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To: Cabinet – 27 January 2020

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

Classification: Unrestricted

1. SUMMARY

- 1.1 This report provides the budget monitoring position up to 30 November 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 – Prudential Indicators Monitoring 2019-20
- 1.3 Cabinet is asked to note the forecast revenue and capital monitoring position. The forecast revenue pressure is £0.288m increasing to £1.591m after roll forwards. This is an increase of £0.293m from the last reported position in September 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 pressure has increased by a further £1.3m and is now forecasting a very significant pressure of £9.0m. £4.3m of the pressure is within 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 £1.6m and £1.9m respectively. A further £3.5m of the pressure is in the Integrated Children's Services division and relates predominately to Care Leavers Support and Looked after Children – Care & Support with pressures of £1.8m and £3.0m respectively. More detail is provided in sections 4.2.3 and 4.2.5.
- 1.5 The forecast overspend is masked in the overall position of £0.288m by the underspend of -£7.0m in Financing Items; more detail is provided in section 4.5.1.
- 1.6 There is a reported variance of -£110.558m on the 2019-20 capital budget. This is made up of +£1.168m real variance and -£111.726m 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 Prudential Indicators Report at Appendix 3

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 £0.288m before roll forwards, increasing to £1.591m after roll forwards.

This position reflects that the Council is on track to deliver the majority of the £44.9m of savings included in the approved budget for this year.

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	375.840	-0.031	0.120	-0.151
Children, Young People & Education	253.958	8.981	7.712	1.269
Growth, Environment & Transport	174.141	-0.266	0.092	-0.358
Strategic & Corporate Services	80.221	-1.423	-0.167	-1.256
Financing Items & Unallocated	117.229	-6.973	-6.696	-0.277
Total (Excluding Schools)	1,001.388	0.288	1.061	-0.773
Schools' Delegated Budgets	0.000	25.352	18.675	6.677
Total (Including Schools)	1,001.388	25.640	19.736	5.904

Directorate		Cash Limit	Variance	Last Reported Position	Movement
		£m	£m	£m	£m
Variance from above (excl Schools)			0.288	1.061	-0.773
Roll Forwards	- committed		0.246	0.237	0.009
	- re-phased		0.000	0.000	0.000
	- bids		1.057	0.000	1.057
Total Roll Forward Requirements			1.303	0.237	1.066
(-ve) Uncommitted balance / (+ve) Deficit			1.591	1.298	0.293

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	-0.031				-0.031
Children, Young People & Education	8.981				8.981
Growth, Environment & Transport	-0.266	0.246			-0.020
Strategic & Corporate Services	-1.423			1.057	-0.366
Financing Items & Unallocated	-6.973				-6.973
TOTAL (Excl Schools)	0.288	0.246	0.000	1.057	1.591

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 (September)	Movement
	Net	Net	Net	Net
	£m	£m	£m	£m
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	-3.070	-2.874	-0.196
Strategic Management & Directorate Support (ASCH)	2.581	0.051	0.101	-0.050
Total - Strategic Management & Directorate Budgets (ASCH)	-3.790	-3.019	-2.773	-0.246
Older People & Physical Disability				
Adult Physical Disability - Community Based Services	21.379	0.954	1.763	-0.809
Adult Physical Disability - Residential Care Services	14.876	0.411	0.348	0.063
Carer Support - Commissioned	0.567	-0.948	-0.661	-0.286
Older People - Community Based Services	30.833	1.616	1.134	0.482
Older People - Residential Care Services	45.140	-0.700	-0.790	0.091
Older People & Physical Disability - Assessment and Deprivation of Liberty Safeguards Services	23.955	-0.603	-0.284	-0.319
Older People & Physical Disability - In House Community Homecare Service	3.926	0.157	0.211	-0.054
Operational Budget & Savings Plans to be allocated	0.000	0.000	0.000	0.000
Total - Older People & Physical Disability	140.675	0.888	1.721	-0.833
Learning Disability 26+, Mental Health and Sensory & Autism Services				
Adult Learning Disability - Assessment Service	5.231	-0.260	-0.232	-0.028
Adult Learning Disability - Community Based Services & Support for Carers	71.981	1.299	0.696	0.603
Adult Learning Disability - Residential Care Services & Support for Carers	61.712	1.143	1.100	0.043
Adult Mental Health - Assessment Services	9.745	-0.190	-0.178	-0.012
Adult Mental Health - Community Based Services	5.261	0.291	0.149	0.142
Adult Mental Health - Residential Care Services	12.879	0.464	0.442	0.022
Physical Disability 26+ Lifespan Pathway & Autism - Community Based Services	0.390	0.065	0.162	-0.097
Physical Disability 26+ Lifespan Pathway & Autism - Residential Care Services	0.460	0.110	0.067	0.043
Sensory & Autism - Assessment Service	1.828	0.203	0.110	0.093
Learning Disability 26+, Mental Health and Sensory & Autism Division Management	0.258	-0.044	-0.056	0.012
Total - Learning Disability 26+, Mental Health and Sensory & Autism Services	169.744	3.081	2.260	0.821

