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To: Cabinet – 2 December 2019

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

Classification: Unrestricted

1. SUMMARY

- 1.1 This report provides the budget monitoring position up to 30 September 2019-20 for both revenue and capital budgets, including an update on key activity data for our highest risk budgets.
- 1.2 The format of this report is:
- This covering summary report which provides a high level financial summary and highlights only the most significant issues, as determined by Corporate Directors.
 - Appendix 1 – Details of the Asylum service forecast and key activity information;
 - Appendix 2 – High Needs and Dedicated Schools Grant Key Indicators.
 - Appendix 3 – 2019-20 BRAG Update.
 - Appendix 4 – Revenue Reserves Monitoring 2019-20
 - Appendix 5 – Prudential Indicators Monitoring 2019-20
- 1.3 Cabinet is asked to note the forecast revenue and capital monitoring position. The forecast revenue pressure is £1.061m increasing to £1.298m after roll forwards. This is a reduction of £2.444m from the last reported position in August 2019. Any overspend remaining at the end of the year will need to be funded from Reserves, impacting the Reserves available in the future.
- 1.4 The Children, Young People & Education directorate is forecasting a pressure of £7.7m. £4.2m is in the Education Planning and Access division and more specifically relates to the Special Education Needs service and Home to School & College Transport with pressures of £0.8m and £2.5m respectively. £3.1m is in the Integrated Children's Services division and relates to Care Leavers Support and Looked after Children – Care & Support with pressures of £1.5m and £1.3m respectively. More detail is provided in sections 4.2.2 and 4.2.4.
- 1.5 The forecast overspend is masked in the overall position of £1.061m by the underspend of -£6.7m in Financing Items; more detail is provided in section 4.5.1.
- 1.6 There is a reported variance of -£81.233m on the 2019-20 capital budget. This is made up of +£5.694m real variance and -£86.297m rephasing variance.

2. RECOMMENDATIONS

Cabinet is asked to:

- i) **Note** the forecast revenue budget monitoring position for 2019-20 and capital budget monitoring position for 2019-20 to 2021-22, and that the forecast pressure on the revenue budget needs to be eliminated as we progress through the year.
- ii) **Agree** the capital budget cash limit adjustments set out in section 6.4.
- iii) **Note** the BRAG Update at Appendix 3
- iv) **Note** the Reserves Monitoring at Appendix 4
- v) **Note** the Prudential Indicators Report at Appendix 5

3. SUMMARISED REVENUE MONITORING POSITION

- 3.1 Overall the net projected revenue variance for the Council as reported by budget managers is a pressure of £1.061m before roll forwards, increasing to £1.298m after roll forwards.

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

The position by directorate is shown in table 1 below.

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

Directorate	Cash Limit (£m)	Variance (£m)	Previous Variance (£m)	Movement (£m)
Adult Social Care & Health	375.892	0.120	0.081	0.039
Children, Young People & Education	254.147	7.712	6.318	1.394
Growth, Environment & Transport	173.891	0.092	0.060	0.032
Strategic & Corporate Services	80.167	-0.167	-0.209	0.042
Financing Items & Unallocated	117.290	-6.696	-2.508	-4.188
Total (Excluding Schools)	1,001.388	1.061	3.742	-2.681
Schools' Delegated Budgets	0.000	18.675	18.145	0.530
Total (Including Schools)	1,001.388	19.736	21.887	-2.151

Directorate		Cash Limit	Variance	Last Reported Position	Movement
		£m	£m	£m	£m
Variance from above (excl Schools)			1.061	3.742	-2.681
Roll Forwards	- committed		0.237	0.000	0.237
	- re-phased		0.000	0.000	0.000
	- bids		0.000	0.000	0.000
Total Roll Forward Requirements			0.237	0.000	0.237
(-ve) Uncommitted balance / (+ve) Deficit			1.298	3.742	-2.444

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

Directorate	Variance	Roll Forwards			Revised Variance
	£m	Committed £m	Re-phased £m	Bids £m	£m
Adult Social Care & Health	0.120				0.120
Children, Young People & Education	7.712				7.712
Growth, Environment & Transport	0.092	0.237			0.329
Strategic & Corporate Services	-0.167				-0.167
Financing Items & Unallocated	-6.696				-6.696
TOTAL (Excl Schools)	1.061	0.237	0.000	0.000	1.298

