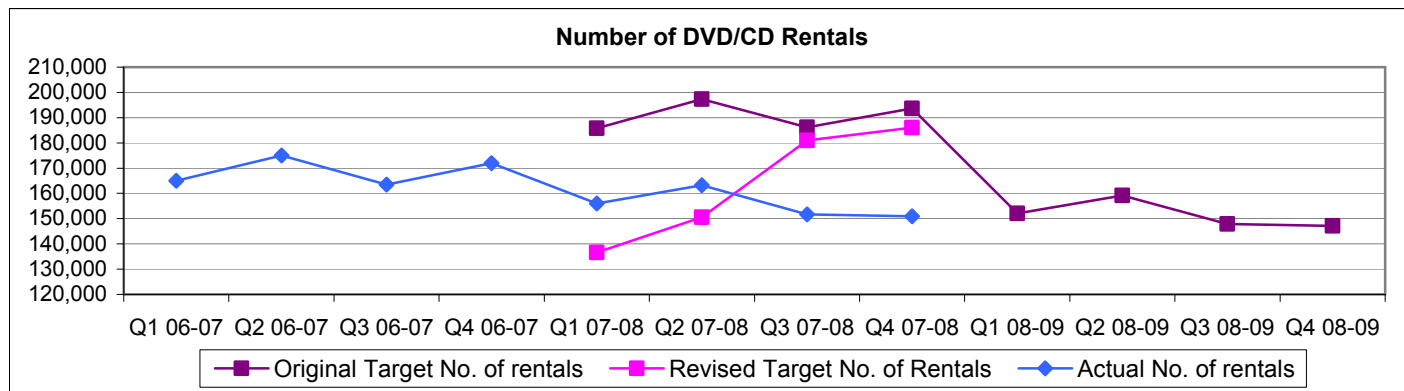
Students pay a fee to contribute towards costs of tuition and examinations. There is a concession on ACL tuition fees for those aged under 19, those in receipt of benefits and those over 60. FE courses are free for those aged under 19 or in receipt of benefits undertaking Basic Skills or Skills for Life Courses.

The AE service has reduced expenditure on course provision as a result of lower than anticipated enrolments in 2007-08, however there remains a residual pressure on the AE budget which is largely as a result of a reduction in tuition fee income due to the reduced enrolments.

The target numbers of enrolments for quarters 2 to 4 for 2008-09 are indicative at this stage and need to be negotiated and agreed with LSC in May 2008. The indicative figures are based on estimates used for curriculum plans to set the 2008-09 budget.

4.3 Number of Library Audio Visual rentals together with income raised:

	2006-07		2007-08						2008-09	
	No of rentals	Income (£)	No of rentals			Income (£)			No of rentals	Income (£)
	actual	Actual	Budgeted target	revised target	actual	budget	revised projected income	actual	Budgeted target	Budget
April – June	164,943	163,872	185,800	136,556	155,958	200,000	146,437	146,437	152,059	142,865
July – Sept	174,975	174,247	197,300	150,500	163,230	212,300	161,390	146,690	159,149	147,232
Oct – Dec	163,470	160,027	186,200	181,000	151,650	200,400	194,096	136,698	147,859	133,505
Jan – March	171,979	163,269	193,700	186,000	150,929	208,500	199,458	144,136	147,156	140,533
TOTAL	675,367	661,415	763,000	654,056	621,767	821,200	701,381	573,961	606,223	564,135



Comments:

- Target figures for 2006/07 have not been shown as this data was not presented in monitoring reports last year
- 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. Demand for spoken word materials and DVDs has remained reasonably stable.
- Research undertaken by the service 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 reduced expenditure on consumables to offset the estimated loss of £120k income from the original budget.
- The roll out of the revised strategy has not been as successful as the research indicated and we have fallen just over 30,000 issues short of the revised target. The service has been able to generate additional income from other merchandising in libraries not included in the original or revised budget to offset the £127k shortfall against the revised income budget.
- Targets and income budgets set for 2008-09 are based on a continued decline. The service increased income budgets from other merchandising to offset the loss of income from AV issues.
- In the first two detailed monitoring reports for 2007-08 the actual number of rentals only included those from visits to lending libraries, the rentals now also include postal loans and reference materials.