	Cash Limit	Variance	Previous Variance (September)	Movement
	Net	Net	Net	Net
	£m	£m	£m	£m
Partnerships & Engagement				
Community Based Preventative Services	13.108	0.230	0.240	-0.011
Housing Related Support	6.991	0.105	0.105	-0.000
Partnership Support Services	2.148	-0.244	-0.233	-0.011
Social Support for Carers	2.950	-0.156	-0.000	-0.156
Total - Partnerships & Engagement	25.197	-0.065	0.112	-0.177
Service Provision				
Adult In House Carer Services	2.188	-0.016	-0.057	0.041
Adult In House Community Services	7.084	-0.098	-0.188	0.090
Adult In House Enablement Services	3.220	-0.104	-0.076	-0.028
Divisional Management	0.353	0.231	0.260	-0.029
Looked After Children (with Disability) - In House Provision	2.640	0.437	0.329	0.108
Older People - In House Provision	15.568	-0.405	-0.436	0.031
Total - Service Provision	31.053	0.045	-0.167	0.212
Business Delivery Unit				
Adaptive & Assistive Technology	2.972	-0.602	-0.727	0.126
Divisional & Directorate Support	9.571	-0.223	-0.176	-0.047
Safeguarding Adults	0.418	-0.137	-0.130	-0.007
Total - Business Delivery Unit	12.961	-0.961	-1.033	0.072
Total - Adult Social Care & Health	375.840	-0.031	0.120	-0.151

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 (£3.0m) relates to centrally held funds still to be allocated which cover pressures already recognised within the forecast position. These monies will be allocated as part of the budget realignment in 2020-21.

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 the budget was set due to higher than anticipated complexity and demand.

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 Older People Residential Care.

Within 'Adult Physical Disability – Community Based Services' there is a pressure of +£0.9m. 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 +£1.6m. 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 the 'Residential' and 'Carer Support' Key Service Lines there is a net underspend of -£1.2m supporting the above. Service Users will only enter registered care settings when their complex needs cannot be met safely in the community. For service users 65+ this has resulted in fewer than anticipated Residential Care (-£2.1m) admissions and a pressure against Nursing Care (+£1.4m)

