

## CHILDREN, FAMILIES & EDUCATION DIRECTORATE SUMMARY OCTOBER 2007-08 FULL MONITORING REPORT

### 1. FINANCE

#### 1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered “technical adjustments” ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits have been adjusted since the last full monitoring report to reflect the new portfolio structure and a number of technical adjustments to budget.

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	
<b>OPERATIONS, RESOURCES &amp; SKILLS (CFE) portfolio</b>							
Delegated Budget:							
- Delegated Schools Budget	837,274	-80,517	756,757	15,000	0	15,000	expected drawdown of reserves of up to £15m due to the balance control mechanism
- Standards Fund (incl SSG)	101,695	0	101,695	0	0	0	
<b>TOTAL DELEGATED</b>	<b>938,969</b>	<b>-80,517</b>	<b>858,452</b>	<b>15,000</b>	<b>0</b>	<b>15,000</b>	
Non Delegated Budget:							
- Finance	3,384	-931	2,453	-19	0	-19	
- Awards	5,066	-999	4,067	-19	67	48	
- Grant income & contingency	5,232	-924,317	-919,085	0	0	0	
- Personnel & Development	15,739	-3,493	12,246	613	107	720	Pensions overspend £474k; redundancy overspend due to closed schools £225k
- School Support Service	53	0	53	0	0	0	
- Capital Strategy	4,880	-3,284	1,596	964	11	975	costs previously charged to capital
- Building Schools for the Future	0	0	0	0	0	0	
- Client Services	6,810	-4,281	2,529	29	0	29	
- Business Management	2,760	-143	2,617	15	-16	-1	
- ICT	13,987	-3,635	10,352	7	0	7	
- Health & Safety	434	-8	426	6	-1	5	
- Strategic Management	1,785	-103	1,682	0	0	0	
- Kent Music School	838	0	838	0	0	0	
- Extended Schools	5,818	-2,261	3,557	55	-40	15	
-14-24 unit	1,490	-94	1,396	0	0	0	
- School Organisation	2,851	-141	2,710	22	-22	0	
- Mainstream HTST	15,432	-484	14,948	-93	51	-42	
- SEN HTST	14,806	0	14,806	696	0	696	Travel requirements of SEN children have increased and the service is unable to meet all of the £989k savings targets
- Clusters	17,718	-2,654	15,064	-34	0	-34	
- Kent Children's Trusts	536	0	536	0	0	0	
- AEN & Resources	13,577	-3,722	9,855	0	0	0	
- Independent Sector Provision	9,719	-260	9,459	0	0	0	
<b>TOTAL NON DELEGATED</b>	<b>142,915</b>	<b>-950,810</b>	<b>-807,895</b>	<b>2,242</b>	<b>157</b>	<b>2,399</b>	
<b>OR&amp;S Assumed Mgmt Action</b>						<b>-1,829</b>	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>OR&amp;S Non delegated forecast after Mgmt Action</b>				<b>2,242</b>	<b>157</b>	<b>570</b>	
<b>Total OR&amp;S incl delegated</b>	<b>1,081,884</b>	<b>-1,031,327</b>	<b>50,557</b>	<b>17,242</b>	<b>157</b>	<b>15,570</b>	
<b>CHILDREN, FAMILIES &amp; EDUCATIONAL ACHIEVEMENT portfolio:</b>							
- Attendance & Behaviour Service	16,431	-5,359	11,072	0	0	0	
- Specialist Teaching Service	3,064	-337	2,727	0	0	0	
- Educational Psychology Service	3,721	-129	3,592	-74	34	-40	
- Minority Community Achievement	1,850	-96	1,754	0	0	0	
- Children's Safeguard Service	763	-13	750	0	0	0	
- Joint Commissioning	2,431	-226	2,205	0	0	0	
- Commissioning General	146	0	146	0	0	0	
- In House Residential care	2,630	-25	2,605	-156	-10	-166	savings from closure of Alderden £180k
- Ind sector residential care	3,465	-351	3,114	2,706	-700	2,006	higher number of placements than budgeted for, plus 3 children in secure accommodation costing £750k in 07-08
- Residential care - not looked after children	649	-7	642	-163	-12	-175	Number of placements reduced
- KCC Family support	9,736	-892	8,844	-155	-81	-236	staff vacancies; various income
- Family group conferencing	1,106	-241	865	-4	-17	-21	
- Fostering service	21,396	-97	21,299	1,131	-107	1,024	Increase in independent fostering allowances & staffing; training income
- Adoption service	6,030	-22	6,008	76	-49	27	
- Independent Sector day care	885	0	885	-8	0	-8	
- Section 17	1,030	-5	1,025	-266	0	-266	managed underspend
- Link placements	232	0	232	-25	0	-25	
- Grants to voluntary organisations	7,166	-398	6,768	0	0	0	
- Direct payments	826	0	826	-198	0	-198	managed underspend
- Teenage pregnancy	616	0	616	0	0	0	
- Leaving care/16+	3,399	0	3,399	-419	-6	-425	managed underspend
- Other services support	5,325	-824	4,501	758	-219	539	legal costs, various income
- Assessment and related	19,018	-110	18,908	314	-219	95	high social worker recruitment costs, various income
- Policy & Service Development	9,519	-2,413	7,106	-9	0	-9	
- Management Information	28,045	-35	28,010	-38	-5	-43	
- International Development	194	-100	94	33	-4	29	
- Early Years & Childcare Operations unit	17,379	-234	17,145	26	-25	1	
- Advisory Service Kent (ASK) Secondary Team	3,273	0	3,273	-85	0	-85	
- ASK Primary Team	4,498	-650	3,848	-3	-20	-23	
- ASK Early Years Team	6,739	-187	6,552	-2	-10	-12	
- ASK Improvement & Leadership	2,808	-150	2,658	117	-122	-5	Increase in number of advisory headteachers offset by recharge to schools.

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- ASK Improvement Partnerships	4,148	-85	4,063	-83	-22	-105	vacancies; increased income from schools
- ASK Professional Development	4,793	-2,217	2,576	0	0	0	
- Grant income & contingency	1,721	-75,182	-73,461	0	0	0	
<b>Total CF&amp;EA</b>	<b>195,032</b>	<b>-90,385</b>	<b>104,647</b>	<b>3,473</b>	<b>-1,594</b>	<b>1,879</b>	
<b>CF&amp;EA Assumed Mgmt Action</b>						<b>-2,144</b>	
<b>CF&amp;EA Forecast <u>after</u> Mgmt Action</b>	<b>195,032</b>	<b>-90,385</b>	<b>104,647</b>	<b>3,473</b>	<b>-1,594</b>	<b>-265</b>	
- Asylum Seekers	13,200	-13,200	0	-1,122	4,518	3,396	
<b>Total CF&amp;EA incl. Asylum</b>	<b>208,232</b>	<b>-103,585</b>	<b>104,647</b>	<b>2,351</b>	<b>2,924</b>	<b>3,131</b>	
<b>SUMMARY:</b>							
<b>Total Delegated</b>	<b>938,969</b>	<b>-80,517</b>	<b>858,452</b>	<b>15,000</b>	<b>0</b>	<b>15,000</b>	
<b>Total Non Delegated (excl. Asylum)</b>	<b>337,947</b>	<b>-1,041,195</b>	<b>-703,248</b>	<b>5,715</b>	<b>-1,437</b>	<b>4,278</b>	
<b>Total Directorate Controllable (excl. Asylum)</b>	<b>1,276,916</b>	<b>-1,121,712</b>	<b>155,204</b>	<b>20,715</b>	<b>-1,437</b>	<b>19,278</b>	
<b>Directorate Assumed mgmt action</b>						<b>-3,973</b>	
<b>Total Directorate Controllable (excl. Asylum) <u>after</u> mgmt action</b>	<b>1,276,916</b>	<b>-1,121,712</b>	<b>155,204</b>	<b>20,715</b>	<b>-1,437</b>	<b>15,305</b>	
<b>Directorate Net Total (incl. Asylum) <u>before</u> mgmt action</b>	<b>1,290,116</b>	<b>-1,134,912</b>	<b>155,204</b>	<b>19,593</b>	<b>3,081</b>	<b>22,674</b>	
<b>Directorate Net Total (incl. Asylum) <u>after</u> mgmt action</b>	<b>1,290,116</b>	<b>-1,134,912</b>	<b>155,204</b>	<b>19,593</b>	<b>3,081</b>	<b>18,701</b>	

### 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:

#### **O,R&S (CFE) Portfolio**

##### 1.1.3.1 Personnel and Development

The Personnel and Development unit is projecting a £720k net overspend. The pensions budget is due to overspend by £474k, this has slightly increased since previously reported. The majority of the overspend is due to early retirements within schools, which is mainly the result of the number of recent schools closures and amalgamations. The remainder of the overspend is mainly attributed to the redundancy costs associated with closing schools (£225k) as a result of the implementation of the primary strategy and the transfer of 6 secondary schools to academies.

There is a gross and income variance of £100k which represents the income from schools associated with additional pensions contributions where teaching staff who have been incorrectly charged against the Kent pensions scheme, and the corresponding expenditure as this money is passed on to the teachers pension agency.

##### 1.1.3.2 Capital Strategy (Gross)

Following the audit of the accounts and latest advice from the external auditors, £970k of items previously charged to capital will be processed through revenue. This includes tree safety costs of £270k and the costs of moving and hiring mobile classrooms estimated at £700k. This has been reported previously.

#### 1.1.3.3 SEN Transport (Gross)

As part of the 2007-10 MTP process the SEN transport budget was reduced by 10% over the period 2007-09 and the Directorate was asked to look at implementing purchase cards as a way of delivering part of that saving (£870k) and keeping price increases to under 5% (£119k).

As part of that process to try and deliver the required savings we carried out a survey of all 3,500 users and a number of users have requested more information about making their own arrangements. Some of these may have the potential to be moved to a system of direct payments or a purchase card but whether that will generate savings will largely depend on the nature of the transport those students currently have. If they travel by bus or are one of a number of students in a taxi then KCC is unlikely to be able to realise any saving by moving them to a direct payment/purchase card arrangement as the existing bus/taxi will still need to run.

A pressure of £935k on this budget line was reported in the first full monitoring return in September which largely represented the low level of demand from parents to organise their own transport, along with inflation and appeals decisions.

However, a review and re-tender was recently undertaken of all single occupancy taxi journeys, and a potential saving was identified of £700k for a full academic year, equating to £400k for the remainder of the current financial year. The first two months of term saw a period of re-negotiations with parents and the identification of further children requiring transport to school, and as a result the saving from this process has been reduced to £239k. This means that the pressure we are forecasting on this budget is reduced to £696k from the previously reported £935k.

### **CF&EA Portfolio**

#### 1.1.3.4 In House Residential Care (Gross)

A saving of £180k is forecast as a result of the closure of the Alderden Centre.

#### 1.1.3.5 Independent Sector Residential Care (Gross and Income)

A pressure of £2,706k is forecast, of which £750k has been previously reported resulting from 3 children being placed in high-cost secure placements. The remainder of the overspend is attributed to a 29% increase in the number of paid placement weeks compared to last year and an increase in the unit cost of these placements by 14%.

Additional Funding of £743k from education and health is expected for placements following agreement from the Joint Residential Assessment Panel for this financial year.

