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**TO:** Education Cabinet Committee – 10th July 2012

**SUBJECT:** Education Directorate/Portfolio Financial Outturn 2011/12

**Classification:** Unrestricted

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**Summary:**

This report summarises the 2011/12 financial outturn for each of the A-Z budget lines within the Education, Learning & Skills (ELS) Directorate/Portfolio.

**FOR INFORMATION**

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**1. Introduction:**

- 1.1 This is the first round of financial performance reports to the new Cabinet Committees following the introduction of the new governance arrangements with effect from 1 April 2012.
- 1.2 It is important that committees receive timely information on actual costs in advance of considering options for future years' budgets during the autumn. This report therefore includes the final outturn for 2011/12 for each of the A-Z budget lines within the ELS Directorate/Portfolio in the same format as reported throughout the year in monitoring reports, together with an explanation of significant variances from the final cash limit.

**2. Education Learning & Skills Directorate/Portfolio 2011/12 Financial Outturn-Revenue**

- 2.1 The provisional revenue outturn was reported to Cabinet on 9<sup>th</sup> July together with recommendations on rollover for committed projects and contributions to reserves for uncommitted under spends. The overall position for the ELS Directorate/Portfolio was an underspend of £2.804m on non delegated budgets and a £3.898m underspend on the schools delegated budget. In addition the Early Years and Childcare Service, which is part of the Families and Social Care Directorate, underspent by £0.718m?
- 2.2 Table 1 sets out the original budget, final approved cash limit and spending for each A-Z budget line within the ELS Directorate/Portfolio. The changes between

the original budget and final approved cash limit are all within KCC “virement” rules as set out in Financial Regulations.

Table 1 A-Z Budget Line	Original Budget £000's	Approved Cash Limit £000's	Final Outturn £000's	Variance from cash limit £000's
<b>Delegated Schools Budgets</b>				
Gross	942,054	828,091	795,121	-32,970
Income	-942,054	-828,091	-799,019	29,072
<b>Net</b>	<b>0</b>	<b>0</b>	<b>-3,898</b>	<b>-3,898</b>
<b>Transfer to/from school reserves</b>				
Gross			3,898	3,898
Income				0
<b>Net</b>	<b>0</b>	<b>0</b>	<b>3,898</b>	<b>3,898</b>
<b>TOTAL DELEGATED</b>				
<b>Gross</b>	<b>942,054</b>	<b>828,091</b>	<b>799,019</b>	<b>-29,072</b>
<b>Income</b>	<b>-942,054</b>	<b>-828,091</b>	<b>-799,019</b>	<b>29,072</b>
<b>Net</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NON DELEGATED:</b>				
<b>Strategic Management &amp; directorate support</b>				
Gross	15,528	10,820	10,854	34
Income	-10,225	-8,118	-8,279	-161
<b>Net</b>	<b>5,303</b>	<b>2,702</b>	<b>2,574</b>	<b>-128</b>
<b>SERVICES FOR SCHOOLS</b>				
<b>Early Years &amp; Childcare Advisory Service</b>				
Gross	0	8,184	8,226	42
Income	0	-8,184	-8,226	-42
<b>Net</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>School Improvement Services</b>				
Gross	7,223	10,184	10,361	177
Income	-1,761	-4,701	-4,772	-72
<b>Net</b>	<b>5,462</b>	<b>5,484</b>	<b>5,588</b>	<b>105</b>
<b>Governor Support</b>				
Gross	662	662	621	-41
Income	-676	-676	-521	155
<b>Net</b>	<b>-14</b>	<b>-15</b>	<b>99</b>	<b>114</b>
<b>PFI Schools Schemes</b>				
Gross	16,859	8,097	8,097	0
Income	-16,859	-25,637	-25,637	0
<b>Net</b>	<b>0</b>	<b>-17,540</b>	<b>-17,540</b>	<b>0</b>
<b>Schools' Buildings &amp; Sites</b>				
Gross	853	853	830	-23
Income	-706	-706	-706	0
<b>Net</b>	<b>147</b>	<b>147</b>	<b>124</b>	<b>-23</b>
<b>Schools' Cleaning &amp; Refuse</b>				
Gross	3,521	3,521	3,568	47
Income	-3,889	-3,889	-3,752	137
<b>Net</b>	<b>-368</b>	<b>-368</b>	<b>-184</b>	<b>184</b>
<b>Schools' Meals</b>				
Gross	2,086	1,645	1,646	1
Income	-2,086	-1,645	-1,646	-1
<b>Net</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Schools' Non Delegated staff costs</b>				
Gross	3,260	2,940	3,190	250
Income	-3,158	-2,838	-3,089	-251
<b>Net</b>	<b>102</b>	<b>102</b>	<b>101</b>	<b>-1</b>
<b>Schools' Other Services</b>				
Gross	1,063	1,063	1,003	-61
Income	-578	-578	-501	77
<b>Net</b>	<b>485</b>	<b>485</b>	<b>502</b>	<b>16</b>

