

By: Keith Abbot, Director - Finance & Corporate Services
Grahame Ward, Director - Resources

To: CFE Policy Overview Committee - 15 November 2007

Subject: CFE BUDGET MONITORING 2007/08

Classification: Unrestricted

FOR INFORMATION

Introduction

1. This report is the first of what will be a regular report to this Committee on the forecast outturn against budget for the CFE Directorate Department.

Background

2. (1) Policy Overview Committees consider the draft Medium Term Financial Plan at their November and January meetings. To enable a more informed discussion, three reports will be presented to the Committee on a regular basis:

- a) Budget Monitoring reports
A detailed quarterly budget monitoring report is presented to Cabinet, usually in September, December and March, and a draft final outturn report in June. A report for each directorate is annexed to the summary report, and the annex for the CFE directorate will be presented to this Committee at the meetings following those Cabinet meetings. This will help inform this POC about current trends, pressures and management actions in advance of the next year's budget setting
- b) Performance data
This will be reported at least half-yearly to this Committee, starting in January 2008 though some information is included within the Annex to this report
- c) Outturn report
Effectively an amalgam of the above two, the outturn report will summarise both the financial and performance information for the whole of the preceding year

(2) Armed with the above, the POCs will be in a stronger position to question and comment on the future budget and medium term proposals, as they will be asked to do at the November and January meetings.

Quarterly Monitoring Report

3. Attached is the monitoring report for the first quarter for 2007/08. It should be noted that this was prepared before the recent changes in portfolio responsibilities were agreed. The main points to highlight are:

- a) Revenue
 - projected overspend of £433k in relation to legal costs within Children's Social Services
 - an almost £3m projected overspend in relation to support for unaccompanied asylum seeking children
 - a projected overspend of £935m in relation to SEN Home to School Transport

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

Recommendations

4. Members of the POC are asked to note the projected outturn figures for the directorate as at the first quarter.

Officer Name: Keith Abbot
Title: Director, Finance & Corporate Services
Contact telephone number: 01622 696588
E-mail address: keith.abbot@kent.gov.uk

Officer Name: Grahame Ward
Title: Director, Resources
Contact telephone number: 01622 696551
E-mail address: grahame.ward@kent.gov.uk

Background Documents:

None

CHILDREN, FAMILIES & EDUCATION DIRECTORATE SUMMARY JULY 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.
- This quarter cash limits have been adjusted to reflect a number of technical adjustments to budget, including the apportionment of -£0.235m of the e-recruitment saving from the Corporate Support portfolio and £0.530m of the provision for Kent Scheme revision from the Finance portfolio and the addition of £1.222m of roll forward from 2006-07, as agreed by Cabinet on 16 July 2007.

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	
Education & School Improvement portfolio							
Delegated Budget:							
- Delegated Schools Budget	848,649	0	848,649	0	0	0	
- Standards Fund (incl SSG)	0	0	0	0	0	0	
- Targeted Standards Fund			0	0	0	0	
- Direct Funding for Schools			0	0	0	0	
TOTAL DELEGATED	848,649	0	848,649	0	0	0	
Non Delegated Budget:							
- Finance	3,373	-931	2,442	0	0	0	
- Awards	4,891	-827	4,064	0	0	0	
- Grant income & contingency	2,338	-939,811	-937,473	0	0	0	
- Personnel & Development	15,651	-3,493	12,159	0	0	0	
- School Support Service	53	0	53	0	0	0	
- Capital Projects	4,877	-3,284	1,593	0	0	0	
- Client Services	4,391	-3,234	1,158	0	0	0	
- Business Management	2,758	-143	2,615	0	0	0	
- ICT	9,095	-1,893	7,203	0	0	0	
- Health & Safety	427	-8	419	0	0	0	
- Strategic Management	1,584	-103	1,481	0	0	0	
- Policy & Service Development	14,683	-2,735	11,948	0	0	0	
- Management Information	28,109	-35	28,074	0	0	0	
- International Development	192	-100	92	0	30	30	Shortfall in income for Hardelot
- School Organisation	3,136	-58	3,078	0	0	0	
- Mainstream HTST	15,432	-484	14,948	32	0	32	minor variance
- Early Years & Childcare Operations unit	17,463	-234	17,230	0	0	0	
- Clusters	13,889	-105	13,784	0	0	0	
- Advisory Service Kent (ASK) Secondary Team	3,458	0	3,458	0	0	0	
- ASK Primary Team	3,841	0	3,841	0	0	0	
- ASK Early Years Team	6,088	0	6,088	0	0	0	
- ASK Improvement & Leadership	2,818	-150	2,668	0	0	0	
- ASK Improvement Partnerships	3,982	0	3,982	0	0	0	
- ASK Professional Development	4,790	-2,149	2,641	0	0	0	
TOTAL NON DELEGATED	167,319	-959,775	-792,456	32	30	62	
Total E&SI	1,015,968	-959,775	56,193	32	30	62	