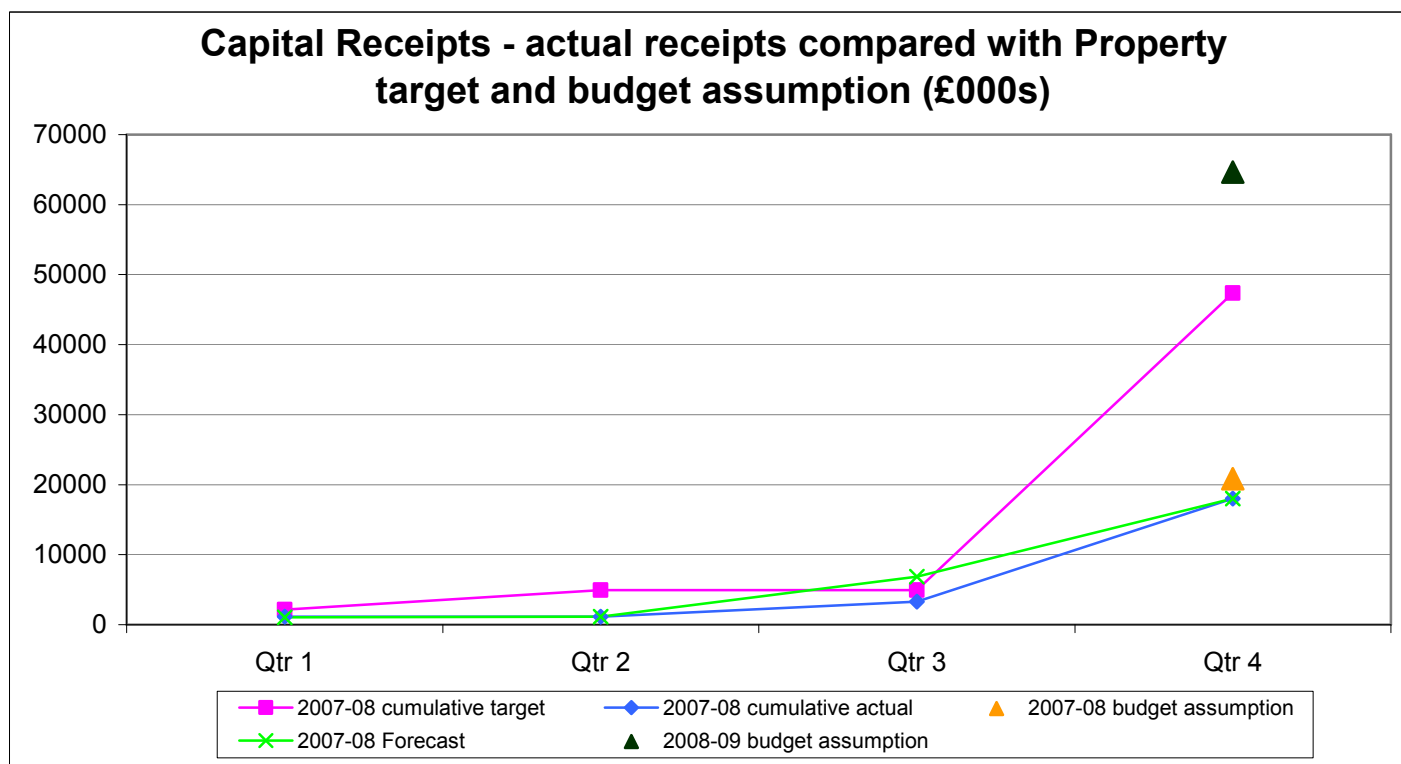
5. CHIEF EXECUTIVE DIRECTORATE

5.1 Capital Receipts – actual receipts compared to budget profile:

	2007-08				2008-09
	Budget funding assumption £000s	Cumulative Target profile £000s	Cumulative Actual receipts £000s	Forecast receipts £000s	Budget funding assumption £000s
April - June		2,150	1,148	1,072	
July - September		4,929	1,148	1,148	
October - December		4,929	3,288	6,866	
January - March		47,359	18,013	18,013	
TOTAL	*20,858	**47,359	18,013	18,013	64,635

