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To: Children, Families and Education Policy Overview Committee –
19 September 2008

Subject: Children, Families and Education Budget Monitoring 2008/09

Classification: Unrestricted

FOR INFORMATION

Introduction

1. This report is the first report to this Committee on the forecast outturn against budget for the Children Families and Education (CFE) Directorate for 2008/09. It also includes a detailed update on the position on school reserves as requested by Members.

Quarterly Monitoring Report

2. Attached is the monitoring report for the first quarter for 2008/09. The main points to highlight are:

a) Revenue

- The Directorate is projecting a balanced budget of which Pages 7 and 8 of Annex 1 details the main under and overspends. This forecast excludes Asylum and assumes that the planned action will ensure that the forecast overspend can be offset
- £4.3m projected overspend in relation to support for unaccompanied asylum seeking children

b) Capital

- Detail on all the major projects are set out in the attached report. The causes of the forecast underspend are due to a number of project phasing issues and some under/overspends

Schools

3. (1) Schools' revenue reserves increased by 7.2% to £67.6m and capital reserves increased by 32.9% to £17.0m (excluding closed schools) at the 2007-08 financial year end. In 2007, the DCSF consulted through the annual update on School Finance Regulations to introduce a retrospective 5% redistribution of schools' revenue reserves. In a statement at the end of October 2007 to Local Authorities, Jim Knight, Minister for Schools confirmed that whilst he would not be introducing this proposal in the current CSR period he would continue to monitor the overall level of surplus balances. If the levels

reported do not show a significant reduction then the DCSF will come forward with further action for the next CSR period.

(2) An analysis of the year end returns provided by schools in order to explain why they are holding reserves is summarised in the table below:

Table 1 – Analysis of 2007-08 revenue reserves

Purpose	Amount £'m
Uncommitted	28.1
Standards Fund	9.5
Building Project	8.8
Building Refurbishment	4.6
Fund holding/Cluster & private income	3.7
Staffing	2.7
ICT	2.5
Mergers/Amalgamations	1.9
Equipment	1.6
Falling Rolls (3YP)	1.5
Late allocations	1.4
Other	1.3
TOTAL	67.6

(3) We consulted the Schools' Funding Forum regarding the levels of school reserves and agreed with them that we will challenge those schools who have had consistently high levels of revenue reserves over the past 5 years. We identified the 60 schools with the largest reserves and required them to explain why they are holding reserves at these levels and made it clear that they may be subject to recovery of some of their accumulated balances. Meetings with 35 of these schools took place in early July. Any reserves recovered will need to be re-distributed amongst Kent schools' (as per DCSF regulations) and we will discuss this with the Schools Funding Forum at their 3 October meeting.

(4) The 35 schools that attended the meetings on 3 and 4 July discussed their level of reserves with one of 3 panels, all of which included representatives from the Schools Funding Forum, CFE Finance and ASK. In light of the panel views CFE Finance have now written to those schools advising them of the panel decision. In the case of 10 we have stated that we will claw back a total of £1.3m and for a further 8 up to £0.7m subject to production of further evidence. For those schools who are unhappy with the outcome there will be a Schools Funding Forum led appeals process that will take place in September.

(5) We have also written to the remaining 25 schools inviting them to similar meetings in September. This exercise has raised a number of issues that we and the Forum need to consider for the future:

- There is evidence that some schools have moved revenue into capital to avoid any possible clawback

- A number of schools are planning to use a large proportion of revenue reserves to fund capital projects with a medium/long term risk of moving into deficit
- A number of the Heads/Governors we met were surprised at the explicit link we made between standards and their budget reserves. This raised some significant concerns among Panel members
- The need to do more on training, especially with Primary head teachers and do more work to brief and train School Improvement Partners
- An emerging view that our Balance Control Mechanism may be too generous

(6) The first monitoring returns from schools for 2008/09 are due in October and we will update Members on the schools' latest forecast of reserves as soon as the information is available.

(7) The position on schools is complex and the reality is that we have a mixed position across our schools and simply cannot look at the overall level of reserves as an indication of the financial health of the schools:

- 143 schools are funded on the basis of the Minimum Funding Guarantee which only gives them a 2.1% per pupil increase in each of the next three years. This will not cover the costs of pay awards let alone help them to manage the inflationary pressures in respect of utility bills or other areas such as exam fees.
- There are 201 schools (35% of all schools) whose revenue reserves are less than £50k.
- There are 294 schools (51% of all schools) who have static or falling rolls.

(8) On the basis of the latest 3 Year Budget plans for schools it is clear that an increasing number are forecasting that they will move into a deficit position during the period 2008-11. Clearly we will be working with these schools but resolving their problems is likely to add pressure on our redundancy budget and, if the numbers are as high as we currently anticipate, then there will be significant pressure on the Finance and Personnel staff.

(9) We have now had 562 out of the 576 3 year plans that were due back at the end of May and we are clear on why the other schools have delayed submission. The analysis of the plans, including subsequent discussions with some schools, shows that:

- 11 schools are forecasting to be in deficit in 2008/09 with a value of £0.7m
- 43 schools are forecasting to be in a deficit in 2009/10 with a value of £3.2m
- 65 schools are forecasting to be in deficit in 2010/11 with a value of £8.5m

Recommendations

4. Members of the Children Families and Education Policy Overview Committee are asked to note the projected outturn figures for the directorate as at the first quarter.

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Background Documents: None
Other useful information: None