Table 1

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Children & Family Services portfolio							
- Attendance & Behaviour Service	15,873	-4,828	11,046	0	0	0	
- AEN & Resources	13,162	-3,722	9,440	0	0	0	
- SEN HTST	14,806	0	14,806	942	-7	935	Travel requirements of SEN children have increased and the service is unable to meet all of the savings targets of £989k
- Independent Sector Provision	9,719	-260	9,459	0	0	0	
- Specialist Teaching Service	3,332	-252	3,081	0	0	0	
- Educational Psychology Service	3,662	-129	3,533	0	0	0	
- Minority Community Achievement	1,788	-98	1,691	0	0	0	
- Children's Safeguard Service	0	0	0	0	0	0	
- Joint Commissioning	2,364	-226	2,138	0	0	0	
- In House Residential care	2,512	-25	2,487	139	15	154	additional cost as a result of move to new buildings
- Ind sector residential care	3,341	-403	2,938	0	0	0	
- Residential care - not looked after children	649	-7	642	-14	0	-14	minor variance
- KCC Family support	9,685	-896	8,790	-128	85	-43	staff vacancies; various income
- Family group conferencing	1,108	-241	867	9	-16	-7	minor variance
- Fostering service	21,344	-97	21,247	0	0	0	
- Adoption service	5,972	-22	5,950	0	0	0	
- Independent Sector day care	885	0	885	-20	0	-20	minor variance
- Section 17	1,030	-5	1,025	0	0	0	
- Link placements	232	0	232	-24	0	-24	
- Grants to voluntary organisations	7,032	-398	6,633	0	0	0	
- Direct payments	636	0	636	-3	0	-3	
- Teenage pregnancy	616	0	616	0	0	0	
- Leaving care/16+	3,400	0	3,400	0	0	0	
- Other services support	4,646	-784	3,862	575	-142	433	legal costs, various income
- Assessment and related	18,584	-16	18,568	314	-219	95	high social worker recruitment costs, various income
- Grant income & contingency	6,412	-41,427	-35,015	0	0	0	
Total C&FS	152,790	-53,834	98,956	1,790	-284	1,506	
- Asylum Seekers	13,200	-13,200	0	-1,122	4,112	2,990	
Total C&FS incl. Asylum	165,990	-67,034	98,956	668	3,828	4,496	
Total Delegated	848,649	0	848,649	0	0	0	
Total Non Delegated (excl. Asylum)	320,109	-1,013,609	-693,500	1,822	-254	1,568	
Total Directorate Controllable (excl. Asylum)	1,168,758	-1,013,609	155,149	1,822	-254	1,568	
Directorate Net Total (incl. Asylum)	1,181,958	-1,026,809	155,149	700	3,858	4,558	

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:

C&FS Portfolio

1.1.3.1 **SEN Transport**

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 go 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.

The greater scope lies with those users who are single occupants in taxis. Commercial Services have reviewed every single occupancy taxi journey and put them out to tender to see if savings can be made. The tender was offered to all 300 taxi operators in Kent but obviously will not impact upon the 3000+ non-single occupancy taxi and bus journeys. The results of this will be known later this month.

The £870k savings target set within the budget is not going to be achieved for 2007/08. There is not a high level of demand from parents to organise their own transport. At present the impact of that, inflation and appeals decisions means we are currently forecasting a pressure of £935k.

1.1.3.2 **In House Residential Care (Gross)**

A pressure of £139k is forecast as a result of increased running costs on the new builds at the Sunrise centre and the Southdown's centre. This is partly offset by the closure of the Alderden Centre in December.

1.1.3.3 **KCC Family Support (Gross)**

A forecast underspend of £128k 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.

1.1.3.4 **Other Services Support (Gross and Income)**

There is a potential pressure of £460.5k forecast against the budget for Legal services, based on the first quarter's charges and last year's outturn. This is expected to be a similar outturn to last year due to high cost bills coming in at year end. This service line is currently under review with a view to identifying efficiencies.

The Out of Hours Service is currently forecasted to overspend by £104.6k but this is offset by additional income of £104.6k.

1.1.3.5 **Assessment and Related (Gross and Income)**

The forecast pressure on the assessment and related gross budget line is down to a number of separate reasons. Firstly, this budget had a savings target to remove 66 staffing posts (not front line) by 31 March 2008. To date, two thirds of this target has been achieved and there are some delays in achieving the final third, which has resulted in a forecast pressure of £264k.

A market premium has been introduced to obtain new front line social work staff at a cost of £3k per post (approx £30k). Relocation fees (i.e. staff from Atlanta USA) have been capped at £2k per member of staff.