#### 1.1.3.6 Residential Care – Non Looked after Children

A saving of £175k is forecast from a reduction of 2 placements; these children have been moved to looked after children residential care budget lines.

#### 1.1.3.7 KCC Family Support (Gross)

A forecast underspend of £155k is due to the management of staff vacancies. A number of posts are being held vacant to help with the pressure on staffing on the Assessment and Related budget line.

#### 1.1.3.8 Fostering Service (Gross and Income)

The independent fostering allowances budget is forecasting an overspend of £964k. There have been growing difficulties placing difficult children with foster parents, along with resistance from both the Guardians and the children themselves from being moved to alternative placements. This has resulted in a net increase of 12 placements since April 2007. This is partly being offset by £249k savings on other fostering lines due to management action.

The County Fostering Team is due to overspend by £416k due to staffing. This is partly offset by an increase in training income from this team of £107k.

#### 1.1.3.9 Section 17 (Gross)

An underspend of £266k is forecast due to the management of section 17 payments to help with the pressure on the Fostering service budget lines.

1.1.3.10 Direct Payments (Gross)

An underspend of £198k is forecast due to managing a delay in introducing new clients to the direct payment scheme. This will result in a reduced take-up of direct payments for this financial year which will help with pressures on other children social services budget lines.

1.1.3.11 Leaving care/16+

Expenditure against this service is being managed in order to assist with pressures on other Children's Social Services budget lines, and is currently forecasting an underspend of £419k.

1.1.3.12 Other Services Support (Gross and Income)

There is a pressure of £559k forecast against the budget for Legal services due to higher than average monthly bills. This service line is currently under review with a view to identifying efficiencies.

The Out of Hours Service is currently forecasted to overspend by £219k but this is offset by additional income of £219k.

1.1.3.13 Assessment and Related (Gross and Income)

The forecast pressure on the assessment and related gross budget line is down to a shortfall in achieving the staffing savings target for 07/08 plus the introduction of market premium for new front-line social work staff (£264k and £30k respectively). Much of this has been offset by further income received from other projects mainly Education for Best Project £150k (Social Workers visiting schools to promote best behaviour).

1.1.3.14 ASK: Improvement and Leadership

The £117k overspend is due to an increase in the number of advisory head-teachers appointed. This is offset by recharging schools for their services and generating estimated income of £122k.

1.1.3.15 Asylum

The Asylum Service is now forecast to have a funding shortfall of £4,518k for the 2007-08 financial years, £4,018k of direct spending and £500k of indirect spending.

The overall funding shortfall is partly offset by the expected draw down of the remaining balance in the corporate asylum reserve of £1,122k, leaving a residual net pressure of £3,396k.

The forecast pressure of £4,518k is mainly due to the fact that the unit costs claimable under the grant conditions set by the Home Office and Department for Children, Schools & Families (DCSF) are significantly lower than the real unit costs of providing the service. The resulting shortfall in income is estimated to be £3,852k.

In August 2007, the Home Office announced that the grant rates for 2007-08 would remain at the same level as the previous year and would not be uplifted for inflation. The resulting shortfall in income is estimated to be £185k. Guidance has not yet been issued from the DCSF, but it is assumed that 2006-07 funding rates will apply.

The New Asylum Model (NAM) introduced by the Border Immigration Agency (BIA) is an attempt to streamline the decision process for new arrivals, with the aim of providing every applicant a decision in 7 weeks. The new procedures that the BIA have introduced has significantly increased the workloads on the Service for Unaccompanied Asylum Seeking Children (SUASC) staff, for example each of our clients is required to make at least three trips to either Croydon or Hayes, Middlesex for various immigration interviews - they have to be accompanied by two members of staff on each trip. These new procedures were introduced in April with little notice or consultation, and no additional funding has been made available to meet the increased costs, which are estimated to be around £135k for this financial year.

A further pressure of £115k has been identified this month due to a higher than usual referral rate. In October there were 70 referrals compared to 57 at the same time last year. This has costs implications for the service in terms of the numbers of agency staff and the additional accommodation that needs to be funded.

A further pressure of £70k is forecast due to the increased staffing needed to manage the currently large proportion of care leavers, and another £250k resulting from higher rental costs from landlords. This has been offset to some extent by the savings made from reduced client numbers of around £105k.

Finally, the change in client placements has resulted in additional forecast cost pressure of £16k.

In relation to previous years, there is also the issue of the outstanding grant income relating to our special circumstances bids for 2006-07 to the Home Office and the DCSF. Additionally, the special circumstances bid for 2005-06 to the DCSF remains outstanding. The 2006-07 Home Office bid is being audited next week and we should know by the end of December whether or not the funding has been approved. There is no formal procedure for the DCSF special circumstances bids and we are reliant on lobbying central government to meet these additional costs. A Joint Councils meeting was held at the LGA on 13 November to discuss the money nine local authorities, including Kent, Hillingdon and Hammersmith & Fulham, claim is owed to them by the Government for the care of unaccompanied asylum seeking children. It was agreed at this meeting to commission an independent audit of these costs to be completed in January and, on receipt of that report, KCC is to arrange a meeting with Ministers to take forward discussions. The Joint Councils meeting was followed by a very positive briefing of MPs and government officials at Westminster, attended by the Leader and Chief Executive, and we are now hoping to bring this long standing financial issue to a successful resolution.

As previously reported, we have assumed that we will be successful in receiving part of this income and the balance has been met from the Corporate Asylum reserve. If elements of these expected grants are challenged and we receive less income than we assumed from these special circumstances bids, then the forecast will increase from the current £4.518m.

### **Other Issues**

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

The latest forecast suggests an underspend of around £1.5m 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.

#### 1.1.3.17 **Delegated Schools Budgets**

The half-yearly forecast from schools indicates a draw down of reserves this year of approximately £22m. Past experience indicates that this figure is overstated, but January 2007 saw the introduction of the 'balance control mechanism' which is a means of clawing back schools reserves over and above a specified level. We predict that this will start to have an impact on the level of reserves held by schools in this financial year, and we are therefore projecting a possible drawdown of reserves of up to £15m as schools undertake the projects that formed part of their 'committed' balances in the previous year.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ORS	Schools delegated budgets - expected drawdown of reserves	+15,000	CFEA	Asylum - potential draw down of residual balance in Corporate Asylum reserve (gross)	-1,122
CFEA	Asylum - Shortfall in income (income)	+4,518	CFEA	Independent sector residential care - funding from health and education (income)	-743
CFEA	Independent Sector Residential Care - increased number and cost of placements (gross)	+1,956	CFEA	Leaving care/16+ - managed underspend (gross)	-419
ORS	Capital Strategy - costs previously charged to capital (gross)	+970	CFEA	Section 17 - managed underspend (gross)	-266
CFEA	Fostering Service - independent fostering allowances (gross)	+964	CFEA	Fostering service - in-house fostering provision (gross)	-249
CFEA	Independent Sector Residential Care - children in secure accommodation	+750	CFEA	Other Services Support - Out of Hours service matched by additional expenditure (income)	-219
ORS	SEN Home to School Transport - savings targets linked to purchase cards (gross)	+696	CFEA	Direct payments - managed underspend	-198
CFEA	Other Services Support - Recharges from Legal services (gross)	+559	CFEA	In-house residential care - Alderden House (gross)	-180
ORS	Personnel and Development - Pensions budget (gross)	+474	CFEA	Residential care - Non Looked after children - reduction in placements (gross)	-175
CFEA	Fostering Service -County Fostering team staffing costs (gross)	+416	CFEA	KCC Family Support - management of staff vacancies (gross)	-155
CFEA	Assessment & Related - delay in achieving staffing savings target (gross)	+264	CFEA	Assessment & Related - additional income for Education for best project (income)	-150
ORS	Personnel and Development - closing schools redundancy costs (gross)	+225	CFEA	ASK: Improvement and Leadership - advisory headteachers recharge to schools (income)	-122
CFEA	Other Services Support - Out of Hours service covered by additional income (gross)	+219	CFEA	Fostering service - training income from county fostering team (income)	-107
ORS	ASK: Improvement and Leadership - increase in number of advisory headteachers (gross)	+117	ORS	Personnel and Development - reduction in expenditure from incorrectly placing staff on pension schemes (income)	-100
ORS	Personnel and Development - reduction in income from incorrectly placing staff on pension schemes (income)	+100			
		+27,228			-4,205

**1.1.4 Actions required to achieve this position:**

The above position can only be achieved as a result of a number of management actions which are now in place.

The balance control mechanism is designed to discourage schools from holding excessive reserves for future years and instead to spend their budgets for the benefit of the pupils in school today. The £15m "pressure" above represents an anticipated drawdown of reserves which would not be achievable without such a scheme being in place.

The pressure on the directorate budget would be significantly greater without the management action which has been put in place within the Children's Social Services budget lines. A number of

vacancies are being held and various other budgets are being managed in order to assist with the difficulties within the residential care and fostering lines.

The review undertaken within the SEN transport budget has enabled some savings to be achieved in this budget line.

#### 1.1.5 Implications for MTFP:

Some of these ongoing pressures are being addressed through the 2008-11 MTFP process, such as fostering and covering the costs of services previously funded from capital. 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 2008-11 MTFP.

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

None

#### 1.1.7 Details of proposals for residual variance:

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

- The majority of the pensions overspend relates to school staff and following a recent change there are now specific limited circumstances under which these costs can be charged to the DSG. The redundancy costs associated with closing schools may also be chargeable to DSG. This would be subject to proving an overall saving in the schools budget, such as that arising from a school closure under the Primary Strategy. In addition to this condition, it would also require school funding forum approval. Therefore we are currently investigating the possibility of using one-off DSG underspend from the previous financial year, to fund this **£699k** pressure.
- We have also received a one-off payment from the DCSF for prior year mandatory student awards, which we had not accrued for in the accounts, as the debt dated back to 2002-03. This will give us a further **£535k** to support the overspend in this financial year.
- The directorate has delayed the distribution of this year's superannuation uplift of **£1,107k** (ORS £463k, CFEA £644k) and has also held back a budget of **£132k** for the costs of the technology refresh programme. It is now proposed that managers will be required to cover the associated increase in costs from within existing budgets so that these funds may be used to cover the remainder of the portfolio's shortfall.
- The directorate underspent its LAA grant in 2006-07. This is one-off money which was rolled forward as a receipt in advance in accordance with the grant rules, some of which has already been committed, but it is proposed that the remainder of **£1,500k** is used to badge against qualifying expenditure within the Children's Social Services budgets in order to fund some of the overspends in the current financial year. It should be noted that this is one-off funding and the underlying issues will need to be addressed in the MTFP.

These management actions will cover £3,973k of the reported pressures. Although Table 1 shows an imbalance between portfolios, with OR&S having a shortfall of £570k and CF&EA (excluding Asylum) a surplus of £265k, the directorate as a whole is left with a small residual overspend of £305k. Historically directorates have been able to use the underspend in one portfolio to offset a pressure in another. The residual overspend will be dealt with later in the year as further budget variances come to light, and should the position worsen the directorate will need to consider further management action.

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 2008-11 MTFP.