* figure updated to reflect revised 2007-08 budget assumption per 2008-11 MTP

** this target was set at the beginning of the financial year when the budget funding assumption was £52,958k.



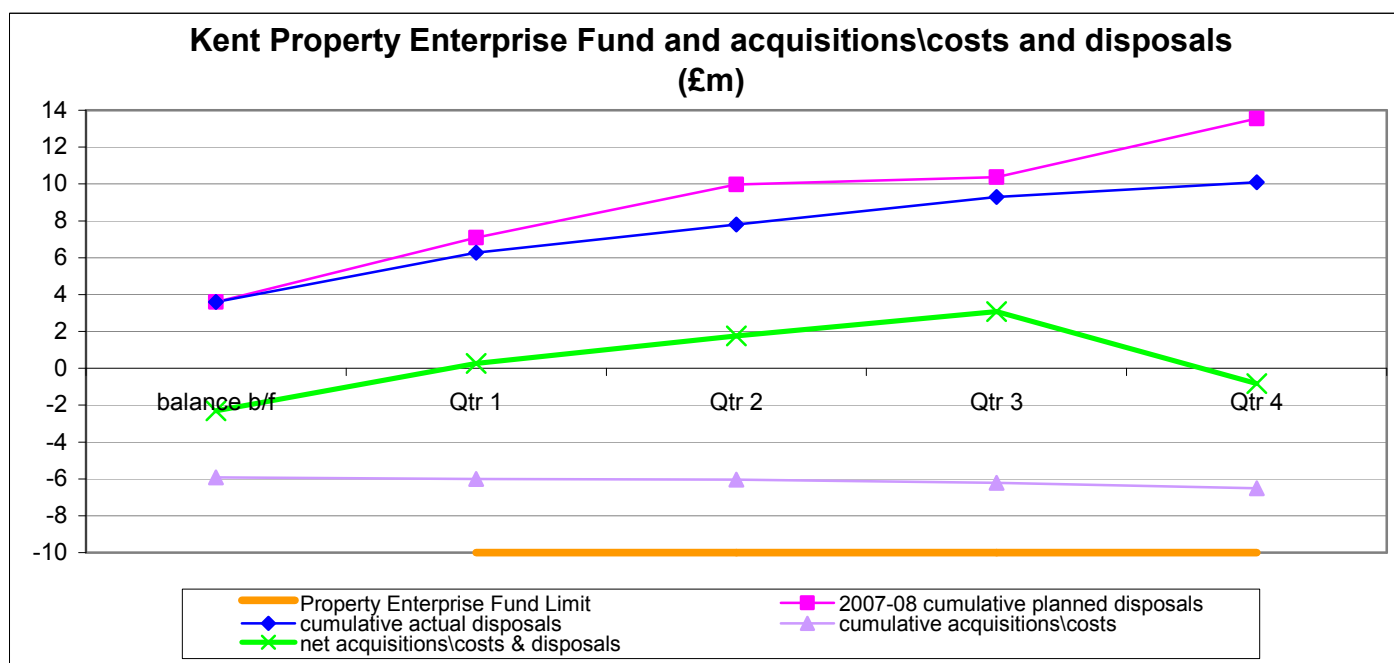
Comments:

- The table below shows a potential surplus of capital receipts over the funding requirement at the end of the current year of £2,067k. This “surplus” is earmarked to fund spend in later years of the capital programme (2008-09 and beyond) and is not therefore spare money.