Table 1 A-Z Budget Line	Original Budget £000's	Approved Cash Limit £000's	Final Outturn £000's	Variance from cash limit £000's
<b>Schools' Redundancy Costs</b>				
Gross	1,232	2,441	2,441	0
Income	-1,232	-1,232	-1,232	0
<b>Net</b>	<b>0</b>	<b>1,209</b>	<b>1,209</b>	<b>0</b>
<b>Special Schools' Meals</b>				
Gross	629	628	652	24
Income	-629	-628	-652	-24
<b>Net</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Schools' Teachers Pension Costs</b>				
Gross	7,629	7,629	7,802	173
Income	-2,684	-2,685	-2,683	2
<b>Net</b>	<b>4,945</b>	<b>4,944</b>	<b>5,119</b>	<b>175</b>
<b>TOTAL SERVICES FOR SCHOOLS</b>				
<b>Gross</b>	<b>45,017</b>	<b>47,847</b>	<b>48,436</b>	<b>589</b>
<b>Income</b>	<b>-34,258</b>	<b>-53,398</b>	<b>-53,417</b>	<b>-19</b>
<b>Net</b>	<b>10,759</b>	<b>-5,551</b>	<b>-4,981</b>	<b>570</b>
<b>SUPPORT FOR INDIVIDUAL CHILDREN - EDUCATION &amp; PERSONAL</b>				
<b>14 - 19 year olds</b>				
Gross	5,392	6,041	4,383	-1,658
Income	-3,520	-3,868	-2,840	1,028
<b>Net</b>	<b>1,872</b>	<b>2,173</b>	<b>1,543</b>	<b>-629</b>
<b>Attendance &amp; Behaviour</b>				
Gross	21,510	22,236	23,149	912
Income	-20,367	-21,093	-21,896	-803
<b>Net</b>	<b>1,143</b>	<b>1,143</b>	<b>1,253</b>	<b>109</b>
<b>Connexions</b>				
Gross	9,787	9,787	10,043	256
Income	-9,787	-9,787	-9,787	0
<b>Net</b>	<b>0</b>	<b>0</b>	<b>256</b>	<b>256</b>
<b>Education Psychology Service</b>				
Gross	3,328	3,328	3,139	-189
Income	-13	-13	-22	-10
<b>Net</b>	<b>3,315</b>	<b>3,315</b>	<b>3,116</b>	<b>-199</b>
<b>Free School Meals</b>				
Gross	3,864	3,864	3,864	0
Income	-3,864	-3,864	-3,864	0
<b>Net</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Learners with AEN Services</b>				
Gross	8,040	7,922	7,503	-420
Income	-7,338	-7,221	-7,038	183
<b>Net</b>	<b>702</b>	<b>702</b>	<b>465</b>	<b>-237</b>
<b>Minority Community Achievement Service</b>				
Gross	2,409	2,598	2,602	4
Income	-2,409	-2,598	-2,602	-4
<b>Net</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Partnership with Parents</b>				
Gross	746	742	670	-72
Income	-3	-3	-10	-7
<b>Net</b>	<b>743</b>	<b>739</b>	<b>659</b>	<b>-80</b>

