

By: Keith Abbott, Director, Resources and Planning Group
Rosalind Turner, Managing Director, Children, Families & Education Directorate
Sarah Hohler, Cabinet Member for Children, Families & Education Directorate

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

Date: 24 November 2010

Subject: BUDGET 2011/12 AND MEDIUM TERM FINANCIAL PLAN 2011/12 TO 2012/13

Classification: Unrestricted

Summary: This report identifies the proposed strategy for determining next year's budget and the financial plans for the following years. This includes an initial analysis of Spending Review 2010, the likely impact on the overall funding for KCC, the indicative cash limit for the Children, Families and Education portfolio, and the latest indications of likely pressures facing the Children, Families and Education portfolio.

Recommendation: Members are asked to review and comment on the pressures outlined for the Children, Families and Education portfolio and to identify their priorities in order to meet the indicative cash limit.

FOR COMMENT

Introduction

1. (1) The Autumn Budget Statement is due to be presented to Cabinet on 29th November 2010 and will set out the proposed budget strategy following the Spending Review announcement on 20th October. Even after the Spending Review announcement we will not know the full impact on the County Council's grants until we get the provisional Local Government Finance settlement. Indications are that we will not receive this settlement information until early December, and it is not until that point that we expect to receive details from the Department for Education on the detailed School Budget settlement.

(2) The Spending Review and Local Government Finance announcements will give us the final detail but we have been planning based on a likely scenario of a 5% per annum reduction in cash terms in Government grants. This assumption was based on the Chancellor's statement in his emergency budget that unprotected spending departments

should plan for a 25% reduction in real terms from the forthcoming spending review.

(3) The overall for position for the County Council was that we estimated the combination of reduced grant allocations and demands for budget pressures would amount to a gap of £340m over the next four years (a reduction of 36% in real terms on KCC's net budget). The gap for the next two years was estimated at £136m.

Background

2. (1) Provisional cash limits for 2011/12 and 2012/13 were approved by the County Council on 18th February 2010 in the Medium Term Plan (MTP) for 2009/12. The approved MTP for the Children, Families and Education portfolio is included as appendix 1. These provisional cash limits will be updated for known changes such as transfers of activities or staff between portfolios and identified as base budget adjustments in monitoring reports.

(2) We are proposing that the provisional cash limits are updated for unavoidable pressures. These may be new pressures, changes to pressures identified in the existing published MTP, or resisting previously identified pressures. In all cases the amounts included as budget pressures have been thoroughly scrutinised to ensure only legitimate unavoidable pressures have been included in cash limits. Any pressures arising from individual portfolio proposals which are not unavoidable will have to be met within existing cash limits through corresponding savings elsewhere in the portfolio.

(3) Portfolios have been set targets for budget savings via the indicative cash limits on a priority-led basis to target savings according to highest relative spend and KCC priorities for services as outlined in the consultative document "Bold Steps for Kent". In setting these targets we have been clear that we need to drive out as much as possible from efficiency savings. These indicative cash limits are intended to give members and officers an indication of the magnitude of the savings needed in order to close the £136m gap and will be revised before the draft budget is published to take account of the specific proposals contained therein.

(4) The revised indicative cash limit for the Children, Families and Education portfolio is summarised in table 1 below.

Table 1	2011/12 £000s	2012/13 £000s	Total £000s
<u>Existing Approved MTP</u>			
Base	213,173	198,788	213,173
Base Adjustments	-215	0	-215
Pressures	6,389	4,198	21,226
Grants (e.g. DSG)	-4,266	-2,642	-17,547
Savings & Income	-6,636	-3,098	-9,734
Total Existing MTP	208,445	197,246	

New Base Budget Adjustments	-225	0	-225
New & Changed Pressures	4,800	0	2,612
Savings Target	-14,232	-16,229	-28,273
Proposed Cash Limit	198,788	181,017	181,017

Latest Developments: National Context

3. (1) The outcome of the Spending Review 2010 was announced on 20th October and set out the Government's **national spending plans** for 2011/15. The Spending Review gives us an overall indication of the Government's spending priorities by department but does not give us detailed grant settlements. We are anticipating provisional grant settlements in early December.

(2) The overall spending plans are in line with the reductions outlined in the emergency budget in June and the spending review just gives us a clearer indication which departments are to be protected and when reductions will start to bite for different Government departments. The announcements on Formula Grant for local authorities show that the reductions are front loaded with the biggest reductions in 2011/12.

(3) Other than Formula Grant (which now includes the transfer of Area Based and specific grants into the Formula Grant) we do not have any information on the scale of reductions in other government grants or when the reductions might hit. At this stage we are assuming these reductions will be in line with ministerial statements on the average reduction.

(4) The Spending Review announcement includes a confusing comparison of cash reductions in Government Department spending (referred to Department Expenditure Limits) and quoted real terms reductions in grants. Ministers have stated that councils will face an average loss of grant of 7.25% in real terms in each of the next 4 years, although we are concerned that the front loading of reductions in Formula Grant will mean that this average could disguise in year differences. The impact of distributional changes as Area Based and specific grants are transferred into the formula (as well as changes to the formula methodology) are also likely to result in further variations from this average for individual authorities.

