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To: Children, Families & Education Resources and Infrastructure Policy
Overview & Scrutiny Committee

Date: 15 April 2010

Subject: **REVENUE AND CAPITAL BUDGET MONITORING 2009/10**

Classification: *Unrestricted*

Summary: *To provide an update on both the revenue and capital budget monitoring for 2009/10 financial year for Children, Families and Education Directorate.*

1. Introduction

- 1.1. This report is the fifth report to this Committee on the forecast outturn against budget for the Children Families and Education (CFE) Directorate for 2009/10 financial year, and is based on the third full quarterly monitoring report which was presented to Cabinet on 29 March 2010.

2. 3rd Quarters Full Monitoring Report - Revenue Budget

- 2.1. The directorate is projecting an underspend of £2,001k (excluding Schools and Asylum), the detail of which is contained within the 3rd quarter's full monitoring report attached at Annex 1, section 1.1. The summarised position for the Directorate is provided in Table 1 below.

Table 1 – CFE Revenue Budget Monitoring Summary Position

Portfolio	Cash Limit £000s	Variance		Movement £000s
		This month £000s	Last report £000s	
Schools	897,663	6,000	6,000	0
Asylum	0	2,780	3,808	-1,028
CFE (other)	-687,690	-2,001	-968	-1,033
Directorate Total	209,818	6,779	8,840	-2,061
Management Action	n/a	0	0	0
Directorate Total after management action	209,818	6,779	8,840	-2,061

- 2.2. The significant movements from the previous report are listed below for your information:
- SEN Home to School Transport (-£587k). See annex 1, section 1.1.3.11 and section 2.1 for further details.
 - Assessment and Related (-£572k). See annex 1, section 1.1.3.27 for further details.
 - Asylum (-£1,028k). See annex 1, section 1.1.3.28 for further details.

2.3. The 9 monthly monitoring returns from schools continue to suggest a significant reduction in schools reserves during 2009-10. Schools have traditionally been cautious in their financial forecasting, and the full impact of the tighter balance control mechanism will not be known until the end of the year, however our expectation is that reserves may fall by a further £6million by the end of the financial year although this is substantially less than the schools' forecast suggest.

3. **3rd Quarters Full Monitoring Report - Capital Budget**

3.1. The directorate is projecting a very minor overspend against the revised MTP cash limits for 2009/10 of £99k which is fully covered from additional revenue contributions and grants. It should be noted that, as agreed by the County Council at its budget meeting on 18th February 2010, there has been significant re-phasing from 2009/10 to later years, the detail of which is contained within the 3rd quarter's full monitoring report attached at Annex 1, section 1.2.

4. **Recommendations**

Recommendations:

Members of the Children, Families and Education Resources and Infrastructure Policy Overview and Scrutiny Committee are asked to note the projected outturn figures for the Directorate as at the third full quarterly monitoring report.

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Background Documents: Report to Cabinet 29 March 2010

Other Useful Information

CHILDREN, FAMILIES & EDUCATION DIRECTORATE SUMMARY

JANUARY 2009-10 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 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” ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits have been adjusted since the last full monitoring report to reflect a number of technical adjustments to budget.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the last full monitoring report. These are detailed in appendix 2 to the executive summary.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Children, Families & Education portfolio							
Delegated Budget:							
- Delegated Schools Budget	976,868	-80,978	895,890	6,000	0	6,000	Expected drawdown from schools reserves
- Schools Unallocated	2,193	-450	1,743	0	0	0	
TOTAL DELEGATED	979,061	-81,428	897,633	6,000	0	6,000	
Non Delegated Budget:							
- Finance	4,080	-1,122	2,958	-33	0	-33	
- Awards	5,117	-797	4,320	457	0	457	Home to college transport - cost realignment affecting adult fares and increased number of SEN and part-time students
- Personnel & Development	15,297	-1,350	13,947	544	-8	536	Pressure on pensions and employee tribunals offset by underspends on CRB checks & school crossing patrols.
- Capital Strategy Unit	18,366	-16,908	1,458	669	8	677	Maintenance of non-operational buildings.
- BSF/PFI/Academy Unit	432	0	432	-2	0	-2	
- Client Services	6,322	-4,449	1,873	167	207	374	Under-recovery of income expected from cleaning & refuse collection contracts. Milk subsidy expenditure & grant.
- Business Management	1,933	-269	1,664	-48	-85	-133	Staff vacancies and office moves underspend plus additional income.

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Children, Families & Education portfolio							
- ICT	1,950	-693	1,257	140	-195	-55	Enhanced broadband connectivity in schools funded from schools & staff vacancies
- Health & Safety	613	-300	313	11	0	11	
- Strategic Management	1,538	-24	1,514	42	-1	41	
- Extended Services	5,066	-836	4,230	225	-231	-6	Additional spend and income for the FLOSS
- Kent Music	877	0	877	0	0	0	
- 14 - 24 Unit	3,061	-543	2,518	377	-418	-41	Additional cost of skills force & KS4 engagement programme funded by income from schools
- School Organisation	3,030	-90	2,940	62	-91	-29	
- Mainstream HTST	15,238	-484	14,754	-992	44	-948	Renegotiation of contracts & fewer numbers travelling based on latest forecast from Passenger Transport Unit (PTU). Additional savings from cancelled journeys due to snow.
- Local Children's Service Partnerships	67,577	-8,593	58,984	116	-272	-156	Combined minor underspend and additional income on various budgets by LCSPs
- AEN & Resources	16,764	-5,706	11,058	-20	4	-16	
- SEN HTST	17,605	0	17,605	-387	0	-387	Partly due to cancelled journeys due to snow & contract renegotiations
- Independent Sector Provision	11,387	-697	10,690	0	0	0	
- Strategic Planning & Review (Strategy, Policy & Performance)	1,604	-25	1,579	-140	0	-140	Delays in LCSP development work
- Policy & Performance (Vulnerable Children)	4,972	-369	4,603	-77	-30	-107	
- Directorate & Democratic Services	1,227	0	1,227	-57	-30	-87	
- Project Management (Strategy, Policy & Performance)	118	0	118	-31	0	-31	
- Advisory Service Kent (ASK) - Secondary	3,549	-436	3,113	162	-36	126	Pressure on school intervention projects
- ASK - Primary	6,748	-410	6,338	241	-58	183	Pressure on Hands on support and infrastructure team & School Improvement Partners service.
- ASK - Early Years	8,356	-12	8,344	-1,088	-27	-1,115	Implementation of management action - rebadge of expected children centres underspend

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Children, Families & Education portfolio							
- ASK - Improvement Partnerships	2,635	-566	2,069	65	-70	-5	
- ASK - Professional Development	4,484	-2,587	1,897	231	4	235	Children's trust development team staffing plus other minor pressures.
- Early Years & Childcare	5,711	-142	5,569	4	-27	-23	
- Management Information	34,524	-128	34,396	-33	22	-11	
- Educational Psychology Service	3,695	-1	3,694	-84	-3	-87	
- Attendance & Behaviour	10,399	-3,910	6,489	32	0	32	
- Minority Community Achievement	1,664	-98	1,566	0	0	0	
- Specialist Teaching Service	4,054	-636	3,418	-100	0	-100	Lower than expected take-up of personal educational allowances for looked after children
- Joint Commissioning Service	13,622	-244	13,378	-51	0	-51	
- Commissioning - General	717	-589	128	-42	30	-12	
- Residential Care provided by KCC	2,691	-40	2,651	157	-58	99	Additional costs of associated with Rainbow Lodge Respite Unit
- Independent Sector Residential Care	6,690	-928	5,762	531	-717	-186	Additional placements partially offset by secure accommodation underspend, Additional income from KASS and Health.
- Residential Care - not looked after children	594	0	594	-218	0	-218	Fewer placements.
- Family Group Conferencing	1,302	-146	1,156	-96	-6	-102	
- Fostering Service	23,743	-226	23,517	1,640	-47	1,593	Pressures on Independent fostering allowances & inhouse fostering partially offset by underspends on Related Fostering & fostering team.
- Adoption Service	6,882	-50	6,832	588	29	617	Pressure on special guardianship orders and county adoption team partially offset by underspends on adoption payments.
- Direct Payments	2,244	-10	2,234	-113	-3	-116	Rebadge of expenditure to sure start pathfinder project
- Teenage Pregnancy	616	0	616	0	0	0	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Children, Families & Education portfolio							
- 16+ Service	6,699	0	6,699	859	-3	856	Pressure on fostering budgets offset by underspends on section 24/leaving care payments & independent sector residential care budgets
- Other Preventative Services	7,972	-266	7,706	273	-224	49	Pressure on section 17 payments offset by underspends on community based programmes and daycare services. Additional income from Health.
- Childrens Social Services Business Support	8,921	-1,466	7,455	108	-391	-283	Additional expenditure on the Social Work Project and newly qualified social worker training scheme funded from DCSF & CWDC. Further underspend on training.
- Assessment & Related	34,599	-1,603	32,996	-3,376	-31	-3,407	Difficulties in recruiting to vacancies and new posts
- Grant income & contingency	4,232	-1,049,860	-1,045,628	-81	0	-81	underspend to offset pressure on school appeals (below)
- Support Services purchased from CED	8,432	0	8,432	81	0	81	School Appeals
TOTAL NON DELEGATED	419,949	-1,107,609	-687,660	713	-2,714	-2,001	
Total CFE portfolio excl Asylum	1,399,010	-1,189,037	209,973	6,713	-2,714	3,999	
Assumed Mgmt Action						0	
CFE portfolio (excl Asylum) after mgmt action	1,399,010	-1,189,037	209,973	6,713	-2,714	3,999	
Asylum Seekers	14,129	-14,129	0	0	2,780	2,780	Shortfall in 18+ Home Office income
Total CFE portfolio incl. Asylum after mgmt action	1,413,139	-1,203,166	209,973	6,713	66	6,779	

1.1.3 Major Reasons for Variance: *[provides an explanation of the 'headings' in table 2]*

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

1.1.3.1 Awards (Gross)

The Awards Unit is forecasting a pressure of £457k, of which £392k relates to Home to College Transport. This is due to a number of factors: an increase in the cost of adult train fares following the renegotiation of mainstream and college transport contracts; the number of SEN students requiring transport; and a rise in the number of students attending part-time and hence requiring

multiple taxi trips which has been elevated further by higher industry costs (such as fuel). The balance of the pressure relates to staffing (£25k) and equipment (£40k).

1.1.3.2 Personnel and Development (Gross)

The Personnel and Development Unit is forecasting a gross pressure of £544k. This is due to a pressures on pensions (£643k) and employee tribunals (£112k), offset by underspends on CRB checks (£141k), school crossing patrols (£54k) and other minor underspends (£16k).

The pressure on the pension's budget results from early retirements in previous years of £565k and £78k due to one-off costs associated with academy pension enhancements, which is a new pressure this month. The pressure on the employee tribunal budget is due to academies' related compromise agreements.

1.1.3.3 Capital Strategy Unit (Gross)

The Capital Strategy Unit is forecasting a £669k gross pressure due to the costs associated with the boarding up and maintenance of unused school buildings, resulting in £700k pressure, which is expected to continue until the property market recovers. This is offset by an expected £31k underspend on tree safety surveys.

1.1.3.4 Client Services (Gross & Income)

Client Services is forecasting a £167k gross pressure mainly due to further expenditure on providing milk in nursery/primary schools (£100k). The balance is made up of other minor pressures totalling £67k. The milk pressure is expected to be fully funded from increased contributions from the Milk Subsidy Grant. In addition, the unit is forecasting a £307k under-recovery of income relating to cleaning & refuse collection. The unit was expected, as part of the MTP, to implement full-cost recovery in relation to contract management. However, due to delays in the renegotiation of contracts for cleaning & refuse collection, a number of schools withdrew from the contract resulting in a reduction in the expected profit margins on contracts for this year. It is hoped that now that the process has finished, schools will begin to rejoin the contract and full-cost recovery will be achieved next year.