In terms of income, additional contributions have been received from Education for Best Project £150k (Social Workers visiting schools to promote best behaviour) and SSKY project £50k (Multi disciplinary team providing flexible and needs led community services to children and young people who are expected to have difficulties in behaviour, emotions and social relationships that have not responded to tier 1 interventions and may not have a clinically recognised mental health difficulty), plus income for staff going to Swindon as per Swindon contract £12k (Mid & East Kent).

1.1.3.6 Asylum

The Asylum Service is now forecast to have a funding shortfall of £4.112m for the 2007-08 financial years, £3.612m of direct spending and £0.500m of indirect spending. The estimates assume that the Home Office and Department for Children, Schools & Families (DCSF) use the same grant rules and unit costs as for 2006-07, but guidance has not been issued yet and therefore forecasts may alter if grant criteria change.

On 15 August 2007, the Border & Immigration Agency (BIA) wrote to the LA and confirmed the rates they will be paying for the current year remain unchanged from 2006/07. The estimated shortfall in income as a result of not funding the annual pay and price increase is £185k. This pressure has been reflected in the overall £4.112m funding shortfall for the year.

The overall funding shortfall is partly offset by the expected draw down of the remaining balance in the corporate asylum reserve of £1.122m, leaving a residual net pressure of £2.990m.

This represents an increase of £260k on the previously reported position, £185k is due to the non funding of pay and prices as reported above and the balance is due to the introduction in April of the New Asylum Model (NAM) by BIA. NAM 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 processes and procedures that 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 members of staff on each trip. No additional funding has been made available to meet the increased costs of these changes.

There is also the issue of the 2006-07 outstanding grant income relating to our special circumstances bids, £1.5m from the Home Office and £1.6m from the DCSF. Additionally, there is £0.7m outstanding from the DCSF relating to the special circumstances bid for 2005-06.

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 £4.112m. Officers are in the process of arranging meetings with the DCSF and Home Office to take these issues forward.

Other Issues

1.1.3.7 Children's Centres underspend (Sure Start Grant)

Early Years and Childcare Operations Unit has identified that work establishing Children's Centres is behind schedule due to the need for a thorough consultation and approval process before capital building works can begin. This has not been allowed for in the scheduling of revenue funding determined by the DCSF, which should kick in once projects are open. Early indications are that the level of underspend is between £1m and £1.5m. An exercise to identify possible alternative items of expenditure to re-badge against this predicted grant underspend is currently underway and therefore this has not been reported in table 1 above. If this exercise is not successful we will have to repay the unused grant income to Sure Start.

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

Whilst our forecast outturn variance has remained unchanged, early indications are that we will have an underspend 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.

1.1.3.9 Children's Social Services – Activity budgets

The activity data provided for this quarters monitoring has highlighted some potential areas of concern with the following budget lines:

- Independent Sector Residential Care (3 children placed in high cost placements for their own safety as directed by the court last year are continuing and a further child has been placed in a specialist unit for safety reasons)
- Fostering
- Adoption

At the end of the 2006/07 financial year, the fostering and adoption budgets overspent by £1,315k and this was addressed through the 2007-10 MTP process as £1,388k was funded as a demand led pressure.

A piece of work has started to look in detail at these budget lines and any financial implications will be declared in next month's exception report. This piece of work will also be required for the work currently ongoing for the 2008-11 MTFP.

1.1.3.10 Delegated Schools Budgets

In agreement with the Schools Funding Forum, it has been decided to reduce the administrative burden on schools by no longer asking them to submit a copy of their first quarter's financial monitoring report to the LA in July. The first return is now due in the middle of October based on the first six months actual income and expenditure and an update will be provided in the next quarters monitoring return.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFS	Asylum - Shortfall in income (income)	+4,112	CFS	Asylum - potential draw down of residual balance in Corporate Asylum reserve (gross)	-1,122
CFS	SEN Home to School Transport - savings target linked to purchase cards(gross)	+870	CFS	Assessment & Related - additional income for Education for best project (income)	-150
CFS	Other Services Support - Recharges from Legal services (gross)	+461	CFS	KCC Family Support - management of staff vacancies (gross)	-128
CFS	Assessment & Related - delay in achieving savings target (gross)	+264	CFS	Other Services Support - Out of Hours service matched by additional expenditure (income)	-105
CFS	In house Residential Care - increased running costs (gross)	+139			
CFS	Other Services Support - Out of Hours service covered by additional income (gross)	+105			
		+5,950			-1,505

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

eg Management Action achieved to date including vacancy freeze, changes to assessment criteria

We are undertaking a separate monitoring exercise to assess managers' progress towards delivering the agreed 2007-08 savings targets and we will be in a position to provide an update in the next monitoring report.