(5) As outlined in paragraph 3.2 we do know the cash reductions in Formula Grant. This shows a reduction of £4.1bn over the next two years (14.4%) and £5.6bn over the four years (19.6%). These reductions **include** the extra £1bn for personal social services and the £0.7bn Council Tax Freeze Grant.

(6) In summary the Spending Review has confirmed the following changes to the national funding arrangements for local government:

- The overall reduction in grants to councils of an average of 7.25% in real terms in each of the next 4 years.
- Reduction in the baseline Formula Grant of £7.2bn reduction in cash terms over the next four years but with savings front loaded into 2011/12. This equates to a 29.2% reduction in cash terms (35.6% real terms) over four years with 22.4% cash reduction (25.6% real terms) in the first 2 years
- Transfer of £3.4bn of Area Based and Specific Grants into Formula grant. These transferred grants are subject to differential increases or reductions over the two/four year period which marginally change the overall reductions
- The allocation of a new £1bn grant for Social Services within the Formula Grant (with a further £1bn to be administered as a specific grant from Department of Health)
- The allocation of a new £0.7bn grant to honour the pledge to support councils in freezing Council tax increases for 2011/12. This grant provides funding for the four year period and thus earlier fears that a freeze would not be sustainable have been alleviated for this spending review period.
- Introduction of a new, un-ringfenced Early Intervention Grant to local authorities. This grant will amount to £2 billion by the end of the spending review period and will include funding for Sure Start and other preventative services for children, young people and families.

(7) Over the last 2 years inflation initially declined in the wake of the recession in autumn 2008/winter spring 2009 but has been rising since autumn 2009 and has only recently started to marginally decline. Throughout the period other than for a brief period in summer 2009 inflation has exceeded the Government's 2% target for CPI. Inflation remains as one of the most significant pressures on our budgets and resisting inflationary pressures through negotiating with suppliers remains a key strategy to balance the budget.

(8) There are different indices used to measure inflation which enable an annual rate of underlying inflation to be calculated:

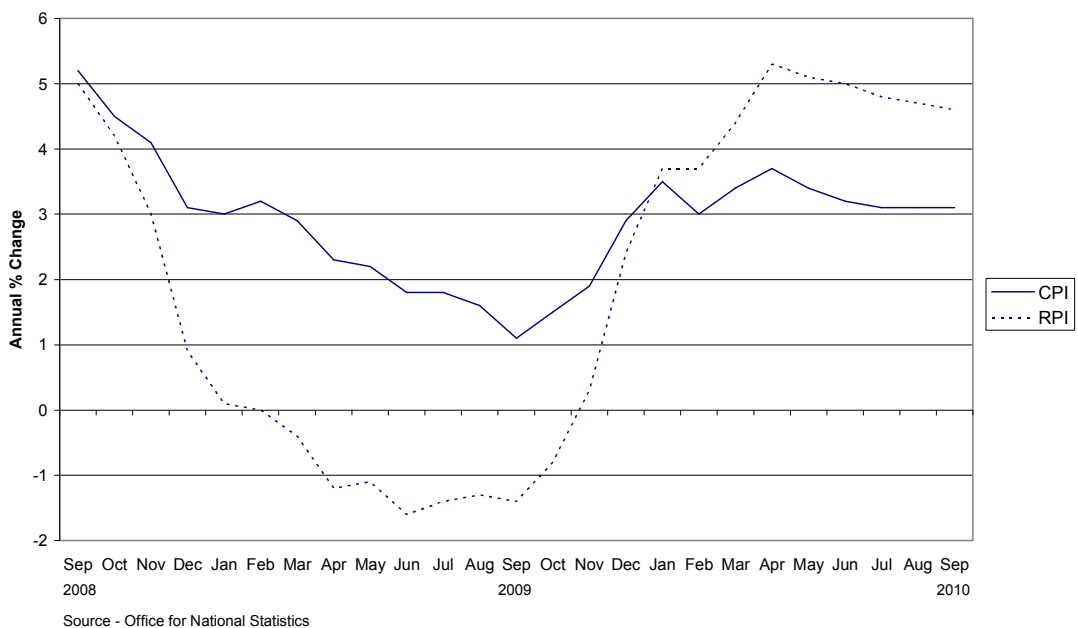
Retail Price Index (RPI) – This is the traditionally accepted measure for inflation and has been calculated continuously since June 1947. In the past it is used by the government to update pensions, benefits and index-linked gilts. However, in his Emergency Budget the Chancellor announced that in future all benefits, tax credits and public sector would be updated by CPI rather than RPI (with a guaranteed increase of at least 2.5% for state pensions). RPI is still commonly used to update contracts, and is often taken into account in wage bargaining

Consumer Price Index (CPI) – This is the measure now adopted by Government for targets on the economy. It is based on harmonised

consumer index prices (HCIP) and enables comparison on internationally agreed standards throughout Europe. It does not include mortgage interest or indirect taxes but does include some financial services not included in RPI.