4. REVENUE BUDGET MONITORING HEADLINES

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

4.1 Adult Social Care and Health				
	Cash Limit	Variance	Previous Variance (August)	Movement
	Net	Net	Net	Net
	£m	£m	£m	£m
Adult Social Care & Health				
Strategic Management & Directorate Budgets (ASCH)				
Additional Adult Social Care Allocation	-7.811	0.000	0.000	0.000
Budget & Saving Plans to be allocated	1.440	-2.874	-1.715	-1.159
Strategic Management & Directorate Support (ASCH)	2.581	0.101	0.106	-0.005
Total - Strategic Management & Directorate Budgets (ASCH)	-3.790	-2.773	-1.609	-1.164
Older People & Physical Disability				
Adult Physical Disability - Community Based Services	21.379	1.763	1.044	0.719
Adult Physical Disability - Residential Care Services	14.876	0.348	0.181	0.167
Carer Support - Commissioned	0.567	-0.661	-0.543	-0.118
Older People - Community Based Services	30.833	1.134	0.735	0.399
Older People - Residential Care Services	45.140	-0.790	-0.606	-0.184
Older People & Physical Disability - Assessment and Deprivation of Liberty Safeguards Services	23.955	-0.284	-0.304	0.020
Older People & Physical Disability - In House Community Homecare Service	3.926	0.211	0.221	-0.010
Total - Older People & Physical Disability	140.675	1.721	0.727	0.993
Learning Disability 26+, Mental Health and Sensory & Autism Services				
Adult Learning Disability - Assessment Service	5.232	-0.232	-0.212	-0.020
Adult Learning Disability - Community Based Services & Support for Carers	71.981	0.696	0.238	0.458
Adult Learning Disability - Residential Care Services & Support for Carers	61.712	1.100	1.060	0.040
Adult Mental Health - Assessment Services	9.746	-0.178	-0.170	-0.008
Adult Mental Health - Community Based Services	5.261	0.149	-0.018	0.167
Adult Mental Health - Residential Care Services	12.879	0.442	0.410	0.032
Physical Disability 26+ Lifespan Pathway & Autism - Community Based Services	0.390	0.162	0.185	-0.023
Physical Disability 26+ Lifespan Pathway & Autism - Residential Care Services	0.460	0.067	0.068	-0.001
Sensory & Autism - Assessment Service	1.877	0.110	0.102	0.008
Learning Disability 26+, Mental Health and Sensory & Autism Division Management	0.258	-0.056	0.073	-0.129
Total - Learning Disability 26+, Mental Health and Sensory & Autism Services	169.794	2.260	1.736	0.524

	Cash Limit	Variance	Previous Variance (August)	Movement
	Net	Net	Net	Net
	£m	£m	£m	£m
Partnerships & Engagement				
Community Based Preventative Services	13.108	0.240	0.203	0.037
Housing Related Support	6.991	0.105	0.072	0.033
Partnership Support Services	2.148	-0.233	-0.180	-0.053
Social Support for Carers	2.950	-0.000	0.000	-0.000
Total - Partnerships & Engagement	25.197	0.112	0.095	0.017
Service Provision				
Adult In House Carer Services	2.188	-0.057	-0.052	-0.005
Adult In House Community Services	7.084	-0.188	-0.145	-0.043
Adult In House Enablement Services	3.220	-0.076	-0.061	-0.015
Divisional Management	0.353	0.260	0.268	-0.008
Looked After Children (with Disability) - In House Provision	2.640	0.329	0.333	-0.004
Older People - In House Provision	15.568	-0.436	-0.404	-0.032
Total - Service Provision	31.053	-0.167	-0.061	-0.106
Business Delivery Unit				
Adaptive & Assistive Technology	2.972	-0.727	-0.595	-0.132
Divisional & Directorate Support	9.573	-0.176	-0.087	-0.089
Safeguarding Adults	0.418	-0.130	-0.125	-0.005
Total - Business Delivery Unit	12.963	-1.033	-0.806	-0.226
Total - Adult Social Care & Health	375.892	0.120	0.081	0.038

4.1.1 Adult Social Care and Health:

The overall forecast variance for the Directorate is an almost breakeven position.

This variance position reflects activity data to date in the 2019-20 financial year and the forecast will continue to be refined alongside activity trends over the remaining months.

When setting the ASCH budget, estimates are made on which service lines will see demographic pressures during the year, and the funding is allocated accordingly, impacting both the gross and income budgets. This estimate is based primarily on looking at historic trends but with some judgement about current practice. As the year progresses it is likely that some of the increased activity and costs may be on different service lines, so several of the variances explained below are attributable to this.

4.1.2 Strategic Management & Directorate Budgets (ASCH):

Most of this variance (£2.9m) relates to centrally held funds still to be allocated which cover pressures already recognised within the forecast position. These will be allocated once the service underlying pressures are confirmed.

4.1.3 Older People & Physical Disability

The pressure within the Adult Social Care Services for Older People and Physical Disabilities is greater than anticipated at the time that the budget was set due to higher than anticipated complexity and demand. The position is therefore being stabilised using one-off funding sources; £1.0m is being drawn down from reserves (set aside in 2018-19 for delayed growth in demand). This will change through the year to reflect the pressure.