Table 1 A-Z Budget Line	Original Budget £000's	Approved Cash Limit £000's	Final Outturn £000's	Variance from cash limit £000's
<b>Stated Pupils</b>				
Gross	9,724	9,628	8,995	-633
Income	-9,724	-9,628	-8,995	633
<b>Net</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Independent Special School Placements</b>				
Gross	12,549	12,548	12,547	-2
Income	-12,549	-12,548	-12,547	2
<b>Net</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Special School &amp; Hospital Recoupment</b>				
Gross	1,660	1,660	1,660	0
Income	-1,660	-1,660	-3,081	-1,421
<b>Net</b>	<b>0</b>	<b>0</b>	<b>-1,421</b>	<b>-1,421</b>
<b>TOTAL SUPPORT FOR INDIVIDUAL CHILDREN</b>				
<b>Gross</b>	<b>79,009</b>	<b>80,354</b>	<b>78,554</b>	<b>-1,800</b>
<b>Income</b>	<b>-71,234</b>	<b>-72,282</b>	<b>-72,683</b>	<b>-400</b>
<b>Net</b>	<b>7,775</b>	<b>8,072</b>	<b>5,871</b>	<b>-2,200</b>
<b>TRANSPORT SERVICES</b>				
<b>Home to College Transport</b>				
Gross	1,787	1,787	1,953	166
Income	-367	-367	-340	27
<b>Net</b>	<b>1,420</b>	<b>1,420</b>	<b>1,613</b>	<b>194</b>
<b>Mainstream Home to School Transport</b>				
Gross	14,301	14,301	13,090	-1,211
Income	-384	-384	-432	-48
<b>Net</b>	<b>13,917</b>	<b>13,917</b>	<b>12,658</b>	<b>-1,259</b>
<b>SEN Home to School Transport</b>				
Gross	17,039	17,039	16,920	-119
Income	0	0	-8	-8
<b>Net</b>	<b>17,039</b>	<b>17,039</b>	<b>16,912</b>	<b>-127</b>
<b>TOTAL TRANSPORT SERVICES</b>				
<b>Gross</b>	<b>33,127</b>	<b>33,127</b>	<b>31,963</b>	<b>-1,164</b>
<b>Income</b>	<b>-751</b>	<b>-751</b>	<b>-780</b>	<b>-29</b>
<b>Net</b>	<b>32,376</b>	<b>32,376</b>	<b>31,183</b>	<b>-1,193</b>
<b>INTERMEDIATE SERVICES</b>				
<b>Assessment of Vulnerable Children</b>				
Gross	1,693	1,692	1,852	160
Income	-570	-571	-584	-14
<b>Net</b>	<b>1,123</b>	<b>1,121</b>	<b>1,268</b>	<b>147</b>
<b>TOTAL NON DELEGATED</b>				
<b>Gross</b>	<b>174,374</b>	<b>173,839</b>	<b>171,659</b>	<b>-2,181</b>
<b>Income</b>	<b>-117,038</b>	<b>-135,120</b>	<b>-135,743</b>	<b>-623</b>
<b>Net</b>	<b>57,336</b>	<b>38,720</b>	<b>35,916</b>	<b>-2,804</b>
<b>PORTFOLIO TOTAL (CONTROLLABLE)</b>				
<b>Gross</b>	<b>1,116,428</b>	<b>1,001,930</b>	<b>970,677</b>	<b>-31,253</b>
<b>Income</b>	<b>-1,059,092</b>	<b>-963,210</b>	<b>-934,761</b>	<b>28,449</b>
<b>Net</b>	<b>57,336</b>	<b>38,720</b>	<b>35,916</b>	<b>-2,804</b>

An extract of the Families & Social Care Table 1 showing the outturn position for Early Years and Childcare is included below

Table 1 A-Z Budget Line	Original Budget £000's	Approved Cash Limit £000's	Final Outturn £000's	Variance from cash limit £000's
<b>Early Years &amp; Childcare Advisory Service</b>				
<b>Gross Income</b>	<b>13,741</b>	<b>5,492</b>	<b>4,535</b>	<b>-957</b>
<b>Net</b>	<b>-13,741</b>	<b>-5,492</b>	<b>-5,253</b>	<b>239</b>
	<b>0</b>	<b>0</b>	<b>-718</b>	<b>-718</b>

2.3 The significant variations from the approved cash limits are as follows:

2.3.1 Delegated School Budgets (net -£3.898m). This represents a drawdown of reserves for academy converters of £4.361m and an increase in KCC school reserves of -£6.874m. In addition there is an underspend in the schools unallocated budget due to an increase in DSG of -£1.3m. The total underspend is transferred into school reserves leaving the delegated budgets with a net zero variance.

2.3.2 14-19 year olds (net -£0.629m). This is mainly due to a planned underspend of -£0.250m in Foundation Learning to offset the pressure on the Connexions budget together with an underspend on the Expanding Vocational Training budget of -£0.300m. One of the main aims of this budget was to set up the Maidstone Skills studio but there were delays in setting up the project and some of this spend will now be incurred in 2012-13. In addition there was a planned underspend on the Preparing for Employment budget to cover expected pressures elsewhere in the unit.

