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Date: 7 September 2012

Dear Member

EDUCATION CABINET COMMITTEE - WEDNESDAY, 12 SEPTEMBER 2012

I am now able to enclose, for consideration at the next Education Cabinet Committee meeting on Wednesday, 12 September 2012, the following reports that were unavailable when the agenda was printed.

Agenda No	Item
C1	<u>Education Learning and Skills Directorate (Education Portfolio) Financial Monitoring 2012/13 - To Follow (Pages 1 - 14)</u>
C2	<u>Budget Consultation 2013-14 - To Follow (Pages 15 - 18)</u>

Yours sincerely

Peter Sass
Head of Democratic Services

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BY: Mike Whiting, Cabinet Member for Education, Learning & Skills
Patrick Leeson, Corporate Director, Education, Learning & Skills
Keith Abbott, Education, Learning & Skills Finance Business
Partner

TO: Education Cabinet Committee – 12 September 2012

Subject: Education, Learning & Skills Directorate (Education Portfolio)
Financial Monitoring 2012/13

Classification: Unrestricted

Summary:

Members of the Cabinet Committee are asked to note the first quarter's full budget monitoring report for 2012/13 to be reported to Cabinet on 17 September 2012.

FOR INFORMATION

1. Introduction:

1.1 This is a regular report to this Committee on the forecast outturn for Education, Learning & Skills Directorate (Education Portfolio).

2. Background:

2.1 A detailed quarterly monitoring report is presented to Cabinet, usually in September, December and March and a draft final outturn report in either June or July. These reports outline the full financial position for each portfolio and will be reported to Cabinet Committees after they have been considered by Cabinet. In the intervening months an exception report is made to Cabinet outlining any significant variations from the quarterly report. The Education, Learning & Skills directorate annex from the first quarter's monitoring report for 2012/13 is attached. The Early Years and Childcare budget in Families and Social Care is not included within Annex 1 but it should be noted that there is currently no reported variance on this budget line.

**3. Education, Learning & Skills Directorate (Education Portfolio) 2012/13
Financial Forecast - Revenue**

3.1 There are no exceptional revenue changes since the writing of the attached quarter 1 report.

**4. Education, Learning & Skills Directorate (Education Portfolio) 2012/13
Financial Forecast - Capital**

4.1 There are no exceptional capital changes since the writing of the attached quarter 1 report.

5. Recommendations

5.1 Members of the Education Cabinet Committee are asked to note the revenue and capital forecast variances from budget for 2012/13 for the Education, Learning & Skills Directorate (Education Portfolio) based on the first quarter's full monitoring to Cabinet.

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EDUCATION, LEARNING & SKILLS DIRECTORATE SUMMARY JUNE 2012-13 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

- 1.1.1 The cash limits which the directorate is working to, and **upon which the variances in this report are based**, include adjustments for both formal virement and technical adjustments, the latter being where there is no change in policy. The directorate would like to request formal virement through this report to reflect adjustments to cash limits required as a result of the finalisation of the directorate restructure which took effect from 1 April 2012, as changes are required to the position assumed when the budget was set in February 2012. This involves movements between A-Z budget lines but overall this has no effect on the gross and income budgets.

Cash limits have also been adjusted to reflect a number of technical adjustments to budget ie where there is no change in policy. These include:

- allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process together with the transfer of responsibilities between units where the effects of the Council restructure are still being refined. Overall these adjustments have increased the gross budget by £359k and increased income by £318k;
- changes to grant allocations, which have a net nil effect but a £1,613k reduction in both gross and income. These adjustments are all detailed in appendix 1 to the executive summary, "Reconciliation of gross and income cash limits in table 1c to the Budget Book" and includes changes to the Pupil Premium allocation;
- the addition of £2,000k roll forward from 2011-12 in respect of the Big Society Youth Employment Programme as approved by Cabinet in May and a further £80k of roll forward from 2011-12 as approved by Cabinet on 9 July 2012.

These changes have resulted in an overall increase in the gross budget of +£826k (+£359k – £1,613k + £80k + £2,000k) and a reduction in the income budget of +£1,295k (-£318k + £1,613k), giving a net +£2,121k impact overall.

Table 1a shows:

- the published budget,
- the proposed budget following adjustments for both formal virement and technical adjustments, together with roll forward from 2011-12 as approved by Cabinet in May and July and the inclusion of 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 to the executive summary of the 17 September Cabinet report,
- the total value of the adjustments applied to each A-Z budget line.

Cabinet is asked to approve these revised cash limits.

Table 1b shows the latest monitoring position against these revised cash limits.