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

Within 'Adult Physical Disability – Community Based Services' there is a pressure of +£1.8m. Predominately this relates to Supporting Independent Living and Homecare services for clients with Physical Disabilities as a result of higher than anticipated demand.

Within 'Older People – Community Based Services' there is a net pressure of +£1.1m. This chiefly relates to Direct Payments and is due to an increase in demand and complexity.

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

Within 'Older People – Residential Care Services' there is a net underspend of -£0.8m supporting the above. Service Users will only enter registered care settings when their complex needs cannot be met safely in the community. The variance against Residential Services is -£1.2m and for Nursing Care (which supports higher care needs) is +£1.3m.

The pressures in these service lines are being stabilised through the one-off drawdown from reserves referred to above.

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

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

Within 'Adult Learning Disability – Community Based Services & Support for Carers' there is a net pressure of +£0.7m. There is an overspend of +£3.8m against SIS which is driven by higher than anticipated demand and complexity. One-off funding sources are being used to stabilise the position; £2.4m is being drawn down from reserves (set aside in 2018-19 for delayed growth in demand) and £0.2m of income received to support the after care costs of the 'Transforming Care' programme (which provides enhanced or intense support for adults with a learning disability and/or

autism who display behaviours that challenge, to enable them to live safe and well within their community).

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

Service Users who are cared for within registered care settings are increasingly receiving one to one support. There are also Continuing Healthcare improvers who are now eligible for Local Authority funded Social Care. These people have complex care needs which has resulted in an unanticipated pressure. The two Residential Care Key Service Lines (for Mental Health and Learning Disability) are showing a net pressure of +£1.5m. The underlying pressure is +£2.0m and one-off funding sources are being used to stabilise the position; using £0.5m of income received to support the after-care costs of the 'Transforming Care' programme.

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

4.1.5 Business Delivery Unit

There is a variance of -£0.7m reported against Adaptive & Assistive Technology as efficiencies within the procurement and running of this service which came into full effect in 2018-19 continue to deliver economies

4.2 Children, Young People and Education

	Cash Limit	Variance	Previous Variance (August)	Movement
	Net	Net	Net	Net
	£m	£m	£m	£m
Strategic Management & Directorate Budgets (CYPE)				
Budget & Saving Plans to be allocated (CYPE)	-1.912	0.000	0.000	0.000
Strategic Management & Directorate Budgets (CYPE)	4.640	0.175	0.164	0.011
Total - Strategic Management & Directorate Budgets (CYPE)	2.728	0.175	0.164	0.011
Education Planning & Access				
Community Learning & Skills (CLS)	-0.991	0.058	0.012	0.046
Early Years Education	0.000	0.000	0.000	0.000
Education Services & Planning Resources Management & Division Support	1.007	-0.011	-0.007	-0.004
Education Services provided by EDSECO Ltd (trading as The Education People)	3.877	0.079	0.000	0.079
Fair Access & Planning Services	0.010	0.001	0.001	0.000
Home to School & College Transport	39.232	2.505	2.764	-0.259
Other School Services	-1.094	0.818	0.427	0.391
Special Educational Needs & Psychology Services	6.300	0.762	0.686	0.076
Total - Education Planning & Access	48.342	4.212	3.882	0.329
Integrated Children's Services (East & West)				
Adoption & Special Guardianship Arrangements & Service	14.382	-0.199	-0.390	0.191
Asylum	0.056	0.417	0.429	-0.012
Care Leavers Service	5.697	1.480	1.401	0.079
Children in Need - Care & Support	3.255	-0.001	0.032	-0.033
Children's Centres	3.448	0.042	0.042	-0.000
Children's Social Work Services - Assessment & Safeguarding Service	46.767	0.167	0.302	-0.135
Early Help & Preventative Services	7.061	-0.336	-0.348	0.012
Integrated Services (Children's) Management & Directorate Support	4.817	-0.057	0.001	-0.058
Looked After Children - Care & Support	58.106	1.296	0.414	0.882
Pupil Referral Units & Inclusion	-0.058	0.045	0.003	0.042
Youth Services	4.458	0.250	0.265	-0.015
Total - Integrated Children's Services (East & West)	147.988	3.105	2.150	0.954

	Cash Limit	Variance	Previous Variance (August)	Movement
	Net	Net	Net	Net
	£m	£m	£m	£m
0-25 Disability (Lifespan Pathway)				
Adult Learning & Physical Disability Pathway - Community Based Services	23.382	-0.385	-0.430	0.045
Adult Learning & Physical Disability Pathway - Residential Care Services & Support for Carers	8.546	0.844	0.879	-0.035
Children in Need (Disability) - Care & Support	5.123	-0.274	-0.270	-0.004
Childrens Disability 0-18 Commissioning	1.692	0.000	-0.002	0.002
Disabled Children & Young People Service (0-25 LD & Complex PD) - Assessment Service	7.499	0.006	-0.036	0.042
Looked After Children (with Disability) - Care & Support	8.849	0.027	-0.021	0.048
Total - 0-25 Disability (Lifespan Pathway)	55.089	0.219	0.121	0.099
Total - Children, Young People & Education	254.147	7.712	6.318	1.394

4.2.1 The forecast for Children, Young People and Education Directorate indicates an overall pressure of +£7.7m, of which +£0.4m relates to the Asylum service.