Beneath the headline figures for RPI and CPI there are detailed indices for individual areas of spending such as energy, housing, food, etc. We use projections of the detailed indices in determining inflationary pressures rather than the general all items index (for some contracts we use specific indices where these are written into the contract terms).

(9) The chart below shows the changes in the all items indices of inflation over the last 2 years.



Latest Developments: National Context (Schools)

(1) The Department for Education has confirmed that the total schools' budget will rise by £3.6 billion in cash terms by 2014-15. This equates to 0.1 per cent real terms growth in each year of the spending review. At the same time, the Secretary of State has also confirmed the introduction of a Pupil Premium from September 2011, which by 2014-15 will equate to £2.5 billion nationally.

(2) The other significant headline for schools from the CSR announcements is confirmation that a number of specific grants are having their ring fencing removed and will be mainstreamed into the Dedicated Schools Grant. Whilst the current cash value of these is being protected at a national level, their distribution between local authorities could be varied.

(3) Whilst these announcements represent a favourable outcome compared to most other parts of public sector, some of the other decisions

made by Government will put pressure on the schools' budget. These include:

- a) The new £2.5 billion Pupil Premium has to be funded from the £3.6 billion increase
- b) The national increase in pupil numbers has to be funded from the £3.6 billion increase
- c) The new Carbon Reduction Commitment – estimated to cost KCC schools over £1m per annum will have to be paid from the schools' budget.
- d) In addition, we already know that the Harnessing Technology Grant has been stopped early, which means schools' Broadband costs have to be absorbed by schools.
- e) The extension of the free Early Years entitlement to disadvantaged two year olds has to come out of the total schools' budget

(4) At the moment the Department for Education are considering the method for allocating the pupil premium to local authorities and ultimately Schools. If the government dictates the mechanism for distributing the pupil premium, probably according to registered Free School Meal (FSM) entitlements, we should, therefore, expect budget changes at school level to be highly variable. Schools with high FSM and a rising roll should see some cash increases, whereas schools with static rolls and low FSM would almost certainly see budget reductions.

(5) The government points out that it expects schools to be able to make procurement and back office savings of around £1 billion that can be re-invested. It is highly likely that the Department for Education will achieve this by setting a negative minimum funding guarantee percentage. The Treasury press release suggested £1.1 billion could also be "freed-up" as a result of the public sector freeze.

(6) On 9 November, the local authority launched a Schools Funding Formula Review consultation which aims to remove some of the current funding anomalies brought about by previous government grant initiatives. The Local Authority with the Schools' Funding Forum has undertaken detailed work throughout the summer months before finalising the proposals to consult on. The pupil premium risks introducing new anomalies. The purpose of this new funding is fully supported but we would like to see it distributed in a way that is consistent with our local formula, which already recognises disadvantage, and enables all schools to see some benefit over this difficult four year period. The consultation closes on Friday the 17 December.

Revenue Budget Strategy

5. (1) Following the Spending Review announcement we have reviewed our assumptions about the overall gap. We remain confident at this stage that our overall strategy for a gap of £340m over four years is still realistic. However, in light of the front loading of the reductions in Formula Grant we are now estimating that the magnitude of savings needed to balance

estimated grant reductions and pressures for 2011/12 and 2012/13 is £153m. At this stage this revision to the targets for the first two years has not been reflected in the indicative cash limits subject to confirmation of provisional grant settlements in early December.

(2) The Directorate's strategy in meeting these indicative cash limits is clearly about protecting front line services, particularly those relating to Specialist Children's Services and to look at efficiencies across the rest of the Directorate. Identifying areas for savings over the medium term is particularly difficult at this point in time as we are waiting for the publication of the Education White Paper. In addition we are eagerly awaiting the details of next month's funding announcements to see what impact the un-ringfencing of specific grants will have on the Directorate's budget.