	2007-08 £'000	2008-09 £'000	2009-10 £'000	2010-11 £'000	Total £'000
Capital receipt funding per 2008-11 MTP	17,135	64,635	66,100	53,167	204,760
Property Group's actual receipts	18,013				
Receipts banked in previous years for use	857				
Receipt funding from other sources	332				
Potential Surplus\Deficit (-) Receipts	2,067				

5.2 Capital Receipts – Kent Property Enterprise Fund:

2007-08					
	Kent Property Enterprise Fund Limit £m	Cumulative Planned Disposals (+) £m	Cumulative Actual Disposals (+) £m	Cumulative Actual Acquisitions\Costs (-) £m	Cumulative Net Acquisitions\Costs (-) & Disposals (+) £m
Balance b/f		3.606	3.606	-5.918	-2.312
April - June	-10	7.088	6.280	-6.013	0.267
July – Sept	-10	9.973	7.798	-6.040	1.758
Oct – Dec	-10	10.371	9.291	-6.210	3.081
Jan – March	-10	13.555	10.096	-6.514	3.582
Other commitments against Property Enterprise Fund					-4.410
Revised Property Enterprise Fund balance after funding commitments					-0.828



Comments:

- County Council approved the establishment of the Property Group Enterprise Fund, 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 disposal income from assets is realised. It is anticipated that the Fund will be in surplus at the end of the 10 year period.

Balance brought forward

In 2005-06, £0.541m of capital receipts were realised from the disposal of non-operational property. The associated disposal costs of £0.054m were funded from these receipts, leaving a balance of £0.487m available for future investment in the Kent Property Enterprise Fund. In 2006-07, £3.065m of capital receipts were realised from the disposal of non-operation property giving a balance of £3.606m for investment. The Fund was used to acquire land at Manston Business Park. Together with the costs of acquisition and disposal, costs in the year totalled £5.864m, leaving a deficit of £2.312m to be temporarily funded from the £10m borrowing facility.

The balances brought forward have been amended to account for receipts that have subsequently been confirmed as non-earmarked (disposals increased by £0.433m and costs increased by £0.030m).

Actual Disposals

At the start of 2007-08 Property Group identified £9.949m worth of potential non-earmarked receipts to be realised this financial year.

Disposals in the first half of the year were encouraging but the market hardened in the second half of the year affecting the ability to achieve the original target.

During 2007-08, the Fund realised a further **£6.490m** of capital receipts through the sale of 59 non-operational properties

Acquisitions\Costs

Outturn for costs of disposals (staff and fees) for 2007-08 was **£0.596m**.

Other Fund Commitments

The Fund has also been used in 2007-08 as follows:

- i. the 2007-08 revenue budget included income of £3.3m of receipts to be generated by the Fund during 2007-08.
- ii. to provide funding for the Eurokent Access Road scheme in Ramsgate, Thanet, contributing £1.110m in 2007-08 (with £3.580m committed in 2008-09 and £0.710m in 2009-10).

2007-08 Final Position

Taking all the above into consideration the Fund is in a deficit position of £0.828m at the end of 2007-08.

Opening Balance – 01-04-07	-£2.312m
Planned Receipts	£6.490m
Costs	-£0.596m
Acquisitions	-
Other Funding:	
- revenue budget support	-£3.300m
- Eurokent Access Road	-£1.110m
Closing Balance – 31-03-08	-£0.828m

Revenue Implications

The Fund has also generated £0.096m of low value revenue receipts during 2007-08 but, with the need to fund both costs of borrowing (£0.107m) against the overdraft facility and a small deficit on the cost of managing non-earmarked properties held for disposal (£0.001m), the PEF is forecasting a £0.012m deficit on revenue which will be rolled forward to be met from future income streams.

2007-08 Final Monitoring of Prudential Indicators

1. Estimate of capital expenditure (excluding PFI)

Actual 2006-07	£237.059m
Original estimate 2007-08	£315.683m
Actual 2007-08	£247.999m

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

	2006-07 Actual	2007-08 Original Estimate	2007-08 Actual
	£m	£m	£m
Capital Financing Requirement	1,010.127	1,131.934	1,071.090
Annual increase in underlying need to borrow	96.796	104.598	60.963

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 2006-07	11.33%
Original estimate 2007-08	12.01%
Actual 2007-08	11.13%

The lower ratio in the actual for 2007-08 reflects increased income from the investment of cash balances.