1.1.3.5 Business Management (Net)

Business Management is forecasting a net underspend of £133k, of which £48k is due to a combination of staff vacancies and fewer number of office moves, whilst additional income of £85k is due to the re-imbursement of PA support from other units.

1.1.3.6 ICT (Gross & Income)

The take-up of enhanced broadband services in schools has been higher than expected resulting in £195k pressure matched by a corresponding over-recovery of income from schools. Staffing vacancies have also resulted in £55k minor underspend.

1.1.3.7 Extended Services (Gross & Income)

The unit is forecasting a gross pressure of £225k and additional income of £231k. This is mainly due to additional expenditure on the Family Liaison Officer Support Service (£208k) fully funded from one-off income from the Kent Children's Fund.

1.1.3.8 14-24 Unit (gross & Income)

The unit is forecasting £377k gross pressure offset by an over-recovery of income of £418k. In 2009-10, the unit has widened the Skillsforce and KS4 engagement programme recouping the additional costs from schools. This has resulted in £418k pressure matched by additional income. In 2010-11 a budget has been created to take account of this additional activity. There are also small other minor underspends of £41k.

1.1.3.9 Mainstream Home to School Transport (Gross)

The service is forecasting a gross £992k underspend, an increase of £278k since the last monitoring report. Fewer children are travelling with an average reduction of 4-5% compared to the same period last year (see section 2.1). The underspend has further been increased following a change in the way rail tickets are purchased generating savings on under 16 fares and these savings are in line with the assumptions made in the 2010-13 MTP. There has also been further one-off savings due to the reduced costs of hired transport during the snow in December. This is partially offset by £44k under-recovery of income.

1.1.3.10 Local Children's Services Partnerships (Gross & Income)

The Local Children's Services Partnerships (LCSPs) are forecasting a net underspend of £156k resulting from a gross pressure of £116k offset by additional income of £272k. Both the gross and income variance are made up of a number of minor variances across the 23 LCSPs on budgets such as nurses, extended schools, childrens fund, Hands On Support and AEN inclusion.

1.1.3.11 SEN Transport (Gross)

The service is forecasting £387k underspend, a movement of -£587k since the last monitoring report. This saving can be partly attributed to one-off savings resulting from the cancellation of transport during the snow in December (approx £150k), however the remaining forecast from the Passenger Transport Unit is surprising considering our data confirms the number of children in special schools and those with SEN are rising, with a 3% rise in the number travelling compared to the same period last year (see section 2.1). Further investigations will be completed to identify why this has happened and whether this trend will continue.

1.1.3.12 Strategic Planning & Review (Gross)

The service is forecasting £140k underspend primarily due to delays in the further development of Local Children's Services Partnerships pending the restructure of the directorate totalling £115k. The balance of £25k relates to other minor underspends.

1.1.3.13 Advisory Service Kent – Secondary (Gross & Income)

The Secondary ASK unit is forecasting a gross pressure of £162k resulting from additional payments to failing schools for intervention projects (£118k) with the balance relating to other minor pressures.

1.1.3.14 Advisory Service Kent – Primary (Gross)

The Primary ASK unit is forecasting a gross pressure of £241k, of which £90k is due to a pressure on the staffing budget for the hands on support and infrastructure team, although plans are in place to manage this in 2010/11 onwards. There is a pressure of £200k on the school improvement partners service resulting from increased support to schools in challenging circumstances, both through Ofsted inspection and also through DCSF National Challenge and the balancing underspend of £49k is due to other minor variances.

1.1.3.15 Advisory Service Kent – Early Years (Gross)

The reported gross underspend of £1,088k results from the implementation of the proposed management action in the previous full monitoring report. The anticipated savings from the Sure Start grant, arising from delays in the round 3 Children's Centres, has been badged against eligible spend in ASK Early Years in order to free up base budget.

1.1.3.16 Advisory Service Kent – Professional Development (Gross)

The unit is forecasting a pressure of £231k, of which £135k relates to staffing within the Children's Trust Development Team with the balance of £96k relating to other minor budgets. The pressures on this budget are expected to be dealt with through a restructure and should not be an issue in 2010/11.

1.1.3.17 Specialist Teaching Service (Gross)

The Specialist Teaching Service is forecasting an underspend of £100k resulting from lower than expected take-up of personal educational allowances for looked after children. The unit has recently raised awareness of this funding with Children Social Service District managers and it is hoped that take-up will increase towards the end of year. The expected increased take-up has been reflected in this forecast.

1.1.3.18 Residential Care Provided by KCC

The KCC residential respite units are forecasting a £157k gross pressure, mainly due to additional costs associated with Rainbow Lodge based on the latest forecasts from West Kent PCT (£184k) which are offset by minor underspends on other units.

1.1.3.19 Independent Sector Residential Care (Gross and Income)

The service is forecasting a gross pressure of £531k, an increase of £202k since the last report. This is offset by additional income of £717k from Health and Kent Adult Social Services towards the costs of new placements.

Further placements have resulted in additional pressures of £437k this quarter and a pressure of £1,002k is now forecast. This is partially offset by a forecast underspend on secure accommodation of £471k where only one child has recently been placed for 3 months. The budget

for secure accommodation is sufficient to fund two placements. If the second placement remains vacant, further savings will arise and will be declared in future months.

1.1.3.20 Residential Care – Not Looked After Children (Gross)

This service is forecasting an underspend of £218k resulting from fewer than expected placements in 2009/10 including the unexpected movement of one child to a neighbouring local authority. There is a general decrease in the need to place children with specialist needs in residential care placements following the introduction of other services, such as direct payments which help support parents to enable children to remain at home.

1.1.3.21 Fostering Service (Gross)

The fostering service is currently forecasting a gross pressure of £1,640k. This is largely due to pressures on independent fostering allowances (IFAs, £2,086k), in-house fostering (£492k) and the kinship service (£143k), offset by underspends on the county fostering service (£685k), and Related Fostering payments (£396k).

The IFA service is used for more complex cases which our in-house foster carers may not have the capacity, necessary skills or experience to take on. A provision was made in the MTP to develop the in-house service in order to reduce the reliance upon IFAs and enable improved placement choice. However it is unlikely that the pressure on the IFA budget will reduce in the short term due to the overall rise in the number of placements and the requirement to maintain placement stability. The increase in placements has resulted in a pressure now being forecast on the in-house fostering service as well as increasing the pressure on IFAs.

The £685k underspend in the county fostering team is largely due to delays in recruiting to a number of vacancies and new posts funded from the LAC pledge (£385k). The balance of the underspend (£300k) is due to delays in the expansion of the therapeutic fostering scheme funded as part of the Medium Term Plan, it is now expected this scheme will not be fully operational until the end of the financial year.

The £396k underspend on Related Fostering is due to a growing trend of carers moving away from fostering to the kinship service and special guardianship (now shown under the 1.1.3.22 adoption service heading below).

1.1.3.22 Adoption Service (Gross)

The adoption service is forecasting a gross pressure of £588k, which is mainly within the Special Guardianship service who are estimating a pressure of £549k; there is a further pressure on the County Adoption Service of £42k and an underspend of -£3k on adoption payments.

The Special Guardianship service has been moved here from the Fostering Service this year. This service is forecasting a pressure of £549k. Special Guardianship is a relatively new legal option to provide a permanent home for a child for whom adoption is not appropriate. Since it came into force, there has been a growth in this area and a reduction in fostering (mainly Related).

1.1.3.23 Direct Payments (Gross)

The forecast underspend on direct payments has resulted from the expected re-badge of new direct payments to the sure start pathfinder project: short breaks for disabled children. This has resulted in an estimated underspend on the base budget of £113k.

1.1.3.24 Leaving Care/16+ (Gross)

The presentation of the budget for the 16+ service was changed in 2009-10 to represent the cost of the service level agreement, in preparation for the transfer of this service to an external provider. This service line now includes budgets relating to 16+ for independent sector residential care, in-house foster care and independent fostering allowances along with the cost of 16+ team and section 24/leaving care payments.

The 16+ service is currently forecasting a £859k gross pressure, of which £669k and £717k relate to in-house fostering and independent fostering allowances respectively, and £41k to kinships payments and related foster care payments, partially offset by projected underspends on independent sector residential care of £265k due to fewer than anticipated placements; section 24 and leaving care payments of £293k and a minor underspend of £10k on 16+ team.

The pressure on both the 16+ in-house fostering service and independent fostering allowances has increased significantly this year compared to previous years, partly due to a group of children reaching age 16 and moving in from the fostering service, and partly as a result of more children choosing to stay within their foster family up to age 18 (or 25 if undergoing further education)

rather than moving to supported lodgings at age 16. The authority has a legal obligation to maintain the placement if the child requests, however the budget for the 16+ service has historically only covered the cost of supported lodgings. In previous years, the pressure on this budget has been masked within the fostering and residential care lines. With more children choosing to stay in foster care post age 16, there is less pressure on the section 24/leaving care budget, used to fund 16+ preventative services and supported lodgings, resulting in the £293k forecast underspend.

1.1.3.25 Other Preventative Services (Gross and Income)

These services are forecasting a £273k pressure offset by a £224k over-recovery of income, of which £218k is from Health to contribute towards Section 17 payments and community-based programmes.

The Section 17 payments budget is forecasting a pressure of £612k. These payments form part of a community support package which helps families to care for their children at home, and rehabilitates looked after children so that they can return home as soon as possible. This budget has been unable to achieve the savings target applied in the MTP due to the knock on effect it would have on the much more costly fostering service. This pressure is partially offset by delays in the implementation of some of our community-based programmes (£230k) and an underspend on day care budgets of £104k with the balance relating to a small underspend on the link placement scheme.

1.1.3.26 Children Social Services Business Support (Income)

The services in this line are forecasting an over-recovery of income of £391k. This is due to additional administrative costs associated with the Social Work Pilot Project of around £135k, which will be matched by additional income from the Department of Children, Schools and Families (DCSF) and the balance is mainly due to additional income from the Children's Workforce Development Council (CWDC) for the newly qualified social worker training scheme (£233k).

The service has a minor gross pressure of £108k resulting from pressures of £135k associated with the Social Work Pilot Project and the newly qualified social worker training scheme of £233k, offset by savings on the children social services training budget (£331k) associated with the delays recruiting to vacancies and new posts in the fostering team and assessment and related service, as reported in sections 1.1.3.21 and 1.1.3.27. There are other minor net pressures of £71k.

1.1.3.27 Assessment and Related (Gross)

The current forecast underspend of £3,376k is due to a high level of staff vacancies. This is a result of difficulties in recruiting to vacancies and new posts funded from the additional money made available as part of the 2009-12 MTP. Recent recruitment campaigns internationally have resulted in the recruitment of additional social workers that are due to start from February 2010 however national drives have met with more limited success and the service is still holding a significant numbers of vacancies. The shortage of social workers is reflected nationally.

The high level of vacancies in front-line staff is putting pressure on other services, particularly respite care and preventative services, as the safety of children continues to be the highest priority. Recruitment to these posts is crucial to alleviate that pressure, and make social worker caseloads more manageable, enabling the delivery of LAC commitments in a more pro-active and cost effective way.

1.1.3.28 Asylum:

The forecast has reduced by £1.039m this month from an overall funding shortfall of £3.819m to £2.780m, of which £2.692m is due to 18+ Care Leavers and £0.088m due to Unaccompanied Asylum Seeking Children (UASC) (Under 18's).