1.1.2.1 **Table 1a** below details the change in cash limits by A-Z budget since the published budget:

Budget Book Heading	Original Cash Limit			Revised Cash Limit			Movement		
	G	I	N	G	I	N	G	I	N
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Education, Learning & Skills portfolio									
Delegated Budget:									
Schools Delegated Budgets	753,962	-753,962	0	742,696	-742,696	0	-11,266	11,266	0
TOTAL DELEGATED	753,962	-753,962	0	742,696	-742,696	0	-11,266	11,266	0
Non Delegated Budget:									
ELS Strategic Management & directorate support budgets	12,758	-9,342	3,416	12,824	-9,365	3,459	66	-23	43
<u>Services for Schools:</u>									
- PFI Schools Schemes	23,871	-23,871	0	23,810	-23,810	0	-61	61	0
- Schools' Meals	463	-463	0	566	-566	0	103	-103	0
- Schools' Non Delegated Staff Costs	2,644	-2,541	103	2,692	-2,589	103	48	-48	0
- Schools' Other Services	7,113	-6,646	467	7,113	-6,646	467	0	0	0
- Schools' Redundancy Costs	1,232	-1,232	0	1,232	-1,232	0	0	0	0
- School Improvement Services	5,581	-1,078	4,503	15,324	-10,821	4,503	9,743	-9,743	0
- Special School & Hospital Recoupment	1,660	-2,460	-800	1,660	-2,460	-800	0	0	0
- Schools' Teachers Pension Costs	7,829	-2,684	5,145	7,829	-2,684	5,145	0	0	0
	50,393	-40,975	9,418	60,226	-50,808	9,418	9,833	-9,833	0
<u>Children's Services</u>									
<u>- Education & Personal</u>									
- 14 - 19 year olds	3,080	-1,540	1,540	5,250	-1,630	3,620	2,170	-90	2,080
- Attendance & Behaviour	18,852	-18,038	814	18,771	-17,957	814	-81	81	0
- Connexions	6,787	0	6,787	6,787	0	6,787	0	0	0
- Early Years & Childcare	5,448	-5,043	405	5,288	-4,883	405	-160	160	0
- Education Psychology Service	2,915	-13	2,902	2,915	-13	2,902	0	0	0
- Free School Meals	1,288	-1,288	0	1,288	-1,288	0	0	0	0
- Individual Learner Support	10,181	-8,983	1,198	10,378	-9,182	1,196	197	-199	-2
- Statemented Pupils	7,444	-7,444	0	7,444	-7,444	0	0	0	0
- Independent Special School Placements	12,549	-12,549	0	12,549	-12,549	0	0	0	0
	68,544	-54,898	13,646	70,670	-54,946	15,724	2,126	-48	2,078
<u>Transport Services</u>									
- Home to College Transport	1,973	-367	1,606	1,973	-367	1,606	0	0	0
- Mainstream HTST	13,600	-584	13,016	13,600	-584	13,016	0	0	0
- SEN HTST	17,272	0	17,272	17,272	0	17,272	0	0	0
	32,845	-951	31,894	32,845	-951	31,894	0	0	0
<u>Assessment Services</u>									
- Assessment of Children's Educational Needs	1,660	-514	1,146	1,727	-581	1,146	67	-67	0
TOTAL NON DELEGATED	166,200	-106,680	59,520	178,292	-116,651	61,641	12,092	-9,971	2,121
Total ELS portfolio	920,162	-860,642	59,520	920,988	-859,347	61,641	826	1,295	2,121
Specialist Children's Services portfolio									
Early Years Education	41,276	-39,500	1,776	41,276	-39,500	1,776	0	0	0
Total SCS portfolio	41,276	-39,500	1,776	41,276	-39,500	1,776	0	0	0
Total ELS directorate controllable	961,438	-900,142	61,296	962,264	-898,847	63,417	826	1,295	2,121

1.1.2.2 **Table 1b** below details the revenue position by A-Z budget against adjusted cash limits as shown in table 1a:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Education, Learning & Skills portfolio							
Delegated Budget:							
Schools Delegated Budgets	742,696	-742,696	0	1,902		1,902	Estimated drawdown of reserves following 34 schools converting to academies
TOTAL DELEGATED	742,696	-742,696	0	1,902	0	1,902	
Non Delegated Budget:							
ELS Strategic Management & directorate support budgets	12,824	-9,365	3,459	-11	48	37	Legal costs +£200k
<u>Services for Schools:</u>							
- PFI Schools Schemes	23,810	-23,810	0	0	0	0	
- Schools' Meals	566	-566	0	0	0	0	
- Schools' Non Delegated Staff Costs	2,692	-2,589	103	0	0	0	
- Schools' Other Services	7,113	-6,646	467	57	-98	-41	
- Schools' Redundancy Costs	1,232	-1,232	0	0	0	0	
- School Improvement Services	15,324	-10,821	4,503	1	-1	0	
- Special School & Hospital Recoupment	1,660	-2,460	-800	0	0	0	
- Schools' Teachers Pension Costs	7,829	-2,684	5,145	0	0	0	
	60,226	-50,808	9,418	58	-99	-41	
<u>Children's Services</u>							
<u>- Education & Personal</u>							
- 14 - 19 year olds	5,250	-1,630	3,620	0	0	0	
- Attendance & Behaviour	18,771	-17,957	814	585	-35	550	unachievable contract saving
- Connexions	6,787	0	6,787	0	0	0	
- Early Years & Childcare	5,288	-4,883	405	0	0	0	
- Education Psychology Service	2,915	-13	2,902	274	-495	-221	Traded service with schools
- Free School Meals	1,288	-1,288	0	0	0	0	
- Individual Learner Support	10,378	-9,182	1,196	0	0	0	
- Statemented Pupils	7,444	-7,444	0	0	0	0	
- Independent Special School Placements	12,549	-12,549	0	0	0	0	
	70,670	-54,946	15,724	859	-530	329	
<u>Transport Services</u>							
- Home to College Transport	1,973	-367	1,606	0	0	0	
- Mainstream HTST	13,600	-584	13,016	0	0	0	
- SEN HTST	17,272	0	17,272	0	0	0	
	32,845	-951	31,894	0	0	0	
<u>Assessment Services</u>							
- Assessment of Children's Educational Needs	1,727	-581	1,146	0	0	0	
TOTAL NON DELEGATED	178,292	-116,651	61,641	906	-581	325	
Total ELS portfolio	920,988	-859,347	61,641	2,808	-581	2,227	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Specialist Children's Services portfolio							
Early Years Education	41,276	-39,500	1,776	0	0	0	
Total SCS portfolio	41,276	-39,500	1,776	0	0	0	
Total ELS directorate controllable	962,264	-898,847	63,417	2,808	-581	2,227	
Assumed Mgmt Action							
- ELS portfolio				-325		-325	
- SCS portfolio						0	
Total ELS <u>after</u> mgmt action	962,264	-898,847	63,417	2,483	-581	1,902	