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 2007-08.

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

	Prudential Indicator 2007-08 £m	Actual 2007-08 £m
Borrowing	1,084.0	949.32
Other Long Term Liabilities	8.0	0.53
	<hr/> 1,092.0	<hr/> 949.85

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

	Prudential Indicator 2007-08 £m	Actual 2007-08 £m
Borrowing	1,139.0	1,002.63
Other Long Term Liabilities	8.0	0.53
	<hr/> 1,147.0	<hr/> 1,003.16

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 2007-08 were:

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

	£m
Borrowing	1,121
Other long term liabilities	8
	<u>1,129</u>

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

	£m
Borrowing	1,179
Other long term liabilities	8
	<u>1,187</u>

The additional allowance over and above the operational boundary was not utilised in 2007-08 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 has determined the following upper limits for 2007-08

(a) Borrowing

Fixed interest rate exposure	100%
Variable rate exposure	30%

(b) Investments

Fixed interest rate exposure	100%
Variable rate exposure	20%

These limits have been complied with in 2007-08. 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	8	0	0
12 months and within 24 months	8	0	0
24 months and within 5 years	24	0	3
5 years and within 10 years	40	0	13.1
10 years and above	100	40	83.9

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

	Indicator	Actual
1 year to 2 years	£35m	£39m
2 years to 3 years	£35m	£29m
3 years to 4 years	£35m	£27m
4 years to 5 years	£20m	£31m
5 years to 6 years	<u>£10m</u>	<u>£0m</u>
	£135m	£126m

The best value in long term investments has mostly been in the period of between 1 and 2 years duration and 4 and 5 years duration. A decision was taken to over-utilise against the Prudential Indicators for investments with these durations to take best advantage of the market yield curve. Additional long term investments have been made to capitalise on rates prior to a fall in the yield curve. Investments are still within the overall prudential limit with £126m invested against an overall allowance of £135m.

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.

Capital Budget Outcomes and Achievements in Recent Years

Over the last three years, Kent County Council, with a range of partners, has invested over £750 million to fund projects across the county which will improve life for thousands of Kent residents. Ever wondered where that money goes? Here are just a few of the most recent projects taking place and making Kent an even better place to live, work and visit.

Children and Families services

Much of this work has taken place in schools. The **Special School Review** (SSR) began three years ago and is midway through. Half of the buildings included in this review have now been either replaced or modernised at a cost of £55.2m. The transformation has been incredible, especially to the teachers and students who use the facilities. In one example, a panic alarm at a school was being triggered regularly. Since moving into the new part of the school it has only been set off once. The reasons for this, according to the teachers, were: a quiet environment, wide corridors and a clear line of sight around the building.

The national **Building Schools for the Future** programme has promised to rebuild or re-model every school in the next 15 years. Kent joined the programme in 2005 and progress has been fast and substantial, especially compared with the national picture. Spend on development costs so far are £10.6m with work starting on sites during the 2008 summer holidays.

Purpose built **vocational centres** have been built including those at Whitstable Community College and Thanet, as well as vocational centres being developed within schools. A total of £15.3m has been spent, making sure that young people can access vocational training (in skills such as hairdressing and beauty, bricklaying and mechanical engineering) alongside more traditional learning.

Thanet Skills Studio, at a cost of £4.5 million, offers training in the construction, engineering, motor vehicle, retail hospitality and catering sectors. It aims to inspire and motivate students, prepare them for the world of work and enable them to progress further training opportunities and employment. High quality careers education and guidance is an important part of the programme. Around 400 students in years nine to 11 from 14 Thanet secondary schools attend the Skills Studio one day a week as part of their GCSE options or vocational training. The centre works with a range of employers such as Peugeot and the Fifteen Foundation (Jamie Oliver).