4.2.2 Education Planning & Access

The initial forecast for the Special Education Needs (SEN) Service suggests a pressure of +£0.8m. This budget should be considered in conjunction with the Schools High Needs budget pressure outlined in section 4.6 and Appendix 2 resulting from the continual rise in demand for Special Education Needs & Disability (SEND) assessment and support.

It is also important to note the current forecast includes +£0.8m associated with the implementation of the SEND Statement of Written Action recently submitted to OFSTED to address the outcomes of the recent SEND inspection report. The exact costs have been finalised and there is an additional £0.9m of expected in year costs not currently included in the monthly monitoring.

There is a reported pressure of +£2.5m within the Home to School & College Transport budget. This is predominantly due to:

- +£2.7m pressure from the transporting of children with SEN based on September pupil numbers. The number of children being transported is significantly higher than originally estimated. This can be linked to the unprecedented demand on SEN generally.
- +£0.4m shortfall in income to fund the costs of the 16+ Travel Card. A reduction in the number of users using the scheme has led to a reduction in the amount of income but costs have not reduced by the same proportion due to:
 - i. Costs being based on the actual number of journeys undertaken whilst charges are based on a flat rate fee. High users of the scheme continue to purchase the pass whilst occasional users are choosing to no longer take part.
 - ii. the unit price of travel rising by double the amount originally estimated over the course of 2018-19.

Other school related services include a £0.8m pressure, an increase of £0.4m on last month due to additional costs relating to mobile moves as part of the capital delivery programme.

4.2.3 0-25 Disability (Lifespan Pathway):

Disability Services are forecasting an initial pressure of +£0.2m. This pressure is predominantly due to:

- +£0.5m pressure on 18-25 placement costs mainly within the residential care service where the number of placements is higher than originally budgeted. This pressure has been reduced by a planned draw down from reserves of £0.8m. The forecast also assumes a similar level of growth as in previous years.
- -£0.3 underspend on direct payments due to the unavailability of Personal Assistants in the market.

4.2.4 Integrated Children's Services

The service is forecasting a pressure of +£2.7m including the following significant variances:

- The Care Leavers Service is forecasting a pressure of +£1.5m due to higher than anticipated placement and additional support costs. The Division has recently invested in new floating support and accommodation services which are anticipated to deliver savings in the longer term by reducing the average cost of supporting young people. The transition period to the new service offer has taken longer than expected and has led to a short-term pressure on this service, where both old and new services continue to be commissioned. The service is currently investigating this large pressure.
- The Looked After Children placement budget is forecasting a +£1.3m pressure due to increases in the number of externally purchased placements particularly with independent fostering agencies and supported accommodation settings. This is due to insufficient numbers of in-house foster carers leading to a greater reliance on the use of the external market. This forecast assumes current activity levels do not increase further during the year.

4.2.5 Specialist Children's Services – Asylum Seekers:

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

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

KCC continues to pursue the Home Office for further funding to address the historic shortfall in funding received for asylum services in both 2017-18 and 2018-19 totalling £6.1m. (see appendix 1)

4.3 Growth, Environment and Transport

	Cash Limit	Variance	Previous Variance (August)	Movement
	Net	Net	Net	Net
	£m	£m	£m	£m
Strategic Management & Directorate Budgets (GET)				
Budget & Savings Plans to be allocated (GET)	-0.057	0.000	0.000	0.000
Strategic Management & Directorate Budgets (GET)	1.334	-0.093	-0.053	-0.040
Total - Strategic Management & Directorate Budgets (GET)	1.277	-0.093	-0.053	-0.040
Economic Development				
Arts	1.617	0.026	0.008	0.018
Economic Development	2.770	-0.027	-0.008	-0.019
Total - Economic Development	4.387	-0.001	0.000	-0.001
Highways, Transportation & Waste				
Concessionary Fares	17.225	0.085	0.085	-0.000
Highway Asset Management (Other)	16.867	-1.130	-1.135	0.005
Highway Asset Management (Roads and Footways)	11.968	1.074	1.064	0.010
Highway Transportation (including School Crossing Patrols)	5.418	-0.016	-0.009	-0.007
Highways, Transport & Waste Management Costs and Commercial Operations	4.857	0.443	0.420	0.023
Residual Waste	40.680	-0.829	-0.486	-0.343
Subsidised Buses and Community Transport	6.179	0.002	0.004	-0.002
Waste Facilities & Recycling Centres	30.805	0.595	0.246	0.349
Young Person's Travel Pass	8.103	-0.000	0.000	-0.000
Total - Highways, Transportation & Waste	142.101	0.224	0.189	0.035
Environment, Planning & Enforcement				
Environment & Planning	5.536	0.055	0.065	-0.010
Environment, Planning & Enforcement Management Costs	0.653	0.024	0.034	-0.010
Public Protection (Enforcement)	10.521	-0.098	-0.162	0.064
Total - Environment, Planning & Enforcement	16.710	-0.020	-0.063	0.043
Libraries, Registration & Archives	9.416	-0.029	-0.013	-0.016
Total - Growth, Environment & Transport	173.891	0.082	0.060	0.022