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:

Education, Learning & Skills portfolio:

Delegated Budgets

1.1.3.1 Schools Delegated Budgets: Gross +£1,902k

The forecast £1.902m drawdown of schools reserves shown in table 1b represents the estimated reduction in reserves resulting from 34 schools converting to academies, including 14 schools converting to academies by the end of July 2012 and a further 20 expected to convert before the end of March 2013

Non Delegated Budgets

1.1.3.2 ELS Strategic Management & Directorate Support Budgets: Gross -£11k, Income +£48k, Net +£37k

The ELS Strategic Management & Directorate Support Budget is reporting a gross underspend of £11k. However within this there is a pressure of £200k for Legal Services due to the legal costs incurred when schools convert to academies. It had been anticipated that academy legal costs would reduce significantly in 2012-13 as approximately 2/3rds of secondary schools had already converted or were in the process of converting during 2011-12. However there is an increase in the number of primary schools converting which contribute towards the overall pressure. The remaining gross variance is due to a number of underspends all under £100k in value.

1.1.3.3 **Children's Services – Education & Personal:**

a. Attendance & Behaviour: Gross +£585k, Income -£35k, Net +£550k

As part of the overall ELS savings target for 2012-13, a savings target was assigned to an Attendance & Behaviour contract which it has subsequently not been possible to generate, leading to a £550k pressure on this budget line. There are other minor gross variances of +£35k and income variances of -£35k.

b. Education Psychology Service: Gross +£274k, Income -£495k, Net -£221k

During 2012-13 the Kent Educational Psychology Service has begun to offer a range of traded services – as part of EduKent - that schools and other customers can purchase whilst continuing to provide statutory services to schools which are not chargeable. The income variance reflects the current level of buy back for the traded services and the gross expenditure variance largely reflects the additional expenditure but the overall position on the traded activity is a net surplus of some £221k.

Specialist Children's Services portfolio:

1.1.3.4 The latest forecast suggests an overspend of around £0.3m on payments to PVI providers for 3 and 4 year olds as the actual hours provided exceeds the budgeted number of hours for the summer term as per section 2.3. As this budget is funded entirely from DSG, any deficit will be carried forward to the next financial year in accordance with the regulations.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER

(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ELS	Schools delegated budgets (gross) - estimated drawdown of reserves following 34 schools converting to academies	+1,902	ELS	Education Psychology Service (income) - income from traded services with schools and other customers	-495
ELS	Attendance & Behaviour (gross) - unachievable contract saving	+550	ELS		
ELS	Education Psychology Service (gross) - additional costs of providing traded service	+274	ELS		
ELS	ELS Strategic Management & Directorate budgets (gross) - academy converter legal costs	+200			
		+2,926			-495

1.1.4 Actions required to achieve this position:

None

1.1.5 Implications for MTFP:

The failure to achieve savings against the Attendance & Behaviour contract in 2012-13 has an implication for the 2013-14 MTFP of £583k and therefore alternative savings will need to be identified.

1.1.6 Details of re-phasing of revenue projects:

None

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

The Directorate is facing an overall pressure of £325k, excluding schools, but will balance its budget by the end of the year. This will be done through a combination of holding some specific vacancies, increasing income from schools through expanding the trading activity and reviewing the running costs of all service units. The detailed options to ensure that savings of £325k can be identified by year end are currently being developed and proposals will go to ELS DMT in September.

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.