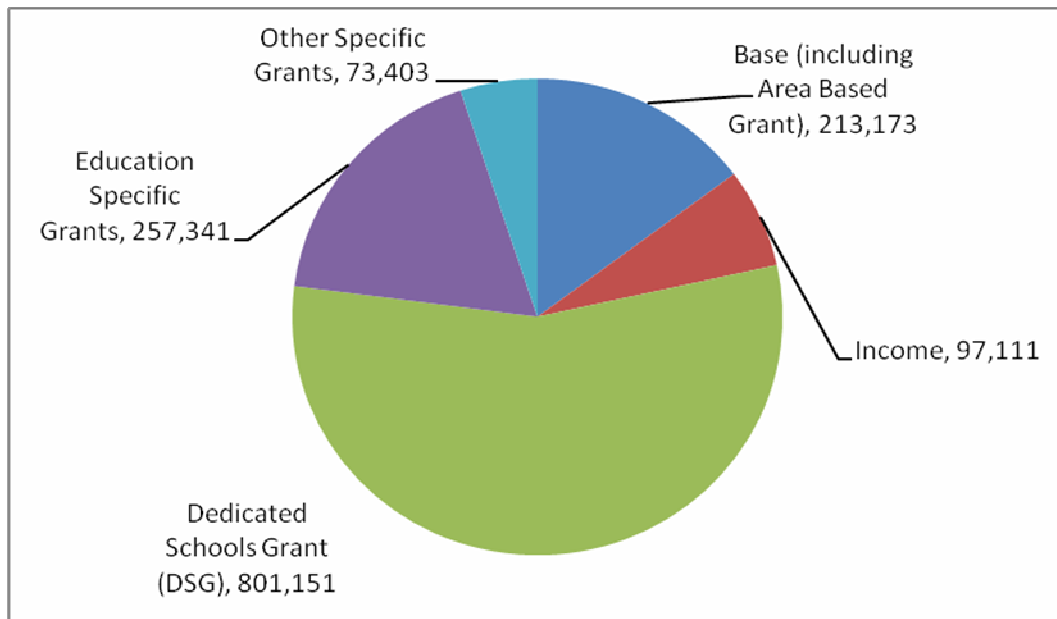
The current budget and medium term priorities

6. (1) The current budget for the portfolio(s) under the oversight of this POSC is as follows:

	Gross spend £'000	Income £'000	Net spend £'000
Portfolio controllable	1,442,179	-1,229,006	213,173

The majority of the gross budget of £1,442.2k is funded from specific grants. An analysis of the funding source is provided below for information.

	£'000s
Base (including Area Based Grant)	213,173
Income	97,111
Dedicated Schools Grant (DSG)	801,151
Education Specific Grants	257,341
Other Specific Grants	73,403
Total	<u>1,442,179</u>



Further detail is outlined in Appendix 1.

(2) In very brief summary this budget provides for the following outcomes, outputs and/or service improvements:

- Provide advice, support and challenge to 570 schools, 740+ private, voluntary and independent early years providers
- School place planning and admissions & transport for Kent pupils
- Support and train 7,500+ school governors
- Work with 570 schools to develop extended services for children and families
- Provide a range of services (residential care, fostering, adoption) to 1,180 Kent Looked After Children
- Provide assessment and care plans for children in need and a range of safeguarding and family support
- Provide support to 870 unaccompanied asylum seeking children
- Support over 6,400 pupils with statements of special educational need
- Support the Kent Children's Trust and Local Children's Service Partnerships and Kent Safeguarding Board.
- Information, advice and support for over 250,000 children and families in Kent

(3) As reported in the quarterly monitoring reports there are spending pressures/savings in the following areas:

- Residential Care (+£745k). This pressure relates to high demand for independent sector provision partially offset by an underspend on secure accommodation.
- Fostering Service (+£1,538k). This pressure relates to a high demand for independent and in-house fostering partially offset by underspend in the county fostering team.

- 16+ Service (+£1,703k). This pressure relates to increased demand for residential and in-house foster care placements. In addition this includes pressure on section 24/leaving care payments.
- Assessment & Related (-£2,400k). This underspend relates to a high level of social worker vacancies.
- Asylum Seekers (+£606k). This pressure relates to the costs incurred in continuing to support young people categorised as All Rights Exhausted & naturalised.
- SEN Transport (-£1,500k). This underspend relates to the full year effect of successful contract renegotiations, coupled with on-going contract reviews.
- Mainstream Home to School Transport (-£638k). This underspend relates to a fall in the number of children requiring transport and contract renegotiations.

Further detail is outlined in Appendix 2.

(4) As outlined in the proposed cash limits we are proposing to provide additional funding of £4,800k for 2011/12 to cover unavoidable pressures in the Specialist Children's Services group:

- Fostering £1,500k
Whilst a review is currently being undertaken of all high cost placements, it is anticipated that some of this demand will continue for the medium term
- 16+ Children's Services £1,500k
This pressure arises from significant demands on this service from a peak in the number of children turning 16. There have been a high number of children transferring to this service in high cost placements, resulting in a pressure on residential care, in-house fostering and Section 24/Leaving Care payments (including supported lodgings).
- Other Preventative Services £500k
This pressure is largely due to a continual rise in the demand for these services particularly on both direct payments and the day care budgets
- Independent Sector Residential Care £1,300k
In the current year the service has seen an increase in the number of children placed in independent sector residential placements

Recommendation

7. Members are asked to
- (i) note the latest information arising from the Spending Review 2010
 - (ii) comment on the proposed additional funding for pressures included in the indicative cash limits and outlined in paragraph 6.4
 - (iii) identify priorities for delivering the indicative cash limits

Contact officer:

Keith Abbott

Director of Resources and Planning

keith.abbott@kent.gov.u.uk

Background documents: *None*

Other useful Information *None*

Appendix 1 – Existing 2010/13 Medium Term Plan and 2010/11 Revenue Budget

Appendix 1 – Section 1 Medium Term Plan

Children, Families & Education Portfolio Revenue Budget

	Staffing FTE	2010-11 £'000	2011-12 £'000	2012-13 £'000
Base budget		210,117	213,173	208,445
Base Budget Adjustments - Internal	16.0	209	-215	0
Base Budget Adjustments- External		0	0	0
Total Base Adjustments	16.0	209	-215	0
Revised Base Budget	16.0	210,326	212,958	208,445
<u>PRESSURES:</u>				
Pay:				
All	Non-Kent Scheme (non DSG)	211	0	0
All	Non-Schools (DSG)	356	632	725
		567	632	725
Prices:				
All	Transport	1,279	753	777
All	Social Care Provision	324	882	1,075
All	Other	0	7	8
All	DSG	1,978	1,551	1,599
		3,581	3,193	3,459
Unavoidable Government/Legislative Pressures:				
Non DSG:				
Res	Phasing of student award reductions	164	0	0
C&I	Administration of casual admissions to primary schools	4.0	55	39
SCS	Tribunals Courts and Enforcements Act 2007	15	17	0
Res	School workforce census	18	0	0
Res	Increase in early education entitlement to 15 hours per week	5,779	0	0

SCS	Net cost of asylum		1,337	0	0
	Sub-total non DSG	4.0	7,368	56	0
DSG:					
Res	Free school meals		26	27	0
Res	Academy central recoupment (LACSEG adjustment)		350	180	14
Learning	Alternative curriculum PRU places - increase rate to £9k per place		300	500	0
	Sub-total DSG		676	707	14
Total Unavoidable Government/Legislative Pressures		4.0	8,044	763	14
Demand/Demographic Led:					
Non DSG:					
SCS	Legal Services		202	0	0
SCS	SEN transport		470	0	0
Res	Home to College Transport		280	0	0
Res	Pensions		550	0	0
C&I	Maintaining disused school buildings		700	0	0
SCS	Fostering service		1,193	0	0
SCS	Special guardianship orders		390	0	0
SCS	Section 17 payments		600	0	0
SCS	16+ service		1,022	0	0
SCS	Therapeutic fostering		150	0	0
	Sub-total non DSG		5,557	0	0
DSG:					
Res	Free School Meals		625	0	0
Res	Maternity in schools		300	0	0
SCS	Independent non maintained special schools		500	0	0
Res	Admissions appeals		100	0	0
SCS	Pupil Referral Units		1,000	0	0
	Sub-total DSG		2,525	0	0
Total Demand/Demographic Led			8,082	0	0
Schools Budget/Block:					
Schools	Schools delegated budgets		29,902	14,658	14,241
Schools	Less: Adjustment for change in pupil no's		-2,653	-3,815	-2,922
Schools	Less: Adjustment for academies (School Budget Share)		-15,573	-8,292	-680
Total Schools Budget/Block			11,676	2,551	10,639

Service Strategies & Improvements:

Non DSG:				
C&I	Prudential borrowing	334	0	0
C&P	Software licences - FYE from 2008/09	28	0	0
Res	Criminal Records Bureau re-checks and Independent Safeguarding Authority	544	0	0
SCS	Partnership with parents	133	0	0
All	Change management programme	750	-750	
Total Service Strategies & Improvements		1,789	-750	0
Total Pressures: Non DSG		4.0	16,528	948
Total Pressures: DSG			17,211	5,441
Total Pressures		4.0	33,739	6,389

SAVINGS AND INCOME:**Grant Increases:**

Non DSG:				
Res	New Specific Grant for increase in early education entitlement	-5,779	0	0
Sub-total non DSG		-5,779	0	0
DSG:				
Res	Dedicated School Grant (DSG) increase before adjustments	-33,454	-16,649	-16,903
Res	Less: Adjustment for change in pupil no's	2,789	3,911	2,928
Res	Less: Adjustment for academies (School Budget Share)	15,573	8,292	680
Res	Less: Adjustment for academies (Local Authority Central Spend Equivalent Grant)	350	180	14
Sub-total DSG		-14,742	-4,266	-13,281
Total Grant Increases		-20,521	-4,266	-13,281

Income Generation:

Non DSG:				
Learning	Charging schools	-300	-160	-180
SCS	CSS Training income target	-200	0	0
Res	Other miscellaneous income targets	-160	0	0
Sub-total non DSG		-660	-160	-180
DSG:				
Res	School rates rebates income target	-100	0	0
SCS	SEN recoupment income	-1,125	0	0