4.3.1 The overall position for the Directorate is a forecast variance of +£0.3m, after committed roll forwards, with forecast pressures of +£2.3m being almost completely offset by forecast underspends of -£2.0m. The Directorate are looking to identify management action to mitigate this pressure.

The reported position is a +£0.1m variance to cash limit but this includes two underspends, totalling -£0.2m, that are committed and require rolling forward to 2020-21. Otherwise, the +£0.3m variance is not significantly different to the prior month.

The -£0.2m adjustments relate to 2018-19 roll forward requests that were agreed in June 2019 and straddle two financial years. They relate to the Volunteer and Apprentice Warden pilot scheme, and the Doorstep Intelligence project.

4.3.2 Highways, Transportation & Waste

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

Residual Waste is showing an underspend (-£0.8m) primarily due to an increased amount of trade waste, as well as other small variances.

There are tonnage price pressures across all recycling contracts (mainly Material Recycling Facility and paper/card sale of recyclables income contract) largely offset by a combination of savings on haulage fees, transfer station management costs, and the proceeds of an insurance settlement to leave a small adverse variance in Waste Facilities & Recycling Centres (+0.6m).

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

4.3.3 Environment, Planning & Enforcement

Overall the division is forecasting a breakeven position, prior to committed underspends (£0.2m). There is a pressure of +£0.2m once these are taken into account.

Within this +£0.2m, there is a variance of +£0.1m relating to both additional costs for the Gypsy & Traveller Service, with most sites reporting urgent asset maintenance, and a shortfall in the income target. These works are being prioritised and some may be able to be deferred until 2020-21. A report to the July Environment and Transport Cabinet Committee outlined the future strategy for this service including the pitch improvement/site management policy, as well as the approach to rent and charges.

The Coroners service is forecasting a small net variance (+£0.2m). Pressures continue in relation to the need to employ agency pathologists (+£250k) and this will be reflected in the Medium-Term Financial Plan. This is offset in part by a number of small underspends against other budgets, including Medical Examiners (where the full impact of this new service has not yet been experienced), and the body removal contract.

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

4.4 Strategic and Corporate Services

	Cash Limit	Variance	Previous Variance (August)	Movement
	Net	Net	Net	Net
	£m	£m	£m	£m
Strategic Management & Directorate Budgets (S&CS)	-1.269	-0.008	-0.006	-0.002
People & Communication				
Customer Contact, Communications & Consultations	5.477	0.012	0.033	-0.021
Human Resources related services	7.635	-0.289	-0.208	-0.081
Total - People & Communication	13.112	-0.277	-0.175	-0.102
Finance	9.831	-0.203	-0.275	0.072
Governance, Law & Democracy				
Governance & Law	5.490	0.014	0.002	0.012
Local Member Grants	2.549	0.000	0.000	0.000
Total - Governance & Law	8.039	0.014	0.002	0.012
Infrastructure				
ICT related services	16.568	0.025	-0.045	0.070
Property related services	3.024	0.021	-0.017	0.038
Total - Infrastructure	19.592	0.046	-0.063	0.108
Corporate Landlord	21.630	0.200	0.200	0.000
Strategic Commissioning including Public Health				
Strategic Commissioning	7.293	-0.029	0.000	-0.029
Public Health - Advice and Other Staffing	0.000	0.000	0.000	0.000
Public Health - Children's Programme	0.000	-0.000	0.000	-0.000
Public Health - Healthy Lifestyles	0.006	0.000	0.000	0.000
Public Health - Mental Health, Substance Misuse & Community Safety	0.042	0.000	0.000	0.000
Public Health - Sexual Health	0.000	-0.000	0.000	-0.000
Total - Strategic Commissioning including Public Health	7.341	-0.029	0.000	-0.029
Strategy, Policy, Relationships & Corporate Assurance	1.891	0.089	0.107	-0.018
Total - Strategic & Corporate Services	80.167	-0.167	-0.209	0.042

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

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

- 4.4.3 Corporate Landlord are forecasting a pressure of +£0.2m which relates to the re-phased deliverability of the Asset Utilisation savings target, where the plans for a number of front-line service buildings require public consultation before progression.
- 4.4.4 A pressure for Oakwood House is expected this year but until a Member decision on its future use is made it cannot be quantified with any accuracy. The pressure will be reported on in future monitoring reports along with any mitigating management action.