1.2.2 The Education Learning & Skills Directorate has an approved budget for 2012-15 of £274.096m excluding schools (see table 1 below). The forecast outturn against this budget is £274.097m, giving a variance of +£0.001m. After adjustments for funded variances and reductions in funding, the revised variance comes to nil (see table 3).

1.2.3 Tables 1 to 3 summaries the Directorate's approved budget and forecast.

1.2.4 Table 1 – Revised approved budget

	£m	
Approved budget last reported to Cabinet	273.935	
Approvals made since last reported to Cabinet	0.161	
Revised approved budget	274.096	

1.2.5 Table 2 – Further changes to budget for Cabinet to approve

None

1.2.6 Table 3 – Summary of Variance

	Amount £m
Unfunded variance	0.000
Funded variance (from table 2)	0.001
Variance to be funded from revenue	0.000
Rephasing (beyond 2012-15)	0.000
Total variance	0.001

Main reasons for variance

1.2.7 Table 4 below, details each scheme indicating all variances and the status of the scheme. Each scheme with a Red or Amber status will be explained including what is being done to get the scheme back to budget/on time.

Scheme Name	Total approved budget	Previous Years Spend	2012-15 approved budget	Later Years approved budget	2012-15 Forecast Spend	Later Years Forecast Spend	2012-15 Variance	Total Project Variance	Status
	£m	£m	£m	£m	£m	£m	£m	£m	
Annual Planned Enhancement Programme	26.496	0.000	26.496	0.000	26.496	0.000	0.000	0.000	
Non Delegated Devolved Capital (PRU's)	0.653	0.000	0.653	0.000	0.653	0.000	0.000	0.000	
Ryarsh Primary School	0.169	0.000	0.169	0.000	0.169	0.000	0.000	0.000	
Archbishop Courteney (Site Purchase)	5.001	4.854	0.147	0.000	0.147	0.000	0.000	0.000	
Modernisation Programme 2008/09/10	0.500	0.000	0.500	0.000	0.500	0.000	0.000	0.000	
Specialist Schools Programme 2009/10	0.350	0.013	0.337	0.000	0.337	0.000	0.000	0.000	
Other Residual Projects :	-0.001	-0.001	0.000	0.000	0.000	0.000	0.000	0.000	
Special Schools Review - Phase 1	47.556	46.836	0.720	0.000	0.688	0.000	-0.032	-0.032	
Special Schools Review - Phase 2	3.000	1.677	1.323	0.000	1.355	0.000	0.032	0.032	
Vocational Education Programme	1.542	1.393	0.149	0.000	0.149	0.000	0.000	0.000	
Primary Improvement Programme	31.606	30.020	1.586	0.000	1.573	0.000	-0.013	-0.013	
Unit Review	3.500	0.816	2.684	0.000	2.684	0.000	0.000	0.000	
Dev Opps - Whitstable Community College	0.681	0.673	0.008	0.000	0.008	0.000	0.000	0.000	
Dev Opps - Swadlands	0.400	0.385	0.015	0.000	0.015	0.000	0.000	0.000	
Self Funded Projects	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Building Schools for the Future - Wave 3	138.438	133.154	5.284	0.000	5.284	0.000	0.000	0.000	
BSF Unit Costs	0.693	0.000	0.693	0.000	0.693	0.000	0.000	0.000	
Practical Cooking Spaces	3.695	3.693	0.002	0.000	0.002	0.000	0.000	0.000	
Academy Unit Costs	4.680	2.862	1.818	0.000	1.818	0.000	0.000	0.000	
Academy - New Line Learning	28.599	28.309	0.290	0.000	0.290	0.000	0.000	0.000	
Academy - Cornwallis Academy	35.328	33.460	1.868	0.000	1.868	0.000	0.000	0.000	
Academy - Longfield Academy	24.597	24.578	0.019	0.000	0.019	0.000	0.000	0.000	
Academy - Spires	13.694	10.440	3.254	0.000	3.254	0.000	0.000	0.000	
Academy - Sheppey	49.578	25.683	23.895	0.000	23.895	0.000	0.000	0.000	
Academy - Marsh	16.627	13.905	2.722	0.000	2.722	0.000	0.000	0.000	
Academy - Skinners	20.399	5.963	14.436	0.000	14.436	0.000	0.000	0.000	
Goat Lees Primary School	2.685	0.246	2.439	0.000	2.439	0.000	0.000	0.000	
Repton Park (Templar Barracks)	6.100	1.789	4.311	0.000	4.311	0.000	0.000	0.000	
Dunton Green Primary School	0.800	0.000	0.800	0.000	0.800	0.000	0.000	0.000	
Lansdowne Primary School	2.500	0.000	0.000	2.500	0.000	2.500	0.000	0.000	