## 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.

Cash limits have been adjusted since the last full monitoring report to reflect the new portfolio structure and the following adjustments:

	2007-08 £000s	2008-09 £000s
<u>Operations, Resources &amp; Skills (CFE) portfolio:</u>		
▪ Marlowe Innovation Centre – additional external funding from European Regional Development Fund, Thanet District Council & East Kent Partnership	220	
▪ Castlehill Freshstart project – DCSF Devolved Capital Grant for new schools		244
<u>Children, Families &amp; Educational Achievement portfolio:</u>		
▪ Virement from KASS portfolio in respect of Improving Information Management grant	40	

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

	Prev Yrs Exp	2007-08	2008-09	2009-10	Future Yrs	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Operations, Resources &amp; Skills (CFE) portfolio</b>						
Budget	117,714	148,455	95,833	53,180	53,863	469,045
Additions:						
- Marlowe Innovation Centre		220				220
- Castle Hill Freshstart			244			244
- devolved capital for PRUs						
Revised Budget	117,714	148,675	96,077	53,180	53,863	469,509
Variance		-37,386	+7,224	+11,401	-2,012	-20,773
<b>split:</b>						
- real variance		-3,740	-16,763	+367	-637	-20,773
- re-phasing		-33,646	+23,987	+11,034	-1,375	0
<b>Children &amp; Family &amp; Educational Achievement portfolio</b>						
Budget	7,366	6,587	300	350	500	15,103
Additions:						
- virement from KASS portfolio		40				40
Revised Budget	7,366	6,627	300	350	500	15,143
Variance		-1,169	+896	0	0	-273
<b>split:</b>						
- real variance		-273	0	0	0	-273
- re-phasing		-896	+896	0	0	0
<b>Directorate Total</b>						
Revised Budget	125,080	155,302	96,377	53,530	54,363	484,652
Variance	0	-38,555	8,120	11,401	-2,012	-21,046
<b>Operations, Resources &amp; Skills (CFE) portfolio</b>						
<b>Devolved Capital to Schools</b>						
Revised Budget		39,701	27,673	27,673	55,346	150,393
Variance		0	0	0	0	0
<b>split:</b>						
- real variance		0	0	0	0	0
- re-phasing		0	0	0	0	0
<b>Real Variance</b>		<b>-4,013</b>	<b>-16,763</b>	<b>+367</b>	<b>-637</b>	<b>-21,046</b>
<b>Re-phasing</b>		<b>-34,542</b>	<b>+24,883</b>	<b>+11,034</b>	<b>-1,375</b>	<b>0</b>

### 1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2007-08 and identifies these between projects which are:

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

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

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

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

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

portfolio	Project	real/ phasing	Project Status			
			Rolling Programme	Approval to Spend	Approval to Plan	Initial Planning Stage
			£'000s	£'000s	£'000s	£'000s
<b>Overspends/Projects ahead of schedule</b>						
OR&S	SSR - Whitfield & Aspen	Real		+683		
OR&S	Mod 06/07/08 - Chaucer Tech. School	Real	+438			
OR&S	BN - The North School, Ashford	Real	+328			
OR&S	SSR - St Nicholas School	Real		+255		
OR&S	Build Mtce Prog. - Catering Equipment	Real	+250			
OR&S	Primary BSF Pathfinder Programme	Real			+250	
			<b>+1,016</b>	<b>+938</b>	<b>+250</b>	<b>+0</b>
<b>Underspends/Projects behind schedule</b>						
OR&S	Dev Opps - Kingsmead	Phasing			-4,000	
OR&S	BN - Tovil PS (Archbishop Courtenay)	Phasing	-3,328			
OR&S	Dev Opps - Folkestone School for Girls	Real				-3,094
OR&S	Dev Opps - Tonbridge Girls Grammar	Phasing		-2,725		
OR&S	Freshstart - Castle Hill	Phasing		-2,289		
	Freshstart - Castle Hill	Real		-386		
OR&S	Dev Opps - Darford Campus	Phasing		-2,198		
OR&S	Valence School - Refurbishment	Phasing			-2,002	
OR&S	BN - Dartford Grammar Girls	Phasing	-2,000			
OR&S	SSR - Orchard School	Phasing		-1,696		
	SSR - Orchard School	Real		-27		
OR&S	Dev Opps - St James the Great	Phasing		-1,620		
OR&S	Mod 06/07/08 - Phoenix CPS	Phasing	-918			
	Mod 06/07/08 - Phoenix CPS	Real	-254			
OR&S	SSR - Rowhill	Phasing			-979	
	SSR - Rowhill	Real			-69	

portfolio	Project	real/ phasing	Project Status			
			Rolling Programme	Approval to Spend	Approval to Plan	Initial Planning Stage
			£'000s	£'000s	£'000s	£'000s
OR&S	Mod 07/08 - Park Farm PS	Phasing	-1,011			
OR&S	Dev Opps - Istead Rise	Phasing			-1,000	
OR&S	Academies - Minster College	Phasing			-1,000	
OR&S	Dev Opps - The Towers School	Phasing				-1,000
OR&S	Dev Opps - Axton Chase School	Real				-1,000
CF&EA	Preventative Strategy - Kingmead Family Centre	Phasing			-896	
OR&S	Dev Opps - Greenfield	Phasing		-649		
	Dev Opps - Greenfield	Real		-234		
OR&S	Dev Opps - Headcorn PS	Phasing			-750	
OR&S	Build Mtce Prog. - Mobile Moves	Real	-700			
OR&S	SSR - Milestone	Phasing		-327		
	SSR - Milestone	Real		-226		
OR&S	Marlowe Innovation Centre	Phasing		-552		
OR&S	Mod 04/05/06 - Kennington Juniors	Phasing	-551			
OR&S	Dev Opps - Valence School - Fountain Cottage	Phasing		-488		
OR&S	SSR - Bower Grove	Phasing		-406		
OR&S	SSR - Ridgeview	Phasing			-401	
OR&S	Mod 06/07/08 - The Wildernesse Sch.	Phasing	-390			
OR&S	Non Delegated PRU's	Phasing	-387			
OR&S	Mod 06/07/08 - Sussex Road PS	Phasing	-378			
	Mod 06/07/08 - Sussex Road PS	Real	-1			
OR&S	H&S - Tree Safety	Real	-350			
OR&S	Mod 04/05/06 - Crockenhill Primary	Phasing	-295			
CF&EA	Improving Public Access - Lowfield Road	Real		-273		
OR&S	BN - Site Acquisitions	Phasing	-264			
			<b>-10,827</b>	<b>-14,096</b>	<b>-11,097</b>	<b>-5,094</b>
			<b>-9,811</b>	<b>-13,158</b>	<b>-10,847</b>	<b>-5,094</b>

#### 1.2.4 Projects re-phasing by over £1m:

Several of the projects detailed below are funded partially or entirely by capital receipts. Assumptions have been made regarding the timing of these receipts. If, however, the actual timing of these receipts differs from our assumptions then we may need to borrow temporarily until the receipt is realised if we cannot manage this short term funding within the overall programme.

#### 1.2.4.1 Kingsmead (Development Opportunities) – slippage £4.0million

This scheme is designed to provide a new 1.5FE school to replace the existing Kingsmead & Diocesan Payne Smith Primary School. The only expenditure that is likely to be incurred in 2007/08 is the site purchase and minimal development costs. The project has slipped by £4m representing 57% of the total value of the scheme. Its start has been delayed due to time taken to agree the purchase of the new site from Canterbury City Council. Until the new facility becomes available, education provision will continue at Kingsmead and Diocesan Payne Smith Primary Schools. The project which was expected to complete in 2007/08 is now not expected to become available until August 2010. This is a further years slippage since the last detailed report to Cabinet. Until the scheme has been developed and the existing site sold it is assumed that the scheme will be self funding although there is an expectation that the eventual position could require additional funding to be identified. This could be in the order of £2m. Any such cost pressures caused by the delay will be addressed either by management action to deliver compensating savings or by identification of additional funding to contain the overall capital programme within existing cash limits over the medium term.

Revised phasing of the scheme is now as follows:

<b>BUDGET &amp; FORECAST</b>						
Budget	10	7,000	0	0	0	7,010
Forecast	10	3,000	600	2,400	1,000	7,010
Variance	0	-4,000	600	2,400	1,000	0
<b>FUNDING</b>						
<b>Budget:</b>						
supported borrowing	10					10
prudential		7,000	-7,000			0
capital receipts			7,000			7,000
TOTAL	10	7,000	0	0	0	7,010
<b>Forecast:</b>						
supported borrowing	10					10
prudential		3,000	600	-3,600		0
capital receipts				6,000	1,000	7,000
TOTAL	10	3,000	600	2,400	1,000	7,010
<b>Variance</b>	<b>0</b>	<b>-4,000</b>	<b>600</b>	<b>2,400</b>	<b>1,000</b>	<b>0</b>

#### 1.2.4.2 Archbishop Courtenay (Tovil) PS – Basic Need – slippage £ 3.328 million

This scheme is designed to provide a new 1.5FE school to replace the existing Tovil, St Stephens Infant School & All Saints Primary School which amalgamated in September 2005. The forecast cost of the project has recently been increased from £3.330m to £5.503m to reflect the predicted costs of obtaining a suitable site for the new School, via a Compulsory Purchase Order. The project has slipped by £3.328m which represents 100% of the total budget for the scheme following difficulties agreeing the CPO with the current site owners British Telecom. Until the facility becomes available, education provision will continue at St Stephens Infants & All Saints. The overspend & the expected shortfall in developer contributions will be met from additional capital receipts which have yet to be identified.

Revised phasing of the scheme is now as follows:

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	2	3,328	0	0	0	3,330
Forecast	2	0	2,800	2,701		5,503
Variance	0	-3,328	2,800	2,701	0	2,173
<b>FUNDING</b>						
<b>Budget:</b>						
supported borrowing	2					2
External (Dev Conts)		3,328				3,328
TOTAL	2	3,328	0	0	0	3,330
<b>Forecast:</b>						
supported borrowing	2					2
External (Dev Conts)		0	1,300			1,300
capital receipts			1,500	2,701		4,201
TOTAL	2	0	2,800	2,701	0	5,503
<b>Variance</b>	<b>0</b>	<b>-3,328</b>	<b>2,800</b>	<b>2,701</b>	<b>0</b>	<b>2,173</b>

#### 1.2.4.3 Tonbridge Girls Grammar (Development Opportunities) – slippage £ 2.725 million

This project is to rebuild the School from receipts generated from the sale of land. The project has slipped by £2.725m which represents 31% of the total value of the scheme. The slippage on this scheme has been due to difficulties in obtaining Section 22 approval, regulations relating to the sale of school playing fields, which still remains outstanding & may cause further rephasing to be required. Until the new facility becomes available, education provision will continue in its current format & within the existing buildings. It should be noted that the sale of the school playing fields will realise a maximum of £7.050 million of the capital receipt required for this project which leaves a further £1.650 million to be found from additional LEA capital receipts which have yet to be identified.