CHILDREN, FAMILIES & EDUCATION DIRECTORATE SUMMARY

JULY 2008-09 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 budget was set to reflect a number of technical adjustments to budget; a virement within CF&EA portfolio of £1.863m from Grants to Voluntary Organisations to Independent Sector Residential Care (£1.463m) and Fostering (£0.4m), as approved by Cabinet on 14 July 2008 and an allocation of £0.249m from the contingency set aside from the 2007-08 rolled forward underspend for the impact of the current economic situation as agreed by Cabinet on 4 August.
- The inclusion of a number of 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in section 3.2.3 of 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	
OPERATIONS, RESOURCES AND SKILLS portfolio							
Delegated Budget:							
- Delegated Schools Budget	852,367	-80,517	771,850	0	0	0	
- Devolved Standards Fund	102,835	0	102,835	0	0	0	
- Targeted Standards Fund	0	0	0	0	0	0	
- Direct Financing for schools	0	0	0	0	0	0	
TOTAL DELEGATED	955,202	-80,517	874,685	0	0	0	
Non Delegated Budget:							
- Finance	3,810	-1,071	2,739	0	0	0	
- Awards	5,058	-827	4,231	89	-49	40	
- Grant income & contingency	4,384	-934,827	-930,443	0	0	0	
- Personnel & Development	16,007	-3,606	12,401	70	0	70	Redundancy costs for school staff underspend £398k, pensions overspend £468k
- Capital Strategy Unit	2,808	-242	2,566	821	-2	819	Revenue maintenance due to school closures and vandalism £543k, 3 new projects for mobile moves £278k
- BSF/ PFI and academies unit	450	0	450	83	0	83	
- Client Services	5,165	-3,471	1,694	11	0	11	
- Business Management	2,276	-143	2,133	118	0	118	Delay in achieving the full administrative staff saving in 2008/09 £118k
- ICT	7,630	-1,880	5,750	-16	-38	-54	
- Health & Safety	437	-8	429	6	0	6	
- Strategic Management	1,714	0	1,714	0	-2	-2	
- Extended Services	5,955	-350	5,605	0	0	0	
- Kent Music	858	0	858	0	0	0	
-14-24 unit	2,307	-202	2,105	0	0	0	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
- School Organisation	2,984	-66	2,918	-48	0	-48	
- Mainstream HTST	16,555	-484	16,071	0	0	0	
- Clusters	19,426	-263	19,163	0	0	0	
- AEN & Resources	15,981	-5,552	10,429	0	0	0	
- SEN Transport to Schools	15,483	0	15,483	0	0	0	
- Independent Sector Provision	10,983	-697	10,286	0	0	0	
TOTAL NON DELEGATED	140,271	-953,689	-813,418	1,134	-91	1,043	
OR&S Assumed Mgmt Action				0		0	
OR&S non delegated Forecast after Mgmt Action	140,271	-953,689	-813,418	1,134	-91	1,043	
Total OR&S incl schools delegated	1,095,473	-1,034,206	61,267	1,134	-91	1,043	
CHILDREN, FAMILIES AND EDUCATIONAL ACHIEVEMENT portfolio							
- Strategic Planning & Review	1,436	0	1,436	0	0	0	
- P & P (Vulnerable Children)	4,263	-395	3,868	0	0	0	
- Managing Directors Office & Democratic Services	2,070	0	2,070	0	0	0	
- Project Management (SPR)	113	0	113	0	0	0	
- Advisory Service Kent (ASK) Secondary Team	3,373	-160	3,213	65	0	65	
- ASK Primary Team	5,741	-360	5,381	55	0	55	
- ASK Early Years Team	5,756	-12	5,744	1,000	0	1,000	Additional targets linked to Outcomes, quality and inclusion strand of Sure Start overspend £1m
- ASK Improvement Partnerships	3,486	0	3,486	0	0	0	
- ASK Professional Development	5,080	-2,262	2,818	0	0	0	
- Early Years & Childcare	22,570	-154	22,416	0	0	0	
- Management Information	30,965	-35	30,930	0	-7	-7	
- International Development	195	-100	95	0	0	0	
- Educational Psychology Service	3,725	0	3,725	-125	0	-125	Psychologist vacancies £125k
- Attendance & Behaviour Service	17,208	-5,292	11,916	40	0	40	
- Minority Community Achievement	1,720	-96	1,624	0	0	0	
- Specialist Teaching Service	3,061	-590	2,471	0	0	0	
- Joint Commissioning	1,847	-310	1,537	0	0	0	
- Commissioning General	13,047	-614	12,433	0	0	0	
- Residential Care provided by KCC	2,261	-25	2,236	11.0	-11.0	0.0	
- Independent Sector res. care	5,119	-403	4,716	2,184.0	-728.0	1,456.0	Overspend due to increased demand and high cost placements. Increased income from joint funding arrangements as agreed by JRAP
- Residential care - not looked after children	664	-7	657	22.0	-64.0	-42.0	
- KCC Family support	10,942	-960	9,982	-1,090.0	183.0	-907.0	Planned underspend to cover the pressures on Assessment & Related
- Family group conferencing	1,129	-241	888	12.0	-11.0	1.0	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
- Fostering service	23,403	-97	23,306	124.0	-124.0	0.0	Increase in independent fostering allowances £1,366k, overspend on County Fostering Team £75k, underspend on other fostering lines £1,317k. Additional income from placements, training and OLAs.
- Adoption service	5,988	-22	5,966	-257.0	-9.0	-266.0	Underspend on adoption allowances £502k, overspend on County Adoption Team £245k
- Independent Sector day care	920	0	920	-198.0	0.0	-198.0	Lower than anticipated number of clients
- Section 17	908	-5	903	119.0	5.0	124.0	Higher than anticipated number of clients, more expensive support
- Link placements	236	0	236	-10.0	0.0	-10.0	
- Grants to voluntary organisations	5,678	-266	5,412	9.0	-9.0	0.0	
- Direct payments	735	0	735	-108.0	-10.0	-118.0	Expenditure charged to new strand of the Sure Start Grant for Transforming Short Breaks for Disabled Children leading to a base underspend.
- Teenage pregnancy	706	0	706	6.0	-6.0	0.0	
- Leaving care/16+	3,413	0	3,413	-101.0	0.0	-101.0	Lower than anticipated take up of places
- Other services support	6,789	-824	5,965	818.0	-47.0	771.0	Legal overspend £650k, Out of Hours additional staff overspend due to transition £80k, other minor overspends £88k
- Assessment and related	19,077	-16	19,061	1,260.0	-353.0	907.0	Staffing overspend covered by planned underspend on Family Support
- Grant income & contingency	5,706	-74,197	-68,491	0.0	0.0	0.0	
Total C,F&EA	219,330	-87,443	131,887	3,836	-1,191	2,645	
CF&EA Assumed Mgmt Action				-2,250		-2,250	
CF&EA Forecast after Mgmt Action	219,330	-87,443	131,887	1,586	-1,191	395	
- Asylum Seekers	13,450	-13,450	0	0	4,002	4,002	
Total C,F&EA incl. Asylum	232,780	-100,893	131,887	3,836	2,811	6,647	
Total Delegated	955,202	-80,517	874,685	0	0	0	
Total Non Delegated (excl. Asylum)	359,601	-1,041,132	-681,531	4,970	-1,282	3,688	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
Total Directorate Controllable (excl. Asylum)	1,314,803	-1,121,649	193,154	4,970	-1,282	3,688	
Directorate Assumed mgmt action				-2,250		-2,250	
Total Directorate Controllable (excl. Asylum) after mgmt action	1,314,803	-1,121,649	193,154	2,720	-1,282	1,438	
Directorate Net Total (incl. Asylum) before mgmt action	1,328,253	-1,135,099	193,154	4,970	2,720	7,690	
Directorate Net Total (incl. Asylum) after mgmt action	1,328,253	-1,135,099	193,154	2,720	2,720	5,440	

1.1.3 Major Reasons for Variance:

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

OR&S portfolio:

There is a net pressure of £1,043k on this portfolio before the implementation of management action. The main variances are:

1.1.3.1 Personnel and Development (Gross)

The Personnel and Development Unit is forecasting an overspend on the pensions budget of £468k, the majority of which is due to previous years early retirements resulting from school closures and amalgamations. This pressure is largely offset by an underspend of £398k on the budget for redundancies of school staff which is due to a reduction in the number of school closures and amalgamations during the 2008-09 financial year.

1.1.3.2 Capital Strategy Unit (Gross)

The Capital Strategy Unit is projecting a £821k gross pressure. The budget for revenue maintenance of non operational sites is forecast to overspend by £543k due to the boarding up of closed schools and repairs caused by vandalism. The balance of the pressure is attributed to the costs of moving and hiring mobile classrooms in excess of the amount funded through the MTP 2008-11 (including 3 large projects) of £278k. This is consistent with spend in previous years.

1.1.3.3 Business Management (Gross)

The Business Management Unit is projecting a £118k gross pressure. One of the 2008-09 MTP savings related to administrative support. The unit concerned provides support to all directorates and following a consultation it was agreed that the unit would reduce in size rather than close. This has resulted in a reduction in the total to be saved against this heading and due to the consultation, a full years saving will not be generated in this financial year.

CF&EA portfolio:

There is a net pressure of £2,645k on this portfolio (excluding Asylum), before the implementation of management action. The main variances are:

1.1.3.4 Advisory Service Kent – Early Years

There is a pressure on the ASK Early Years unit of £1,000k on Sure Start funded projects. As declared in the last exception report the total grant funding for 2008-09 (excluding Childrens' centre funding) is at a similar level to last year. However the Directorate has additional targets for 2008-09 that the DCSF have now set linked to the Outcomes, Quality and Inclusion strand where our performance is subject to external monitoring and assessment against national indicators.

KCC is committed to containing spend within the totality of the grant and is therefore looking at balancing this pressure.

1.1.3.5 Educational Psychology (Income)

A forecast underspend of £125k is due to staff vacancies.

1.1.3.6 Independent Sector Residential Care (Gross and Income)

A pressure of £2,184k is forecast due to an increase in demand and high cost placements which is consistent with the pressure experienced in 2007-08. This is partly offset by additional funding of £728k for placements following agreement from the Joint Residential Assessment Panel (JRAP) for this financial year.