Scheme Name	Total approved budget	Previous Years Spend	2012-15 approved budget	Later Years approved budget	2012-15 Forecast Spend	Later Years Forecast Spend	2012-15 Variance	Total Project Variance	Status
	£m	£m	£m	£m	£m	£m	£m	£m	
Cheesemans Green PS	4.300	0.000	0.000	4.300	0.000	4.300	0.000	0.000	
Rushenden Primary School	3.000	0.000	0.000	3.000	0.000	3.000	0.000	0.000	
Leybourne Primary School	2.000	0.000	0.000	2.000	0.000	2.000	0.000	0.000	
John Wesley, Ashford	2.500	0.000	0.000	2.500	0.000	2.500	0.000	0.000	
Aylesham Primary School	1.000	0.000	0.000	1.000	0.000	1.000	0.000	0.000	
Ebbsfleet	5.100	0.000	0.000	5.100	0.000	5.100	0.000	0.000	
BN Other	31.987	0.000	31.987	0.000	31.987	0.000	0.000	0.000	
Modernisation Programme 2008/09/10	3.000	0.389	2.611	0.000	2.611	0.000	0.000	0.000	
Modernisation Programme 2011/12	6.512	3.590	2.922	0.000	2.936	0.000	0.014	0.014	
Modernisation Programme Future Years	19.873	0.076	19.797	0.000	19.797	0.000	0.000	0.000	
Dev Opps - St Johns PS/Kingsmead	2.017	0.030	1.987	0.000	1.987	0.000	0.000	0.000	
Dev Opps - Platt CEPS	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Academy - John Wallis	7.615	0.032	7.583	0.000	7.583	0.000	0.000	0.000	
Academy -- Wilmington Enterprise	13.056	0.200	12.856	0.000	12.856	0.000	0.000	0.000	
Academy - The Knole	16.947	0.000	16.947	0.000	16.947	0.000	0.000	0.000	
Academy - Dover Christchurch	10.252	0.134	10.118	0.000	10.118	0.000	0.000	0.000	
Academy - Astor of Hever	11.545	0.000	11.545	0.000	11.545	0.000	0.000	0.000	
Academy - Duke of York	24.240	0.000	24.240	0.000	24.240	0.000	0.000	0.000	
Special Schools Review - Phase 2	30.000	0.065	29.935	0.000	29.935	0.000	0.000	0.000	
Folkestone Academy Playing Fields	2.256	2.256	0.000	0.000	0.000	0.000	0.000	0.000	
Dev Opps - Headcorn Primary School	1.184	0.000	0.000	1.184	0.000	1.184	0.000	0.000	
Dev Opps - Bromstone Primary	3.088	0.000	0.000	3.088	0.000	3.088	0.000	0.000	
Dev Opps - Highworth Grammar	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Dev Opps - Istead Rise	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Dev Opps - Paddock Wood	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Dev Opps - Sevenoaks Primary	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Dev Opps - Whitehill Primary	0.950	0.000	0.000	0.950	0.000	0.950	0.000	0.000	
ELS Capital Programme Total	677.288	377.570	274.096	25.622	274.097	25.622	0.001	0.001	

- 1.2.8 **Status:**
 Green – Projects on time and budget
 Amber – Projects either delayed or over budget
 Red – Projects both delayed and over budget
- 1.2.9 Assignment of Green/Amber/Red Status
- 1.2.10 As this is the first of the new capital monitoring formats, the red/amber/green statuses are assigned from the current position. A project will not show as amber or red if they have been delayed or over budget in the past but this has now been resolved. Any such issues would have been reported on in previous monitoring reports to Cabinet.
- 1.2.11 Projects with variances to budget will only show as amber if the variance is unfunded, i.e. there is no additional grant, external or other funding available to fund.
- 1.2.12 Projects are deemed to be delayed if the forecast completion date is later than what is in the current project plan.

Amber and Red Projects – variances to cost/delivery date and why.

- 1.2.13 No projects currently have been assigned the red or amber status.

Key issues and Risks

- 1.2.14 **Key Issues:** There are a number of large programmes of work within the approval to plan section of the monitoring where we continue to forecast at cash limit until individual projects have been submitted for approval to spend & have individual cash limits. These major programmes of work are Basic Need for Future years (£31.987m), Special Schools Review Phase 2 (£29.935m) & Modernisation Programme for Future Years (£19.972m).
- 1.2.15 **Risks :** As our programme is now based on the allocations received following the CSR the scale of risks has dropped considerably but it only provides certainty for the 2012-13 year. Future years are dependent upon government funding announcements later in the years.