Revised phasing of the scheme is now as follows:

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	0	4,350	4,350	0	0	8,700
Forecast	0	1,625	7,075	0		8,700
Variance	0	-2,725	2,725	0	0	0
<b>FUNDING</b>						
<b>Budget:</b>						
prudential		4,350	-4,350			0
Capital Receipts			8,700			8,700
TOTAL	0	4,350	4,350	0	0	8,700
<b>Forecast:</b>						
Capital Receipts			7,050			7,050
Capital Receipts - LEA Contribution		1,625	25			1,650
TOTAL	0	1,625	7,075	0	0	8,700
<b>Variance</b>	<b>0</b>	<b>-2,725</b>	<b>2,725</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### 1.2.4.4 Castle Hill PS (Freshstart Scheme & ICT purchases) – Total variance £ 2.675 million made up of slippage of £2.289 million & real underspend of £0.386 million

This scheme primarily funded by government grant is designed to provide a replacement facility. It has slipped by £2.289 million representing 54% of the total value of the scheme. The reason for delay is because it has taken longer than initially planned to develop the scheme to a position whereby Corporate Property can take the scheme forward. It is now with Corporate Property to progress. There will be an impact on the completion date but this will be minimised as the project moves forward. Education provision during the build/refurbishment, some of which was always planned to be in temporary mobile accommodation, will move forward as planned albeit in a different timescale. Latest estimates also indicate a real saving on the project of £0.386 million caused by a mixture of cost reductions (£0.142 million) & additional resources being made available to the project (£0.244 million).

Revised phasing of the scheme is now as follows:

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	456	3,544	244	0	0	4,244
Forecast	456	869	2,413	120	0	3,858
Variance	0	-2,675	2,169	120	0	-386
<b>FUNDING</b>						
<b>Budget:</b>						
grant	456	3,044	244			3,744
capital receipts		500				500
TOTAL	456	3,544	244	0	0	4,244
<b>Forecast:</b>						
grant	456	869	2,413	6		3,744
capital receipts				114		114
TOTAL	456	869	2,413	120	0	3,858
<b>Variance</b>	<b>0</b>	<b>-2,675</b>	<b>2,169</b>	<b>120</b>	<b>0</b>	<b>-386</b>

#### 1.2.4.5 Dartford Campus (Development Opportunities) - slippage £2.198 million

This major scheme provides for replacement secondary, primary and nursery facilities plus Adult Education. It is a complicated scheme funded from a combination of funding sources. Difficulties were encountered obtaining the necessary Section 77 and Schedule 22 approvals (regulations relating to the sale of school playing fields) from the DfES (as then was). The result has been a delay in scheme delivery and an increase in cost. It has slipped by £2.198m representing approximately 11% of the total budget of the scheme. Although the Dartford Technology College element of the scheme is not scheduled to complete until November 2008, Westgate Primary School opened in June and the Adult Education and Nursery are scheduled to open in March 2008 and July 2008 respectively. Current education provision will continue in its current format until the new facilities become available. The financial implications of this delay and disruption are forecast to add £4.2m to the overall cost of the scheme which will be addressed by a combination of management action elsewhere in the programme, the identification of additional capital receipts & the proposal to use £0.987 million of Performance Reward Grant which will be allocated in the 2008 to 2011 Medium Term Financial Plan. As the capital receipt to fund this project is now not expected to come in until next year we will need to undertake some temporary borrowing. If this additional temporary prudential borrowing cannot be accommodated from slippage elsewhere in

the capital programme then there will be additional borrowing costs that will need to be borne by the directorate's revenue budget.

Revised phasing of the scheme is now as follows.

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	9,060	9,348	1,500	92	0	20,000
Forecast	9,060	7,150	7,467	523	0	24,200
Variance	0	-2,198	5,967	431	0	4,200
<b>FUNDING</b>						
<b>Budget:</b>						
supported borrowing	5,846	1,526		92		7,464
grant	1,500	3,000	1,500			6,000
capital receipts	1,714	4,822				6,536
TOTAL	9,060	9,348	1,500	92	0	20,000
<b>Forecast:</b>						
supported borrowing	5,846	1,526		92		7,464
prudential/revenue		2,624	-2,624			
grant	1,500	3,000	2,487			6,987
capital receipts	1,714		7,604	431		9,749
TOTAL	9,060	7,150	7,467	523	0	24,200
<b>Variance</b>	<b>0</b>	<b>-2,198</b>	<b>5,967</b>	<b>431</b>	<b>0</b>	<b>4,200</b>

#### 1.2.4.6 Valence School Refurbishment – Slippage £2.002 million

This project, which is running alongside the Special Schools Review project at the School, is designed to improve the residential provision at the School which was under the threat of closure following a review by Commission for Social Care Inspection (CSCI). The project has slipped by £2.002m representing approximately 53% of the total value of the scheme. The slippage on the scheme has been caused by Green belt objections which has resulted in the rephasing below. Until the project is complete pupils will remain in unsuitable residential accommodation. CSCI are comfortable with this position as they can see that the improvements within the project brief are being progressed.

Revised phasing of the scheme is now as follows:

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	0	2,800	1,000	0	0	3,800
Forecast	0	798	3,002	0	0	3,800
Variance	0	-2,002	2,002	0	0	0
<b>FUNDING</b>						
<b>Budget:</b>						
grant	0	2,800	1,000			3,800
TOTAL	0	2,800	1,000	0	0	3,800
<b>Forecast:</b>						
grant	0	798	3,002			3,800
TOTAL	0	798	3,002	0	0	3,800
<b>Variance</b>	<b>0</b>	<b>-2,002</b>	<b>2,002</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### 1.2.4.7 Dartford Grammar School for Girls (Basic Need) – slippage £ 2.0million

This scheme is designed to provide the school with a new sports hall & refurbished classrooms and is linked to the main Dartford Campus scheme. It has slipped by £2.0m representing 83% of the total value of the scheme. The project start date has slipped into the next financial year as it cannot begin until the Dartford Campus scheme has finished. Work is expected to start in late 2008 and complete by Christmas 2009. Until the new facility becomes available the School will continue with their current arrangements, inadequate sporting facilities (school hall and small gymnasium) and mobile classrooms, until the new facility becomes available. Until such time as tenders are received we will not know if there will be any financial implications arising from the delay.

Revised phasing of the scheme is now as follows:

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	0	2,000	400	0	0	2,400
Forecast	0	0	100	2,300	0	2,400
Variance	0	-2,000	-300	2,300	0	0
<b>FUNDING</b>						
<b>Budget:</b>						
supported borrowing		1,000	400			1,400
capital receipts		1,000				1,000
TOTAL	0	2,000	400	0	0	2,400
<b>Forecast:</b>						
supported borrowing				1,300		1,300
capital receipts			100	1,000		1,100
TOTAL	0	0	100	2,300	0	2,400
<b>Variance</b>	<b>0</b>	<b>-2,000</b>	<b>-300</b>	<b>2,300</b>	<b>0</b>	<b>0</b>

#### 1.2.4.8 The Orchard School (Special Schools Review) – Total variance £1.723 million made up of slippage £1.696 million & real underspend of £0.027 million.

The review of special schools in Kent, of which the Orchard School project is just one, reflects the commitment of the County Council to continue to provide parents with the potential to choose special school education for their child as close as possible to the family home.

The Orchard School's former designation was for 108 boys and girls aged between 5-16 with moderate learning difficulties. The school was re-designated in September 2004 to become a 5-16 day provision for 96 boys and girls with a combination of Behaviour and Learning needs (which includes up to 12 primary aged pupils with Behavioural, Emotional and Social need). The work comprises of a mixture of new-build and refurbishment to the main part of the school and two satellite centres for primary aged pupils, one in south Ashford and the other location to be determined. The scheme has slipped by £1.696m representing 29% of the total budget of the scheme. The slippage from 2007/08 to 2008/09 is due to the satellite centres for Primary aged pupils being on hold. Delay to the programme of works will not significantly impact on the function of the school. Latest estimates also indicate a small real saving on the project in 2007/08 of £0.027 million.

Revised phasing of the scheme is now as follows.

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	940	4,108	862	40	0	5,950
Forecast	940	2,385	2,558	0	0	5,883
Variance	0	-1,723	1,696	-40	0	-67
<b>FUNDING</b>						
<b>Budget:</b>						
supported borrowing	905		862	40		1,807
prudential/revenue		139				139
capital receipts	35	3,969				4,004
TOTAL	940	4,108	862	40	0	5,950
<b>Forecast:</b>						
supported borrowing	905		862			1,767
prudential/revenue		139				139
capital receipts	35	2,246	1,696			3,977
TOTAL	940	2,385	2,558	0	0	5,883
<b>Variance</b>	<b>0</b>	<b>-1,723</b>	<b>+1,696</b>	<b>-40</b>	<b>0</b>	<b>-67</b>

#### 1.2.4.9 St James the Great Primary School (Development Opportunities) – slippage £1.620 million

This scheme is a self funding replacement primary school scheme. It has slipped by £1.620m representing 62% of the total value of the scheme. The scheme was unexpectedly delayed by an objection from English Heritage. This has now been resolved and the scheme is progressing. Although the project will not be starting as early as expected we still expect the completion date of September 2008 to be achieved. Until such time as tenders are received we will not know if there will be any financial implications arising from the delay. As the capital receipt to fund this project is now not expected to come in until next year we will need to undertake some temporary borrowing. If this additional temporary prudential borrowing cannot be accommodated from slippage elsewhere in the capital programme then there will be additional borrowing that will need to be borne by the directorate's revenue budget.

Revised phasing of the scheme is now as follows.

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	116	1,900	600	0	0	2,616
Forecast	116	280	2,209	13	0	2,618
Variance	0	-1,620	1,609	13	0	2
<b>FUNDING</b>						
<b>Budget:</b>						
prudential	116	-150				-34
capital receipts		2,050	600			2,650
TOTAL	116	1,900	600	0	0	2,616
<b>Forecast:</b>						
prudential	116	-116				0
prudential/revenue		396	-396			0
capital receipts			2,605	13		2,618
TOTAL	116	280	2,209	13	0	2,618
<b>Variance</b>	<b>0</b>	<b>-1,620</b>	<b>1,609</b>	<b>13</b>	<b>0</b>	<b>2</b>

**1.2.4.10 Phoenix Primary School (Modernisation 2006/07/08) – Total variance £1.172 million made up of slippage £0.918 million & real underspend of £0.254 million**

This scheme is designed to provide a new 1.0FE school on the old Bybrook Junior site to replace the Bybrook Infants & Bybrook Junior Schools that amalgamated in April 2003. Within the same project additional accommodation has been included for both Community use & a Childrens Centre. The project has slipped by £0.918m which represents 32% of the total budget of the scheme. The scheme has been delayed by difficulties in both obtaining outline planning permission, which has now been granted & reducing the specification by undertaking a value engineering exercise with the aim of bringing tender costs to within the resources that we have available. Until the facility becomes available, education provision will continue on the old Bybrook Infant School site. The £0.254 million project saving is predominantly due to a contribution from the Childrens, Families & Educational Achievement portfolio which wasn't previously allowed for in the expenditure profile for this project.

Revised phasing of the scheme is now as follows:

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	105	2,799	0	0	0	2,904
Forecast	105	1,627	863	55	0	2,650
Variance	0	-1,172	863	55	0	-254
<b>FUNDING</b>						
<b>Budget:</b>						
supported borrowing	9	2,343				2,352
DCFS Grant	96					
capital receipts		456				456
TOTAL	105	2,799	0	0	0	2,904
<b>Forecast:</b>						
supported borrowing	9	1,627	716			2,352
DCFS Grant	96					
capital receipts			147	55		202
TOTAL	105	1,627	863	55	0	2,650
<b>Variance</b>	<b>0</b>	<b>-1,172</b>	<b>863</b>	<b>55</b>	<b>0</b>	<b>-254</b>

#### 1.2.4.11 Rowhill Special School –Total variance £1.048 million made up of slippage £0.979 million & real underspend of £0.069 million

The review of special schools in Kent, of which the Rowhill School project is just one, reflects the commitment of the County Council to continue to provide parents with the potential to choose special school education for their child as close as possible to the family home.