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 +£1.3m. There is an overspend of +£4.2m against SIS which is driven by higher than anticipated demand and complexity. One-off funding sources are being used to stabilise the position; £2.1m 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 Residential Care Key Service Lines (for Mental Health, Learning Disability and Physical Disability 26+ Lifespan Pathway and Autism) are showing a net pressure of +£1.7m. The underlying pressure is +£2.2m and one-off funding sources are being used to stabilise the position; £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 -£0.6m 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 (September)	Movement
	Net	Net	Net	Net
	£m	£m	£m	£m
Strategic Management & Directorate Budgets (CYPE)				
Budget & Saving Plans to be allocated (CYPE)	-1.912	1.094	0.000	1.094
Strategic Management & Directorate Budgets (CYPE)	4.640	-0.134	0.175	-0.309
Total - Strategic Management & Directorate Budgets (CYPE)	2.728	0.960	0.175	0.785
Education Planning & Access				
Community Learning & Skills (CLS)	-0.991	0.078	0.058	0.020
Early Years Education	0.000	0.000	0.000	0.000
Education Services & Planning Resources Management & Division Support	1.007	-0.041	-0.011	-0.030
Education Services provided by EDSECO Ltd (trading as The Education People)	3.877	0.079	0.079	-0.000
Fair Access & Planning Services	0.010	0.000	0.001	-0.001
Home to School & College Transport	39.232	1.874	2.505	-0.631
Other School Services	-1.094	0.733	0.818	-0.086
Special Educational Needs & Psychology Services	6.298	1.587	0.762	0.825
Total - Education Planning & Access	48.340	4.310	4.212	0.098
Integrated Children's Services (East & West)				
Adoption & Special Guardianship Arrangements & Service	14.382	-0.274	-0.199	-0.076
Asylum	0.056	0.000	0.417	-0.417
Care Leavers Service	5.466	1.808	1.480	0.328
Children in Need - Care & Support	3.255	0.012	-0.001	0.013
Children's Centres	3.448	0.015	0.042	-0.027
Children's Social Work Services - Assessment & Safeguarding Service	46.765	-0.299	0.167	-0.466
Early Help & Preventative Services	7.060	-0.727	-0.336	-0.391
Integrated Services (Children's) Management & Directorate Support	4.817	-0.150	-0.057	-0.094
Looked After Children - Care & Support	58.104	2.951	1.296	1.655
Pupil Referral Units & Inclusion	-0.058	0.001	0.045	-0.044
Youth Services	4.458	0.149	0.250	-0.102
Total - Integrated Children's Services (East & West)	147.752	3.485	3.105	0.379

	Cash Limit	Variance	Previous Variance (September)	Movement
	Net	Net	Net	Net
	£m	£m	£m	£m
0-25 Disability (Lifespan Pathway)				
Adult Learning & Physical Disability Pathway - Community Based Services	23.382	-0.722	-0.385	-0.337
Adult Learning & Physical Disability Pathway - Residential Care Services & Support for Carers	8.546	1.422	0.844	0.577
Children in Need (Disability) - Care & Support	5.123	-0.365	-0.274	-0.091
Childrens Disability 0-18 Commissioning	1.692	-0.061	0.000	-0.061
Disabled Children & Young People Service (0-25 LD & Complex PD) - Assessment Service	7.548	-0.019	0.006	-0.025
Looked After Children (with Disability) - Care & Support	8.849	-0.029	0.027	-0.055
Total - 0-25 Disability (Lifespan Pathway)	55.138	0.227	0.219	0.007
Total - Children, Young People & Education	253.958	8.981	7.712	1.269

4.2.1 The forecast for Children, Young People and Education Directorate indicates an overall pressure of +£9.0m.

4.2.2 Strategic Management & Directorate Budgets (CYPE)

A delay in achieving the 2019-20 MTFP savings relating to the Change for Kent Children (CFKC) programme has led to a pressure of £1m within this line along with £0.3m pressure reflected in Integrated Children's Services (Looked After Children). This is expected to be partially offset by one-off savings achieved elsewhere within the service (See paragraph 4.2.5: £0.4m Early Help contract and £0.3m Children Social Work staffing saving).

4.2.3 Education Planning & Access

The forecast for the Special Education Needs (SEN) Service suggests a pressure of +£1.6m. This forecast includes £1.8m of spend relating to the SEND Statement of Written Action recently submitted to OFSTED to address the outcomes of the recent SEND inspection report. 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.

There is a reported pressure of +£1.9m within the Home to School & College Transport budget, predominantly due to the transporting of children with SEN. The number of children being transported is significantly higher than originally estimated and this can be linked to the unprecedented demand on SEN generally. There has been a slight reduction in this pressure since the last monitoring report due to pupil numbers not increasing as much as originally expected at the start of the autumn term.

Other school related services include a £0.7m pressure due to additional costs relating to mobile moves to help deliver the basic need programme.

4.2.4 0-25 Disability (Lifespan Pathway):

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

- +£0.7m 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.
- -£0.4m underspend on direct payments due to the unavailability of Personal Assistants in the market.