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

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

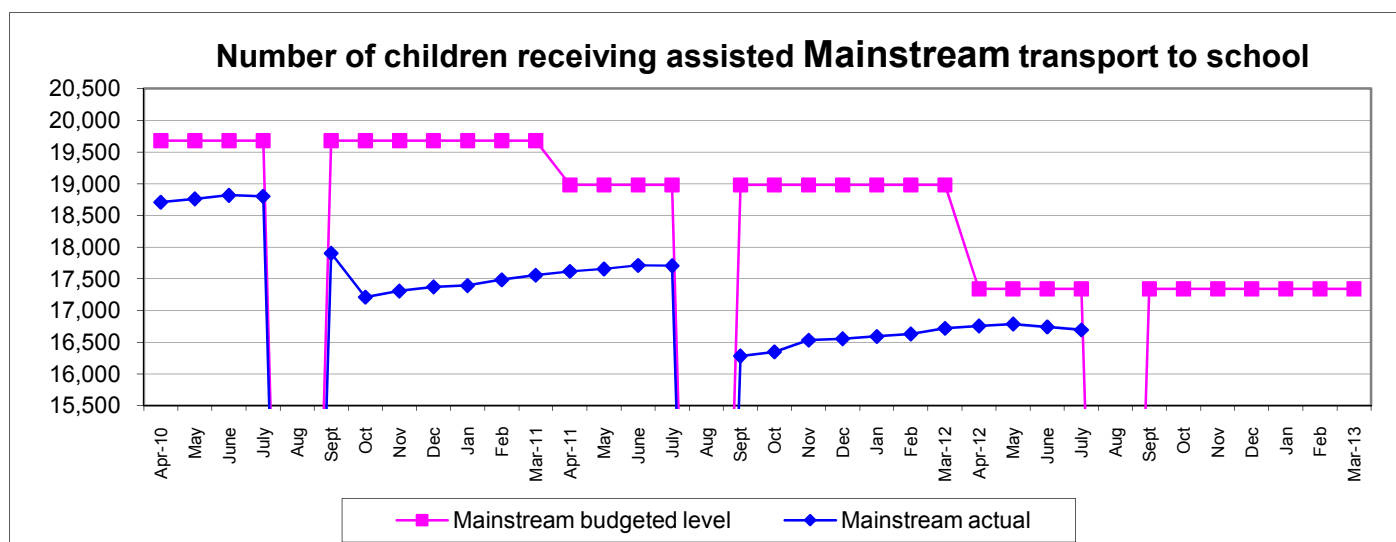
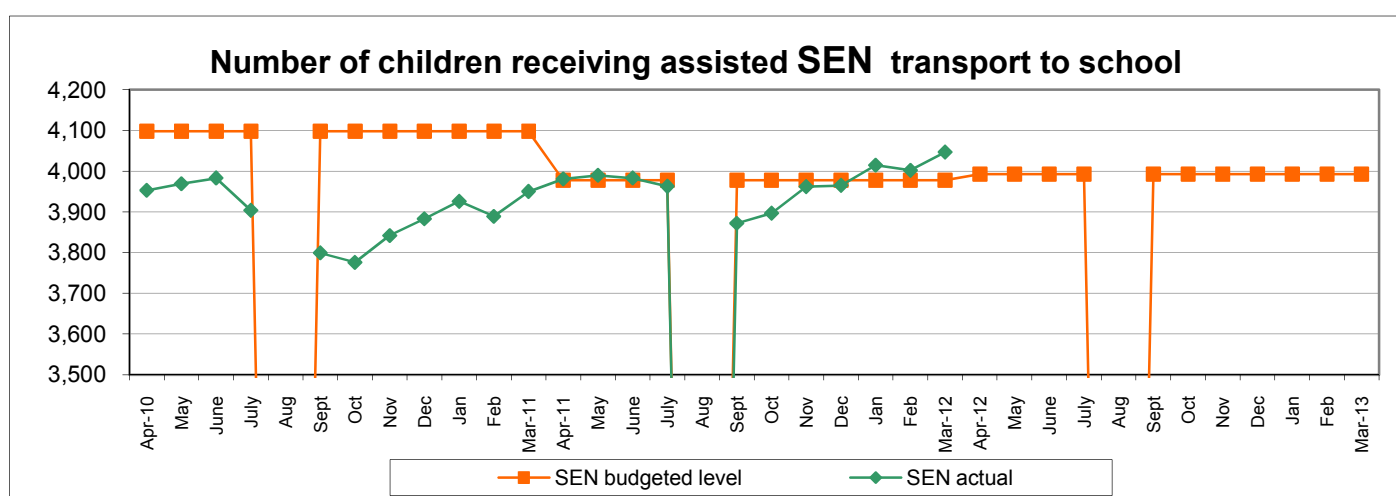
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	as at 31-3-07	as at 31-3-08	as at 31-3-09	as at 31-3-10	as at 31-3-11	as at 31-3-12	projection
Total number of schools	596	575	570	564	538	497	463
Total value of school reserves	£74,376k	£79,360k	£63,184k	£51,753k	£55,190k	£59,088k	£57,186k
Number of deficit schools	15	15	13	23	17	7	2
Total value of deficits	£1,426k	£1,068k	£1,775k	£2,409k	£2,002k	£833k	£51k

Comments:

- The information on deficit schools for 2012-13 has been obtained from the schools budget submissions. The Local Authority 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.
- KCC 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. School’s Financial Services 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.
- The total number of schools is based on the assumption that 34 schools (including 6 secondary schools and 28 primary schools) will convert to academies before the 31st March 2013 in line with the government’s decision to fast track outstanding schools to academy status.
- The estimated drawdown from schools reserves of £1,902k represents the estimated reduction in reserves resulting from 34 schools converting to academy status, however the value of school reserves and deficits are very difficult to predict at this early stage in the year and further updates will be provided in future monitoring reports once we have collated the first monitoring returns from schools.