1.1.3.7 KCC Family Support (Gross and Income)

The Family Support Unit is forecasting a gross underspend of £1,090k and an income overspend of £183k. The underspend is due to planned management action to balance the forecast overspend declared on Assessment and Related (see section 1.1.3.15). The overspend on income of £183k is due to a shortfall in income expected from partners and other sources.

1.1.3.8 Fostering Service (Gross and Income)

There is a gross pressure on this budget of £124k. The independent fostering allowances budget is forecasting an overspend of £1,366k. Based on the average weekly cost of £1,010 the 2008-09 budget of £1,502k can afford 1,487 weeks of independent foster care. The activity details in section 2.5.2 show actual client weeks as 736.59 for quarter 1, with a forecast of 2,789.41 weeks for the full financial year, which equates to a forecast spend of £2,868k. It should be noted that the actual number of client weeks is an estimate based on financial information only due to ongoing technical problems with the Integrated Childrens System (ICS). These figures will be subject to change once accurate information becomes available.

There is also a small overspend on the County Fostering team of £75k. Both of these overspends are largely offset by underspends of £1,317k on other fostering lines such as KCC fostering.

There is an income variance of £124k due to income received for training, placements and from OLAs for non Kent children being placed with KCC foster carers.

1.1.3.9 Adoption Service (Gross)

There is a forecast underspend on the Adoption Service of £257k. A forecast underspend on adoption allowances of £502k due to a new annual review of allowances is being partly offset by an overspend on the County Adoption Team of £245k due to the recruitment to posts to undertake the annual allowance reviews.

1.1.3.10 Independent Sector Day Care (Gross)

This is a preventative service managed in conjunction with Section 17 payments and the variances are inter-related. The forecast underspend of £198k is due to lower than anticipated number of clients receiving support under this line.

1.1.3.11 Section 17 (Gross)

This is a preventative service managed in conjunction with Independent Sector Day Care the variances are inter-related. The forecast overspend of £119k is due to higher than anticipated number of clients receiving more expensive support under this line.

1.1.3.12 Direct Payments (Gross)

There is a forecast underspend on this service of £108k. A new strand of the Sure Start Grant has been introduced in 2008/09 for Transforming Short Breaks for Disabled Children. Where possible, expenditure is being charged to the grant to ensure that it will be fully utilised leading to an underspend on the base budget for Direct Payments.

1.1.3.13 Leaving Care/16+ (Gross)

This is a client based service and current usage is below the anticipated level leading to an underspend of £101k. It should be noted that there are pressures on the other 16+ services

which are overspent and are reported within the Independent residential lines and Fostering Service Lines.

1.1.3.14 Other Services Support (Gross)

The pressure on this budget continues and the gross overspend of £818k is mainly attributed to Legal Services which is forecast to overspend by £650k. The pressure on this budget has continued from 2007-08 and the Directorate will be reviewing this budget further with a view of identifying the ongoing base pressure in the 2009-12 MTP. There is a pressure on the Out of Hours budget of £80k as additional staff are required while the transition to the Call Centre takes place. There are other minor overspend on Facilities and the Business Planning Unit of £88k.

1.1.3.15 Assessment and Related (Gross and Income)

Assessment and Related is forecasting a gross overspend of £1,260k and an income underspend of £353k. The overspend is due to the filling of frontline posts and this is being offset by a planned underspend on the Family Support line (see 1.1.3.7).

The variance on income is due to income for the Best project £165k and Ready for Practice income and training money £147k with the balance being attributed to ad hoc money secured from Health and other sources.

1.1.3.16 Asylum

The Asylum Service is forecasting to have a funding shortfall of £4,002k for the 2008-09 financial year, £3,502k of direct costs and £500k of indirect costs. The number of referrals in Kent is running at its highest monthly level for this point in the financial year at almost 50 cases per month.

The forecast income is based on the 2007-08 rules and levels. The Home Office have given an undertaking that no authority would be out of pocket in 2008-09 but there has been no reference to levels of income in any correspondence. However the latest information from the LGA says that costs "directly attributed to the care of an individual" in the current year should be reimbursed at 100% subject to audit. Until we receive anything in writing from the Home Office clarifying what costs will be reimbursed, based on last years grant levels and rules, the authority will have a shortfall of £4m. The Home Office has also referred to a winding down of indirect costs in line with reducing numbers which should be achieved over two years, although at this stage it is not clear what costs they consider to be indirect. Also while nationally the number of Unaccompanied Asylum Seeking Children (UASCs) may be falling, the number of referrals in Kent remains significantly higher than our service was designed for.

The LA continues to lobby Central Government concerning outstanding grant income for previous years. Funding from the Home Office for outstanding income relating to 2006-07 has been confirmed at 100% (£2,430k) but the position regarding outstanding income for 2007-08 is less clear. The DCSF had offered 56% funding of the UASC Leaving Care shortfall amounting to £1,488k which leaves Kent with a £1,150k shortfall. However latest correspondence says that this is an estimate and the final amount will depend on how much other authorities bid for with additional funding capped at £16m. There is also lack of clarity in the latest letter from the Home Office regarding 2007-08 where 100% funding was expected but now a bidding process will take place and additional cash will be limited at £9m nationally.

Other Issues

1.1.3.17 Payments to PVI providers for the free entitlement for 3 and 4 year olds (DSG)

The latest forecast suggests an underspend of around £900k on payments to PVI providers for 3 and 4 year olds. 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, as any unspent Early Years funding has to be returned to schools, at year end any underspend will be transferred to the schools unallocated reserve for DSG and hence is not included in the overall directorate forecast in this report.

Delegated Schools Budgets

1.1.3.18 As reported in the last exception monitoring report, the Local Authority has consulted its Schools' Funding Forum regarding the levels of school reserves and agreed with them that we will challenge those school's who have had consistently high levels of revenue reserves over the past 5 years. On 3rd and 4th July, 31 schools attended meetings with representatives from the Forum, the Advisory Service and Finance. These schools were required to explain why they are holding reserves at these levels and how they impact on improving standards. The LA is in the process of recovering reserves from 10 schools with the possibility of this increasing to 18 schools. A formal appeals process has been established for September.

Any reserves recovered will need to be re-distributed amongst Kent schools' (as per DCSF regulations) and we will discuss this with the Forum at the next meeting in October.

On 15th and 16th September the Local Authority will be seeing the next round of schools with high reserves.

The first monitoring returns from schools are due in October and an update on the schools' forecast movement on their reserves during 2008-09 will be provided as soon as the information is available.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFEA	Asylum - Shortfall in income (income)	+4,002	CFEA	Fostering Service - Non Independent Fostering Allowance lines (gross)	-1,317
CFEA	Independent Sector Residential Care - increase in demand and high cost placements (gross)	+2,184	CFEA	Family Support - Planned management action (gross)	-1,090
CFEA	Fostering Service - Independent fostering allowances (gross)	+1,366	CFEA	Independent Sector Residential Care - placement funding from Joint Residential Assessment Panel (income)	-728
CFEA	Assessment and Related - Frontline staffing overspend (gross)	+1,260	CFEA	Adoption Service - adoption allowances (gross)	-502
CFEA	ASK Early Years - additional Sure Start targets (gross)	+1,000	ORS	Personnel and Development - reduction in school staff redundancy costs (gross)	-398
CFEA	Other Services Support - Legal costs (gross)	+650	CFEA	Assessment and Related - additional income from Best project, training and Health	-353
ORS	Capital Strategy - closing schools revenue maintenance (gross)	+543	CFEA	Independent Day Care - lower take up of places	-198
ORS	Personnel and Development - pensions (gross)	+468	CFEA	Education Psychology - staffing vacancies (gross)	-125
ORS	Capital Strategy - mobile classroom costs (gross)	+278	CFEA	Fostering Service - additional income for training, placements etc (income)	-124
CFEA	Adoption Service - County Adoption Team	+245	CFEA	Direct Payments - utilisation of Sure Start grant giving base budget underspend (gross)	-108
CFEA	Family Support - shortfall of partnership income (income)	+183	CFEA	Leaving Care/16 plus - lower than anticipated take up of places (gross)	-101
CFEA	Section 17 - increased support to clients (gross)	+119			
ORS	Business Management - delay in administrative support saving (gross)	+118			
		+12,416			-5,044

1.1.4 Actions required to achieve this position:

N/A.