4.2.5 Integrated Children's Services

The service is forecasting a pressure of +£3.5m including the following significant variances:

- The Care Leavers Service is forecasting a pressure of +£1.8m 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 Looked After Children placement budget is forecasting a +£3.0m pressure mainly 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. There is also a net pressure of £0.3m due to a delay in the delivery of savings within the CFKC fostering workstream.
- Early Help and Preventative Services is forecasting an underspend of -£0.7m, of which -£0.4m is due to the repayment of monies from 2018-19 on an Early Help contract due to underperformance by the provider. This saving is partly offsetting the pressure within the Strategic Management & Support budget discussed above.
- Children's Social work services – assessment & safeguarding service is showing an underspend of -£0.3m. This saving is due to staffing underspends, and is partly offsetting the pressure within the Strategic Management & Support budget discussed above

4.2.6 Specialist Children's Services – Asylum Seekers:

The Asylum service is forecasting a breakeven position. 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.

The Council 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	Movement
	Net	Net	(September) Net	Net
	£m	£m	£m	£m
Growth, Environment & Transport				
Strategic Management & Directorate Budgets (GET)				
Budget & Savings Plans to be allocated (GET)	-0.057	0.057	0.000	0.057
Strategic Management & Directorate Budgets (GET)	1.334	-0.096	-0.093	-0.003
Total - Strategic Management & Directorate Budgets (GET)	1.277	-0.038	-0.093	0.054
Economic Development				
Arts	1.617	-0.005	0.026	-0.031
Economic Development	2.960	-0.067	-0.027	-0.040
Total - Economic Development	4.577	-0.073	-0.001	-0.072
Highways, Transportation & Waste				
Concessionary Fares	17.225	0.085	0.085	-0.000
Highway Asset Management (Other)	16.867	-0.694	-1.130	0.436
Highway Asset Management (Roads and Footways)	11.968	1.029	1.074	-0.045
Highway Transportation (including School Crossing Patrols)	5.418	-0.024	-0.016	-0.009
Highways, Transport & Waste Management Costs and Commercial Operations	4.857	0.277	0.443	-0.167
Residual Waste	39.878	-0.678	-0.829	0.152
Subsidised Buses and Community Transport	6.179	0.001	0.002	-0.001
Waste Facilities & Recycling Centres	31.608	-0.065	0.595	-0.660
Young Person's Travel Pass	8.103	-0.001	-0.000	-0.001
Total - Highways, Transportation & Waste	142.101	-0.071	0.224	-0.295
Environment, Planning & Enforcement				
Environment & Planning	5.535	-0.019	0.055	-0.075
Environment, Planning & Enforcement Management Costs	0.653	0.041	0.024	0.017
Public Protection (Enforcement)	10.521	-0.058	-0.098	0.041
Total - Environment, Planning & Enforcement	16.709	-0.036	-0.020	-0.017
Libraries, Registration & Archives	9.477	-0.048	-0.029	-0.019
Total - Growth, Environment & Transport	174.141	-0.266	0.082	-0.348

4.3.1 The Directorate is forecasting to breakeven, after committed roll forwards, with forecast pressures of +£1.7m being offset by forecast underspends.

The reported position is a -£0.3m variance to cash limit, but this includes two underspends totalling -£0.2m, that are committed and require rolling forward. 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.

The position has improved by -£0.3m compared to the last forecast reported to Cabinet in December.

4.3.2 Highways, Transportation & Waste

The Highway Asset Management (Roads and Footways) pressure (+£1.0m) comprises non-recoverable damage, increased safety critical/other urgent works, additional staffing costs and other small variances. This is offset, in part, by an underspend within Highways Asset Management (Other) of -£0.7m as the service looks to manage within existing cash limits.

A significant and sustained pressure, due in part to recent heavy rainfall, against drainage is contained within Highways Asset Management (Other) but this is more than offset by further savings/underspends in streetlight energy/maintenance, as well as additional street work and permit scheme income. Realignment and reflection of all of the above movements has been reflected in budget build and the Medium Term Financial Plan (MTFP).

There has been a technical budget realignment between the two waste key service lines to more accurately reflect the budget build entries in relation to the introduction of charging for the disposal of some non-household waste materials (soil, rubble, hardcore and plasterboard). The increase in budget for Waste Facilities & Recycling Centres (+£0.8m) is the primary cause of the movement this month, and the previously reported variance is now showing as breakeven.

Residual Waste is showing an underspend (-£0.7m) mainly following a reduction in tonnage (-6,709 tonnes), plus increased projected income from trade waste.