4.5 Financing Items and Unallocated

	Cash Limit	Variance	Previous Variance (August)	Movement
	Net	Net	Net	Net
	£m	£m	£m	£m
Financing Items & Unallocated	117.290	-6.696	-2.508	-4.188

4.5.1 An underspend of £6.7m is forecast reflecting additional Extended Rights to Free Travel grant notified by Government since the 2019-20 budget was set (£0.1m); underspending against the net debt costs budget (£2.5m) mainly as a result of higher forecast dividends from externally managed funds; underspending against the Adult Social Care Sustainability provision due to the re-phasing to 2020-21 of the Community Supporting Independence Service retender (£3.6m) and release of the base budget for the impact of Intermediaries legislation (£0.5m). Costs resulting from this legislation have been minimal and therefore this saving will be reflected in the draft 2020-23 MTFP and any future costs will be managed through reserves.

4.6 Schools delegated budgets:

The schools delegated budget reserves are currently forecast to end the financial year in surplus by £8.2m, compared to £26.9m at the start of the financial year. This is made up of a forecast surplus of £31.7m on individual maintained school balances and a deficit on the central schools reserve of £23.5m. The table below provides the detailed movements on each reserve. Appendix 2 also provides further detail on the High Needs pressure and the history of the Dedicated Schools Grant reserve. DSG budgets held centrally are forecasting a £2.0m overspend this is predominately linked to the additional costs of supporting Special Education Needs services:

	Individual School Reserves (£m)	Central Schools Reserve (£m)	Total School Reserves (£m)
Balance b fwd	33.384	(6.500)	26.884
Forecast movement in reserves:			
Academy conversions and closing school deficits	(1.673)	(0.315)	(1.988)
School Growth		2.956	2.956
High Needs Placement Costs		(17.631)	(17.631)
Various		0.019	0.019
Overspend on Central DSG budgets		(2.030)	(2.030)
Forecast reserve balance	31.711	(23.502)	8.209

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

The Schools' delegated budget is currently showing a pressure of £18.7m. This is predominantly due to the pressure on high need placement costs (£17.6m) which is further explained in Appendix 2.

The Government has recently published indicative DSG amounts for 2020-21, this includes a reduction of £1.4m for some of the central services currently funded from the DSG. A review is taking place to establish the impact of this reduction and which services can be possibly reduced to mirror the reduction in funding

4.7 Table 2: Performance of our wholly owned companies

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

5. REVENUE BUDGET VIREMENTS/CHANGES TO BUDGETS

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

6. SUMMARISED CAPITAL MONITORING POSITION

6.1 There is a reported variance of -£81.233m on the 2019-20 capital budget. This is made up of +£5.694m real variance and -£86.927m rephasing variance. Headline movements are detailed below by Directorate.

6.2 Table 3: Directorate **capital** position

Directorate	Working Budget £m	Variance £m	Real Variance £m	Rephasing Variance £m	Last Reported Position		Movement	
					Real £m	Rephasing £m	Real £m	Rephasing £m
Children, Young People & Education	108.822	-9.501	1.922	-11.423	0.218	-14.882	1.704	3.459
Adult Social Care & Health	11.730	-8.019	-1.733	-6.286	-0.191	-5.810	-1.542	-0.476
Growth, Environment & Transport	196.381	-51.118	5.461	-56.579	1.902	-53.445	3.559	-3.134
Strategic & Corporate Services	76.079	-12.595	0.044	-12.639	-0.596	-7.883	0.640	-4.756
TOTAL	393.012	-81.233	5.694	-86.927	1.333	-82.020	4.361	-4.907

6.3 Capital budget monitoring headlines

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

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

6.3.1 Children, Young People and Education

Previously reported variances:

- Basic Need, Basic Need Kent Commissioning Plan (KCP) 2017 and KCP 2018: Rephasing variance of -£ 11.906m. (*Previously reported -£16.671m*). This relates to delays across a large number of individual schools, due to issues including land transfers, changes to scope of projects, incorrect cost plan, ecological issues and housing development not progressing as expected.