The negotiations with Ministers and the UK Border Agency (UKBA) have been successful and have resulted in an additional £2.3m to Kent which will cover part of the 2008/09 and 2009/10 funding shortfalls. Specifically, the UKBA have now agreed to an increase of 50% to the per capita funding rate for 18+ care leavers. This agreement equates to an additional £1.9m over the two years (£0.915m relates to 2009/10 and £0.985m to 2008/09). In addition, the UKBA have also agreed to fully fund the costs of the intake team, which over the two years equates to an additional £0.4m (£0.150m relates to 2009/10 and £0.250m to 2008/09) over and above the current funding we receive.

2009/10 position:

The successful negotiations have resulted in the pressure on the asylum service reducing from £3.819m to £2.780m due to the increase in the per capita grant from £100 to £150 (£0.915m) and fully funding the costs of the intake team (£0.150m) offset marginally by further pressures of £0.026m. The pressure continues on the asylum budget due to costs which cannot be claimed back from the Home Office under the grant rules. The majority of the pressure comes from the 18+ care leavers budget as the Home Office grant does not fund clients once they have exhausted all right of appeal for residency. However the Authority has a duty under the Leaving Care Act to support these clients until they are deported or reach age 21.

2008/09 position:

The impact of these recent developments means the overall position for 2008-09 has improved by £0.551m. This has resulted from additional funding for the increase in the per capita grant from £100 to £150 (£0.985m) and fully funding the costs of the intake team (£0.250m), offset by a £0.684m reduction following the data matching exercise. Therefore the 2008-09 funding shortfall of £3.125m assumed at the time of closing the 2008-09 accounts has improved by £0.551m to £2.574m. This additional £0.551m of funding will be repaid to the asylum reserve.

Other Issues

1.1.3.29 **Management Information: Payments to PVI providers for the free entitlement for 3 and 4 year olds (DSG)**

The latest forecast suggests an underspend of around £1 million on payments to PVI providers for 3 and 4 year olds for the core offer of 12.5hrs a week. This budget is funded entirely from DSG and therefore any surplus or deficit at the end of the year must be carried forward to the next financial year in accordance with the regulations, and cannot be used to offset over or underspends elsewhere in the directorate budget. Therefore no variance is reflected for this against the management information unit in Table 1 as the underspend will be matched by a transfer to reserves.

1.1.3.30 **Delegated Schools Budgets**

The 9 monthly monitoring returns from schools continue to suggest a significant reduction in schools reserves during 2009-10. Schools have traditionally been cautious in their financial forecasting, and the full impact of the tighter balance control mechanism will not be known until the end of the year, however our expectation is that reserves may fall by a further £6million by the end of the financial year although this is substantially less than the schools' forecast suggest. At the end of this financial year all schools will be subject to the balance control mechanism where reserves in excess of their original budget allocation of 5% for secondary or 8% for primary schools will be recovered, except funding relating to reorganisation, an approved capital project or late allocation of government grants passed on by the local authority.

The Schools Funding Forum has agreed to retain the recovery of reserves resulting from this year's balance control process of £735k, along with the accumulated schools unallocated dedicated schools grant and plan to distribute to schools in 2010-11 financial year for specific pressures which will be discussed at future Forum meetings.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER
(shading denotes that a pressure/saving has an offsetting entry which is directly related)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFE	Schools delegated budgets - expected draw down from reserves	+6,000	CFE	Assessment & Related - staffing vacancies (gross)	-3,376
CFE	Asylum - shortfall in Home Office income (income)	+2,780	CFE	ASK - Early Years - badging of unspent sure start grant to free up base budget (gross)	-1,088
CFE	Fostering Service - increase in no of independent fostering allowances (districts & disability, gross)	+2,086	CFE	Mainstream Home to School Transport - contract renegotiations, fewer pupils travelling & reduced costs of transport during the snow (gross)	-992
CFE	Independent Sector Residential Care - additional placements (gross)	+1,002	CFE	Independent Sector Residential Care - additional income from Health & KASS towards placements	-717
CFE	Leaving Care/16+ service - increase in no of independent fostering allowances (gross)	+717	CFE	Independent Sector Residential Care - reduction in no of secure accommodation placements (gross)	-471
CFE	Capital Strategy Unit - maintenance of non-operational buildings (gross)	+700	CFE	14-24 unit - additional income from schools to KS4 engagement & Skillsforce programme (income)	-418
CFE	Leaving Care/16+ service - increase in no of in-house fostering payments (gross)	+669	CFE	Fostering Service - reduction in no of Related Fostering related payments (gross)	-396
CFE	Personnel & Development - pressure on the pensions budget (gross)	+643	CFE	SEN Transport - cancellation of transport during the snow and potential savings from additional contract renegotiations (gross)	-387
CFE	Other Preventative Services - pressure on section 17 payments (gross)	+612	CFE	Fostering Service - county fostering team vacancies (gross)	-385
CFE	Adoption Service - increase in special guardianship orders (gross)	+549	CFE	CSS Business Support - training underspend due to levels of vacancies	-331
CFE	Fostering Service - increase in no of in-house fostering placements (districts & disability, gross)	+492	CFE	Fostering Service - delays in expansion of therapeutic fostering scheme (gross)	-300
CFE	14-24 unit - Expansion of KS4 engagement and Skillsforce programme (fully funded from schools contributions) (gross)	+418	CFE	Leaving Care/16+ service - fewer section 24/leaving care payments (gross)	-293
CFE	Awards - home to college transport prices and demand (gross)	+392	CFE	Leaving Care/16+ service - fewer independent sector residential care placements (gross)	-265
CFE	Client Service - under-recovery of contract income due to delays in renegotiation of contracts (income)	+307	CFE	CSS Business Support - additional income from the CWDC for NQSW training scheme	-233
CFE	CSS Business Support - additional costs of NQSW training scheme	+233	CFE	Other Preventative Services - delays in implementing community based programmes	-230
CFE	Extended Services - Family Liaison Officer Support Service (FLOSS) (matched by additional income) (gross)	+208	CFE	Other Preventative Services - additional contributions received from health (income)	-218
CFE	ASK Primary - School Improvement Partners service (gross) - increased support to schools in challenging circumstances	+200	CFE	Residential Care Not Looked After Children - reduction in placements (gross)	-218

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFE	ICT - enhanced broadband provision for schools (offset by additional income from schools) (gross)	+195	CFE	Extended Services - additional income from Kent Childrens Fund to fund additional expenditure on FLOSS	-208
CFE	Residential Care provided by KCC - additional costs of Rainbow Lodge Respite Unit (gross)	+184	CFE	ICT - additional income from schools for enhanced broadband service (offset by additional expenditure) (income)	-195
CFE	Fostering Service - additional placements in the Kinship service for non LACs (gross)	+143	CFE	Personnel & Development - CRB checks	-141
CFE	CSS Business Support - admin costs of Social Work Pilot project	+135	CFE	CSS Business Support - Social Work Pilot project income from DCSF	-135
CFE	ASK - Professional Development - children's trust development team staffing costs (gross)	+135	CFE	Strategic Planning & Review - delays in development of LCSPs pending restructure (gross)	-115
CFE	ASK Secondary - Additional payments to schools for intervention projects (gross)	+118	CFE	Direct Payments - rebadge of eligible expenditure to the sure start pathfinder project (gross)	-113
CFE	Personnel & Development - employee tribunal pressure resulting from compromise agreements (gross)	+112	CFE	Other Preventative Services - underspends on daycare services (gross)	-104
CFE	Client Services - additional provision of milk to primaries & settings (offset by additional income) (gross)	+100	CFE	Client Services - additional milk subsidy income (offset by additional expenditure) (income)	-100
			CFE	Specialist Teaching Service - low take-up of personal educational allowances for looked after children (gross)	-100
		+19,130			-11,529

1.1.4 Actions required to achieve this position:

The rebadging of £1.088m of Sure Start grant, arising from delays in the round 3 Children's Centres, against eligible spend in ASK Early Years has already been reflected in the forecasts in order to free up base budget. This is likely to be the last year that this option is available to us as the final round of centres is expected to be fully functional by the end of this financial year.

1.1.5 Implications for MTP:

The 2010-13 Medium Term Plan reflects the ongoing pressures on all services at the time the 2010-11 budget was produced.

With regard to Asylum, the service is currently forecasting a pressure of £2.8m (see section 1.1.3.28). The UKBA and HO have promised to speed up the removal process so that eventually removals will take place within 3 months of an individual being declared All Rights of Appeal Exhausted. UKBA have also agreed to provide some funding towards the cost of those who are All Right of Appeal Exhausted as well as offering to help us with procuring suitable accommodation which should also help to reduce costs. Some detailed work on this is now underway in conjunction with Corporate Policy prior to discussions with UKBA, and the Chief Executive of UKBA is due to meet the Leader in March. This will enable us to substantially reduce the pressure for 2010-11 but not completely remove it because the legal basis on which provision is made for Unaccompanied Asylum Seeking Children (UASC) is extremely complicated and the UKBA/HO position remains materially different from that accepted by KCC, all other local authorities and the LGA in regard to UASC who are leaving care. This difference in the understanding is largely down to the Home Office and DCSF not clarifying the legal duties on local authorities as Children Services Authorities, either in policy terms or in law. This is a long-standing issue but as a result of the recent discussions with UKBA, the Home Office and DCSF are now trying to resolve this issue. We have therefore provided £1.3m in the 2010-11 budget.

It should be noted, that on average a removal has been taking over a year in Kent, during which time we must provide support to these 18+ UASC. It would not be prudent to assume that UKBA will be able to achieve removals within 3 months by 1 April.

1.1.6 **Details of re-phasing of revenue projects:**

There are a number of delayed projects referred to in Section 1.1.3 but all of these are expected to be funded from the 2010-11 base budget rather than requiring specific roll forward requests.

1.1.7 **Details of proposals for residual variance:** *[eg roll forward proposals; mgmt action outstanding]*

Overall the portfolio is forecasting an underspend of £2m excluding the pressure on Asylum. This will be required to fund one-off costs which are likely to fall in 2010-11. Following the delay of one month in the formal consultation of the directorate restructure, additional one-off funding will be required to pay for the delay in the implementation of staffing savings. For staff on teachers terms and conditions, a one month delay will result in three months of additional salary costs due to the termly nature of employment contracts. In addition, the directorate is planning to undertake a change management programme as part of the CFE restructure and to widen the workforce development plans to ensure the communication networks within the new structure are effective. It is impossible to estimate how much funding will be required at this stage until a final structure has been formally agreed, however further work will be undertaken in the coming months to quantify the requirement so that an estimate may be reported at the earliest opportunity.

1.2 CAPITAL

- 1.2.1 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader, or relevant delegated authority.

The capital cash limits have been adjusted to reflect the position reflected in the 2010-13 MTP as agreed by County Council on 18 February 2010, any further adjustments are detailed in section 4.1.

- 1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position excluding PFI projects.

	Previous Years £'000s	2009-10 £'000s	2010-11 £'000s	2011-12 £'000s	Future Years £'000s	TOTAL £'000s
Children, Families & Education						
Budget	210,414	185,876	208,303	236,539	409,404	1,250,536
Adjustments:						0
- Special Schools - Ridge View	-1,010					-1,010
Revised Budget	209,404	185,876	208,303	236,539	409,404	1,249,526
Variance		-10,002	+8,064	+2,773	-736	+99
split:						
- real variance		+111	-12	0	0	+99
- re-phasing		-10,113	+8,076	+2,773	-736	0
Devolved Capital to Schools						
Budget	916	43,721	33,690	34,291	34,291	146,909
Adjustments:						0
- Devolved Formula Capital						0
- Extended School						0
-						
Revised Budget	916	43,721	33,690	34,291	34,291	146,909
Variance		0	0	0	0	0
split:						
- real variance		0	0	0	0	0
- re-phasing		0	0	0	0	0
Directorate Total						
Revised Budget	210,320	229,597	241,993	270,830	443,695	1,396,435
Variance	0	-10,002	8,064	2,773	-736	99
Real Variance	0	111	-12	0	0	99
Re-phasing	0	-10,113	8,076	2,773	-736	0

1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2009-10 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and

- projects at preliminary stage.
- The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the preliminary stage, is explained further in section 1.2.4 below.