Although there are tonnage price pressures across all recycling contracts (mainly Material Recycling Facility and paper/card sale of recyclables income) these are more than offset by a combination of savings on volumes, haulage fees, transfer station management costs, which leaves the Waste Facilities & Recycling Centres with a small underspend (-£0.1m). Realignment to certain income cash limits and contract values have been reflected in the MTFP.

The Highways, Transport & Waste Management Costs and Commercial Operations pressure (+£0.3m) is made up of several smaller variances against staffing, non-staffing and income with the movement this month due to one-off 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 re-profiled until 2020-21 to help manage the in-year position.

The other pressure within the division relates to the Coroners service, which is forecasting a net variance (+£0.3m) and where pressure continues in relation to the need to employ agency pathologists (due to a national shortage of pathologists) and

this has been reflected in the MTFP. This is offset in part by a number of small underspends against other budgets, with a view to delivering a balanced budget by the financial year end.

- 4.3.4 Although the variance is much improved the directorate will continue to closely monitor the position due to the volatile nature of some key budgets and the potential impact of adverse weather during the winter period. Further areas of management action will be considered and reflected through the monitoring report in subsequent months as required with a view to achieving a balanced position overall by the year end, once committed roll forwards have been allowed for.

4.4 Strategic and Corporate Services

	Cash Limit	Variance	Previous Variance	Movement
	Net	Net	(September)	Net
	£m	£m	£m	£m
Strategic Management & Directorate Budgets (S&CS)	-1.269	-0.153	-0.008	-0.146
People & Communication				
Customer Contact, Communications & Consultations	5.477	0.038	0.012	0.026
Human Resources related services	7.635	-0.264	-0.289	0.025
Total - People & Communication	13.112	-0.226	-0.277	0.051
Finance	9.831	-0.278	-0.203	-0.075
Governance, Law & Democracy				
Governance & Law	5.490	-0.003	0.014	-0.017
Local Member Grants	2.549	-1.057	0.000	-1.057
Total - Governance, Law & Democracy	8.039	-1.060	0.014	-1.074
Infrastructure				
ICT related services	16.582	-0.030	0.025	-0.056
Property related services	3.171	0.045	0.021	0.024
Total - Infrastructure	19.753	0.014	0.046	-0.032
Corporate Landlord	21.293	0.218	0.200	0.017
Strategic Commissioning including Public Health				
Strategic Commissioning	7.523	-0.028	-0.029	0.000
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	7.571	-0.028	-0.029	0.000
Strategy, Policy, Relationships & Corporate Assurance	1.891	0.091	0.089	0.002
Total - Strategic & Corporate Services	80.221	-1.423	-0.167	-1.256

- 4.4.1 The overall position for the Directorate, is a forecast underspend of -£1.4m with forecast underspends of -£1.7m being partially offset by forecast pressures of +£0.3m.
- 4.4.2 The primary reason for underspend is in Governance, Law and Democracy division where the variance of -£1.1m relates to the forecast underspend on Local Member Grants. This underspend will be the subject of a bid to Cabinet for roll forward at year-end.
- 4.4.3 Strategic Management is forecasting a saving of -£0.2m due to reduced premature retirement costs.

- 4.4.4 The Finance and People & Communications divisions are together forecasting underspends of -£0.5m due to in-year staffing vacancies
- 4.4.5 Within Infrastructure – Property Related Services, a pressure for Oakwood House is forecast as +£0.6m due to reduced income in the lead up to its change of use from conference centre to office accommodation in 2021. There is also a net pressure of +£0.1m for reduced income on client services due to reduced take up of the service by Schools. These two pressures are offset by a saving due to increased capitalisation of staff costs in the capital projects and disposals team -£0.5m and the phasing of the procurement of condition surveys -£0.2m.
- 4.4.6 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.

4.5 Financing Items and Unallocated

	Cash Limit	Variance	Previous Variance (September)	Movement
	Net	Net	Net	Net
	£m	£m	£m	£m
Financing Items & Unallocated	117.229	-6.973	-6.696	-0.277

4.5.1 An underspend of £7.0m 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 (£2.7m) mainly as a result of higher forecast dividends from externally managed funds and underspending against the Adult Social Care Sustainability provision due to the re-phasing to 2020-21 of the Community Supporting Independence Service tender (£3.6m).