1.1.5 Implications for MTP:

Some of these ongoing pressures are being addressed through the 2009-12 MTP process, such as independent fostering allowances and independent sector residential care. We are expecting to manage the remaining pressures downwards on an ongoing and sustainable basis, however if this is not fully achieved we may need to address some of these issues within an already extremely difficult 2009-12 MTP.

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 intends to balance the 2007-08 budget using the proposals listed below:

In the CF&EA portfolio:

- We anticipate that we will have some one-off Sure Start funding available for re-badging of base expenditure. The availability of the funding is, as in previous years, linked to the timing of the opening of Childrens Centres. This is likely to be the last year that the option will be available to us but we should be able to deliver £1,000k through this to offset the £1,000k pressure shown in 1.1.3.4.
- The directorate underspent its LAA grant in 2007-08 by £250k. LAA funding which is one off in nature will be used to offset part of the pressure.
- We will continue to look in detail at expenditure items in the Directorate – particularly Childrens Social Services – that we may be able to charge to the LA element of the DSG where we have some capacity. We have set a target of £1,000k.

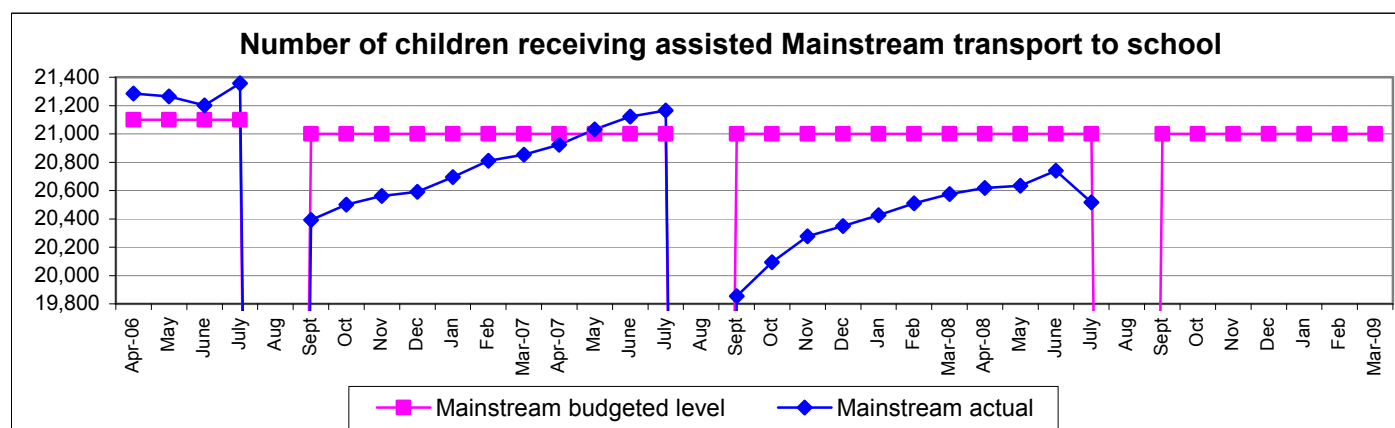
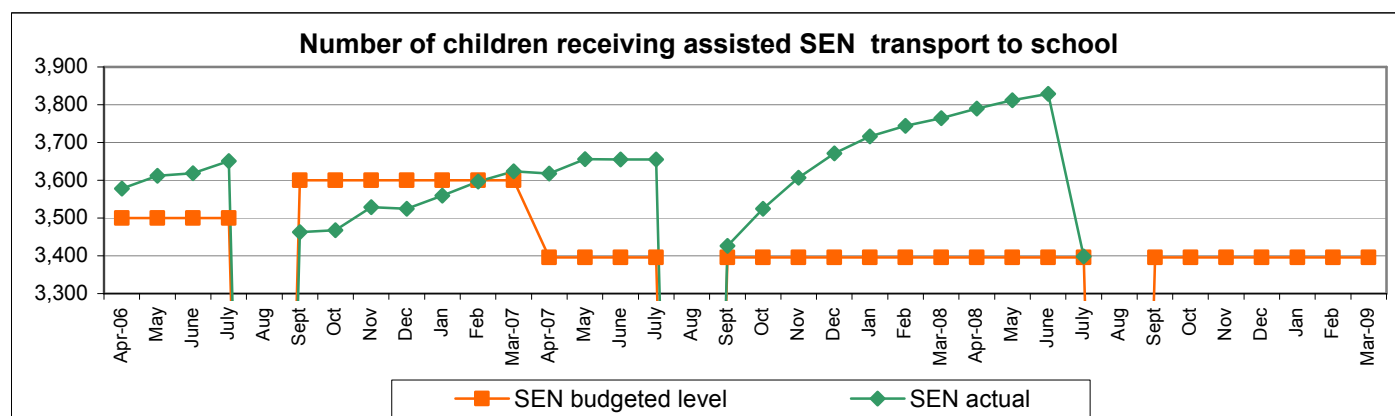
These management actions will cover £2,250k of the reported pressures and leaves the directorate with a residual overspend of £1,438k (excluding Asylum). Options to manage the residual overspend will be discussed at SMT in September and this could include a vacancy freeze. However at this stage the directorate expects to finish the financial year in a balanced position.

Although these measures will cover the majority of this year's overspend, there will still be an underlying pressure in the base budget, as most of the proposals listed above are using one-off monies. The directorate is looking to manage this pressure downwards on an ongoing and sustainable basis, however if this is not fully achieved we may need to address some of these issues within the 2009-12 MTP.

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

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

	2006-07				2007-08				2008-09			
	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	3,500	3,578	21,100	21,285	3,396	3,618	21,000	20,923	3,396	3,790	21,000	20,618
May	3,500	3,612	21,100	21,264	3,396	3,656	21,000	21,032	3,396	3,812	21,000	20,635
June	3,500	3,619	21,100	21,202	3,396	3,655	21,000	21,121	3,396	3,829	21,000	20,741
July	3,500	3,651	21,100	21,358	3,396	3,655	21,000	21,164	3,396	3,398	21,000	20,516
Aug	0	0	0	0	0	0	0	0	0	0	0	0
Sept	3,600	3,463	21,000	20,392	3,396	3,426	21,000	19,855	3,396		21,000	
Oct	3,600	3,468	21,000	20,501	3,396	3,525	21,000	20,093	3,396		21,000	
Nov	3,600	3,529	21,000	20,561	3,396	3,607	21,000	20,276	3,396		21,000	
Dec	3,600	3,525	21,000	20,591	3,396	3,671	21,000	20,349	3,396		21,000	
Jan	3,600	3,559	21,000	20,694	3,396	3,716	21,000	20,426	3,396		21,000	
Feb	3,600	3,597	21,000	20,810	3,396	3,744	21,000	20,509	3,396		21,000	
March	3,600	3,624	21,000	20,852	3,396	3,764	21,000	20,575	3,396		21,000	



Comments:

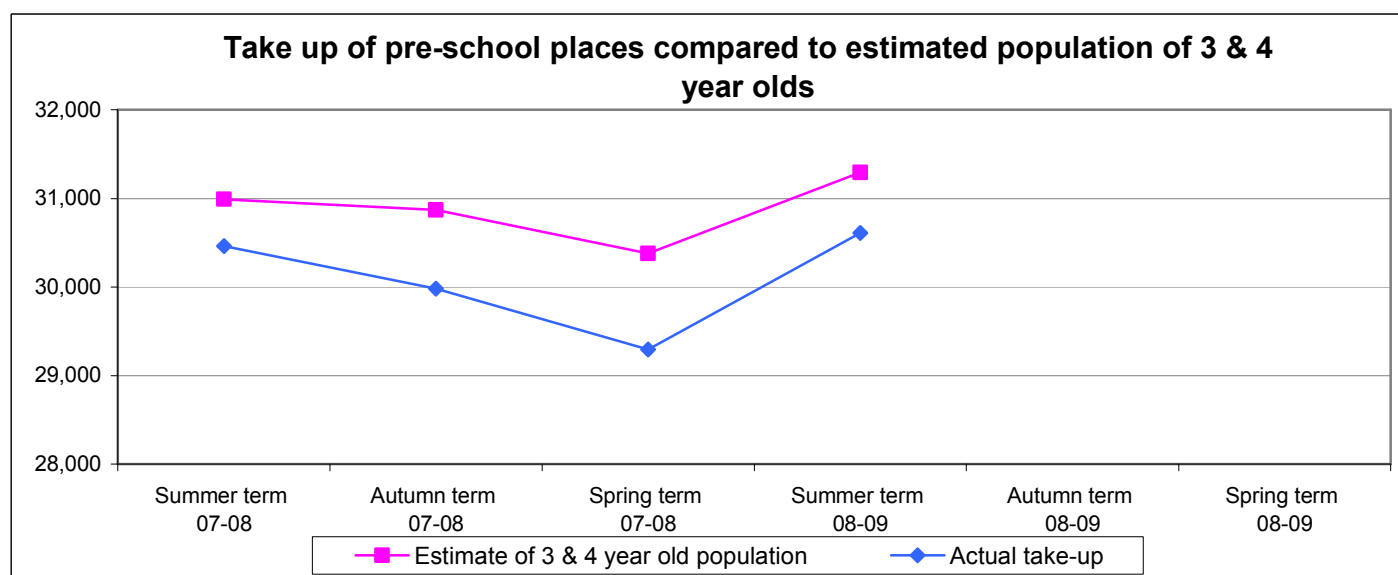
- SEN HTST** – In 2007-08 there was a significant gap between the actual and budgeted level of assisted SEN transport to schools which related to the savings targets which significantly reduced the budgeted level and the fact that the service was unable to achieve these. Whilst actual numbers travelling continue to exceed budgeted levels, work is still being undertaken by Passenger Transport Unit on the savings that will be achieved through contract negotiations. Any variance to budget will be reported following the outcome of this piece of work.

The actual number of pupils travelling appears low in July as the 'day of count' was after some special schools had closed for the summer. (The count is taken on a set day in the month). The data in September should give a better view of the levels of pupils receiving assisted transport.

- **Mainstream HTST** - The budgeted level has been calculated by dividing the 2008/09 budget by the current average cost per child. Actual numbers travelling are slightly less than budgeted levels but at this stage of the year an underspend has not been reported until the impact of the fuel price rise becomes clear.

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:

	2007-08					2008-09				
	<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	<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
Summer term	20,675	9,485	30,460	30,992	98%	20,766	9,842	30,608	31,294	98%
Autumn term	14,691	15,290	29,981	30,867	97%					
Spring term	17,274	12,020	29,294	30,378	97%					

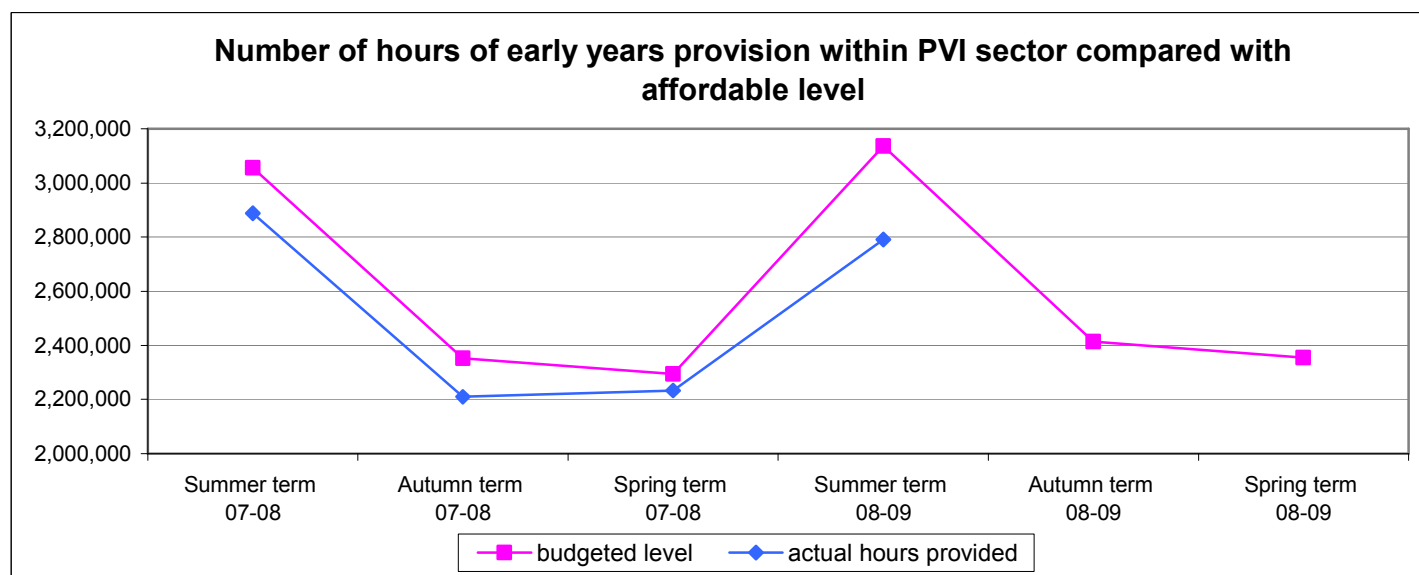


Comments:

- This graph shows that currently 98% 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 the maximum of five sessions per week for the full 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, 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, as any unspent Early Years funding has to be returned to schools, at year end any underspend will be transferred to the schools unallocated reserve for DSG and hence is not included in the overall directorate forecast shown in table 1, but is reported in the narrative in section 1.1.3.17 of this annex

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	
	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
Autumn term	2,352,089	2,209,303	2,413,489	
Spring term	2,294,845	2,233,934	2,354,750	
	7,703,488	7,330,371	7,904,583	2,790,446



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 underspend on this budget which has been mentioned in section 1.1.3.17 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
	as at 31-3-06	as at 31-3-07	as at 31-3-08	Projection
Total number of schools	600	596	575	574
Total value of school revenue reserves	£70,657k	£74,376k	£79,360k	£79,360k
Number of deficit schools	9	15	15	11
Total value of deficits	£947k	£1,426k	£1,068k	£920k

Comments:

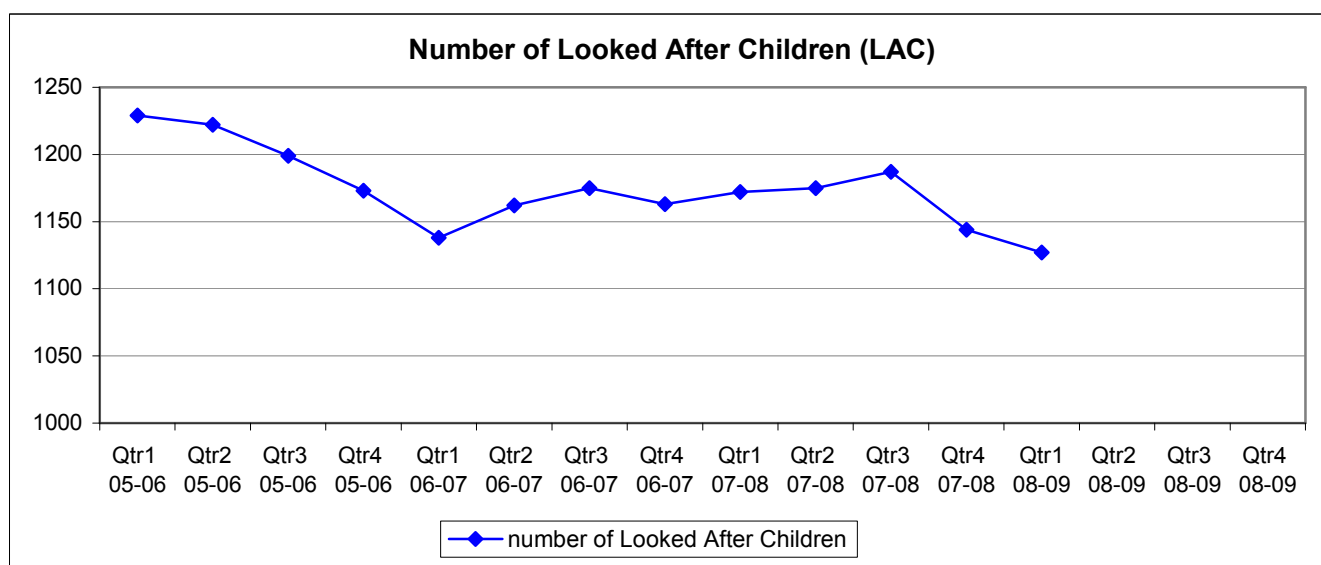
- The information on deficit schools for 2008/09 has been obtained from the schools budget plan submissions. The LA receives updates from schools through budget monitoring returns from all schools after 6 months, and 9 months as well as an outturn report at year end.
- KCC now has a “no deficit” policy 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 LA, which could ultimately mean suspending delegation.

- 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.

2.4 Numbers of Looked After Children (LAC):

	2005-06	2006-07	2007-08	2008-09
Apr – Jun	1,229	1,138	1,172	1,127
Jul – Sep	1,222	1,162	1,175	
Oct – Dec	1,199	1,175	1,187	
Jan – Mar	1,173	1,163	1,144	

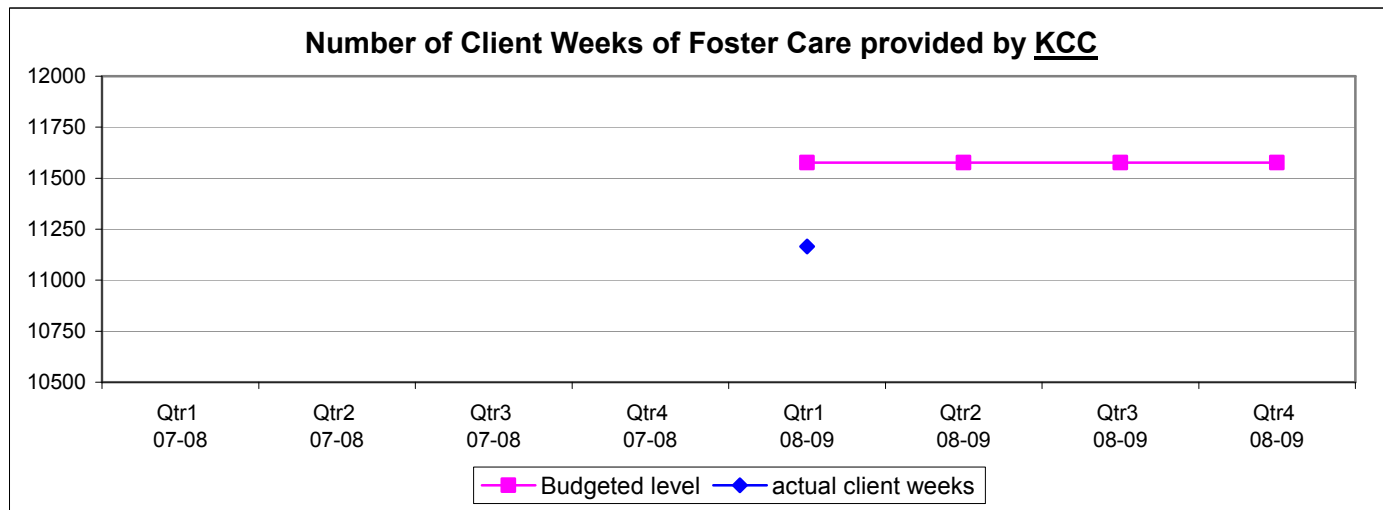


Comments:

- The actual number of Looked After Children is an estimate due problems with obtaining accurate information from the Integrated Childrens System. These figures may be subject to change once accurate information becomes available

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

	2007-08		2008-09	
	Budgeted level	Actual Client Weeks	Budgeted level	Actual Client Weeks
Apr - Jun			11,575.8	11,165.7
Jul - Sep			11,575.8	
Oct - Dec			11,575.8	
Jan - Mar			11,575.8	
			46,303.2	11,165.7

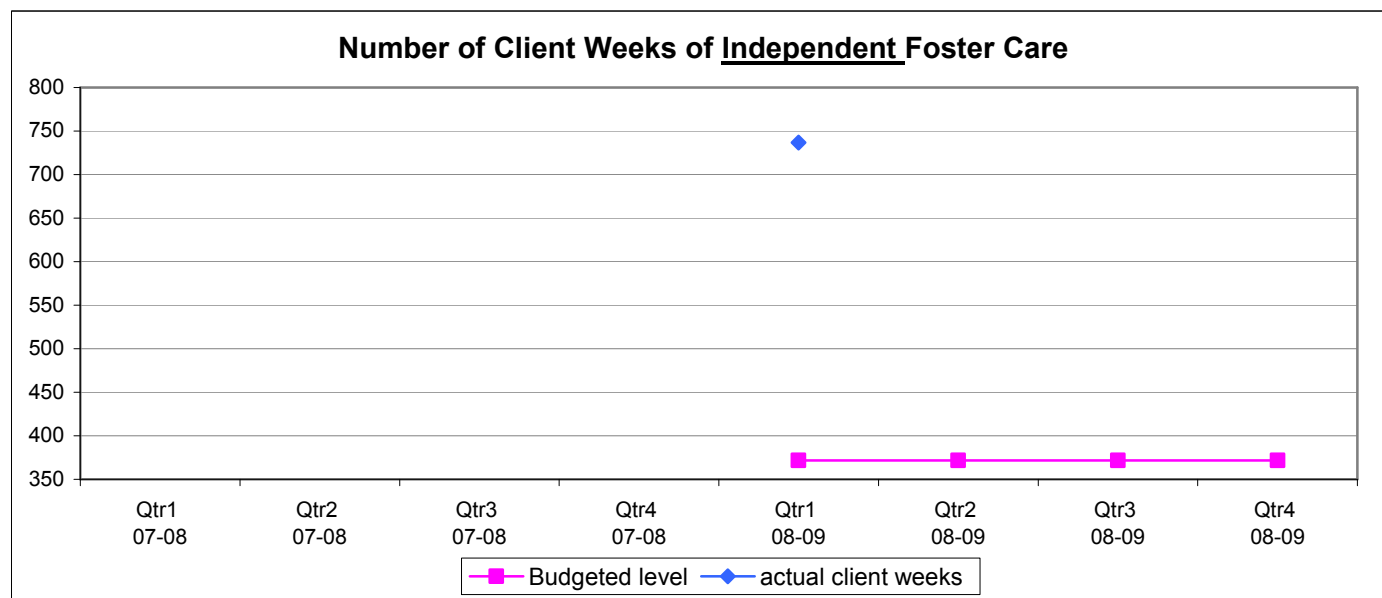


Comments:

- The actual number of client weeks is an estimate based on financial information only due problems with obtaining accurate information from the Integrated Childrens System. These figures will be subject to change once accurate information becomes available.
- The budgeted level has been calculated by dividing the budget by the average weekly cost. 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 activity data for 2007-08 is not readily available due to the problems with the Integrated Childrens System mentioned above. The data is being produced manually and this is a time consuming process. It will be available for the next quarters monitoring report.
- The current activity suggests an underspend on this budget which has been mentioned in 1.1.3.8 of this annex.