	Sub-total DSG		-1,225	0	0
	Total Income Generation		-1,885	-160	-180
	Savings and Mitigations:				
	Non DSG:				
Res	Transfer of student finance function to Student Loan Company	-25.0	-414	-178	0
C&I	Mainstream home to school transport		-417	0	0
Learning	Support to Sheppey reorganisation	-1.0	-50	0	0
SCS	Administration staffing and infrastructure costs	-8.0	-300	0	0
SCS	Day care		-15	-10	0
C&P	Head of Service and PA		-48	0	0
SCS	Education Psychologists		-83	0	0
SCS	Web based Arete system		-100	0	0
Learning	Restructure/Efficiency - Learning Group	-53.2	-2,429	-1,562	0
SCS	Restructure/Efficiency - Specialist Children's Services Group	-13.8	-175	-109	0
C&P	Restructure/Efficiency - Commissioning & Partnerships Group	-31.5	-536	-209	0
Res	Restructure/Efficiency - Resources and Planning Group	-19.4	-975	-109	0
C&I	Restructure/Efficiency - Capital Projects and Infrastructure Group	-4.1	-52	-32	0
SCS	Out county/residential provision		-200	0	0
SCS	YOS Board post inspection recommendations resisted		-90	0	0
SCS	Independent sector residential care		-350	0	0
SCS	Direct Payments		-80	0	0
SCS	Day care		-61	0	0
C&I	Mainstream home to school transport		-270	0	0
Learning & SCS	End of T2010 targeted funding		-180	-70	0
All	Better targeting of spend on Property Maintenance		-159	0	0
	CED Delegated				
Res	Services provided by CED		-258	-281	0
	Target reduction in net spend		0	-2,741	-3,222
	Sub-total non DSG	-156.0	-7,242	-5,301	-3,222
	DSG:				
Learning	Administrative Officer		-15	0	0
C&P	CAF/LP - removal of one-off set up funding for CAF co-ordinators		-115	0	0
Res	Academy central recoupment (LACSEG)		-350	-180	-14
C&I	Removal of temporary funding for PESE IT		-85	0	0

	system				
Learning	Restructure/Efficiency - Learning Group	-14.0	-464	-336	0
SCS	Restructure/Efficiency - Specialist Children's Services Group	-5.0	-115	-85	0
SCS	Transition arrangements		-100	-200	-200
	Target reduction in net spend		0	-374	518
	Sub-total DSG	-19.0	-1,244	-1,175	304
Total Savings and Mitigations		-175.0	-8,486	-6,476	-2,918
Total Savings and Income		-175.0	-30,892	-10,902	-16,379
Budget controlled by this portfolio		-155.0	213,173	208,445	206,903

Note: The responsibility for post 16 education transfers from the Learning Skills Council to the LA on 1 September 2010. At this point in time the LSC have not been able to provide any financial information to include in this Medium Term Plan.

Appendix 1 – Section 2
**CFE Revenue Budget approved by County Council on 18 February 2010
and recast for the new CFE structure**

	Gross £'000	Income £'000	Net £'000
Delegated Schools Budgets	981,229	-80,517	900,712
Early Years Free Entitlement Budgets	40,239		40,239

Learning Group

Early Years & Childcare	19,339	-107	19,232
Standards and School Improvement (Primary)	9,173	-286	8,887
Standards and School Improvement (Secondary)	9,472	-435	9,036
Workforce & Professional Development	3,515	-1,886	1,629
14-19 Entitlement	4,583	-1,400	3,183
Learners with Additional Needs (excl MCAS)	8,780	-693	8,087
MCAS	2,391	-98	2,293
Total Learning Group	57,253	-4,905	52,348

Specialist Children's Services Group

Residential care	11,082	-882	10,200
Fostering Service	29,899	-227	29,673
Adoption Service	7,179	-50	7,129
Other Preventative Services	15,787	-533	15,254
16+ Service	7,738	0	7,738
Children's Support Services	4,001	-1,362	2,639
Assessment and Related	33,279	-1,705	31,574
Asylum Seekers	13,859	0	13,859
Special Educational Needs and Resources	16,423	-6,720	9,702
Special Educational Needs Transport to Schools	18,740	0	18,740
Independent Sector Provision	12,215	-697	11,518
Attendance & Behaviour Service	29,332	-10,691	18,642
Educational Psychology Service	3,470	0	3,470
Integrated Processes	1,149	-259	890
Children's Centres	21,064	-187	20,876
Integrated Looked After Children's Service	1,646	0	1,646
Total Specialist Children's Services	226,862	-23,314	203,548

Commissioning and Partnership Group

Commissioning	16,561	-1,699	14,862
Safeguarding	3,845	-332	3,513
Management Information	2,325	-31	2,294
Strategic Planning, Partnerships and Democratic	3,986	-1,490	2,496

Services

Total Commissioning & Partnerships Group	26,717	-3,552	23,165
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Resources and Planning Group

Finance (including Awards and Asylum Finance)	8,968	-1,362	7,606
Home to college transport	1,787	-367	1,420
Personnel & Development	16,871	-1,519	15,353
Communication and Information Governance	443	-10	433
Managing Directors Support Services	892	-98	794
Strategic Management	1,287	-24	1,263
Grant income and contingency	18,959	-1,089,825	-1,070,866
Support Services purchased from CED	9,673	0	9,673
Total Resources and Planning Group	58,880	-1,093,204	-1,034,324