The base budget for the impact of Intermediaries legislation has been released (£0.5m). The 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 £1.5m, compared to £26.9m at the start of the financial year. This is made up of a forecast surplus of £25.2m on individual maintained school balances and a deficit on the central schools' reserve of £23.7m. 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 £2.1m 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	(2.218)	(0.315)	(2.533)
Movement in school reserves (6-month monitoring)	(5.975)		(5.975)
School Growth		3.095	3.095
High Needs Placement Costs		(17.982)	(17.982)
Various		0.152	(0.502)
Overspend on Central DSG budgets		(2.109)	(2.109)
Forecast reserve balance	25.191	(23.659)	1.532

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

The in-year 2019-20 forecast deficit has increased from £18.7m to £25.3m since the last reported position following the inclusion of Maintained Schools 2019-20 forecasts submitted by schools in October 2019. Individual schools' forecasts suggest schools' reserves will reduce by £6.0m in 2019-20, however it should be noted that historically schools have been very prudent with their forecasts and their final outturn position tends to be much improved.

The Government has recently published indicative DSG amounts for 2020-21, this includes an unanticipated 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 -£110.558m on the 2019-20 capital budget. This is made up of +£1.168m real variance and -£111.726m rephasing variance. Headline movements are detailed below by Directorate.

6.2 Table 3: Directorate **capital** position

Directorate	Working Budget	Variance	Real Variance	Rephasing Variance	Last Reported Position		Movement	
					Real	Rephasing	Real	Rephasing
	£m	£m	£m	£m	£m	£m	£m	£m
Children, Young People & Education	108.822	-18.916	1.705	-20.621	1.922	-11.423	-0.217	-9.198
Adult Social Care & Health	11.730	-7.769	-1.685	-6.084	-1.733	-6.286	0.048	0.202
Growth, Environment & Transport	200.293	-62.305	1.483	-63.788	5.461	-56.579	-3.978	-7.209
Strategic & Corporate Services	76.079	-21.568	-0.335	-21.233	0.044	-12.639	-0.379	-8.594
TOTAL	396.924	-110.558	1.168	-111.726	5.694	-86.927	-4.526	-24.799

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

New variances to report:

- John Wallis Academy: Real variance of +£0.000m. *(Previously reported +£0.226m)*. The Children's Centre is now relocating to a library rather than a new build, so although costs are not currently determined they will be substantially lower.

Previously reported variances:

- Basic Need, Basic Need Kent Commissioning Plan (KCP) 2017 and KCP 2018: Rephasing variance of -£20.553m. *(Previously reported -£11.906m)*. 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 +£1.464m *(Previously reported +£1.444m)*. 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.
- Annual Planned Enhancement Programme: Real variance of +£1.750m *(previously reported +£1.600m)*. This is made up of a real overspend on the Singewell Primary roof of +£1.750m, and a -£0.150m virement requested towards Meadowfield Basic Need Project. Funding options for the Singewell overspend are being considered.
There is also rephasing of -£1.650m on this programme of works which relates to a number of projects.

6.3.2 Adult, Social Care & Health

New variances to report:

No new variances to report.

Previously reported variances:

- Home Support Fund and Equipment: Real variance of -£0.151m *(previously reported -£0.197m)*. This is a reactive budget, funded by revenue grant and is subject to in year fluctuations.

- *Developer Funded Community Schemes: Real variance of -£1.536m. Previously reported as rephasing, it has now been decided to only forecast identified schemes. Future projects to be funded by developer contributions will be reported as and when identified. Rephasing variance of -£1.536m.*
- *Learning Disability Good Day Programme: Rephasing variance of -£2.182m. (Previously reported -£2.027m). 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 -£1.287m. (Previously reported -£1.645m). System delivery has been delayed to ensure that all business-critical issues can be resolved, and key business processes, particularly client charging and billing, have been thoroughly tested. The project went live in October 2019.*
- *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

New variances to report:

- Highway Major Enhancement: Real variance of +£0.162m to be funded by additional grant and external funding.