The school was re-designated in September 2004, to become a 5-16 day provision for 96 boys and girls with a combination of Behaviour and Learning needs, including up to 12 primary aged pupils with Behavioural, Emotional and Social need with effect from 1<sup>st</sup> September 2004. The scheme which is at approval to plan stage has slipped by £0.979m representing 18% of the total budget of the scheme. The project has been delayed in getting to the final design caused by difficulty in reaching a decision on a change of location plus the new site is green belt so additional work has been required to present a water tight case. Delay to the programme of works will not significantly impact on the function of the school. Latest estimates also indicate a small real saving on the project in 2007/08 of £0.069 million.

Revised phasing of the scheme is now as follows.

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	711	2,334	2,041	200	31	5,317
Forecast	711	1,286	3,020	29	0	5,046
Variance	0	-1,048	979	-171	-31	-271
<b>FUNDING</b>						
<b>Budget:</b>						
supported borrowing		2,334	2,041	200	31	4,606
prudential/revenue	201					
prudential	172					172
capital receipts	338					338
TOTAL	711	2,334	2,041	200	31	5,317
<b>Forecast:</b>						
supported borrowing		1,286	3,020	29		4,335
prudential/revenue	201					
prudential	172					172
capital receipts	338					338
TOTAL	711	1,286	3,020	29	0	5,046
<b>Variance</b>	<b>0</b>	<b>-1,048</b>	<b>979</b>	<b>-171</b>	<b>-31</b>	<b>-271</b>

#### 1.2.4.12 Park Farm Primary School – slippage £ 1.011 million

This scheme is designed to demolish an existing unsuitable 'stand alone' Key Stage 1 building & provide new Key Stage 1 accommodation attached to the existing main School building.

The project has slipped by £1.011m which represents 74% of the total budget of the scheme. The scheme has been rephased following the need to review the project specification following preliminary tender costs being much higher than the resources available. Until the new build becomes available, education provision will continue in the old KS1 building.

Revised phasing of the scheme is now as follows:

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	38	1,321	0	0	0	1,359
Forecast	38	310	1,052	0	0	1,400
Variance	0	-1,011	1,052	0	0	41
<b>FUNDING</b>						
<b>Budget:</b>						
supported borrowing	38					
grant		1,321				1,321
TOTAL	38	1,321	0	0	0	1,359
<b>Forecast:</b>						
supported borrowing	38					
grant		310	1,052			1,362
TOTAL	38	310	1,052	0	0	1,400
<b>Variance</b>	<b>0</b>	<b>-1,011</b>	<b>1,052</b>	<b>0</b>	<b>0</b>	<b>41</b>

#### 1.2.4.13 Istead Rise (Development Opportunities – slippage £1.0 million)

This is a self funding replacement 1.5 FE primary school scheme which is planned to bring together the junior and infant elements into the same building. The scheme has slipped by £1.0m representing 25% of the total scheme value. The slippage has been caused by the school being unhappy with the original feasibility which has now been revised and the school are currently considering the new proposals. Because of the delay the completion date is now expected to be August 2009 rather than as previously anticipated March 2009. The School will continue in its present split site format until the proposed provision becomes available. Until such time as tenders are received and appraised we will not know if there will be any financial implications arising from the delay. As the capital receipt to fund this project is now not expected to come in until 2009-10 we will need to undertake some temporary borrowing in 2008-09. If this additional temporary prudential borrowing cannot be accommodated from slippage elsewhere in the capital programme then there will be additional borrowing costs that will need to be borne by the directorate's revenue budget.

Revised phasing of the scheme is now as follows:

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	0	1,100	2,750	150	0	4,000
Forecast		100	2,900	1,000	0	4,000
Variance	0	-1,000	150	850	0	0
<b>FUNDING</b>						
<b>Budget:</b>						
prudential		1,100	-1,100			0
capital receipts			3,850	150		4,000
TOTAL	0	1,100	2,750	150	0	4,000
<b>Forecast:</b>						
prudential		100	-100			0
prudential/revenue			3,000	-3,000		0
capital receipts		0	0	4,000		4,000
TOTAL	0	100	2,900	1,000	0	4,000
<b>Variance</b>	<b>0</b>	<b>-1,000</b>	<b>150</b>	<b>850</b>	<b>0</b>	<b>0</b>

#### 1.2.4.14 Minster School (Academies) – slippage £1.0 million

This is an Academy scheme scheduled for the Isle of Sheppey. It has slipped by £1.0m representing 100% of the total value of the scheme. The scheme has slipped as a result of the Secretary of States decision to have an independent review of the planned provision undertaken in light of objections. Agreement has recently been agreed between the Secretary of State and the Leader as to the way forward which is to site the Academy at both Minster College and Cheyne Middle School. Other than the delay there are no financial implications as the £1.0m is KCC's sponsorship to the Academy project.

Revised phasing of the scheme is now as follows:

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	0	1,000	0	0	0	1,000
Forecast	0	0	1,000	0	0	1,000
Variance	0	-1,000	1,000	0	0	0
<b>FUNDING</b>						
<b>Budget:</b>						
capital receipts		1,000				1,000
TOTAL	0	1,000	0	0	0	1,000
<b>Forecast:</b>						
capital receipts		0	1,000			1,000
TOTAL	0	0	1,000	0	0	1,000
<b>Variance</b>	<b>0</b>	<b>-1,000</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 1.2.5 Projects with real variances

The overall variance over the lifetime of the Medium Term Plan indicates an underspend of £21.046m (OR&S portfolio £20.773M & CF&EA portfolio £0.273m). However:

- an overspend of £0.572m on the Modernisation project at Crockenhill Primary School will be met by an additional contribution from the land disposal of Red House and Garages which form part of the school site. The receipt is expected to be £0.7m with the extra income contributing to other programme pressures.
- The sale of Essex Road which was to be used to fund the Improving Public Access project at Lowfield Road in the CF&EA portfolio is not now taking place, reducing available capital receipts by £0.273m
- The increased spend on the Valence Special School Fountain Cottage project will be funded from an increase in the capital receipt from the cottages (+£0.5m).
- The Development Opportunity projects at Axton Chase School (£20m) and Folkestone School for Girls (£9.1m) are no longer being progressed. These two reductions to the capital programme will be matched by a reduction in capital receipts. There are now plans for Axton Chase to become an Academy, which will require KCC to find £1.0m sponsorship within the 2008-11 MTFP.

After allowing for these changes in the available resources, **the true underlying variance on both portfolios is an overspend of £7.127m**. This underlying overspend is being addressed within the current Medium Term Planning process.

The main contributing factors to the £7.127m overspend over the lifetime of the MTFP are as follows:

- Dartford Campus (£4.2m) - see template & reason at 1.2.4.5 above.
- Tovil (Archbishop Courtenay) PS £2.173m) - The additional cost is to reflect the difficulties in agreeing the compulsory purchase order with the site owners British Telecom. See 1.2.4.2 above.
- BN Future Years Programme (£1.629m) – The overspend relates to the 3 to 2 Schools scheme on the Isle of Sheppey. The additional funding for this scheme will be addressed as part of the 2008/09 MTP process.
- Chaucer School (£0.495m) - This project has been added to the 2006/07/08 Modernisation Programme & represents the LEA contribution to the 6th form centre at the School. The School is the major contributor to the project. (£800K). Although the project is part of the 'rolling' programme it has yet to obtain 'approval to spend'.
- An overspend on The North School, Ashford project (£0.328m) which is partly due to indexation costs and partly due to a lump sum life cycle contribution which wasn't previously forecast.

- Replacement of Catering Equipment (£0.250m) annual gas safety checks have revealed that equipment needs to be updated as it does not meet current Health and Safety guidelines
- There is also an overspend, estimated to be £0.250m on the Primary Pathfinder Programme where there is a need for development costs to be incurred in 2007/08 ahead of government funding which comes on stream in 2008/09.
- Downsview PS (£0.232m) – This overspend is in respect of tender costs being higher than originally anticipated & additional works that arisen during the build, the most expensive of which has been roofing works.
- Wilmington Enterprise College (Modernisation Programme) (£0.199m). Problems with enabling works, specifically the electricity supply, significantly delayed the project which has resulted in increased costs.
- Special Schools Review. Although in Table 4 there are several Special School Review projects (SSR) that are showing real savings in 2007/08 there are pressures on other SSR projects in future years. Over the lifetime of the programme there is an indicative overspend of £2.259m. This overspend is in respect of costs incurred on Special Schools in Thanet which will be met from funding from Building Schools for the Future programme.

These overspends are partially offset by the savings listed below:

#### Savings:

- Savings on Mobile Moves (£3.500m) & Tree Safety (0.350m). Following latest advice from the external auditors, these categories of spend will now be met from revenue resulting in savings to the capital programme.
- Lesser savings have been achieved on the following: Castle Hill Primary School (Freshstart) (£0.386m) where latest outturn estimates indicate that the £0.500 LEA contribution from capital receipts will not be fully required.
- Phoenix School (£0.254m) - This saving is due to a contribution from the Children & Family Services Directorate capital programme which wasn't previously expected or included in earlier months monitoring returns.
- Business Start Up units (£0.200m) – There are no current plans to spend the residual cash limit on this heading.
- Development Opportunity projects at Greenfields (£0.234m) and Newington (£0.133m) where costs are now estimated to be less than the approved cash limits plus ICT replacement costs (£0.150m) where the budget manager is confident that savings against cash limit can be made.

There is also a residual balance of +£0.319m on a number of more minor projects.

### 1.2.6 General Overview of capital programme:

#### (a) Risks

The major risk remains those that were associated with the programme when it was approved, namely that a number of projects are wholly or partly dependant on capital receipts and/or external funding and if this funding is not achieved the projects will not proceed. This is particularly relevant to The Bridge Development at Dartford which is to be fully funded by development contributions. In the event that the developer contribution is insufficient to cover the costs of the project the capital programme will either need to be reduced to compensate or additional resources will need to be found.

#### (b) Details of action being taken to alleviate risks

If external funding/capital receipts are not realised and this shortfall cannot be managed within the capital programme, then Members would be asked to consider the cancellation of projects.

### 1.2.7 PFI projects

- Schools PFI

The £92.4m investment in the Schools PFI project represents investment by a third party. No payment is made by KCC for the new/refurbished assets until the assets are ready for use and this is by way of a unitary charge to the revenue budget through an equalisation reserve.

	Previous Years	2007-08	2008-09	2009-10	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
<b>Budget</b>	89,709	2,701	0	0	92,410
<b>Actual/Forecast</b>	85,735	6,675	0	0	92,410
<b>Variance</b>	-3,974	3,974	0	0	0

(a) **Progress and details of whether costings are still as planned (for the 3<sup>rd</sup> party)**

It is envisaged that the third party contractor will have incurred some additional costs beyond the capital expenditure originally priced as a result of the delays. This is a risk that is borne entirely by the third party contractor and is not reported to the Authority.