2.3.3 Connexions (net +£0.256m). The Young Peoples Learning Agency (YPLA) announced on 29 March 2011 that the Education Business Partnership funding was being withdrawn on 31 March 2011. This funding is paid to Connexions via a contract and the contract could not be renegotiated until the end of August 2011, leaving a pressure of £0.256m.

2.3.4 Special School and Hospital Recoupment (net -£1.421m). This underspend is due to recoupment income exceeding the set budget due to demand for places from other Local Authorities

2.3.5 Mainstream Home to School Transport (net -£1.259m). This underspend is due to the renegotiation of contracts, pupil numbers being lower than budgeted and a less than expected increase in rail fares. This ongoing underspend has been reflected as a saving in the 2012-15 MTFP.

2.4 The approved budget for 2012/13 was set on the basis of known/forecast activity as at December 2011. Of the above variations from the 2011/12 approved cash limit, the total underspend with the exception of Mainstream Home to School Transport relates to one-off issues for 2011/12 and should not impact on the 2012/13 budget. The underspend on Mainstream Home to School Transport is expected to be ongoing and has been reflected as a saving in the 2012-13 MTFP. The impact of any ongoing variations into 2012/13 will be reported as part of the

in-year budget monitoring together with progress on delivering the savings needed to balance the budget.

- 2.5 The first exception report for 2012/13 budget monitoring was also reported to Cabinet on 9<sup>th</sup> July and is similarly on the agenda for today's meeting. That report shows that there are no revenue issues coming out of the 2011/12 outturn which are expected to impact in 2012/13 and hence no revenue variance is currently reported for the ELS directorate/portfolio. However the report does show that initial projections are for a capital over spend of +£0.162m for this Directorate/Portfolio. Of this +£0.166m is a real variance and -£0.004m is due to rephrasing. The real variance is made up of minor variances on a number schemes which will be funded by a mixture of grant and external funding.
- 2.6 The full monitoring as at the first quarter is scheduled to be reported to Cabinet on 17<sup>th</sup> September. The timing of this Cabinet means reports to the September round of Cabinet Committees may have to be dispatched late in order to include the latest position considered by Cabinet, in a similar way to the papers for this July round of Cabinet Committee meetings have had to be (in some cases).
- 2.7 The under spend for 2011/12 includes a number of areas of committed expenditure which Cabinet were asked to agree to roll forward into 2012/13. Table 2 below shows the details specific to the ELS Directorate/portfolio. At the time of the dispatching this report the outcome of this decision is not yet known and a verbal update will be provided at the meeting.

Table 2	Amount
Reason for Rollover	£000s
<i>ELS portfolio – 14 -19 Year Olds – Maidstone Skills Studio</i> Part of the underspend on the 14-19 Unit was on the Expanding Vocational Training budgets. One of the main aims of this budget was to set up the Maidstone Skills Studio but there have been ongoing delays in setting up the project and some of this spend will now be incurred in 2012-13. Roll forward is required to fund this re-phasing.	80

- 2.8 The balance of the uncommitted under spend (£5.316m) for the County Council will be transferred to the Economic Downturn reserve in accordance with the recommendation to Cabinet on 9 July 2012.

### 3. Education, Learning & Skills Directorate/Portfolio 2011/12 Financial Outturn – Capital

- 3.1 Table 3 identifies the planned and actual spend on all capital projects in 2011/12 and the total approved and forecast spending over the lifetime of these projects.

Table 3

ELS Directorate Capital Outturn Report 2011-12	2011/12 Cash Limits & Spend				2011/12 Total Scheme Costs		
	Original	Final	Final	Variance	Final	Final	Variance
	Cash Limit	Cash Limit	Outturn	from Cash Limit	Cash Limit	Outturn	from Cash Limit
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Rolling Programme :</b>							
Maintenance Programme	14,000	13,200	13,004	-196	39,500	39,500	0
Other	98	280	280	0	933	933	0
<b>Approval to Spend :</b>							
Basic Need	8	-3	-25	-22	15,151	15,129	-22
Modernisation Projects	1,618	2,621	2,626	5	3,702	3,707	5
Specialist School Projects	10	203	108	-95	530	530	0
Special Schools Review (Phase 1 & Phase 2)	3,183	2,446	2,258	-188	56,498	56,595	97
Vocational Education Programme	0	49	48	-1	1,541	1,542	1
Childrens Centres, Early Years & Childcare	2,460	0	0	0	0	0	0
Primary Improvement Programme	7,729	9,644	9,689	45	36,992	37,081	89
Development Opportunity Projects	450	118	95	-23	1,216	1,216	0
Building Schools for the Future (Excl PFI)	2,955	2,640	3,152	512	155,003	156,597	1,594
Academy Programme	6,575	55,928	52,353	-3,575	193,502	193,502	0
Transforming Short Breaks	2,591	0	0	0	0	0	0
Kitchen & Dining Grants	470	550	550	0	1,576	1,576	0
Practical Cookery Spaces	732	766	769	3	3,690	3,695	5
Unit Review	0	710	716	6	3,500	3,500	0
Multi Agency Specialist Hubs	4,787	0	0	0	0	0	0
Other	2,602	124	107	-17	4,777	4,760	-17