All real variances are explained in section 1.2.5, together with the resourcing implications.

Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER

Portfolio	Project	Real/ Phasing	Project Status			
			Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
			+0	+0	+0	+0
Underspends/Projects behind schedule						
CFE	Childrens Centres	phasing		-3,859		
CFE	Maintenance Programme	phasing	-1,806			
CFE	Archbishop Courtenay Sch	phasing	-1,477			
CFE	Dartford Grammar School for Girls	phasing	-500			
CFE	Multi Agency Specialist Hubs	phasing			-368	
CFE	Practical Cookery Programme	phasing		-325		
CFE	Primary Improvement Programme	phasing			-304	
CFE	Service Redesign	phasing			-251	
			-3,783	-4,184	-923	-0
			-3,783	-4,184	-923	+0

1.2.4 Projects re-phasing by over £1m:

1.2.4.1 Early Years & Children's Centre Programme – re-phasing of -£3.859m

There are 2 elements to the re-phasing of this programme : Development & Sustainability £3.569m & the Children's Centre programme £0.290m.

Development & Sustainability:

The major re-phasing on this programme relates to Development & Sustainability, which has a total budget of £18.444m, and has 3 main aims:

1. to improve the quality of the learning environment in early years settings to support the delivery of the Early Years Foundation Stage with particular emphasis on improving play and physical activities.
2. to ensure all children, including disabled children, are able to access provision.
3. to enable private, voluntary and independent providers to extend free nursery provision entitlement to include all 3 and 4 year olds, and to do so flexibly.

The programme has re-phased by £3.569 million which represents 19.3% of the total value of the programme.

The forecast for this element of the programme is based on applications and expressions of interest submitted by childcare providers, however as we are relying on the childcare business submitting an application this can sometimes take longer than expected due to their individual

commitments. There are also many situations where applications are submitted that are incomplete, causing delays while the situation is clarified and updates are received.

The projects where re-phasing has occurred are:

Due to planning permission delays:

- St Marys at Stone £0.471m – redesign required following unsuitable soil samples.
- Anthony Roper Pre-school & Anthony Roper Kindergarden £0.294m each – planning objections from the Environment Agency & Sevenoaks District Council. The objections have now been resolved.
- Culverstone £0.285m - the provider had not submitted their application for planning permission when they requested the funding and we forecast the expenditure in 2009/10. Planning has only just been awarded and contracts signed.
- Our Lady £0.250m - similar to the project above, whereby the childcare business delayed the process by not submitting for planning earlier in the process.
- Kiddiwinks £0.250m - the project proposal is weak and further information has been requested. Also the planning process has not been completed and funding will not be awarded until all queries are answered and planning approved.

Due to adverse weather conditions, only the first stage of funding has been awarded:

- Sandhurst £0.340m
- Learning Tree Sissinghurst £0.349m.

Other project delays:

- Clever Clowns Nursery £0.250m – the project funding has been withdrawn because of difficulties in finding a site. The withdrawn funding will be reallocated to new bidders in future phases of grant approvals.
- Madginford £0.252m – the project has been delayed whilst leasing issues with the Parish Council are resolved.

Additional projects that contributed to the change in forecast are all projects that have now been rejected or further information requested:

- St Peters in Maidstone - the expression of interest in this project related to £0.400m. However, when the full application was submitted the costs were in the region of £0.760m. The project would not have developed any new childcare places but would have ensured the current operations were all on one level and while it is an excellent idea there are other childcare businesses operating from extremely unsuitable premises that could benefit from the funding. Half of this funding (£0.200m) was included in the forecast for the current financial year.
- Little Oaks in Thanet £0.282m - this was a proposal for a new setting, however due to current sustainability issues in the surrounding area this project was not supported. It was felt that if this project went ahead, it too would have financial difficulties and may in fact enhance the current problems being faced by other local childcare providers. £0.150m was forecast for 2009/10.
- Happy Faces £0.135m - This application was forecast for expenditure in December 2009 and January 2010. However, when submitted additional information was requested around the free flow access for children and how the extension would fit with current activities. This information has not been forthcoming so the application is on hold. The provider has now been visited and the queries answered however it does not look like the extension will be approved. This will be discussed further at the March 2010 panel meeting and has therefore been removed from the current year forecast.

Children Centres:

There are a number projects with relatively minor re-phasing from 2009/10 to 2010/11 on this part of the programme: Round 2 completions £0.139m, Children Centres Maintenance £0.065m and Connectivity, ICT & CCTV £0.059m.

Revised phasing of the scheme is now as follows:

	Previous Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	28,760	15,625	14,857	7	0	59,249
Forecast	28,760	11,766	18,716	7		59,249
Variance	0	-3,859	3,859	0	0	0
FUNDING						
Budget:						
Grant	27,137	15,471	11,708	0	0	54,316
Prudential	391	0	3,125	7	0	3,523
PEF2	213	0	0	0	0	213
Ext - Other	397	5	24	0	0	426
Ext - Dev Conts	0	79	0	0	0	79
Capital Receipts	60	0	0	0	0	60
Supported Borrowing	249	0	0	0	0	249
Revenue	313	70	0	0	0	383
TOTAL	28,760	15,625	14,857	7	0	59,249
Forecast:						
Grant	27,137	11,612	15,567	0	0	54,316
Prudential	391	0	3,125	7	0	3,523
PEF2	213	0	0	0	0	213
Ext - Other	397	5	24	0	0	426
Ext - Dev Conts	0	79	0	0	0	79
Capital Receipts	60	0	0	0	0	60
Supported Borrowing	249	0	0	0	0	249
Revenue	313	70	0	0	0	383
Unidentified	0	0	0	0	0	0
TOTAL	28,760	11,766	18,716	7	0	59,249
Variance	0	-3,859	+3,859	0	0	0

1.2.4.2 Maintenance Programme – re-phasing of -£1.806m

The budget allocation for maintenance is used to meet the County Council's responsibilities to ensure schools are kept safe warm, and dry. The maintenance funding stream is used to deliver programmes of planned and reactive maintenance work, and servicing and inspection arrangements to comply with legislative and health and safety responsibilities. The latter includes Asbestos surveys and Water Hygiene surveys. To meet the varied types of works necessary to comply with these criteria the maintenance budget is divided into a number of headings. Those headings are, Planned Condition Maintenance, Additional Maintenance Works and Health & Safety, DDA, Kitchen Catering Equipment, Planned Maintenance Inspections.

The anticipated expenditure has re-phased by £1.806m which represents 10.4% of the total value of the programme. The re-phasing affects our planned and reactive maintenance as well as our health and safety programmes.

Reactive Maintenance Work:

Individual projects can vary from tens of thousands to one hundred thousand pounds have re-phased by £1.136m. The types of works funded from this programme are unplanned/unforeseen maintenance. By the nature of these works the anticipated expenditure can be affected by weather conditions.

Given earlier concerns about pressures on the maintenance budget, we have applied a very robust set of criteria for approving works. We have limited approved projects to those required to prevent a school closure. We have worked closely with schools to ensure they use their Devolved Formula Capital and revenue maintenance allocations to fund work for which they are responsible. This has reduced significantly levels of anticipated expenditure on smaller value works. We have not previously reported re-phasing given past years experience of pressures on this programme and because months of inclement weather could have resulted in further expenditure. In addition, given our budget pressures we have managed to secure school contributions to support the delivery of urgent maintenance work further reducing the impact on our own funding.

Included within the total re-phasing, there is £0.900m of reactive work that has been committed this financial year but will not be completed until the 2010/11 financial year. Many of these proposed works have a lead time on materials (e.g. boiler replacement), and/or are reliant on weather conditions such as roof repair and replacement of roofs, renewal of window walling and repairs to brickwork.

Kitchen Catering Equipment:

This is showing an underspend of £0.450m. This programme has in past years overspent given the urgent need to replace obsolete and defunct equipment. Consequently, for this year we increased the budget for this programme. We have been successful in securing separate Government funding to support the modernisation and refurbishment of school kitchen and dining facilities. This funding is being directed at areas of most need for improvement and has reduced the pressure on the kitchen catering budget.

Water Hygiene Risk Assessments:

The Authority undertakes a rolling programme at school premises to meet the Health & Safety statutory requirements which has cost £0.300m this year. We have arranged that schools fund any resultant works. This has resulted in a saving of £0.200m

	Previous Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	0	17,331	8,433	14,361	14,361	54,486
Forecast	0	15,525	10,239	14,361	14,361	54,486
Variance	0	-1,806	1,806	0	0	0
FUNDING						
Budget:						
Grant - DCSF	0	7,382	7,905	0	0	15,287
Grant - PRG	0	640	0	0	0	640
Prudential	0	490	0	0	0	490
Supported Borrowing	0	8,819	528	14,361	14,361	38,069
TOTAL	0	17,331	8,433	14,361	14,361	54,486
Forecast:						
Grant - DCSF	0	7,382	7,905	0	0	15,287
Grant - PRG	0	640	0	0	0	640
Prudential	0	0	490	0	0	490
Supported Borrowing	0	7,503	1,844	14,361	14,361	38,069
TOTAL	0	15,525	10,239	14,361	14,361	54,486
Variance	0	-1,806	+1,806	0	0	0

1.2.4.3 Archbishop Courtenay - re-phasing of -£1.477m

This is a project to relocate the Archbishop Courtenay CEP School onto a new site in Tovil. Currently the school operates from two sites, one in Maidstone and one in Tovil. As a first part to the project KCC is engaged in the Compulsory Purchase of the old BT Depot site in Tovil.

The programme has rephased by £1.477million which represents 29.5% of the total value of the programme.

BT, the organisation that we are purchasing the site from, have relocated to a new temporary depot. Until the new depot is completed, fitted out and BT have calculated the full costs of their move we will not know how much they will be seeking in compensation. Our Estates department now estimate that we should know and be in a position to take possession of the site some time during the summer of 2010 and at that stage, following negotiations and if the figures are agreed, the purchase will be made.

	Previous Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	3,519	1,481	0	0	0	5,000
Forecast	3,519	4	1,477	0	0	5,000
Variance	0	-1,477	1,477	0	0	0
FUNDING						
Budget:						
Grant - DCSF	2,000	0	0	0	0	2,000
Ex Develop Conts	1,508	0	0	0	0	1,508
PEF 2	133	788	0	0	0	921
Prudential	0	693	0	0	0	693
Supported Borrowing	-122	0	0	0	0	-122
TOTAL	3,519	1,481	0	0	0	5,000
Forecast:						
Grant - DCSF	2,000	0	0	0	0	2,000
Ex Develop Conts	1,508	0	0	0	0	1,508
PEF 2	133	0	788	0	0	921
Prudential	0	4	689	0	0	693
Supported Borrowing	-122	0	0	0	0	-122
TOTAL	3,519	4	1,477	0	0	5,000
Variance	0	-1,477	+1,477	0	0	0

1.2.5 Projects with real variances, including resourcing implications:

There is an overall variance of +£0.099m, this is covered from additional revenue contributions & grants.

1.2.6 General Overview of Capital Programme:

(a) Risks

The creation of the PEF2 fund has reduced what was previously seen as the major risk i.e., the realisation of Capital Receipts.