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

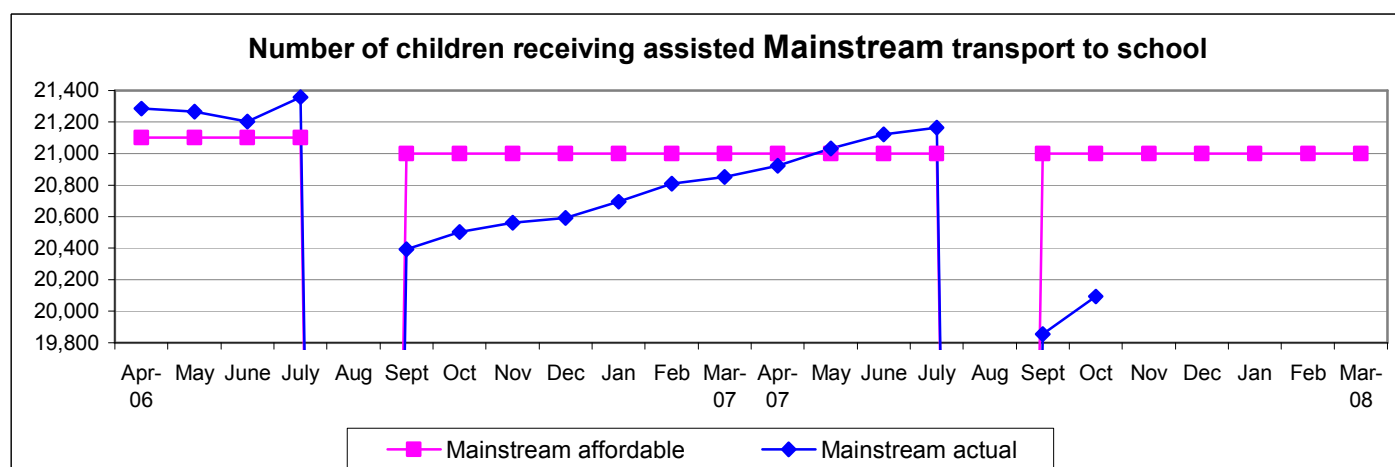
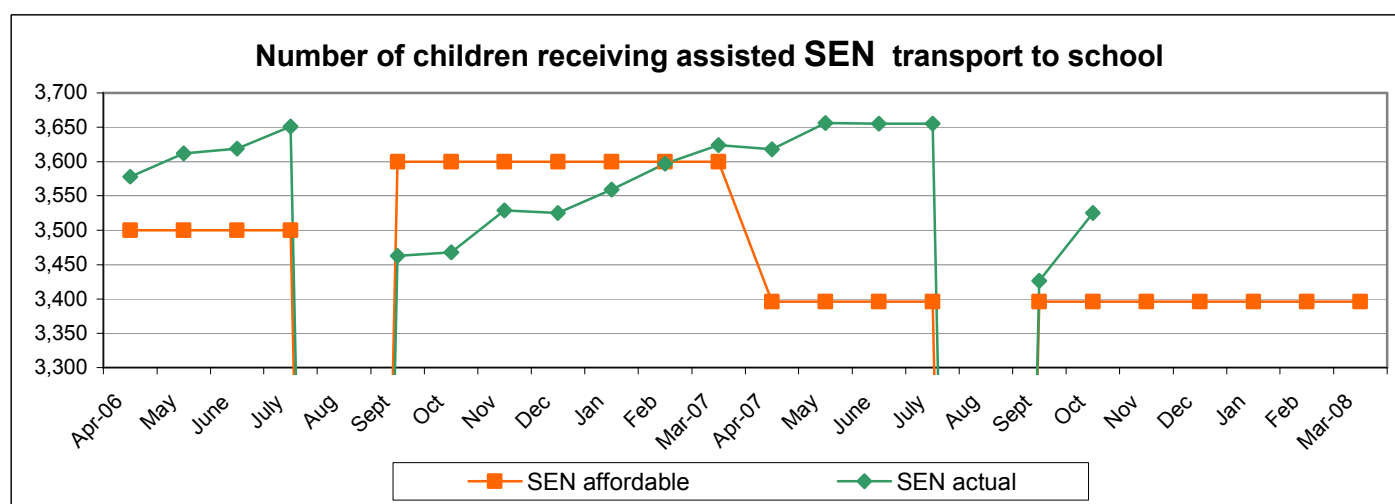
The delays to the construction programme do not impact on the level of the unitary charge that is payable by KCC to the contractor as any delays, unless caused by the Authority, are at the risk of the third party contractor. The unitary charge (as a percentage for each school) does not become payable until the relevant school has been completed and is ready for occupation. As a consequence, the revenue expenditure that is met from the equalisation reserve for 2006/07 and 2007/08 is less than expected.

Overall, there will be no net effect on the forecast revenue position for the current year as payments will continue to be made into the equalisation reserve to meet future expenditure.

## 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			
	SEN		Mainstream		SEN		Mainstream	
	planned	actual	planned	actual	affordable	actual	Affordable	actual
April	3,500	3,578	21,100	21,285	3,396	3,618	21,000	20,923
May	3,500	3,612	21,100	21,264	3,396	3,656	21,000	21,032
June	3,500	3,619	21,100	21,202	3,396	3,655	21,000	21,121
July	3,500	3,651	21,100	21,358	3,396	3,655	21,000	21,164
August	0	0	0	0	0	0	0	0
September	3,600	3,463	21,000	20,392	3,396	3,426	21,000	19,855
October	3,600	3,468	21,000	20,501	3,396	3,525	21,000	20,093
November	3,600	3,529	21,000	20,561	3,396		21,000	
December	3,600	3,525	21,000	20,591	3,396		21,000	
January	3,600	3,559	21,000	20,694	3,396		21,000	
February	3,600	3,597	21,000	20,810	3,396		21,000	
March	3,600	3,624	21,000	20,852	3,396		21,000	

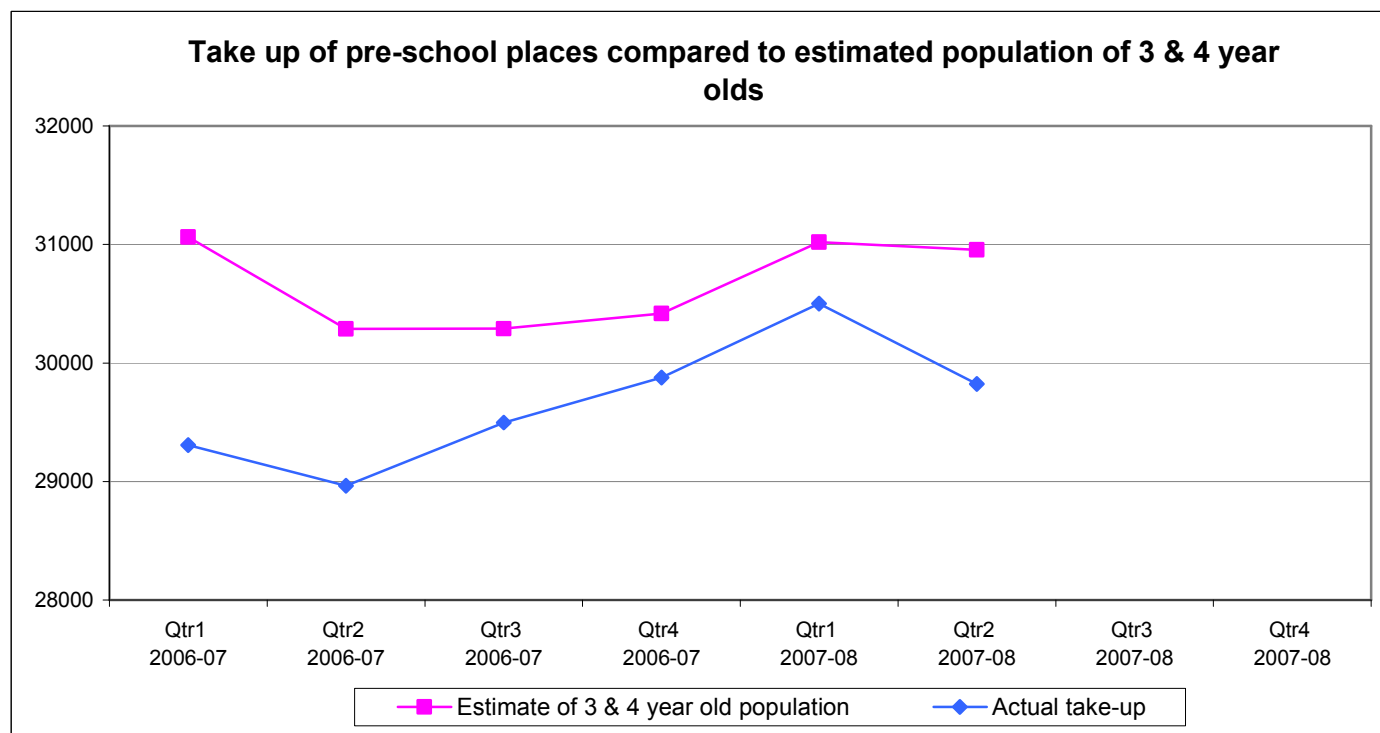


#### Comments:

- **SEN HTST** - The significant gap between the actual and affordable assisted SEN transport to school relates to the savings targets which have significantly reduced the affordable level from last year, and the fact that the service is currently unable to achieve these savings in full as reported in section 1.1.3.3 of this annex. The affordable level has been calculated by dividing the 2007/08 budget (after it has been reduced for the savings target) by the current average cost per child.
- **Mainstream HTST** - There is a slight decrease in the actual number of children receiving assisted mainstream transport to schools and this is reflected by the £93k gross saving shown in table 1 above.