2.5.2 Number of Client Weeks of Independent Foster Care:

	2007-08		2008-09	
	Budgeted level	Actual Client Weeks	Budgeted level	Actual Client Weeks
Apr - Jun			371.78	736.59
Jul - Sep			371.78	
Oct - Dec			371.78	
Jan - Mar			371.78	
			1,487.12	736.59



Comments:

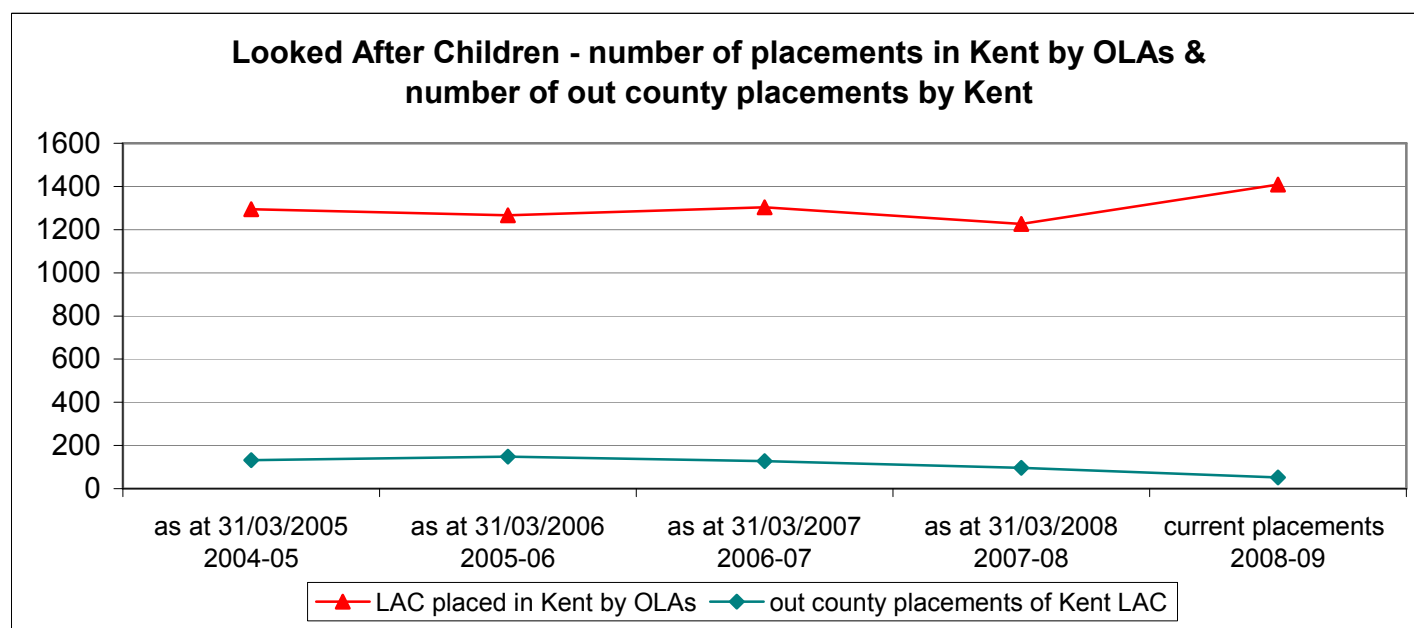
- The actual number of client weeks is an estimate based on financial information only due problems with obtaining accurate information from the Integrated Childrens System. These figures will be subject to change once accurate information becomes available.
- The budgeted level has been calculated by dividing the budget by the average weekly cost. 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 activity data for 2007-08 is not readily available due to the problems with the Integrated Childrens System mentioned above. The data is being produced manually and this is a time consuming process. It will be available for the next quarters monitoring report.
- The current activity suggests an overspend on this budget which has been mentioned in 1.1.3.8 of this annex.

2.6 Number of Placements in Kent of LAC by other Authorities:

2004-05 as at 31/03/2005	2005-06 as at 31/03/2006	2006-07 as at 31/03/2007	2007-08 as at 31/03/2008	2008-09 Current placements
1,294	1,266	1,303	1,226	1,408

2.7 Number of Out County Placements of LAC by Kent:

2004-05 as at 31/03/2005	2005-06 as at 31/03/2006	2006-07 as at 31/03/2007	2007-08 as at 31/03/2008	2008-09 Current placements
132	149	127	97	52

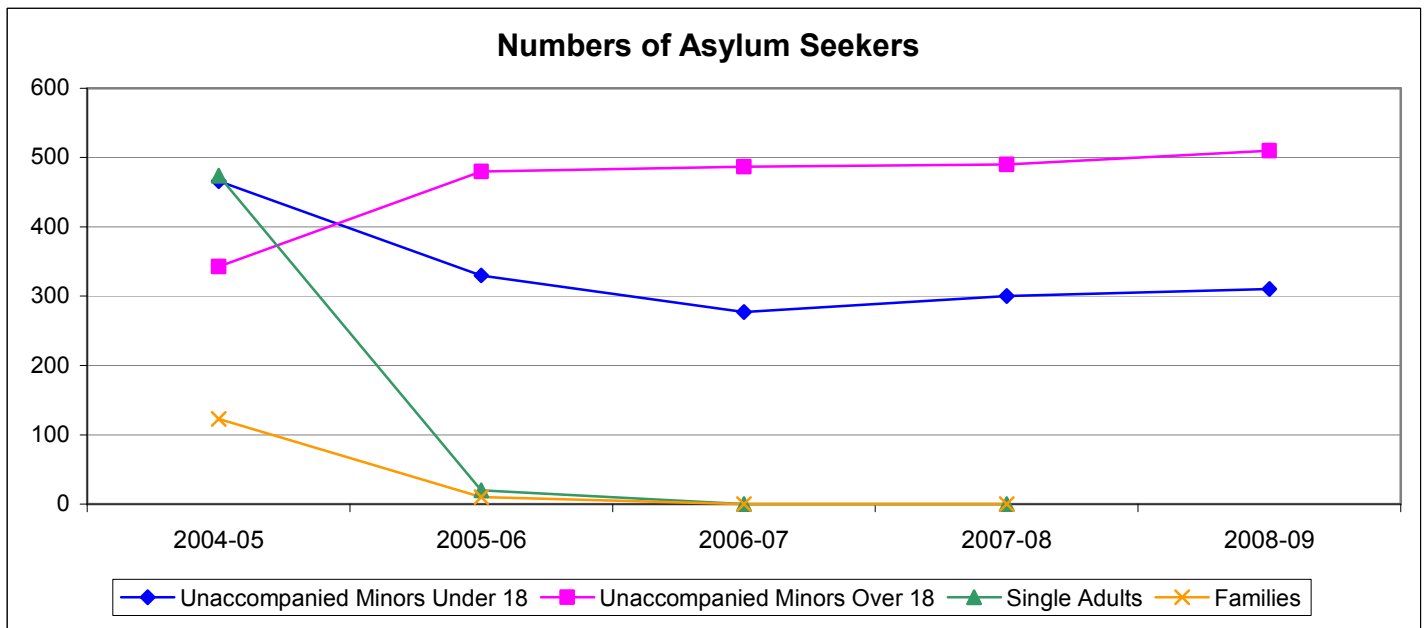


Comment:

- 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.
- It should be noted that the data shown above for 2008-09 is an estimate as accurate data is unavailable due to the ongoing problems with Integrated Childrens System.