The Directorate is also at risk from external sources both in terms of the time and cost pressures on the budget by, for example, decisions taken by planning, environment and occasionally the individual scheme managers.

One specific scheme risk relates to the re-provision of Lympe Primary School. We are currently holding a spend figure on Lympe of £915k, but are forecasting nothing on the basis that it will all be recovered, either via the professional indemnity claim, additional fire insurance funding or a claim against the causers of the fire for 'unrecoverable losses'.

(b) Details of action being taken to alleviate risks

We continue to stress to colleagues elsewhere within the authority the fixed nature of our budget and anything extra that they insist upon means another scheme loses. The programme is also monitored internally on a regular basis and any potential challenges noted and addressed wherever possible.

1.2.7 PFI Projects

- Building Schools for the Future (wave 3)

£69.6m of investment in the BSF Wave 3 programme represents investment by a third party. No payment is made by KCC for the new/refurbished assets until the asset are ready for use and this is by way of an annual unitary charge to the revenue budget.

	Previous years	2009-10	2010-11	2011-12	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Budget	21,602	43,204	4,801	0	69,607
Actual / Forecast	21,602	43,204	4,801	0	69,607
Variance	0	0	0	0	0

- (a) **Progress and details of whether costings are still as planned (for the 3rd party)**
 The contracts for the establishment of the first Local Education Partnership (Kent LEP1 Ltd), including the PFI Agreement for the construction of the three PFI schools, were signed on 24th October 2008. The three PFI schools are nearly a year into their construction programme and although they remain marginally ahead of schedule, the current projections are that the schools will be handed over on the planned service availability date. It is anticipated that the costs will remain in line with the breakdown above.
- (b) **Implications for KCC of details reported in (a) i.e., could an increase in the cost result in a change to the unitary charge ?**
 The PFI Contractor bears the risk of any delays to the construction programme (with the exception of any agreed compensation events). Consequently, any delays that may arise in the construction programme will not impact on the unitary charge.

- Building Schools for the Future (future waves)

£179.1m of investment in the BSF future waves represents estimated investment by a third party. No payment is made by KCC for the new/refurbished assets until the assets are ready for use and this is by way of an annual unitary charge to the revenue budget.

	2010-11	2011-12	Future Years	Total
	£'000s	£'000s	£'000s	£'000s
Budget	18,000	66,000	95,100	179,100
Actual / Forecast	18,000	66,000	95,100	179,100
Variance	0	0	0	0

- (a) **Progress and details of whether costings are still as planned (for the 3rd party)**
 Contracts for future BSF waves are still to be finalised and agreed and ,as such, the figures are best estimates

(b) **Implications for KCC of details reported in (a) i.e., could an increase in the cost result in a change to the unitary charge?**

The PFI Contractor bears the risk of any delays to the construction programme (with the exception of any agreed compensation events). Consequently, any delays that may arise in the construction programme will not impact on the unitary charge.

1.2.8 Project Re-Phasing

Cash limits are changed for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the rephasing will be shown. The possible re-phasing is detailed in the table below.

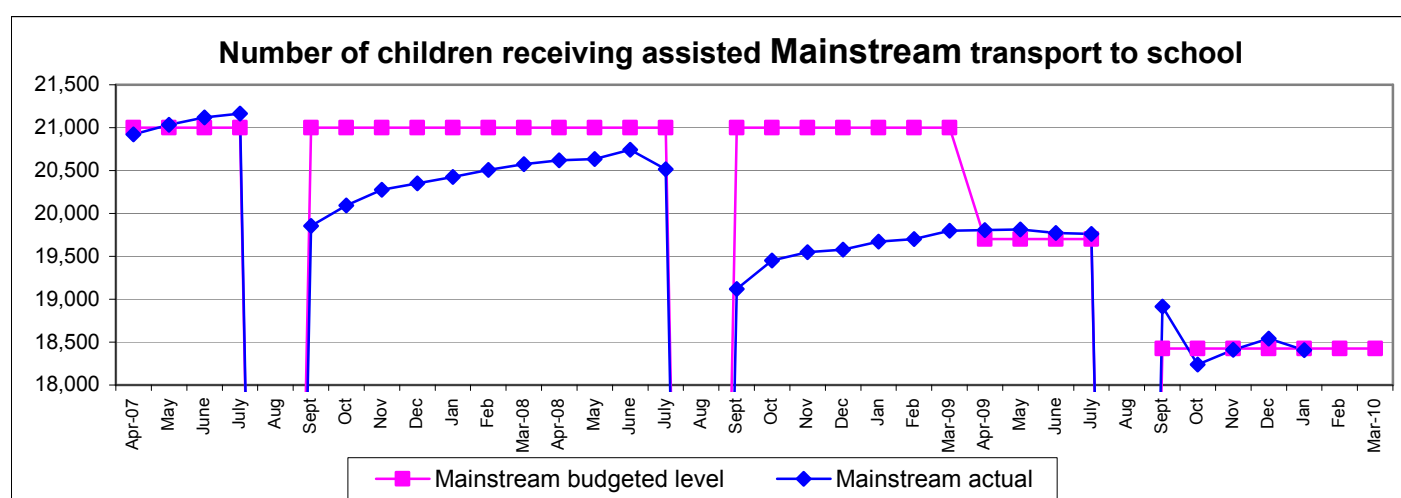
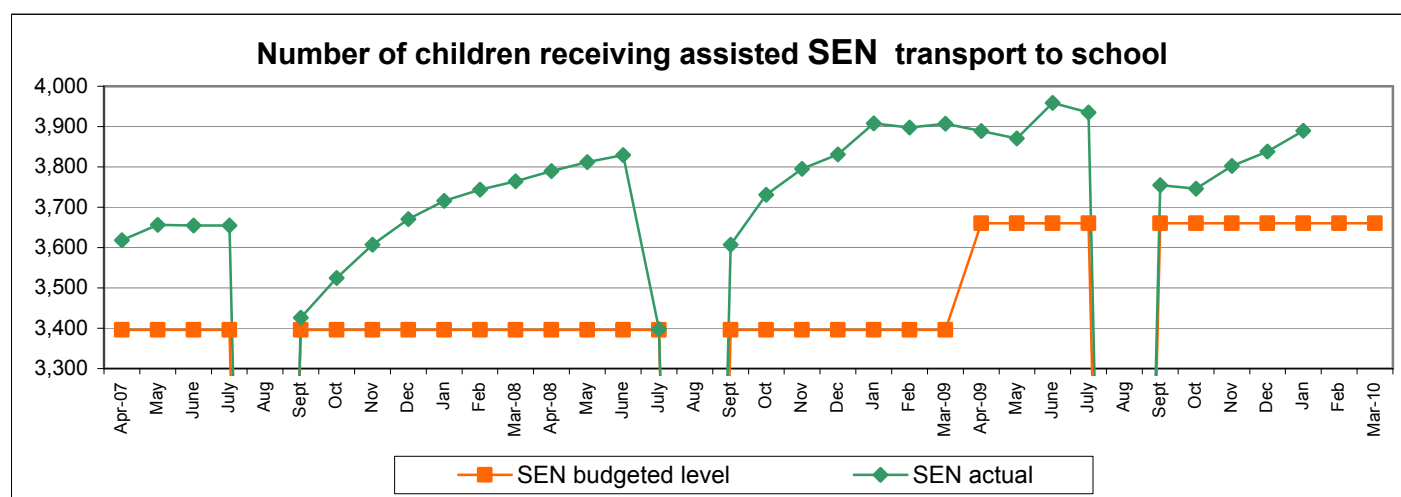
	2009-10	2010-11	2011-12	Future Years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Management & Modernisation of Assets					
Amended total cash limits	+503	+311	+61	+61	+936
re-phasing	-147	+147	0	0	0
Revised project phasing	+356	+458	+61	+61	+936
Childrens Centres					
Amended total cash limits	+15,625	+14,894	+7	0	+30,526
re-phasing	-3,859	+3,859	0	0	0
Revised project phasing	+11,766	+18,753	+7	0	+30,526
Horizon (Primary Improvement Programme)					
Amended total cash limits	+1,637	+395	0	0	+2,032
re-phasing	-193	+193	0	0	0
Revised project phasing	+1,444	+588	0	0	+2,032
The Manor School (Primary Improvement Programme)					
Amended total cash limits	+3,944	+2,012	+25	0	+5,981
re-phasing	-146	+146	0	0	0
Revised project phasing	+3,798	+2,158	+25	0	+5,981
Rose Street (Primary Improvement Programme)					
Amended total cash limits	+136	+1,132	+32	0	+1,300
re-phasing	-20	-171	+128	+63	0
Revised project phasing	+116	+961	+160	+63	+1,300
Transforming Short Breaks					
Amended total cash limits	+771	+4,220	+1,493	0	+6,484
re-phasing	-238	+238	0	0	0
Revised project phasing	+533	+4,458	+1,493	0	+6,484
Service Redesign					
Amended total cash limits	+251	0	0	0	+251
re-phasing	-251	+251	0	0	0
Revised project phasing	0	+251	0	0	+251
Primary Improvement Programme (Approval to Plan)					
Amended total cash limits	+1,377	+9,143	+9,518	+11,477	+31,515
re-phasing	-304	-717	+1,828	-807	0
Revised project phasing	+1,073	+8,426	+11,346	+10,670	+31,515

	2009-10	2010-11	2011-12	Future Years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Eastchurch Ps (Primary Improvement Programme)					
Amended total cash limits	+140	+3,312	+908	0	+4,360
re-phasing	+93	-856	+745	+18	0
Revised project phasing	+233	+2,456	+1,653	+18	+4,360
Dartford Grammar for Girls					
Amended total cash limits	+1,400	+798	0	0	+2,198
re-phasing	-500	+500	0	0	0
Revised project phasing	+900	+1,298	0	0	+2,198
Archbishop Courtenay					
Amended total cash limits	+1,481	0	0	0	+1,481
re-phasing	-1,477	+1,477	0	0	0
Revised project phasing	+4	+1,477	0	0	+1,481
Annual Maintenance Programme					
Amended total cash limits	+17,331	+8,433	+14,361	+14,361	+54,486
re-phasing	-1,806	+1,806	0	0	0
Revised project phasing	+15,525	+10,239	+14,361	+14,361	+54,486
SSR - Grange Park					
Amended total cash limits	+4,002	+1,146	+7		+5,155
re-phasing	-116	+116	0	0	0
Revised project phasing	+3,886	+1,262	+7	0	+5,155
SSR Valence School					
Amended total cash limits	+1,468	0	0	0	+1,468
re-phasing	-207	+207	0	0	0
Revised project phasing	+1,261	+207	0	0	+1,468
Practical Cooking Spaces					
Amended total cash limits	+1,560	+2,130	0	0	+3,690
re-phasing	-325	+325	0	0	0
Revised project phasing	+1,235	+2,455	0	0	+3,690
Multi Agency Specialist Hubs					
Amended total cash limits	+596	+1,904	+3,000	+3,930	+9,430
re-phasing	-368	+368	0	0	0
Revised project phasing	+228	+2,272	+3,000	+3,930	+9,430
Total re-phasing >£100k	-9,864	+7,889	+2,701	-726	0
Other re-phased Projects below £100k.	-249	+187	+72	-10	
TOTAL RE-PHASING	-10,113	+8,076	+2,773	-736	0