Kent also now has a number of state of the art, all-ability, all-faith secondary **academies** up and running, two in new buildings (the Marlowe and the Folkestone Academy) with others due new buildings over the coming years. KCC first engaged in the academies programme in 2002 to help transform underachievement in some secondary schools. Partners include Microsoft, Pfizer, Roger de Haan Charitable Trust, Hewlett Packard and a range of higher education, charitable sectors, churches and independent schools. Marlowe Academy opened two years ago and passes in grades A*-C at GCSE level have more than doubled. Six academies opened in September 2007 and it is expected they will emulate this success.

We have spent almost £40m in the past 3 years on major maintenance, across hundreds of schools, which includes the cost of reducing the number of temporary classrooms by more than 40%.

Phase one of the **children's centre** programme is now complete, costing £4.6m. It has delivered nine Kent Children's centres and nine local Surestart centres. The centres serve children and families in their communities and provide integrated care and education for young children, health services and family support as well as a base for childminders. They are part of the Government's strategy to achieve better outcomes for children and families by improving children's social and education development and assisting parents.

The Ashford North Youth Centre, is a new £1.2m single storey building situated in the grounds of the old North School. The centre comprises of a social and activities area including a coffee bar and kitchen facilities. An acoustically insulated music room, adjacent media room, an art room and dance studio complete the activity spaces for use by young people. There is also a small one to one meeting room and a large central office which can be rented out to partnership groups.

Two children's resource centres (The Sunrise Centre and Windchimes, East Kent) have been built to support children with learning difficulties or physical disabilities and their families. Each centre has a

house where children with the most complex needs can stay for few days to allow their families or carers a short break. The Sunrise Centre supports more than 200 families in South West Kent whose children have learning or physical disabilities and Windchimes will support more than 500 of these families from the Swale, Thanet, Canterbury and Dover districts.

Adult Social Care Services

Modernisation of learning disabled day services has improved facilities at the **Sevenoaks District Mencap-Hall**. Mencap Hall became a satellite base where adaptations were made to allow 70 contacts per week with people with learning or physical disabilities, in conjunction with visits to the Adult Education and Kippington Centres which provides facilities to enable people with a disability to increase independence by learning to cook and shop with staff.

The **Home Support Fund** supports between 80 and 100 people (adults and children) each year to live independently in their own homes with increased confidence. Up to £1m is granted annually to provide adaptations from small equipment such as grab rails and adapting steps to major works like changing a room or extending a property. Hundreds of people have been able to stay in their own homes as a result of this.

Telehealth technology allows clients and health professionals to monitor their vital health indicators from their own homes, such as blood pressure and blood oxygen levels. Currently 250 people are using the system (with over 1,000 involved in trials), which sends the statistics straight through to GP's surgeries, at a total cost of £1.4m so far. This project has given help and confidence to not just those people using the service, but for their relatives and carers. Mrs X is just one example of the success of this project. Mrs X has diabetes, high blood pressure and pain from osteoporosis and has also suffered from angina and strokes. She was spending 57 days a year in hospital on average. Since she started using Telehealth, she has not had to go into hospital once. Her son, who had to give up work three years ago to support his mother, is now seeking a part-time job.

Westview and Westbrook are two facilities which formed an integrated health and social care centre designed to meet both the existing and future health and social care needs of Kent. One of the facilities offers 20 beds of health provision and 40 of social care, along with a day centre offering 75 places. The other offers the same amount of beds, with a day centre offering 120 places per week and a physical disability unit offering 105 places per week.

KCC provided £200,000 to Tunbridge Wells District Council in order to turn the YMCA into a community centre. The new **Sherwood Centre** has given a number of younger and older people a sense of purpose and the opportunity to explore and participate in the new activities. The centre has promoted social inclusion and a sense of belonging to a number of previously isolated people.

The **Better Homes, Active Lives Private Finance Initiative** has been nationally recognised by the Department of Community Local Government as a best practice example of delivering value for money. A partnership of 11 local authorities, it will provide 275 extra care apartments for older people, 58 flats for people with learning difficulties and seven for people with mental health problems. This has had a significant positive impact on the lives of those using these services and their independence by offering a genuine alternative to residential care.

