

To: Children, Families & Education Resources and Infrastructure  
Policy Overview and Scrutiny Committee - 19 November 2009

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Directorate

Subject: CHILDREN, FAMILIES & EDUCATION REVENUE AND CAPITAL  
BUDGET MONITORING 2009/10

Classification: Unrestricted

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FOR INFORMATION

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## 1. **Introduction**

- 1.1. This report is the third to this Committee on the forecast outturn against budget for the Children Families and Education (CFE) Directorate for the 2009/10 financial year, and is based on the exception monitoring report which was presented to Cabinet on 12 October 2009.

## 2. **Schools**

- 2.1. On 12 October all schools were required to submit to the LA their half year budget monthly reports. These reports are currently being processed and assuming we have an overall picture before the 19 November, a verbal update on the projected movement of school reserves this financial year will be provided at the meeting.
- 2.2. In the previous report to this committee on this subject, I reported that one school was looking to pursue a judicial review against the decision to recover revenue reserves as part of the review of schools with excessive revenue balances. I can confirm that following a meeting between the LA and the Chair of Governors and Headteacher, they have decided that they are no longer pursuing this course of action.

## 3. **August Exception Monitoring Report - Revenue Budget**

- 3.1. In summary, the directorate is projecting a balanced budget excluding asylum and including management action of £1.571m. 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	878,229	0	0	0
Asylum	0	3,969	3,600	369
CFE (other)	-668,351	1,571	1,711	-140
Directorate Total	209,878	5,540	5,311	229
Management Action	n/a	-1,571	-1,711	140
Directorate Total after management action	209,878	3,969	3,600	369

3.2. The pressure on this portfolio (excluding Asylum) has reduced by £0.140m this month to £1.571m. The main movements are:

- +£0.562m Fostering Service – an increase in the pressure on this service from £0.626m to £1.188m. This is mainly due to a reduction of £0.309m in the in-house fostering underspend resulting from a net increase of 21 placements, together with a further pressure on the Independent Fostering Allowances (IFA), which has increased by £0.185m to £1.867m due to 12 new placements in August, one extended placement and only five placements ending. The Kinship budget is no longer expected to underspend due to nine new placements and this accounts for the bulk of the remaining movement on the Fostering budget.
- -£0.188m Residential Care – not looked after children. This service is now forecasting an underspend of £0.157m due to a child's family moving to a neighbouring authority and all future costs will now be funded by them.
- -£0.196m Children's Social Services Business Support – an increase in the underspend from -£0.034m to -£0.230m. This is partly due to staff vacancies within the Business Planning & Management Unit and partly due to savings on the facilities budget resulting from relocation of various children's social services teams.
- -£0.318m Assessment & Related – an increase in the underspend to £1.800m as a result of further delays in the recruitment process with lower than expected recruitment of newly qualified social workers in July and August.

3.3. **Asylum** - The pressure on the Asylum Service budget has increased by £0.369m this month to £3.969m, all of this increase is attributable to the new 2009-10 grant instructions that were issued by the UK Borders Agency (UKBA) in August. £3.506m of this shortfall relates to 18+ Leaving Care clients; the balance represents spend on Unaccompanied Asylum Seeking

Children (UASCs) under 18. This position assumes that we will receive a Special Circumstances payment of £2.169m.

- 3.4. The rules issued for 18+ Care Leavers were largely the same as anticipated with no material changes from previous years. As in previous years, the per capita amount of this grant remains unchanged at £100 per week per young person, this had been assumed in previous forecasts and therefore the forecast funding shortfall for this client group is unchanged.
- 3.5. The rules for UASCs under 18 were very different to those that had been anticipated. These rules apply from 1st April 2009, but change again from 1st October 2009. Certain aspects of the new grant rules were unclear, in particular the future funding of Residential Children's Homes. Following correspondence between officers and UKBA, many of the uncertainties were clarified and the estimated increase in the shortfall in funding is £0.369m, as reflected in the current forecast. The new grant rules indicate, and UKBA have confirmed, that in 2009-10 local authorities will be limited to the unit costs incurred in 2008-09, with no allowance for inflation. The £0.369m increase in the funding shortfall this month is primarily the result of inflationary cost increases which will now not be funded.
- 3.6. A meeting took place on 16th September between the UKBA and Members and Officers of the Council in which the new rules were discussed and further clarified. There was also discussion about moving away from the current grant claim process to a contractual arrangement with the UKBA from 1st April 2010. The UKBA were due to come back with further information on these proposals by the end of September but this did not happen. A verbal update will be provided at the meeting.
- 3.7. The new arrangements will not have any impact on the level of the pressure on this budget for 2009-10, therefore still leaving us with an estimated £3.969m pressure to fund. However, we will continue to pursue this and the outstanding funding from 2008-09 directly with Ministers via the LGA in order to ensure the best outcome for the council taxpayers of Kent.
- 3.8. It is hoped that any new proposals will at least give us a greater degree of certainty over funding in future years, enabling longer term decisions to be made about service delivery.

#### 4. **August Exception Monitoring Report - Capital Budget**

- 4.1. The August Monitoring Report shows an indicative overspend in 2009/10 of £6.175m & across all years £7.452m. After taking into account additional resources of circa +£1.975m, most of which relates to additional developer contributions attributed to the John Wesley basic need scheme the overspend across all years reduces to **+£5.477m**. The funding shortfall both in 2009/10 (+£6.935m) & across all future years, most of which has previously been reported, will form part of the MTP workings for 2010/11.