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

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

	2007-08				2008-09				2009-10			
	SEN		Mainstream		SEN		Mainstream		SEN		Mainstream	
	Budgeted level	actual	Budgeted level	actual	Budgeted level	actual	Budgeted level	actual	Budgeted level	actual	Budgeted level	actual
April	3,396	3,618	21,000	20,923	3,396	3,790	21,000	20,618	3,660	3,889	19,700	19,805
May	3,396	3,656	21,000	21,032	3,396	3,812	21,000	20,635	3,660	3,871	19,700	19,813
June	3,396	3,655	21,000	21,121	3,396	3,829	21,000	20,741	3,660	3,959	19,700	19,773
July	3,396	3,655	21,000	21,164	3,396	3,398	21,000	20,516	3,660	3,935	19,700	19,761
Aug	0	0	0	0	0	0	0	0	0	0	0	0
Sept	3,396	3,426	21,000	19,855	3,396	3,607	21,000	19,118	3,660	3,755	18,425	18,914
Oct	3,396	3,525	21,000	20,093	3,396	3,731	21,000	19,450	3,660	3,746	18,425	18,239
Nov	3,396	3,607	21,000	20,276	3,396	3,795	21,000	19,548	3,660	3,802	18,425	18,410
Dec	3,396	3,671	21,000	20,349	3,396	3,831	21,000	19,579	3,660	3,838	18,425	18,540
Jan	3,396	3,716	21,000	20,426	3,396	3,908	21,000	19,670	3,660	3,890	18,425	18,407
Feb	3,396	3,744	21,000	20,509	3,396	3,898	21,000	19,701	3,660		18,425	
March	3,396	3,764	21,000	20,575	3,396	3,907	21,000	19,797	3,660		18,425	



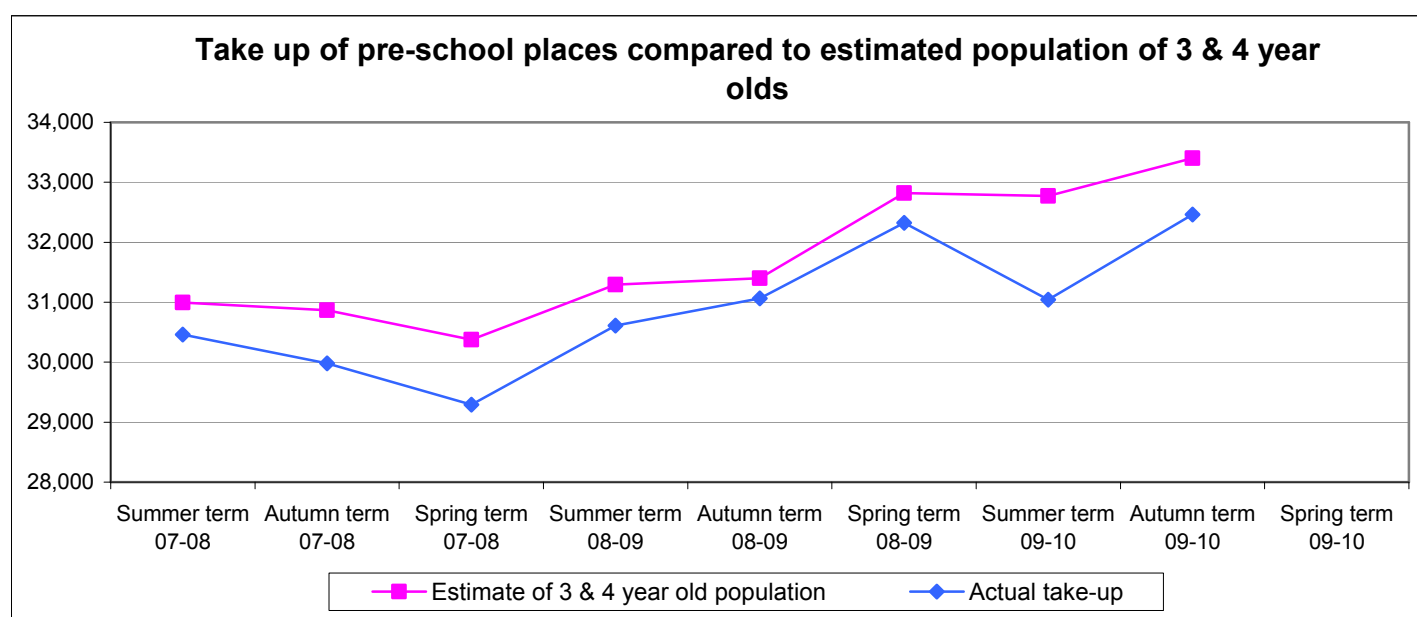
Comments:

- **SEN HTST** – The number of children requiring SEN transport continues to be higher than budgeted levels, however the latest forecast suggests an underspend of £387k. This is partly due to the cancellation of transport during the period of snow in December and we are investigating further the level of savings achieved from contract renegotiations as detailed in section 1.1.3.11.
- **Mainstream HTST** – The activity suggests the number of children requiring mainstream transport is approximately equivalent to the budgeted level. However, as explained in section 1.1.3.9, savings

have been generated through the contract renegotiation which means we can now afford more travellers than the budgeted level suggests. In addition, extra savings have been generated following the reduced costs of transport during the snow in December. Overall therefore we are currently forecasting an underspend of £992k.

2.2.1 Take up of pre-school places against the number of places available, split between Private Voluntary and Independent Sector (PVI) places and School places:

	<i>PVI places taken up</i>	<i>School places taken up</i>	Total places taken up	Estimate of 3 & 4 year old population	% take up
2007-08					
Summer term	20,675	9,485	30,460	30,992	98%
Autumn term	14,691	15,290	29,981	30,867	97%
Spring term	17,274	12,020	29,294	30,378	96%
2008-09					
Summer term	20,766	9,842	30,608	31,294	98%
Autumn term	14,461	16,604	31,065	31,399	99%
Spring term	19,164	13,161	32,325	32,820	98%
2009-10					
Summer term	21,175	9,868	31,043	32,770	95%
Autumn term	15,211	17,254	32,465	33,401	97%
Spring term					



Comments:

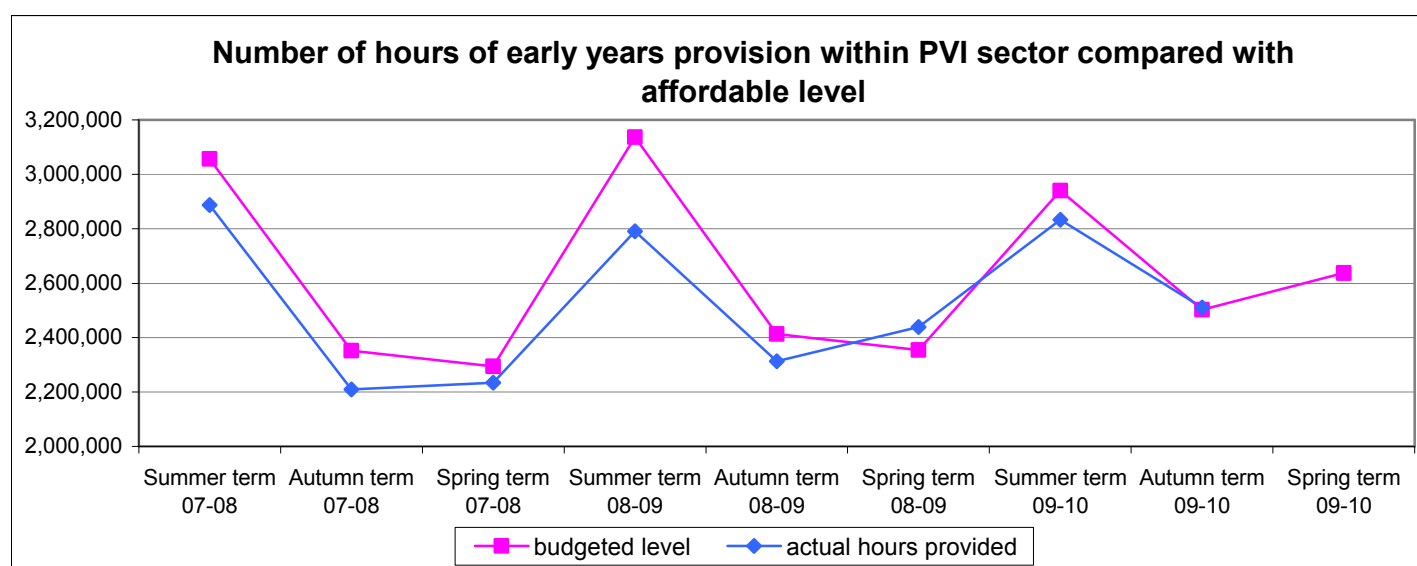
- This graph shows that currently 97% of the estimated population of 3 and 4 year olds are receiving some level of early years provision, whether this be one session per week for 33 weeks or five sessions per week for 38 weeks.
- This activity indicator is based on headcount and provides a snapshot position 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 will correlate with the variance on the Early Years budget within the Management Information Unit. However as this budget is funded entirely from DSG/standards fund, any surplus or deficit at the end of the year must be carried forward to the next financial year in accordance with the regulations, and cannot be used to offset over or underspending elsewhere in the directorate budget. Therefore, as any unspent DSG Early Years funding has to be returned to schools, in 2009-10 an estimated underspend of £1m will be transferred to the schools unallocated reserve and hence is not included in the overall directorate forecast shown in table 1, but is reported in the narrative in section 1.1.3.29 of this annex. Expenditure relating to the increase in the free entitlement from 12.5hrs to 15hrs a week will be funded from Standards Fund, a 17month ring-fenced specific grant, which

requires any resulting underspends to be carried forward to the next financial year to be spent by 31st August 2010.

- It should be noted that in the Autumn term each year, there is a shift in actual places taken up from PVI sector to schools due to the movement of 4 year olds into reception classes in mainstream schools.
- It appears the drop in the percentage take-up in the Summer Term may have been an anomaly and further updates on this position will be given in future monitoring reports.

2.2.2 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		2009-10	
	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided
Summer term	3,056,554	2,887,134	3,136,344	2,790,446	2,939,695	2,832,550
Autumn term	2,352,089	2,209,303	2,413,489	2,313,819	2,502,314	2,510,826
Spring term	2,294,845	2,233,934	2,354,750	2,438,957	2,637,646	
	7,703,488	7,330,371	7,904,583	7,543,222	8,079,655	5,343,376



Comments:

- The budgeted number of hours per term is based on an assumed level of take-up and the assumed number of weeks the providers are open. The variation between the terms is due to two reasons: firstly, the movement of 4 year olds at the start of the Autumn term into reception year in mainstream schools; and secondly, the terms do not have the same number of weeks.
- The phased roll-out of the increase in the number of free entitlement hours from 12.5hrs to 15 hrs per week began from September 2009-10. The estimated increase in the number of hours has been factored into the budgeted number of hours for 2009-10. This increase in hours is funded by a specific DCSF Standards Fund grant.
For the Autumn Term there were 39,859 more hours than budgeted for, but this relates entirely to a greater take up of the increase from 12.5 to 15 hours than assumed in the budgeted level and therefore all of this increase will be funded by additional DCSF standards fund grant and has no impact on our net financial forecast position.
- The current activity suggests a DSG underspend of around £1m on this budget which has been mentioned in section 1.1.3.29 of this annex.
- It should be noted that not all parents currently take up their full entitlement and this can change during the year.