ELSDirectorate Capital Outturn Report 2011-12	2011/12 Cash Limits & Spend				2011/12 Total Scheme Costs		
	Original	Final	Final	Variance	Final	Final	Variance
	Cash Limit	Cash Limit	Outturn	from Cash Limit	Cash Limit	Outturn	from Cash Limit
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Approval to Plan :</b>							
Basic Need	5,581	1,827	1,864	37	61,972	61,972	0
Modernisation Projects	9,581	8,641	8,549	-92	34,719	34,675	-44
Special Schools Review	0	24	30	6	30,000	30,000	0
Primary Improvement Programme	2,460	98	0	-98	1,025	927	-98
Academy Programme	86,410	170	0	-170	83,655	83,655	0
Building Schools for the Future	0	0	0	0	500	500	0
Development Opportunity Projects	2,000	26	12	-14	2,017	2,017	0
Multi Agency Specialist Hubs	0	0	0	0	0	0	0
Unit Review	1,500	0	0	0	0	0	0
£5M DSG Maintenance	0	105	50	-55	5,000	5,000	0
Other	0	4	38	34	2,259	2,293	34
<b>Projects at Initial Planning :</b>							
Development Opportunity Projects	0	0	0	0	5,222	5,222	0
				-3,898			
<b>Devolved to Schools :</b>							
School Capital Balances (mainly Devolved Formula Capital) - (rolling programme)	3,911	14,890	14,890	0			
Schools RCCO Contributions (rolling programme)	10,000	13,411	13,411	0			
<b>Private Finance Initiative - Approval to Spend</b>	0	0	0	0			
<b>Private Finance Initiative - Approval to Plan</b>	0	0	0	0			
	171,711	128,472	124,574	-3,898	744,480	746,124	1,644

3.2 The movements from the original budget and the approved cash limit have been reported in monitoring during the year and the cash limits were changed when the capital programme in the 2012/15 Medium Term Financial Plan was approved in February. The variance from approved cash limit represents the final actual spending for 2011/12 (and forecast spending for future years) since the capital programme was published and includes the following significant issues:

3.2.1 Building Schools for the Future (+£0.512m). The major area of re-phasing on BSF are the BSF Wave 3 Programme (-£0.884m) relating to the delay in

re-negotiating the ICT contract which is expected to complete in the near future, and BSF Unit codes (-£0.365m) where proactive management action has been taken to minimise spend on external fees. BSF wave 5 Programme (+£1.592m) relates to the abortive costs written off to revenue.

3.2.2 Academy Programme (-£3.575m). Most of the required re-phasing within this part of the Academy Programme relates to contractor delays in reaching Academy milestone payments (-£3.534m). The Academies projects affected by these delays are: Marsh (-£1.109m), Skinners (-£0.842m), Cornwallis (-£0.707m), Spires (-£0.586m) and New Line Learning (-£0.290m). Other re-phasings are required at Sheppey Academy (-£1.048m), where the build programme is approximately five weeks behind schedule but is expected to catch up and complete on schedule by February 2013 and Longfield Academy (+£0.780m), where the build has completed ahead of schedule following pressure by the Headteacher and the need to vacate the old buildings for demolition. Additional fees have been incurred to progress the Academy Programme (+£0.227m).

3.3 Re-phasings from 2011/12 will be included in the budget monitoring reports to Cabinet in July and September together with any other issues affecting capital projects which have arisen during 2012/13 so far.

#### **4. Recommendations**

4.1 Members of the Education Cabinet Committee are asked to note the revenue and capital financial outturn for 2011/12 including rollovers for committed projects and changes to the capital programme due to re-phasings.

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