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

	2010-11				2011-12				2012-13			
	SEN		Mainstream		SEN		Mainstream		SEN		Mainstream	
	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual
April	4,098	3,953	19,679	18,711	3,978	3,981	18,982	17,620	3,993	4,055	17,342	16,757
May	4,098	3,969	19,679	18,763	3,978	3,990	18,982	17,658	3,993	4,064	17,342	16,788
June	4,098	3,983	19,679	18,821	3,978	3,983	18,982	17,715	3,993	4,099	17,342	16,741
July	4,098	3,904	19,679	18,804	3,978	3,963	18,982	17,708	3,993	4,106	17,342	16,695
Aug	0	0	0	0	0	0	0	0	0		0	
Sept	4,098	3,799	19,679	17,906	3,978	3,872	18,982	16,282	3,993		17,342	
Oct	4,098	3,776	19,679	17,211	3,978	3,897	18,982	16,348	3,993		17,342	
Nov	4,098	3,842	19,679	17,309	3,978	3,962	18,982	16,533	3,993		17,342	
Dec	4,098	3,883	19,679	17,373	3,978	3,965	18,982	16,556	3,993		17,342	
Jan	4,098	3,926	19,679	17,396	3,978	4,015	18,982	16,593	3,993		17,342	
Feb	4,098	3,889	19,679	17,485	3,978	4,002	18,982	16,632	3,993		17,342	
Mar	4,098	3,950	19,679	17,559	3,978	4,047	18,982	16,720	3,993		17,342	

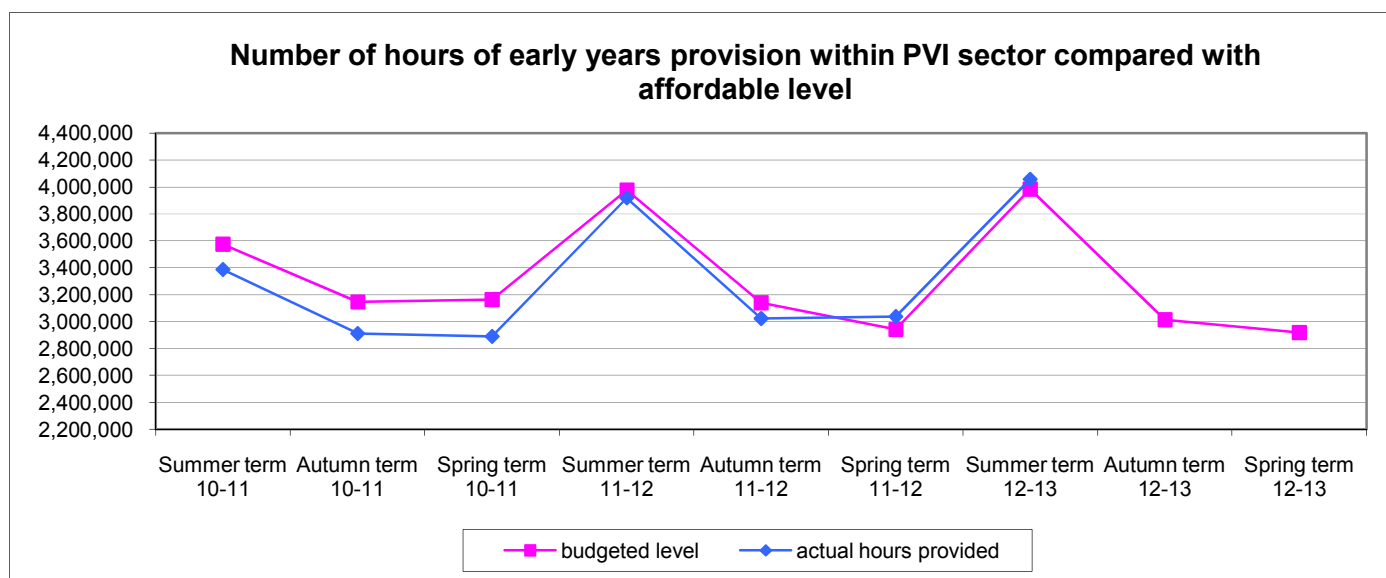


Comments:

- **SEN HTST** – Although the number of children travelling is higher than the budgeted level, there are a number of other factors which contribute to the overall cost of the provision of transport such as distance travelled and type of travel. As the numbers requiring transport for the 2012-13 academic year are still to be confirmed, no variance is being declared on this budget at this stage.
- **Mainstream HTST** - The number of children receiving transport is lower than the budgeted level but as the numbers requiring transport for the 2012-13 academic year are still to be confirmed, no variance is being declared at this stage.