Previously reported variances:

- National Productivity Investment Fund Kent: Rephasing of -£6.992m (*previously reported -£4.509m*), and real variance of -£0.420m. *There is a reduction in the budget due to land being gifted for the scheme, which has led to delays to the planning application submission, tender document finalisation and land transfer arrangements. All have now been resolved and the scheme will progress at pace. Contract award is expected early 2020 with a construction start in April 2020.*
- Kent Thameside Strategic Transport: Rephasing of -£5.413m (*previously reported -£5.076m*). *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 -£4.039m (*previously reported -£4.186m*). *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 minor 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 -£8.697m (previously reported -£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 has now been completed, with planning determination due at the end of quarter 1 2020. The design and build phase is now scheduled to commence in 2020-21,*
- *Rathmore Road Link: Real variance of -£0.148m. The project is nearing completion and final cost profiles are forecasting an underspend of £0.148m. Any underspend will be passed back to the Kent Thameside Programme.*
- *Open Golf: Rephasing variance of -£2.120m. 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 footbridge procurement and installation has been 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 -£1.758m (previously reported -£1.760m). Spend for the current year has been re-profiled 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 +£1.661m. (Previously reported +£1.480m). This relates to additional schemes and will be covered by developer contributions and external funding.*

Environment, Planning and Enforcement and Libraries, Registration and Archives

New variances to report:

- Southborough Hub: Re-phasing of -£4.500m due to changes in administration at Southborough Town Council, which resulted in a revised start on site of November 2019.

Economic Development

New variances to report:

No new variances to report.

Previously reported variances:

- *Kent & Medway Business Fund: Re-phasing of -£13.835m, in line with latest application profile.*
- *Turner: Rephasing variance of -£1.000m. The application for funding to the Arts Council Small Scale Capital Fund has been successful. The forecast expenditure*

has been re-profiled following revisions to the scheme as well as preparing for and submitting the new funding application.

- *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.*

6.3.4 **Strategic & Corporate Services**

New variances to report:

- *Modernisation of Assets (MOA): Real variance of -£0.200m – requested virement to Asset Utilisation to cover spend on an Adult Education Centre.*
- *Acquisition of Strategic Assets: Rephasing variance of -£8.000m. Strategic acquisitions for the current year are estimated in the region of £25m therefore the remainder will be rephased to next year.*
- *Asset Utilisation: Real variance of +£0.200m relating to spend on an Adult Education Centre to be funded from MOA.*
- *New Ways of Working: Real variance of -£0.431m – spend to be transferred to Dover Discovery Centre.*

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 -£4.960m (previously reported -£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.*
- *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	+£1.209	Additional external funding
GET	Integrated Transport	19-20	+£0.033	Additional external funding
GET	National Productivity Investment Fund – Kent Medical Campus	19-20	-£0.420	Reduction in developer contributions available
GET	Kent Thameside LSTF	20-21	+£0.295	Additional grant
ASCH	Learning Disability Good Day Programme	19-20	+£0.002	Additional developer contributions

For Approval

Directorate	Project	Year	Amount £m	Reason
GET	Highway Major Maintenance	19-20	-£1.000	Reduction in revenue contribution to capital
GET	Country Parks	19-20	+£0.045	Additional revenue contribution
CYPE	Annual Planned Enhancement Prog	19-20	-£0.050	Contribution towards CYPE MOA
CYPE	Modernisation of Assets (MOA)	19-20	+£0.050	Contribution from Annual Planned Enhancement Prog
ASCH	Learning Disability Good Day (LD GD) Programme	20-21	+£0.682	Additional prudential from MOA Plus (S&CS)
S&CS	MOA Plus	20-21	-£0.682	To be vired to LD GD Programme (ASCH)
S&CS	Modernisation of Assets	19-20	-£0.200	Virement to asset utilisation
S&CS	Modernisation of Assets	20-21	-£1.085	Virement to Asset Utilisation – Oakwood House
S&CS	Asset Utilisation	19-20	+£0.200	Virement from Modernisation of Assets
S&CS	Asset Utilisation – Oakwood House	20-21	+£1.085	Virement from Modernisation of Assets
S&CS	Community Sexual Health Services	20-21	+£0.500	Additional revenue contribution

Directorate	Project	Year	Amount £m	Reason
S&CS	New Ways of Working	21-22	-£0.431	Virement to Dover Discovery Centre
S&CS	Dover Discovery Centre	21-22	+£0.431	Virement from New Ways of Working

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.

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 adjustments set out in section 6.4.
- 8.3 **Note** the Prudential Indicators Monitoring at Appendix 3

9. CONTACT DETAILS

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