The main pressures in 2009/10 are:

- Special Schools Review (+£5.192m). The forecast spend on the Special Schools Review Programme has increased by +£0.719m since July's reported overspend of +£4.473m. The major changes are :
  - Milestone School (+£0.634m) – the increase in costs has resulted from the addition to the programme of new further education mobiles
  - Ridgeview School (+£0.350m) – this new addition to the programme relates to the need to address health & safety issues at the School prior to the new build taking place.
  - Meadowfield School (-£0.349m) – previous estimates have been based on worse case scenario relating to contractual claim disputes. The revised forecast anticipates settling at a significantly lower level.
  - Ifield School 6th Form Unit (+£0.185m) – the additional expenditure relates to 2 items : the provision of furniture for the project (+£0.097m) & stamp duty payable on the long term lease at North West Kent College (+£0.075m).
  - Five Acre Wood School (-£0.126m) – initial works to facilitate the new build have been delayed part of which has now been re-phased from 2009/10 to 2010/11.
- Building Maintenance Programme (+£3.000m): The increase in costs for 2009-10 is due to continued pressure on the Emergency Budget.
- North Dartford, The Bridge (+£0.527m): The increase in costs is due to a major value engineering exercise which resulted in significant enhancements to the design. There has also been a contractual delay and an extension of time claim has been submitted. Its important to note that this development is a cross directorate & not a CFE scheme, it was included in the CFE programme for ease.
- Development Opportunity Projects (+£0.378m): The major increase in costs in this programme relate to Dartford Campus (+£0.202m) & Greenfields (+£0.125m). Dartford Campus – increases have resulted from: cost increases on post completion works to phase 2 of the build, the addition to the programme of an acoustic fence & previous forecasts of global fees have proved to be inaccurate.
- Corporate Property & Capital Strategy costs (net -£0.197m): Corporate Property (-£0.338m) - this saving has resulted from our inability to capitalise the indirect staffing costs of Corporate Property Unit resulting in the costs being recharged to Revenue. Capital Strategy (+£0.141m) – our forecast has been increased to take account of the current level of staffing costs & an anticipation that legal charges will be at a similar level as those in 2008/09. The revised levels of expenditure have been reflected in the 2010/11 MTP submission.

- Modernisation Programme Pre 2008/09 (+£0.129m): The main reason for the increase in costs relates to the Park Farm project where the forecast spend has been increased from £1.263m to £1.400m to reflect the agreed contribution to Folkestone Academy as part of the All Age Academy.
- Quarryfield Self Funded Project: (+£0.147m) The outdoor environmental centre project is expected to complete in 2009/10 & will be fully funded from revenue contributions.

Projects subject to re-phasing affecting 2009/10 are:

- Implementation of Primary Strategy (-£0.873m) : Most of the rephasing relates to the Beaver Green Primary School project (-£0.866m) where the planning of the school project had to be aligned to the planning for the enabling development, which has had to be redrawn in order to comply with Sport England requirements.
- Service Redesign including Intensive Parenting Centres (-£0.601m): The original programme has re-phased whilst we explore possible alternative co location opportunities in order to, where possible, facilitate integrated working. Across all years this revised approach is forecasted to deliver a saving of £0.500m.
- Harnessing Technology (-£0.565m): The forecast spend figures have been re-phased to take into account updated phasing of the programme by ISG including taking account of estimated School contributions, loan repayments & corporately funded contributions. There will also be further rephasing from 2010/11 to 2011/12 of £1.891m.
- Non Delegated Devolved Capital - PRU's (-£0.400m): Although the intention is to spend the full cash limit in 2009/10 we believe difficulties in commissioning works & obtaining planning permission make it challenging to complete the work in 2009/10. We are therefore forecasting spend at, what we hope is a pessimistic position hoping that this will be achieved/exceeded by outturn.
- Primary Pathfinder Programme (-£0.333m): Most of this rephasing relates to The Manor project where the presence of bats and lizards, and issues with the gas supply has caused the project to slip by 7 weeks.
- Site Acquisitions (-£0.167m): The major re-phasing within this programme relates to the Sissinghurst Playing Field project (-£0.152m). The project has been further delayed by the continuation of ecological mitigation work.
- Transforming Short Breaks (-£0.150m): The forecast expected expenditure on adaptations to Foster Carers homes has re-phased due to difficulties in

recruiting Occupation Therapists who are responsible for commissioning this work.

Overall this leaves a residual balance of +£0.088m on a number of more minor projects.

Other Re-phasing:

Other than projects mentioned above the following developer contribution funded projects have been rephased as the current financial climate would indicate that the contributions will not become available in the years as originally predicted.

- Ryarsh Primary School re-phased by a year. £0.169m from 2010/11 to 2011/12
- Cheesemans Green Primary School re-phased by a year £0.860m from 2010/11 to 2011/12 & £1.720m from 2011/12 to later years.
- Aylesham Primary School re-phased by a year £1.000m from 2011/12 to later years.

## 5. **Recommendations**

- 5.1. Members of the Children Families and Education Resources and Infrastructure Policy Overview Committee are asked to note the projected outturn figures for both the revenue and capital budgets for the directorate as at the August exception monitoring report.

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Background Documents: Report to Cabinet 12 October 2009  
Other useful information: None