- Priority School Build Programme: Rephasing variance of +£1.444m (*Previously reported +£1.412m*). The majority of this relates to Benenden Church of England Primary School (CEPS). Due to an error by the design consultants the spoil mound was larger than expected and had to be removed before the school opened.
- John Wallis Academy: Real variance of +£0.226m. Additional payments have been made to the academy and costs of relocating the Ray Allen Centre have increased. The overspend is to potentially be met from an increase in the capital receipt, when disposal of the former primary school site occurs

New variances to report:

- Annual Planned Enhancement Programme: Real variance of +£1.600m. This is made up of a real overspend on the Singlewell primary roof of +£1.750m, and a -£0.150m virement requested towards Meadowfield Basic Need Project. Funding options for the Singlewell overspend are being considered. There is also rephasing of -£1.650m on this programme of works which relates to a number of projects.
- Modernisation Programme: Real underspend of -£0.214m – virement requested towards Pupil Referral Units, and +£1.011m rephasing, the majority of which relates to urgent works at the Archbishop's school.
- Pupil Referral Units: Real overspend of +£0.214m. It was agreed at the last budget that costs against this programme would be funded from the Modernisation Programme.

6.3.2 **Adult, Social Care & Health**

Previously reported variances:

- Home Support Fund and Equipment: Real variance of -£0.197m (*previously reported -£0.191m*). This is a reactive budget, funded by revenue grant and is subject to in year fluctuations.
- Developer Funded Community Schemes: Rephasing variance of -£1.536m. (*Previously reported -£1.651m*). Projects which meet the specific developer contribution criteria are being sought, however progress is slow.
- Learning Disability Good Day Programme: Rephasing variance of -£2.027m. (*Previously reported -£2.039m*). Projects at Meadowside and Southfields are now progressing, feasibilities have been completed and the projects are now at full design stage, however progress on other projects within the programme has been slower than expected, resulting in the rephasing.
- Adult Social Care Case Management: Rephasing variance of -£1.645m. (*Previously reported -£1.370m*). System delivery has been delayed to ensure that all business critical issues can be resolved, and key business processes, particular client charging and billing, have been thoroughly tested. The project go live date has moved from January 2019 to October 2019.

New variances to report:

- OP Strategy Specialist Care Facilities: Rephasing variance of -£1.000m. A business case has been drawn up for future development in Sheppey. Option appraisals have been completed and the consultation period has begun, however timing of the spend will not be in the current financial year.

6.3.3 Growth, Environment & Transport

Highways, Transportation & Waste

Previously reported variances:

- National Productivity Investment Fund Kent: Rephasing of -£4.509m (*Previously reported -£4.064m*). A number of challenges have been encountered during the design phase and a planning application is required for further development of the scheme. This has delayed the programme and contract award, now programmed to commence in December 2019.
- Kent Thameside Strategic Transport: Rephasing of -£5.076m (*previously reported -£5.155m*). Ongoing negotiations are progressing regarding the timing of the developer contributions for the Ebbsfleet and Bean schemes, with KCC's contribution re-phased accordingly.
- Maidstone Integrated Transport: Rephasing of -£4.186m (*previously reported -£3.809m*), and real overspend of +£0.300m – which is offset by additional grant. This programme of schemes has been developed further, with approval in place from the South East Local Enterprise Partnership, and this has led to a re-profiling of the expenditure.
- Housing Infrastructure Fund: Rephasing of -£1.897m. The rephasing is due to a review of the programme of works to ensure the budget matches both the level and profile of developer contributions that are currently available.
- Thanet Parkway: Rephasing of -£8.719m. Ongoing technical discussions with, and cost estimates from, Network Rail, determining the appropriate planning application route and awaiting confirmation of funding bids has resulted in a re-profiling of the budget. The submission of the planning application is due in the near future, planning determination at the end of quarter 1 2020, with the design and build phase now scheduled to occur in 2020-21 which is in line with Local Growth Fund requirements.
- Rathmore Road Link: Real variance of -£0.148m. The project is nearing completion and final cost profiles are predicting an underspend of £0.148m. Any underspend will be passed back to the Kent Thameside Programme.
- Open Golf: Rephasing variance of -£2.120m. (*Previously reported -£1.120m*). We are awaiting an updated cost profile from Network Rail, when it is anticipated that the footbridge works will be rephased to 2020-21. The additional rephasing is due to the footbridge procurement and installation being delayed from March to May 2020. Final completion of the scheme is due end of May 2020, with the Open running from 12th – 19th July 2020.

- *Sturry Link Road: Rephasing variance of -£1.760m. Spend for the current year has been reprofiled due to project delays in securing planning and confirmation of match funding.*
- *Leigh (Medway) Flood Storage Areas: Rephasing variance of -£1.450m. The Leigh part of the scheme is progressing, however further discussions with the partners are required on the Yalding element so the budget has been rephased accordingly.*
- *Integrated Transport Schemes: Real variance of +£1.480m. (Previously reported +£2.040m). This relates to additional schemes and will be covered by developer contributions and external funding.*

New variances to report:

- Highway Major Enhancement: Real variance of +£3.653m. An additional £4.000m capital grant has been received for Brexit works relating to the Ashford Truck Stop. A cash limit adjustment is requested (see below).
- West Kent Local Sustainable Transport: Real variance of +£0.200m due to the transfer of grant from integrated transport to support works at Tonbridge Station.