Capital Programme and Infrastructure Group

Capital Development Unit (excl Health and Safety)	21,235	-17,190	4,045
Health & Safety / Outdoor Education	634	-321	313
BSF/PFI/Academy Unit	432	0	432
Business Support and Client Services	6,344	-4,837	1,507
Strategic Technology and Digital Curriculum	1,638	-682	956
Admissions and transport	2,004	0	2,004
Mainstream Home to School Transport	15,601	-484	15,117
Area Children's Services Officers	669	0	669
Total Capital Programme and Infrastructure Group	48,557	-23,514	25,043

Budget Controlled by this Portfolio	1,439,737	-1,229,006	210,731
full year effect of CFE restructure savings	2,442		2,442
	1,442,179	-1,229,006	213,173

Appendix 1 – Section 3
Portfolio Subjective Revenue Budget

	Non Delegated £'000	Schools Delegated £'000	2010-11 Spending Plans £'000
Employee Costs			
Salaries and Wages	152,521	748,575	901,096
Pension and Severance Payments	9,011	0	9,011
Training Expenses	6,806	5,584	12,390
Other Employee Costs	631	7,517	8,148
Total Employee Costs	168,969	761,676	930,645
Premises Costs			
Repairs, Alterations and Maintenance	2,706	19,026	21,732
Energy Costs	883	16,254	17,137
Rent	7,457	0	7,457
Rates	1,912	10,324	12,236
Other Premises Costs	4,882	15,267	20,149
Total Premises Costs	17,840	60,871	78,711
Transport Costs			
Vehicle Running Costs	576	0	576
Hire and Pool Car Charges	76	0	76
Home to School / College Transport	36,447	0	36,447
Public Transport (Clients)	1,544	0	1,544
Members and Staff Car Allowances and Travel Expenses	4,221	0	4,221
Total Transport Costs	42,864	0	42,864
Supplies and Services			
Equipment, Supplies and Transfer Payments	7,046	97,186	104,232
Book Fund	0	0	0
Communications and Computing	4,948	17,388	22,336
Members and Staff Expenses (Excl. Travel)	301	0	301
Grants and Subscriptions	49,781	0	49,781
Levies and Other Costs	4,091	5,223	9,314
Free School Meals	3,993	0	3,993

Social Services Payments	2,040	0	2,040
Examination Fees	133	9,603	9,736
Professional Fees	22,222	20,379	42,601
Service Agency Agreements	6,271	0	6,271
PFI Development Costs	14,532	0	14,532
Total Supplies and Services	115,358	149,779	265,137
Third Party Payments			
Highways Contracts	0	0	0
Waste Contracts	0	0	0
Transport Contracts	58	0	58
Social Care Contracts	45,308	0	45,308
Other	26,508	0	26,508
Total Third Party Payments	71,874	0	71,874
Central Support Costs & Internal Recharges	40,448	0	40,448
Capital Financing Costs	0	0	0
Capital Expenditure Financed by Revenue	186	10,000	10,186
Contribution to/from(-) Reserves	2,314	0	2,314
GROSS EXPENDITURE	459,853	982,326	1,442,179
Income			
Contributions	-9,553	-10,211	-19,764
Sales	-225	-26,718	-26,943
Fees and Charges	-1,896	-9,501	-11,397
Other Income	-4,328	-3,052	-7,380
Internal Income	-31,627	0	-31,627
Total	-47,629	-49,482	-97,111
Specific and Supplementary Grants	-199,051	-932,844	-1,131,895
			-
TOTAL INCOME	-246,680	-982,326	1,229,006
NET EXPENDITURE	213,173	0	213,173

**Appendix 2 – 1st Quarters CFE Directorate revenue budget monitoring details
(based on the interim CFE structure)**

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 Budgets	1,026,175	-80,967	945,208	3,401	0	3,401	Estimated drawdown of reserves following 21 schools converting to academies
- Early Years free entitlement budget	40,135	0	40,135	0	0	0	
TOTAL DELEGATED	1,066,310	-80,967	985,343	3,401	0	3,401	
Non Delegated Budget:							
<u>Learning Group:</u>							
- Early Years & Childcare	6,274	-92	6,182	0	0	0	
- Advisory Service Kent (ASK) - Early Years	9,708	-15	9,693	30	-30	0	
- ASK Primary	6,001	-400	5,601	46	-46	0	
- ASK Secondary	3,297	-276	3,021	50	-50	0	
- ASK Strategic Development	3,545	-1,615	1,930	0	0	0	
- ASK Partnerships & Professional Development	2,446	-544	1,902	0	0	0	
- International Development	94	0	94	0	0	0	
- 14 - 24 Unit	5,660	-2,524	3,136	31	-31	0	
- School Organisation	925	0	925	0	0	0	
- School Governance	737	-467	270	0	0	0	
- Extended Services	3,889	-563	3,326	0	0	0	
- Minority Community Achievement	1,699	-116	1,583	0	0	0	
- Specialist Teaching Service	4,195	-535	3,660	0	0	0	
- Local Children's Service Partnerships	69,211	-9,487	59,724	0	0	0	
- Group Savings from restructure	-2,893	0	-2,893	0	0	0	
Total Learning Group	114,788	-16,634	98,154	157	-157	0	
<u>Specialist Children's Services Group:</u>							
- Residential Care	10,253	-2,014	8,239	935	-190	745	High demand for independent sector residential provision partially offset by underspend on secure accommodation