### 2.2.1 Take up of pre-school places against the estimate of 3 & 4 year old population, split between Private Voluntary and Independent Sector (PVI) places and School places:

	2006-07			2007-08				
	Total places taken up	Estimate of 3 & 4 year old population	% take up	PVI places taken up	School places taken up	Total places taken up	Estimate of 3 & 4 year old population	% take up
April - June	29,307	31,062	94%	21,027	9,475	30,502	31,019	98%
July - Sept	28,963	30,287	96%	20,323	9,496	29,823	30,956	97%
Oct - Dec	29,498	30,289	97%					
Jan - March	29,878	30,419	98%					

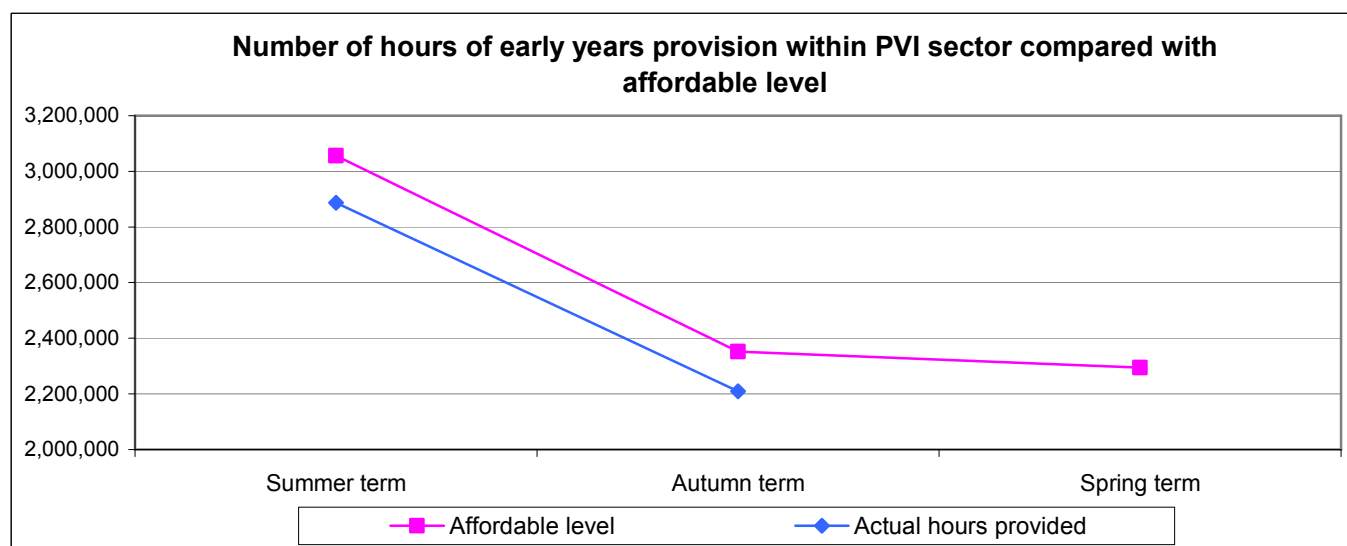


#### Comments:

- Please note the total places taken-up for July to September is an estimate and may change marginally once the reconciliation process is complete. This is due to the large number of adjustments that now take place as parents are allowed to alter the number of hours taken up and the provider used mid term rather than at the end of term.
- This graph shows that currently 97% of the estimated population of 3 and 4 year olds are receiving some level of early years provision, whether this be one session per week for 33 weeks or 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 1.1.3.16 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	
	Affordable number of hours	Actual hours provided
Summer term	3,056,554	2,887,134
Autumn term	2,352,089	2,209,303
Spring term	2,294,845	
	<b>7,703,488</b>	<b>5,096,437</b>



#### Comments:

- Please note the total places take-up for July to September is an estimate and may change marginally once the reconciliation process is complete. This is due to the large number of adjustments that now take place as parents are allowed to alter the number of hours taken up and the provider used mid term rather than at the end of term.
- The affordable 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 1.1.3.16 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:

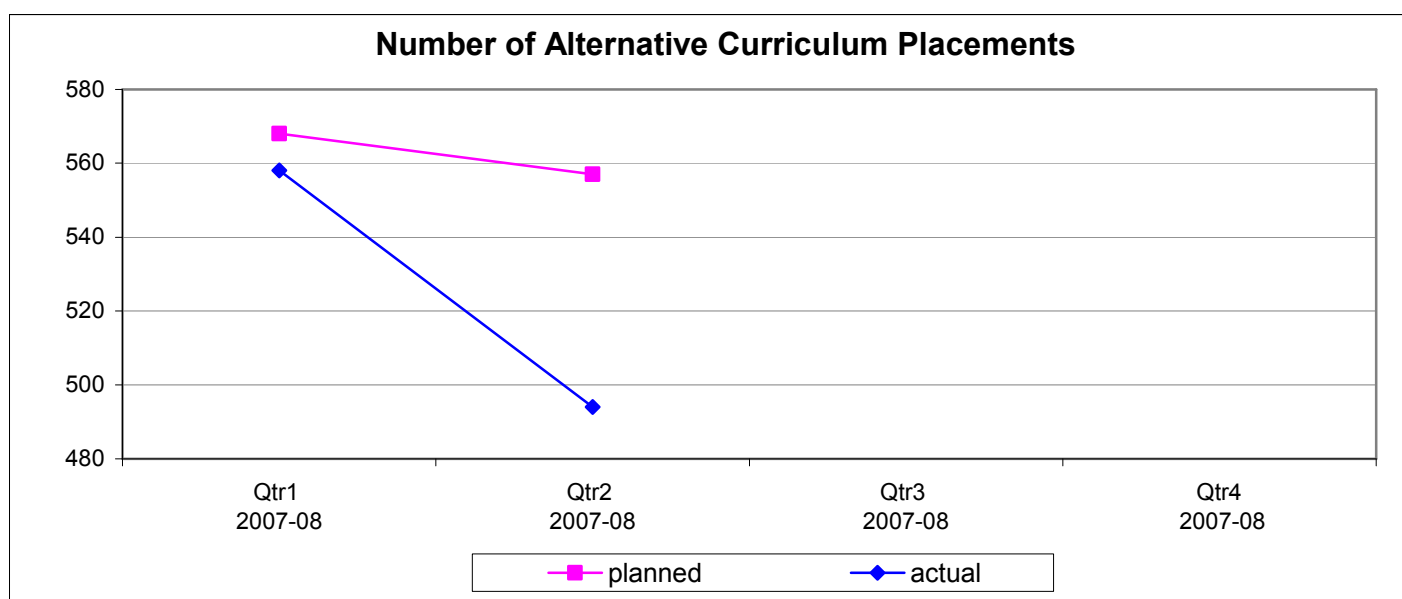
	2005-06	2006-07	2007-08
	as at 31-3-06	as at 31-3-07	Projection
Total number of schools	600	596	575
Total value of school revenue reserves	£70,657k	£74,376k	£59,376k
Number of deficit schools	9	15	16
Total value of deficits	£947k	£1,426k	£1,304k

#### Comments:

- We are currently forecasting that schools will drawdown up to £15m of their reserves this year in response to the introduction of the balance control mechanism, which is a means of clawing back schools reserves over and above a specified level.
- 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 Deficit and Compliance 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 Number of Alternative Curriculum Placements:

	2007-08	
	planned	actual
April - June	568	558
July - September	557	494
October - December		
January - March		

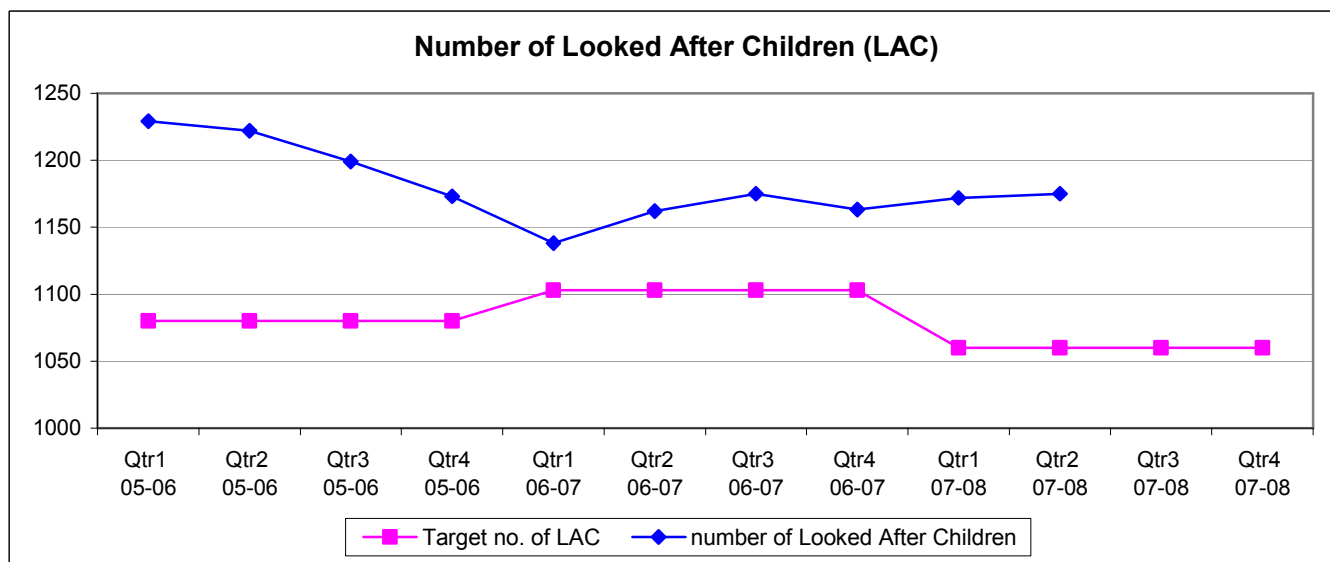


#### Comments:

- Full time alternative curriculum places need to be purchased 6 months in advance in order to secure them. From September 2007, Government guidelines required excluded pupils to be placed in full-time education within 6 days of being excluded. This target is now being met in the vast majority of cases.
- Please note that spare capacity is expected at this stage in the school year and is essential to cope with predicted demand throughout the school year.

## 2.5 Numbers of Looked After Children (LAC):

	2005-06		2006-07		2007-08	
	Target	number of Looked After Children	Target	number of Looked After Children	Target	number of Looked After Children
Apr – Jun	1,080	1,229	1,103	1,138	1,060	1,172
Jul – Sep	1,080	1,222	1,103	1,162	1,060	1,175
Oct – Dec	1,080	1,199	1,103	1,175	1,060	
Jan – Mar	1,080	1,173	1,103	1,163	1,060	

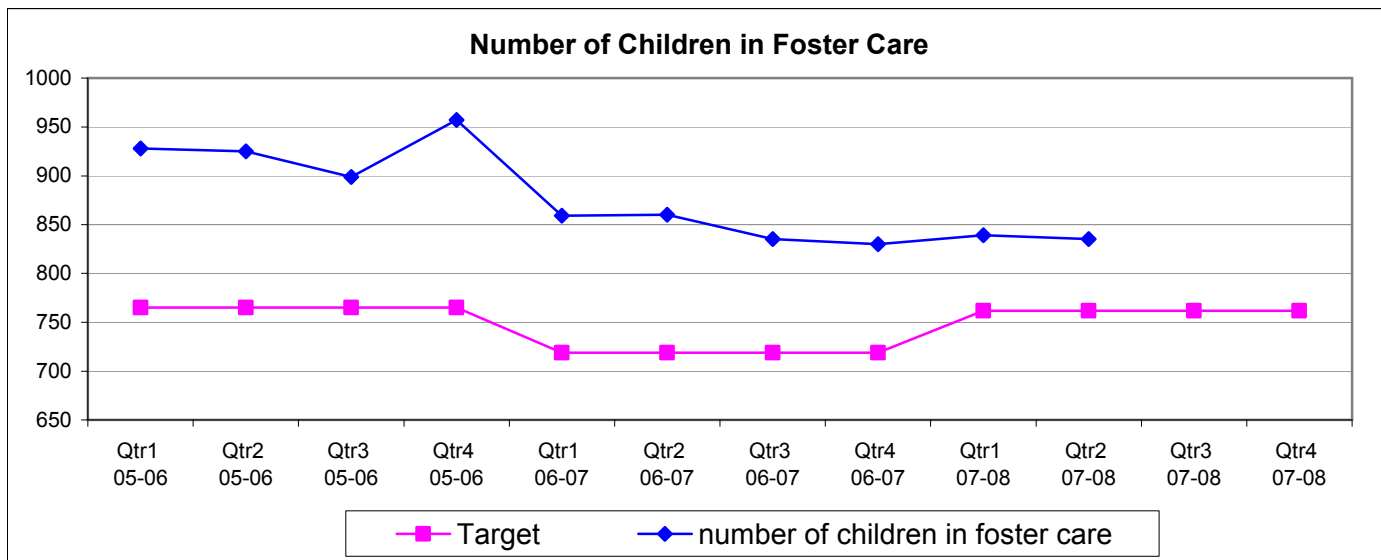


## Comments:

- The current number of looked after children compared to the targeted level is of cause for concern. The financial implications have been reported within the Children's Social Services budget lines in section 1.1.3.
- The target number of children does not represent the affordable level, but the position which the county is aiming to achieve.