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

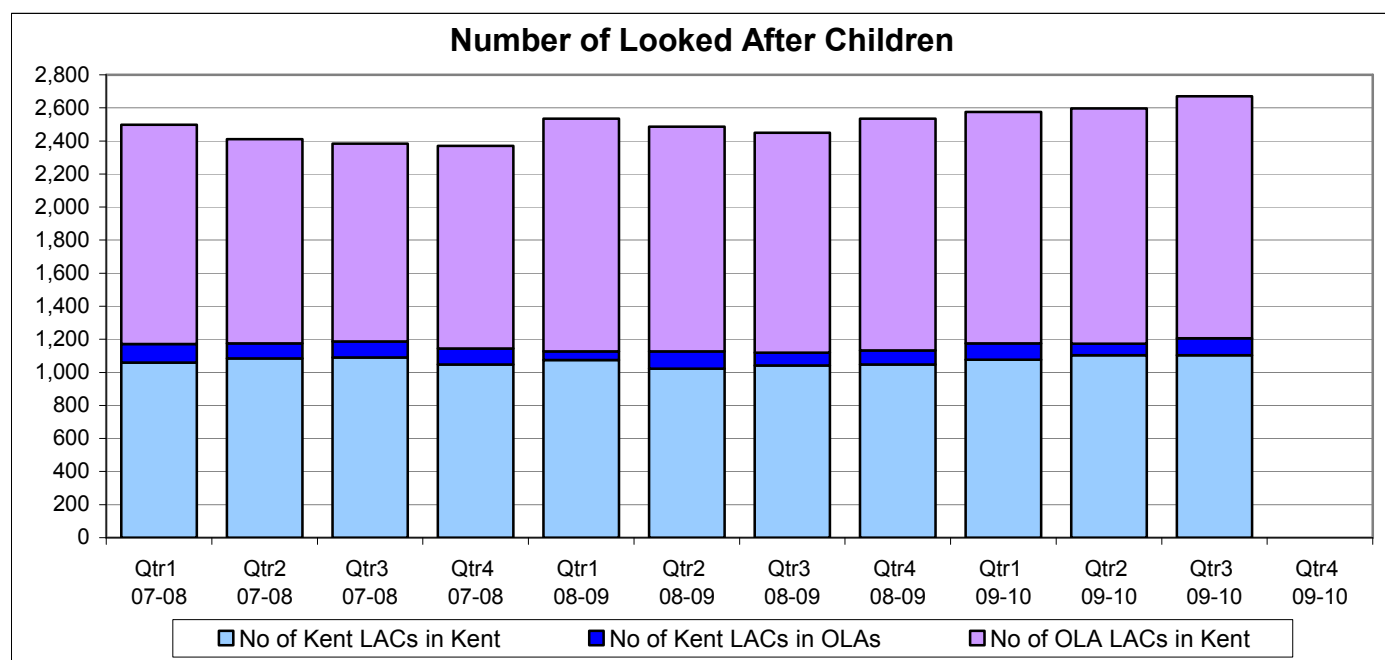
	2005-06	2006-07	2007-08	2008-09	2009-10
	as at 31-3-06	as at 31-3-07	as at 31-3-08	as at 31-3-09	Projection
Total number of schools	600	596	575	570	570
Total value of school revenue reserves	£70,657k	£74,376k	£79,360k	£63,184k	£57,184k
Number of deficit schools	9	15	15	13	23
Total value of deficits	£947k	£1,426k	£1,068k	£1,775k	£2,415k

Comments:

- The information on deficit schools for 2009-10 has been obtained from the schools budget submissions. The directorate receives updates from schools through budget monitoring returns from all schools after 6 months, and 9 months as well as an outturn report at year end.
- The number and value of deficits for 2009-10 is based on the last schools monitoring return. The CFE Statutory team are working with all schools currently reporting a deficit with the aim of returning the schools to a balanced budget position as soon as possible. This involves agreeing a management action plan with each school.
- KCC now has a “no deficit” policy for schools, which means that schools cannot plan for a deficit budget at the start of the year. Unplanned deficits will need to be addressed in the following year’s budget plan, and schools that incur unplanned deficits in successive years will be subject to intervention by the Local Authority.

2.4 Numbers of Looked After Children (LAC):

	No of Kent LAC placed in Kent	No of Kent LAC placed in OLAs	TOTAL NO OF KENT LAC	No of OLA LAC placed in Kent	TOTAL No of LAC in Kent
2007-08					
Apr – Jun	1,060	112	1,172	1,325	2,497
Jul – Sep	1,084	91	1,175	1,236	2,411
Oct – Dec	1,090	97	1,187	1,197	2,384
Jan – Mar	1,047	97	1,144	1,226	2,370
2008-09					
Apr – Jun	1,075	52	1,127	1,408	2,535
Jul – Sep	1,022	105	1,127	1,360	2,487
Oct – Dec	1,042	77	1,119	1,331	2,450
Jan – Mar	1,048	84	1,132	1,402	2,534
2009-10					
Apr – Jun	1,076	100	1,176	1,399	2,575
Jul – Sep	1,104	70	1,174	1,423	2,597
Oct – Dec	1,104	102	1,206	1,465	2,671
Jan – Mar					

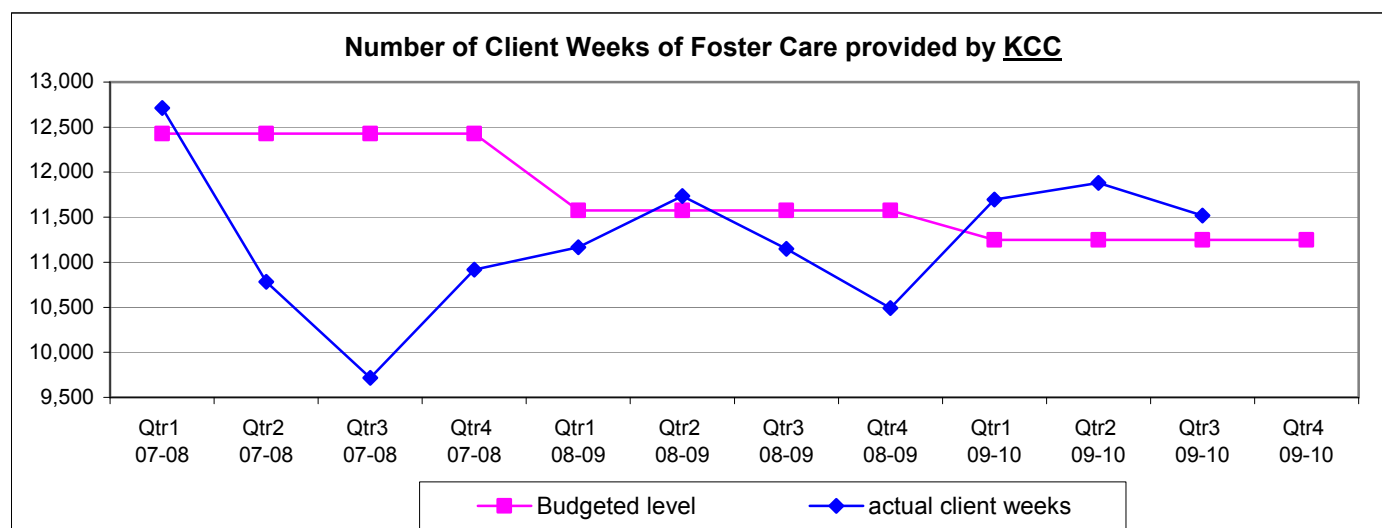


Comments:

- Children Looked After by KCC may on occasion be placed out of the County, which is undertaken using practice protocols that ensure that all long-distance placements are justified and in the interests of the child. All Looked After Children are subject to regular statutory reviews (at least twice a year), which ensures that a regular review of the child's care plan is undertaken. The majority (over 99%) of Looked After Children placed out of the Authority are either in adoptive placements, placed with a relative, specialist residential provision not available in Kent or living with KCC foster carers based in Medway.
- Please note, the number of looked after children for each quarter represents a snapshot of the number of children designated as looked after at the end of each quarter, it is not the total number of looked after children during the period. Therefore although the number of Kent looked after children has increased by 74 since the beginning of the year, there could have been more during the period.
- The increase in Kent looked after children has placed additional pressure on the fostering service and 16+ services budget (see section 1.1.3.21 and 1.1.3.24)

2.5.1 Number of Client Weeks of Foster Care provided by KCC:

	2007-08		2008-09		2009-10	
	Budgeted level	Actual Client Weeks	Budgeted level	Actual Client Weeks	Budgeted level	Actual Client Weeks
Apr – Jun	12,427	12,711	11,576	11,166	11,249	11,695
Jul – Sep	12,427	10,781	11,576	11,735	11,249	11,880
Oct – Dec	12,427	9,716	11,576	11,147	11,249	11,518
Jan – Mar	12,427	10,918	11,576	10,493	11,249	
	49,709	44,129	46,303	44,451	44,997	35,093

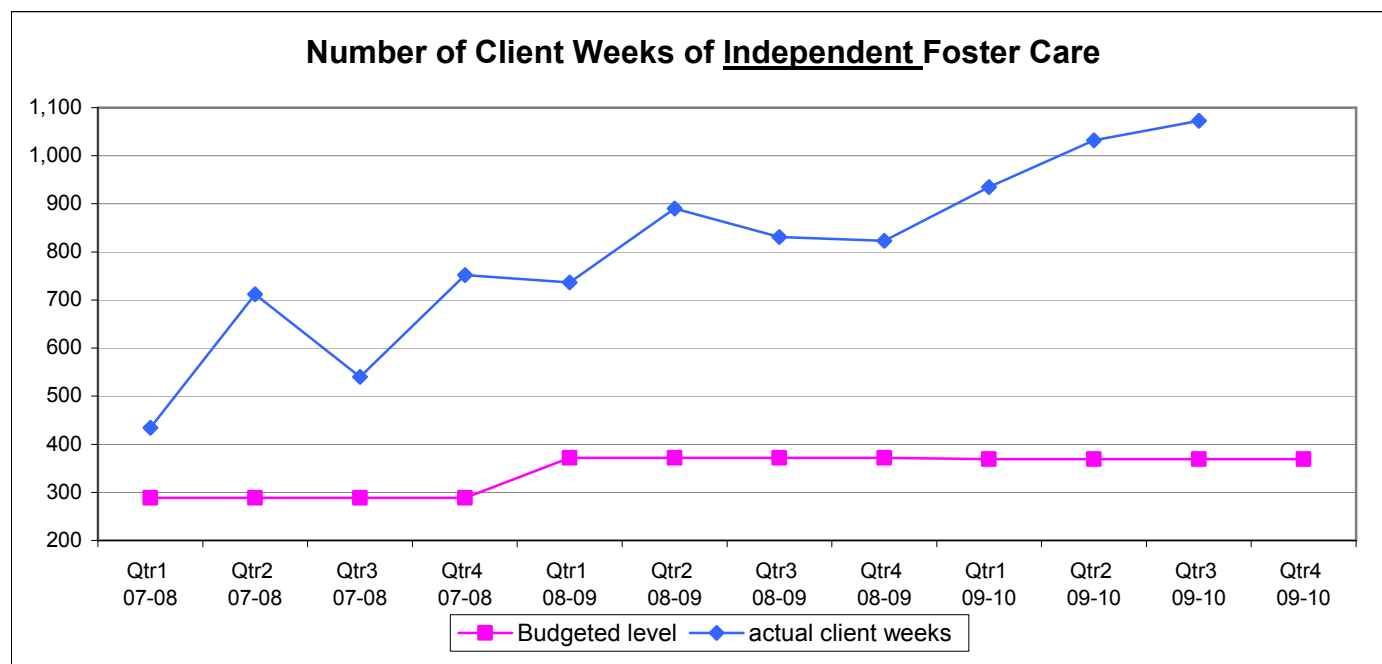


Comments:

- The actual number of client weeks is based on the numbers of known clients at a particular point in time.
- The budgeted level has been calculated by dividing the 2009-10 budget for all in-house fostering (including 16+) by the 2008-09 average weekly cost adjusted for inflation. The average weekly cost is also an estimate based on financial information and estimates of the number of client weeks.
- It should be noted that the data relating to 2007-08 was manually produced due to problems with the IT system and should be treated with some caution.
- The overall net pressure on in-house fostering is expected to be approximately £1,161k, combining both 16+ and fostering service forecasts (sections 1.1.3.21 & 1.1.3.24) and corresponds with forecast activity levels. It should be noted that activity levels for in-house foster care placements are volatile and further information on the apparent trend will be given in future monitoring reports. This pressure is largely attributed to the 16+ age group.
- It must be noted there is a move to increase the number of in-house foster carers to reduce the dependence on more costly independent sector provision. This has not happened as quickly as hoped due to delays in the recruitment of relevant staff. However the number of in-house foster carers has now started to increase, but the dependence on independent sector provision is unlikely to reduce in the short term due to the rise in the overall number of fostering placements and the need to maintain placement stability.