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Fostering Service	25,571	-254	25,317	1,537	1	1,538	High demand for Independent fostering allowances and in-house foster care placements partially offset by underspend in the county fostering team
- Adoption Service	7,400	-40	7,360	-32	0	-32	
- Other Preventative Services	10,371	-425	9,946	497	0	497	Increased demand of direct payments and daycare provision for children with a disability
- 16+ Service	7,738	0	7,738	1,703	0	1,703	Increased demand for residential care and in-house foster care placements, pressure on section 24/leaving care payments
- Childrens Support Services	3,939	-1,400	2,539	-205	5	-200	Underspend on social work professional training
- Assessment & Related	33,850	-1,242	32,608	-2,400	0	-2,400	Staff vacancies
- Asylum Seekers	15,568	-15,111	457	606		606	Costs incurred in supporting young people categorised as All Rights Exhausted & naturalised
- Special Educational Needs (SEN) & Resources	16,813	-6,723	10,090	0	0	0	
- SEN Transport to Schools	18,740	0	18,740	-1,500	0	-1,500	Lower costs resulting from contract renegotiation & fewer children than budgeted level.
- Independent Sector Provision	12,215	-697	11,518	0	0	0	
- Attendance & Behaviour Service	9,227	-1,695	7,532	0	0	0	
- Educational Psychology Service	3,692	-13	3,679	0	0	0	
- Common Assessment Framework & Contactpoint	538	-108	430	0	0	0	
- Group Savings from restructure	-290	0	-290	0	0	0	
Total Specialist Children's Services	175,625	-29,722	145,903	1,141	-184	957	
Commissioning & Partnership Group:							
- Strategic Planning & Review	2,049	0	2,049	-160	0	-160	NFER survey not due to be completed in 2010-11
- Policy & Performance (Vulnerable Children)	6,089	-1,077	5,012	0	0	0	
- Management Information	2,433	-117	2,316	0	0	0	
- Commissioning	14,810	-1,477	13,333	0	0	0	
- Business Planning & Management Unit	7,490	-465	7,025	177	22	199	Additional costs relating to the children social services legal services
- Group Savings from restructure	-536	0	-536	0	0	0	
Total Commissioning & Partnerships Group	32,335	-3,136	29,199	17	22	39	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Resources & Planning Group:							
- Finance	4,254	-1,128	3,126	0	0	0	
- Awards	5,453	-603	4,850	207	0	207	Staffing pressure resulting from handover of work to the Student Loans Company. High demand for home to college transport
- Personnel & Development	17,311	-1,519	15,792	-417	0	-417	ISA scheme has been put on hold and underspend on school crossing patrols
- Communication & Information Governance	426	-10	416	0	5	5	
- Managing Directors Support	822	-25	797	0	0	0	
- Strategic Management	1,523	-6	1,517	-15	0	-15	
- Grant income & contingency	3,650	-1,122,237	-1,118,587	0	0	0	
- Support Services purchased from CED	9,415	0	9,415	0	0	0	
- Group Savings from restructure	-975	0	-975	0	0	0	
Total Resources & Planning Group	41,879	-1,125,528	-1,083,649	-225	5	-220	
Capital Programme & Infrastructure Group:							
- Capital Strategy Unit	19,199	-17,041	2,158	-30	8	-22	
- BSF/PFI/Academy Unit	432	0	432	0	0	0	
- Client Services	6,439	-4,480	1,959	22	110	132	Under-recovery of income relating to the cleaning & refuse collection contract
- Facilities Management	1,880	-203	1,677	0	0	0	
- Strategic Technology & Digital Curriculum	8,974	-600	8,374	-30	41	11	
- Health & Safety	608	-295	313	0	0	0	
- Admissions & Transport	1,416	0	1,416	0	0	0	
- Mainstream Home to School Transport	16,025	-484	15,541	-733	95	-638	Fall in the number of children requiring transport and contract renegotiations
- Group Savings from restructure	-52	0	-52	0	0	0	
Total Capital Programme & Infrastructure Group	54,921	-23,103	31,818	-771	254	-517	
TOTAL NON DELEGATED	419,548	-1,198,123	-778,575	319	-60	259	
Total CFE portfolio	1,485,858	-1,279,090	206,768	3,720	-60	3,660	
Assumed Mgmt Action				-259	0	-259	
Total CFE portfolio after mgmt action	1,485,858	-1,279,090	206,768	3,461	-60	3,401	this relates to the schools delegated budget and will be funded by a reduction in the schools reserves