2.6 Number of Children in Foster Care:

	2005-06		2006-07		2007-08	
	Target	number of children in foster care	Target	number of children in foster care	Target	number of children in foster care
Apr - Jun	765	928	719	859	762	839
Jul - Sep	765	925	719	860	762	835
Oct - Dec	765	899	719	835	762	
Jan - Mar	765	957	719	830	762	



Comments:

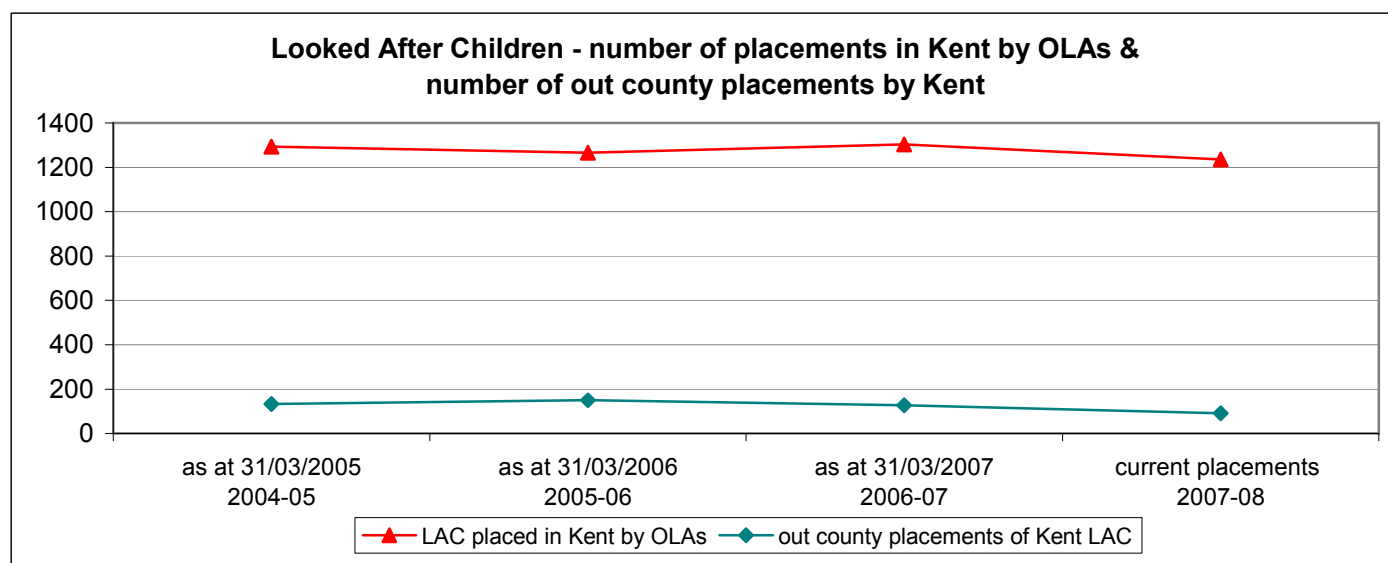
- The current number of children in foster care compared to the target is of cause for concern. The financial implications have been reported within the Children’s Social Services budget lines in section 1.1.3.
- The target number of children does not represent the affordable level, but the position which the county is aiming to achieve.

## 2.7 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 Current placements
1,294	1,266	1,303	1,236

## 2.8 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 Current placements
132	149	127	91

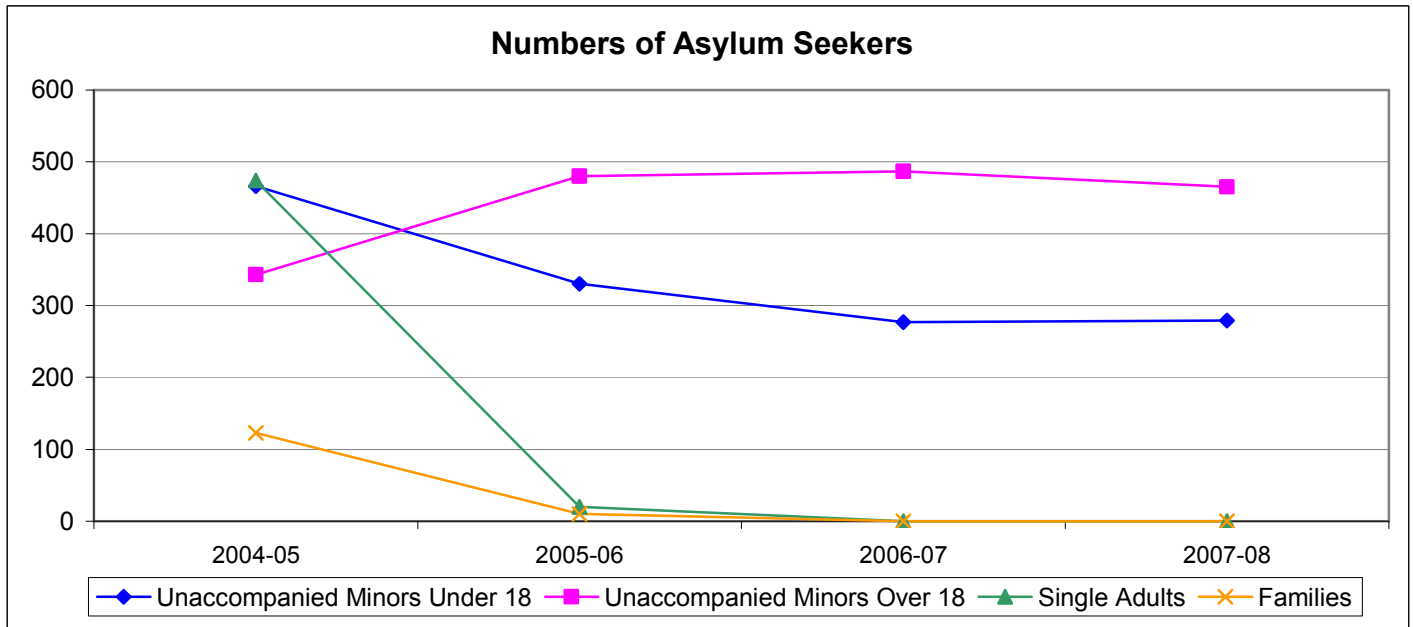


## Comment:

- 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.
- There has been a significant reduction in the number of placements in Kent by other local authorities and the number of out of county placements by Kent due to a data cleansing exercise conducted with other local authorities. This exercise has no financial implications as authorities are not allowed to recoup the costs associated with caring for looked after children from other local authorities.

## 2.9 Numbers of Asylum Seekers (by category):

	2004-05	2005-06	2006-07	2007-08
	31-03-05	31-03-06	31-03-07	30-09-07
	Number	Number	Number	Number
Unaccompanied Minors Under 18	466	330	277	279
Unaccompanied Minors Over 18	343	480	487	465
Single Adults	474	20	0	0
Families	123	10	0	0

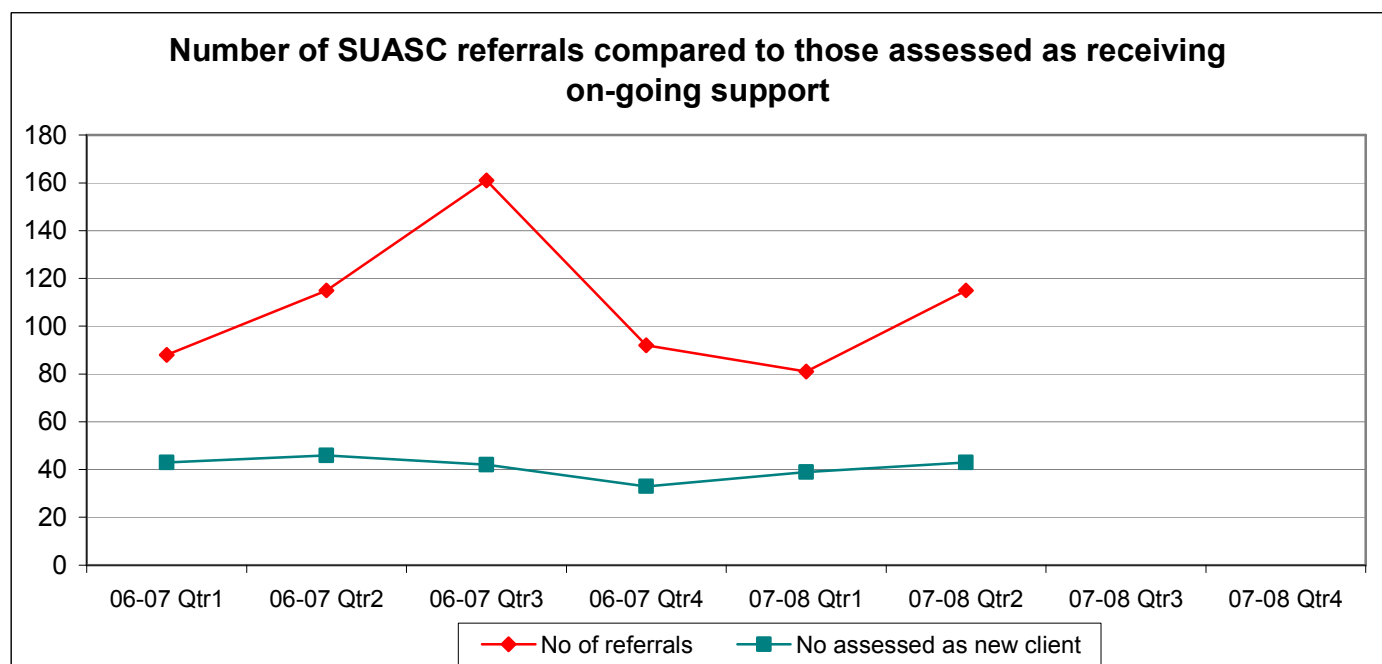


## Comment:

- The numbers above refer to clients who have been assessed as qualifying for asylum. The numbers have reduced in line with expectation.

2.10 **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		
	No. of referrals	No. assessed as new client	%	No. of referrals	No. assessed as new client	%
April - June	88	43	49%	81	39	48%
July - Sept	115	46	40%	115	43	37%
Oct - Dec	161	42	26%	70 (October only)		
Jan - March	92	33	36%			



Comments:

- The number of referrals in the second quarter is slightly higher than the forecast of 110 and the same as the second quarter last year. The percentage of referrals that become on-going referrals has fallen significantly below the forecast level of 50%.
- In October we had 70 referrals. This represents half of our forecast for the whole of the third quarter, and is the highest number in a single month for over 4 years.