Environment, Planning and Enforcement and Libraries, Registration and Archives

There are no variances that exceed the reporting thresholds.

Economic Development

Previously reported variances:

- Kent & Medway Business Fund: Rephasing of -£13.835m, *in line with latest application profile.*
- Turner: Rephasing variance of -£1.000m. *The outcome of an application to Arts Council Small Scale Capital Fund is due in October, so the forecast expenditure has been re-profiled pending confirmation of this funding, which is essential to progress the revised scheme.*
- Javelin Way Development: Rephasing of -£4.824m. *Confirmation of the successful ACE funding bid was not announced until after the budget book was approved, so forecast expenditure has been re-profiled accordingly.*
- Broadband Contract 2: Rephasing of -£1.349m to reflect ongoing contract negotiations on how the scheme will be delivered.
- No Use Empty – Rented Affordable Homes: Rephasing variance of -£1.041m. *The forecast reflects the latest defrayment and repayment profile.*

New variances to report:

No new variances to report.

6.3.4 **Strategic & Corporate Services**

Previously reported variances:

- *Dover Discovery Centre: Rephasing variance of -£2.696m. The construction period is now scheduled to start mid 2020-21 and the spend profile has been adjusted to reflect this.*
- *Asset Utilisation – Oakwood House Transformation: Rephasing variance of -£4.660m due to ongoing stakeholder project board negotiations.*
- *Eurogate Business Park Car Park and Roof: -£0.650m real variance. The works here are no longer required and the scheme will be removed from the capital programme.*

New variances to report:

- **Modernisation of Assets:** Rephasing of -£1.156m. Projects have been delayed while the transfer of undertakings between facilities management (FM) providers are resolved.
- **Business Intelligence Tool:** Real overspend of +£0.224m. The project has taken longer than anticipated due to issues around producing report to replace BOXI, as well as additional project requirements. This has led to an increase in the resources needed in the delivery of the project. The overspend is to be met by a drawdown from reserves.
- **MOA Plus:** Rephasing variance of -£3.000m. Projects have been delayed while the transfer of undertakings between FM providers are resolved.

6.4 **Cash Limit Adjustments**

To Note

Directorate	Project	Year	Amount £m	Reason
GET	Highway Major Maintenance	19-20	+£4.000	Additional Brexit grant
GET	Integrated Transport	19-20	+£0.050	Additional external funding
GET	Country Parks	19-20	-£0.004	Adjustment revenue

For Approval

Directorate	Project	Year	Amount £m	Reason
GET	Highway Major Maintenance	19-20	-£0.300	Virement to Maidstone Integrated Transport
GET	Maidstone Integrated Transport	19-20	+£0.300	Virement from Highway Major Maintenance
GET	Integrated Transport Schemes	19-20	-£0.200	Virement to West Kent Local Sustainable Transport
GET	West Kent Local Sustainable Transport	19-20	+£0.200	Virement from Integrated Transport
CYPE	Annual Planned Enhancement Programme	19-20	-£0.150	Virement to Basic Need
CYPE	Basic Need	19-20	+£0.150	Virement from Annual Planned Enhancement Programme
CYPE	Modernisation Programme	19-20	-£0.214	Virement to Pupil Referral Units
CYPE	Pupil Referral Units	19-20	+£0.214	Virement from Modernisation Programme

7. CONCLUSIONS

- 7.1 It is unusual at this point in the financial year for the revenue position to show such a small overspend and it should be kept in mind that there are significant pressures in the Children, Young People & Education directorate that are being compensated for by the underspend in Financing Items.
- 7.2 The £44.9m savings are on track to be delivered and the intention remains that where delivery proves to be unlikely, equivalent savings elsewhere within the relevant Directorate will be made as appropriate. The BRAG Update at Appendix 3 shows the current status of the savings.

8. RECOMMENDATIONS

Cabinet is asked to:

- 8.1 **Note** the forecast revenue budget monitoring position for 2019-20 and capital budget monitoring position for 2019-20 to 2021-22, and that the forecast pressure on the revenue budget needs to be eliminated as we progress through the year.
- 8.2 **Agree** the capital budget realignment set out in section 6.4.
- 8.3 **Note** the BRAG Update at Appendix 3.
- 8.4 **Note** the Reserves Monitoring at Appendix 4

8.5 **Note** the Prudential Indicators Monitoring at Appendix 5

9. CONTACT DETAILS

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