2.8 Numbers of Asylum Seekers (by category):

	2004-05	2005-06	2006-07	2007-08	2008-09
	31-03-05	31-03-06	31-03-07	31-03-08	31-07-08
	Number	Number	Number	Number	Number
Unaccompanied Minors Under 18	466	330	277	300	310
Unaccompanied Minors Over 18	343	480	487	490	510
Single Adults	474	20	0	0	0
Families	123	10	0	0	0

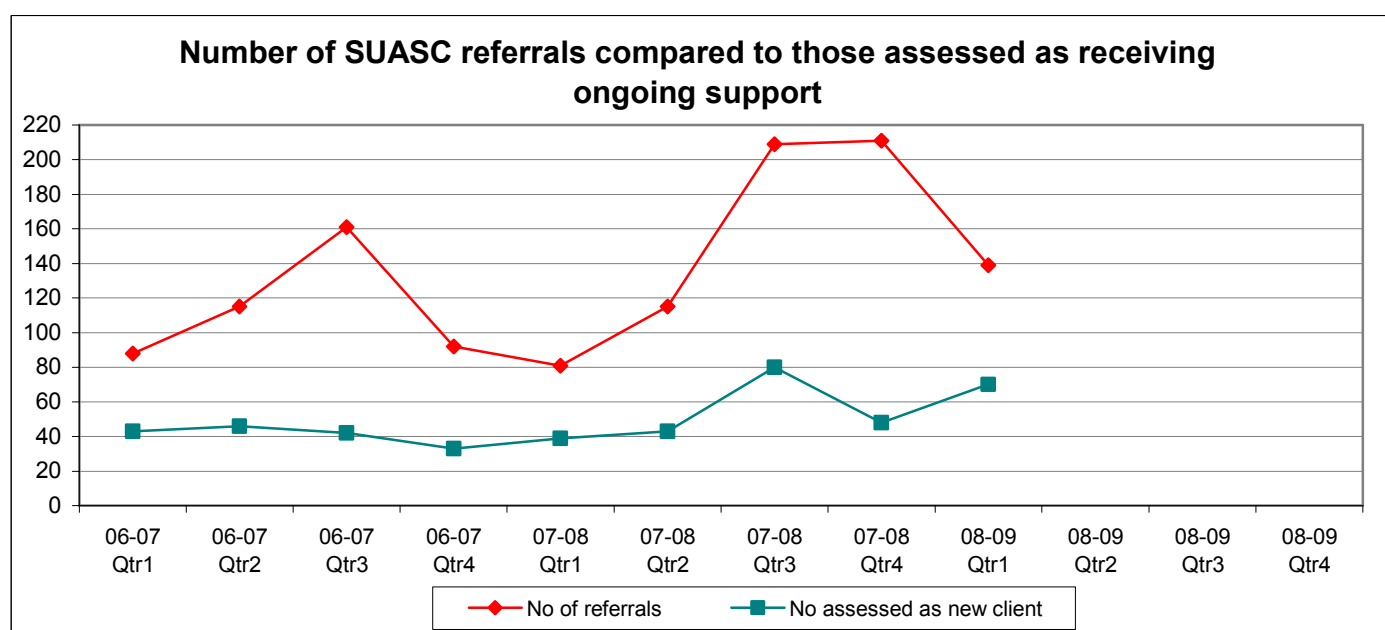


Comment:

- Client numbers have risen as a result of higher referrals and are higher than projected numbers.
- The actual number of clients is an estimate based on financial information only due to ongoing problems with the Integrated Childrens System. These figures will be subject to change once accurate information becomes available.

2.9 **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		
	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 - June	88	43	49%	81	39	48%	139	70	50%
July - Sept	115	46	40%	115	43	37%			
Oct - Dec	161	42	26%	209	80	38%			
Jan - March	92	33	36%	211	48	23%			
	456	164	36%	616	210	34%			



Comments:

- Referral rates have reduced compared to the last half of 2007-08. However the numbers are considerably higher than for the same period in the previous two years. The number being assessed as under 18 is significantly higher than the same period in the previous two years.
- The actual number of clients is an estimate based on financial information only due to ongoing problems with the Integrated Childrens System. These figures will be subject to change once accurate information becomes available.

Have you got referral numbers for July, which can go in the table above ?

[IN ORDER TO INCLUDE THESE TABLES IN THE EXECUTIVE SUMMARY, EACH DIRECTORATE WILL NEED TO COMPLETE AND RETURN FOR THEIR DIRECTORATE BUT THEY WILL NOT FORM PART OF THEIR ANNEX REPORT]

General guidance for completing table 4 for the executive summary:

1. *The top section of the table will show only the current year budget and variance.*
 2. *The real variance and re-phasing in the top section of the table should be the same as the real variance and re-phasing shown in the 2007-08 column of table 3 in the directorate template.*
 2. *The re-phasing shown in the top section of the table, i.e the re-phasing in the current year, should be replicated in the 2007-08 column in the bottom section of the table. The 2008-09, 2009-10 and future years columns should reflect where the re-phasing from 2007-08 will impact. Overall the total re-phasing in the bottom right hand corner of the table should come to zero.*
 3. *The total re-phasing in each year in the bottom section of the table should be the same as the re-phasing figure in the each year at the bottom of table 3 of the directorate template.*
- 4.3 Table 4 below, splits the forecast variance on the capital budget for 2007-08 as shown in table 3, 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 the timing remains uncertain, and
 - projects at initial planning stage.

Table 4 – Analysis of forecast capital variance by project status

Project Status	Variance				
	budget £'000s	real variance £'000s	re-phasing £'000s	total £'000s	
Rolling Programme				0	
Approval to Spend				0	
Approval to Plan				0	
Preliminary Stage				0	
Total	0	0	0	0	
	2007-08 £'000s	2008-09 £'000s	2009-10 £'000s	future years £'000s	total £'000s
Re-phasing:					
Rolling Programme	0				0
Approval to Spend	0				0
Approval to Plan	0				0
Preliminary Stage	0				0
Total	0	0	0	0	0

- 4.3.1 Table 4 shows that of the £X.Xm forecast capital variance £X.Xm is due to projects at the initial planning stage and £X.Xm is due to projects which are still only at the approval to plan stage and their timing remains uncertain. This leaves a variance of £X.Xm which relates to projects that are either underway or are part of our year on year rolling programme.

The e-mail of 29 February refers to this new requirement for 2008-09.

Gross, Income Net position – revenue budget

Portfolio	CASH LIMIT			
	Gross £k	Income £k	Net £k	
OR&S			0	
CF&EA			0	
	0	0	0	
Asylum			0	
	0	0	0	
Schools			0	
Per Budget Book	0	0	0	
Additional Grants: <i>Portfolio/Asylum/Schools)</i>				Grant name:
OR&S			0	
			0	
			0	
			0	
			0	
			0	
			0	
Revised Budget	0	0	0	

All new grants approved since the budget/ or the previous full monitoring report should be detailed in order to reconcile to the new gross and income budgets. This should only reflect 100% grants. If some match funding is required then formal approval via Member decision process would need to be obtained as Members need to decide whether providing the match funding from existing budgets is a priority as it would need to be redirected from something else.

By amending the budgets to reflect the additional gross and income cash limits for these new grants will avoid having to show then as gross and income variances.