Roads and Transport

The opening of the £29m **Leybourne and West Malling bypass** (October 2006) is benefiting the residents and businesses at Kings Hill as well as other local traffic. Traffic congestion has reduced and travelling times are now much shorter.

Fastrack cost £16m and is a new rapid transport system which connects Dartford, Gravesend, Bluewater and new developments at Ebbsfleet and Eastern Quarry. It is being operated to support the 30,000 new homes and 50,000 new jobs expected to be created in the area over the next 20-30 years. It received the Transport Times Bus Award and the UK Bus Awards Infrastructure Innovation Award.

Recent and upcoming road improvements include the **Rushenden Relief Road** (planning permission achieved for the £13.5m scheme), transformation of the **Ashford Ring Road** to two way operation (a £14m scheme), the **EuroKent Spine Road** (£6.8m) and replacing the County's network of **traffic signals**

with LED technology (£2m) that will be cheaper to run in future. All these projects will continue to keep Kent moving.

Community Services

The £2.4m **Kaleidoscope** project renovated **Sevenoaks library** to provide a 21st century facility in the heart of Sevenoaks and addressed the problems of poor accessibility and declining usage. The 2007/08 figures show an increase of 48,000 visitors compared with the same time in 2004/05 before the centre closed. An additional £400k per annum is being spent on modernising specific libraries all over the county, with **Coldharbour (Gravesend)**, **Allington (Maidstone)**, **New Ash Green**, **Otford** and **Staplehurst** completed already. Rising visitor numbers and a higher level of satisfaction with the improved quality of the libraries are the result.

Adult Education courses in Folkestone can now be held in **The Cube**, a landmark building including three art studios, one fashion and textile room, a bespoke jewellery making/ silversmithing workshop, a gallery for internal and external exhibitions, a large health and fitness room, an IT suite and a modern café.

Additionally, a £3.2m scheme to provide a state of the art performing arts academy on the site of Hextable School was funded by the Arts Council, Hextable School and KCC and Swanley Town Council. **The Hextable Dance** is used by the school during the day and community groups at other times. Facilities include a main auditorium which can be used for dance or theatre productions, a separate dance and theatre studio, recording studio and ICT media suite.

Bowl Water Outdoor Residential Centre has welcomed over 4,000 young people to its 32 bed centre since opening in March 07, with around 10% of them taking advantage of the overnight accommodation. KCC contributed £200k to the build which allows young people to take part in water and outdoor activities.

With significant support from the Thames Gateway programme, the **visitor centre** at **Shorne Wood Country Park** is an amazing example of a sustainable building. Constructed primarily with timber from local woodlands, the centre generates much of its own energy from wind, solar power and sustainable wood fuel and also harvests rain. Shorne Wood is KCC's most popular country park with a quarter of a million visitors a year. The visitor centre is award-winning and showcases several examples of the actions we are taking to tackle climate change in Kent.

Gateways offer a convenient and friendly public service point in retail locations with access to all public services, including the county council, district and borough councils, NHS, police, fire, voluntary sector and Job Centre Plus. The focus is on the customer experience and shaping services around their needs. **Ashford Gateway** opened in October 2005 and there are over 5,000 customers per month. The **Mobile Gateway**, which will cover rural Mid Kent in its widest sense from Shepway to Ashford to Tunbridge Wells, was launched at the County Show in July 2007. **Thanet's Gateway Plus** (including the library) opened on 7 January 2008 and in its first day had 2,500 customers. The anticipated footfall is 400,000 a year, with the current weekly average running at 9,000 visitors. Library issues are up 28%. More Gateways are planned around the county between now and 2012, including Tenterden, Maidstone, Tunbridge Wells, Dover and Herne Bay.

Conclusion

Kent has a huge responsibility to spend its budget wisely. These projects are just a few examples of the many projects that have improved services and lives for the people of Kent, and helped to make Kent an even better county in which to live, work and visit.