2.5.2 Number of Client Weeks of Independent Foster Care:

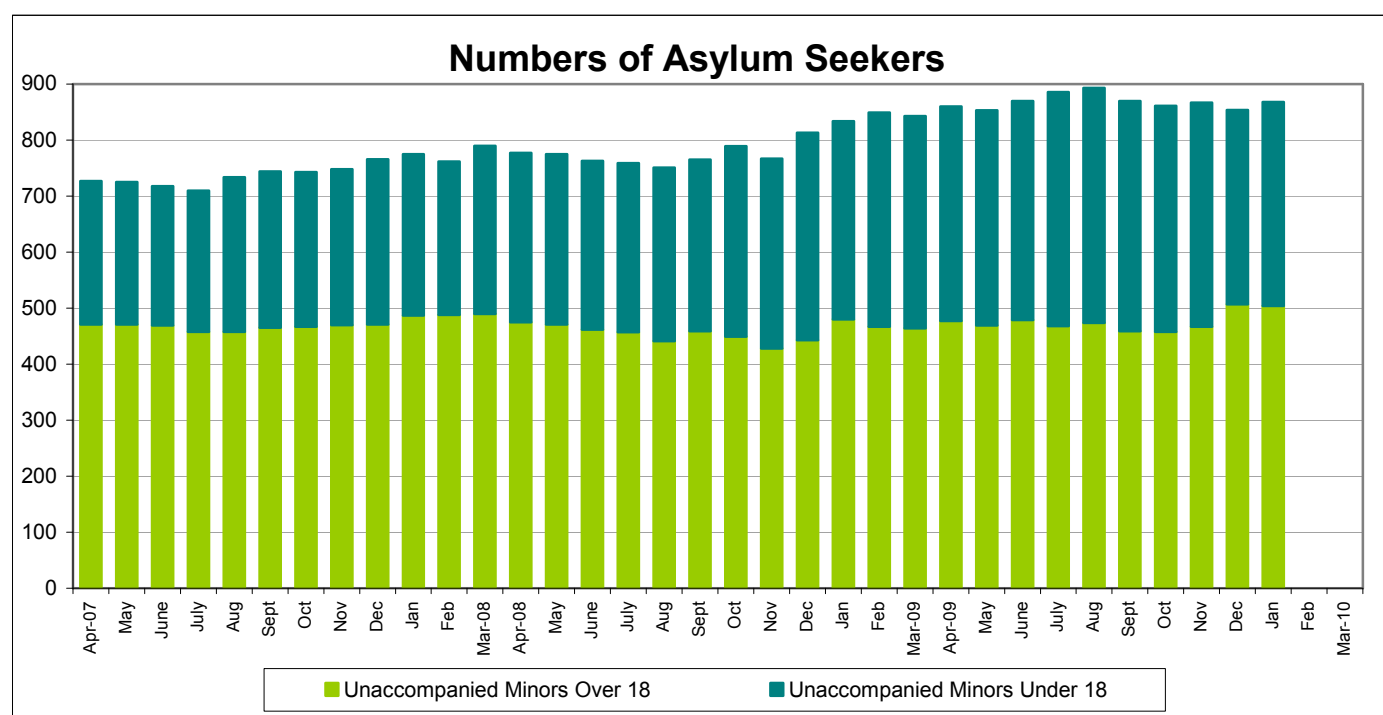
	2007-08		2008-09		2009-10	
	Budgeted level	Actual Client Weeks	Budgeted level	Actual Client Weeks	Budgeted level	Actual Client Weeks
Apr - Jun	289	435	372	737	369	935
Jul - Sep	289	712	372	890	369	1,032
Oct - Dec	289	540	372	831	369	1,075
Jan - Mar	289	752	372	823	369	
	1,154	2,439	1,487	3,281	1,475	3,042



Comments:

- The actual number of client weeks is based on the numbers of known clients at a particular point in time.
- The budgeted level has been calculated by dividing the 2009-10 budget by the 2008-09 average weekly cost adjusted for inflation. The average weekly cost is also an estimate based on financial information and estimates of the number of client weeks and may be subject to change.
- The number of independent sector fostering placements continues to grow in the third quarter of 2009-10 with a 30% increase in the number of weeks purchased in the quarter compared with the final quarter of 2008-09. The projected overspend on independent sector fostering payments is £2,803k combining both 16+ and fostering service forecasts (sections 1.1.3.21 & 1.1.3.24), which is an increase of £964k compared to the 2008-09 outturn.
- The activity relating to Independent Sector Provision is expected to reduce once the number and skill level of in-house foster carers has begun to increase. However this is unlikely to happen in the short term due to the rise in the overall number of fostering placements and the need to maintain placement stability.

	2007-08			2008-09			2009-10		
	Under 18	Over 18	Total Clients	Under 18	Over 18	Total Clients	Under 18	Over 18	Total Clients
April	256	471	727	302	475	777	383	477	860
May	254	471	725	304	471	775	384	469	853
June	249	469	718	301	462	763	391	479	870
July	252	458	710	302	457	759	418	468	886
August	276	458	734	310	441	751	419	474	893
September	279	465	744	306	459	765	411	459	870
October	276	467	743	340	449	789	403	458	861
November	278	470	748	339	428	767	400	467	867
December	295	471	766	370	443	813	347	507	854
January	288	487	775	354	480	834	364	504	868
February	274	488	762	382	467	849			
March	300	490	790	379	464	843			

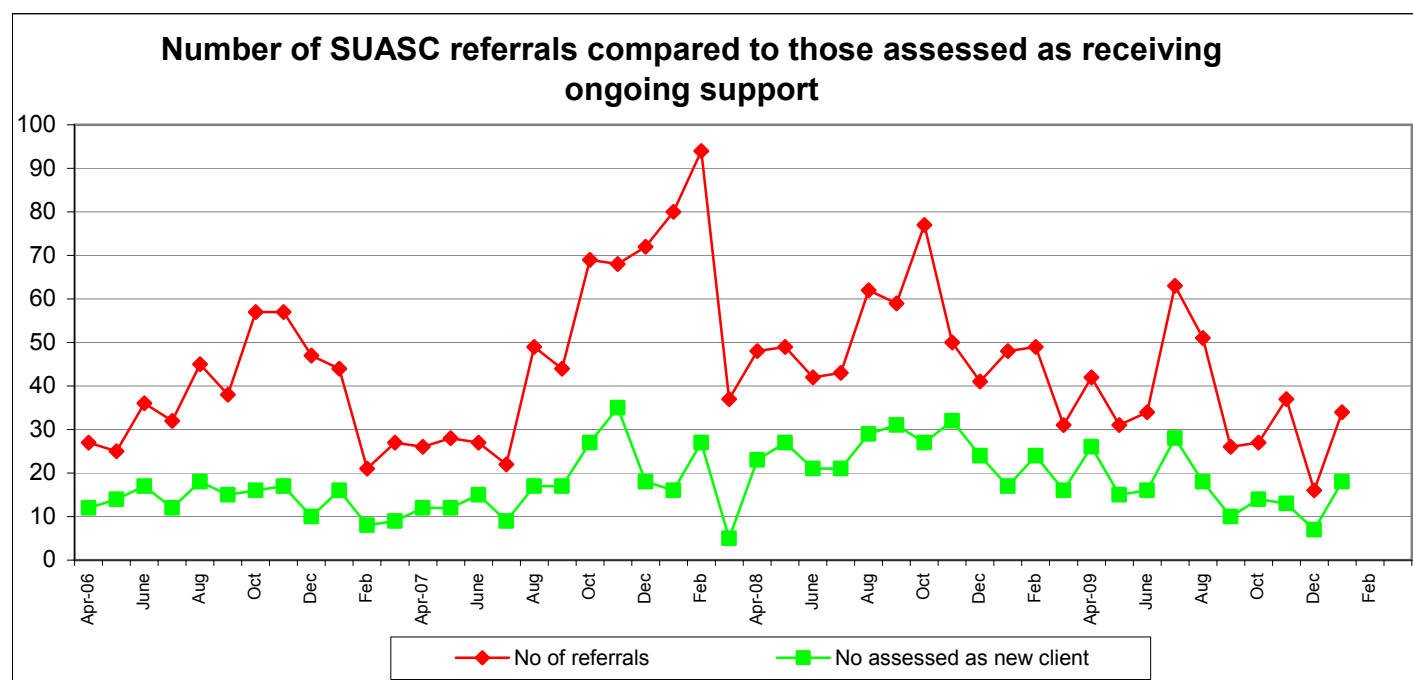


Comment:

- Client numbers have risen as a result of higher referrals and are higher than the projected number, which for 2009-10 is an average of 820 clients per month (approx 6% higher). It is unclear at this time whether this trend will continue.
- The age profile suggests the number of over 18s is increasing and it is this service which is experiencing the shortfall of funding. In addition the age profile of the under 18 children has reduced, with significantly higher numbers being placed in foster care.
- The data recorded above will include some referrals for which the assessments are not yet complete. These clients are initially recorded as having the Date of Birth that they claim but once their assessment has been completed, their category may change.

2.7 Numbers of Asylum Seeker referrals compared with the number assessed as qualifying for on-going support from Service for Unaccompanied Asylum Seeking Children (SUASC) ie new clients:

	2006-07			2007-08			2008-09			2009-10		
	No. of referrals	No. assessed as new client	%	No. of referrals	No. assessed as new client	%	No. of referrals	No. assessed as new client	%	No. of referrals	No. assessed as new client	%
April	27	12	44%	26	12	46%	48	23	48%	42	26	62%
May	25	14	56%	28	12	43%	49	27	55%	31	15	48%
June	36	17	47%	27	15	56%	42	21	50%	34	16	47%
July	32	12	38%	22	9	41%	43	21	49%	63	28	44%
August	45	18	40%	49	17	35%	62	29	47%	51	18	35%
Sept	38	15	39%	44	17	39%	59	31	53%	26	10	38%
Oct	57	16	28%	69	27	39%	77	27	35%	27	14	52%
Nov	57	17	30%	68	35	51%	50	32	64%	37	13	35%
Dec	47	10	21%	72	18	25%	41	24	59%	16	7	44%
Jan	44	16	36%	80	16	20%	48	17	35%	34	18	53%
Feb	21	8	38%	94	27	29%	49	24	49%			
March	27	9	33%	37	5	14%	31	16	52%			
	456	164	36%	616	210	34%	599	292	49%	361	165	46%



Comments:

- The number of referrals has continued to be around the budgeted level of 30 referrals a month since September 2009. The sharp decrease in September coincided with the French Government's action to clear asylum seeker camps around Calais and it is unclear whether the impact of this is likely to be short-term or continued over a longer period.
- The number of referrals has a knock on effect on the number assessed as new clients. The budgeted level is based on the assumption 50% of the referrals will be assessed as a new client. The number assessed as a new client has been consistently higher than the budgeted level, of 15 new clients a month, for the past 18 months however this trend reversed between September and December 2009 but increased again in January 2010.