2.3 Number of hours of early years provision provided to 3 & 4 year olds within the Private, Voluntary & Independent Sector compared with the affordable level:

	2010-11		2011-12		2012-13	
	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided
Summer term	3,572,444	3,385,199	3,976,344	3,917,710	3,982,605	4,056,425
Autumn term	3,147,387	2,910,935	3,138,583	3,022,381	3,012,602	
Spring term	3,161,965	2,890,423	2,943,439	3,037,408	2,917,560	
	9,881,796	9,186,557	10,058,366	9,977,499	9,912,767	4,056,425



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 current activity suggests an overspend of £0.295m on this budget which has been mentioned in section 1.1.3.4 of this annex. As this budget is funded entirely from DSG, 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 this overspend will be transferred to the schools unallocated DSG reserve at year end.
- It should be noted that not all parents currently take up their full entitlement and this can change during the year.
- The figures for actual hours provided are constantly reviewed and updated, so will always be subject to change.

By: Mike Whiting, Cabinet Member for Education, Learning and Skills

Patrick Leeson, Corporate Director for Education, Learning and Skills

To: Education Cabinet Committee – 12 September 2012

Subject: BUDGET CONSULTATION 2013/14

Classification: Unrestricted

Summary: To update the Committee on the 2013/14 budget consultation launched on 6th September.

Recommendation: Members are asked to note the launch of consultation and that feedback will be provided in the November round of meetings.

FOR INFORMATION

1. Introduction

1.1 Consultation on the draft budget proposals for 2013/14 was launched on 6th September. The consultation will run for 8 weeks up to 1st November 2012. The consultation has been launched much earlier than in previous years. This allows more time for consideration of the options and more time for Cabinet and Cabinet Committees to consider consultation responses.

1.2 The consultation is accompanied by a brief paper which outlines the challenge the council faces in addressing additional spending demands while at the same time Government grants are reducing and a proposal to freeze Council Tax for the third successive year. This combination means £60m of savings need to be found next year.

1.3 The package of savings includes some which are the full year impact of savings ELS has made as part of 2012/13 budget. For example within the Education, Learning and Skills portfolio we made a saving of £5.7m in 2012/13 on the ELS Directorate restructure which has a full year effect of £9.3m in 2013/14. We are not specifically seeking views on these full year amounts as decisions have already been taken following full consultation.

1.4 The consultation focuses on £42m of savings which are the key new proposals. This includes proposals to address the £28m of savings that were not identified at the time the current Medium Term Financial Plan (MTFP) was agreed, as well some items which were included in the current plan but not in detail as there was no impact in 2012/13.

2. Current Medium Term Financial Plan

2.1 The starting point for the budget proposals is the current MTFP. We have updated all the estimates in the original plan, including estimates for forecast inflation and demographic pressures as well as the latest on timing for delivery of savings. Launching consultation early inevitably means these estimates are less robust than they would be later in the year. In particular we have had to estimate the amounts we are likely to get in Government grant as we do not even have provisional grant figures to work from. We have had to estimate the likely number of domestic households for Council Tax purposes as districts will not make the formal assessment until later in the year.

2.2 At this stage for consultation purposes we have not produced individual portfolio plans. Instead we have produced an overall summary for the whole council showing how the net expenditure (gross expenditure less service income) is proposed to reduce from £1.78bn in 2012/13 to £1.71bn for 2013/14. Cabinet Members feel it important to consult about the broad principles and direction of travel at this stage and consultation on detailed implementation can follow at a later date once the overall strategy has been agreed. The key issues for the Education, Learning and Skills portfolio will be considered at the meeting.

2.3 For simplicity Cabinet Members agreed that we should consult about net expenditure i.e. before Government grant income, rather than net spend after specific grants (as previously quoted in budget plans). Cabinet Members felt that distinguishing between specific and un-ring-fenced grants was unnecessarily complex and distracted from the main message of additional spending demands + reduced grants + freeze Council Tax = need for significant savings.

3. Engagement with Cabinet Committees

3.1 Cabinet Committees have already been asked to establish an Informal Member Group (IMG) to consider the specific budget issues for each portfolio. The IMG for this committee is chaired by Gary Cooke, and includes Leyland Ridings, Kit Smith, Roland Tolputt (plus one Member from the Liberal Democrats and one Labour Member to be advised). The IMG has already set a schedule of meetings throughout the autumn. There are no specific terms of reference for the IMG and each group will agree their own working arrangements and which officers should be invited to provide evidence.

3.2 It is intended that the IMG will report its findings to the November meeting together with any specific issues for the Education, Learning and Skills portfolio arising from the consultation. This should provide the Cabinet Committee with sufficient information and evidence to make recommendations to the Cabinet Member. These recommendations can then be considered by Cabinet in December prior to issuing any changes to the final draft budget. This will provide Cabinet Committees the opportunity to scrutinise the

response to consultation prior to the final budget being presented to County Council in February.

3.3 In light of this process Cabinet Committee's need to decide whether they want to debate about the proposals in the consultation paper at this meeting, or whether this should be deferred until November after the IMG has undertaken detailed examination.

4. Recommendation

4.1 Members are asked to

- (i) note the consultation launched on 6th September
- (ii) note the proposed engagement with Cabinet Committees

Background Documents

None

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