1.1.5 Implications for MTFP:

As part of the 2008-11 MTP exercise, the Directorate will be reviewing its current budget pressures at its senior management team meeting in September. This will include working up robust proposals for dealing with any overspends. Details of these proposals will be reported next month.

1.1.6 Details of re-phasing of revenue projects:

None

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

The Directorate has started to work up a management action plan to balance the 2007-08 budget and options being considered are listed below for information:

- Reviewing the Sure Start grant rules to see whether it would be possible to re-badge base budget funded expenditure against the predicted underspend on this grant.
- We are discussing with colleagues in Corporate Finance possible options regarding the £1.3m expenditure previously charged to capital.
- Review of all single occupancy taxi journeys including a tender process. Results will be known later this month.
- We have begun work with Children's Social Services managers to review the three potential areas of concern, independent sector residential care, fostering and adoption.

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 PAG, or relevant delegated authority.

Cash limits have been adjusted this quarter to reflect:

	2007-08 £000s	2008-09 £000s	2009-10 £000s
<u>Education & School Improvement portfolio:</u>			
▪ Roll forward of the re-phasing from 2006-07	15,602		
▪ Marlowe Innovation Centre – to reflect the full gross cost of the scheme with the additional costs to be funded by external funding from Friends of Marlowe Academy and European Regional Development Fund	953		
▪ Modernisation 2006-08 (Sussex Road School) – additional costs to be funded by external funding from Sorrell Foundation	150		
▪ The Bridge Development, Dartford - to reflect the full cost of developing this innovative new cross-directorate learning campus, funded by developer contributions	76	3,310	1,415
▪ DfES grant allocation for non delegated devolved capital for Pupil Referral Units	246		
Devolved Capital to Schools:			
▪ Roll forward of budgets devolved to schools	12,932		
▪ Reduction in DfES grant for schools devolved capital between actual allocation and budget assumption	-904		

Children & Family Services portfolio:

▪ Roll forward of the re-phasing from 2006-07	1,094
▪ Mobile Working Devices for Children's Social Workers - to be fully funded by DfES grant	305
▪ East Kent Children's Resource Centre – additional external funding from Wooden Spoon, Kent & Medway Towns Fire Authority and Kent Handicapped Caring Association	68
▪ Swale Kids Projects to be funded by a contribution from Eastern & Coastal Primary Care Trust	15

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

[To include projects starting in the current year and previous years only including the rolling programmes but to **EXCLUDE** PFI projects]

	Prev Yrs Exp	2007-08	2008-09	2009-10	Future Yrs	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
Education & School Improvement Portfolio						
Budget	117,714	131,428	92,523	51,765	53,863	447,293
Additions:						
- roll forward		15,602				15,602
- Marlowe Innovation Centre		953				953
- Modernisation 2006-08 (Sussex Rd)		150				150
- Bridge Development		76	3,310	1,415		4,801
- devolved capital for PRUs		246				246
Revised Budget	117,714	148,455	95,833	53,180	53,863	469,045
Variance		-25,421	-3,411	+4,114	-495	-25,213
split:						
- real variance		-4,253	-19,655	-3,185	+1,880	-25,213
- re-phasing		-21,168	+16,244	+7,299	-2,375	0
Children & Family Services Portfolio						
Budget	7,366	5,105	300	350	500	13,621
Additions:						
- roll forward		1,094				1,094
- mobile working devices		305				305
- East Kent Resource Centre		68				68
- Swale Kids Projects		15				15
Revised Budget	7,366	6,587	300	350	500	15,103
Variance		+10	0	0	0	+10
split:						
- real variance		+10	0	0	0	+10
- re-phasing		0	0	0	0	0
Directorate Total						
Revised Budget	125,080	155,042	96,133	53,530	54,363	484,148
Variance	0	-25,411	-3,411	4,114	-495	-25,203
Education & School Improvement Portfolio						
Devolved Capital to Schools						
Revised Budget		39,701	27,673	27,673	55,346	150,393
Variance		0	0	0	0	0
split:						
- real variance		0	0	0	0	0
- re-phasing		0	0	0	0	0
Real Variance						
		-4,243	-19,655	-3,185	+1,880	-25,203
Re-phasing						
		-21,168	+16,244	+7,299	-2,375	0

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
Overspends/Projects ahead of schedule						
ESI	The North School, Ashford	Real	+328			
ESI	Dev Opps - Greenfield	Phasing		+264		
ESI	Primary Pathfinder Programme	Real			+250	
			+328	+264	+250	+0
Underspends/Projects behind schedule						
ESI	Dev Opps - Kingsmead	Phasing			-4,000	
ESI	Dev Opps - Folkestone School for Girls	Real				-3,094
ESI	Freshstart - Castle Hill	Phasing		-2,438		
ESI	Dartford Grammar Girls	Phasing	-2,000			
ESI	SSR - The Orchard School	Phasing		-1,723		
ESI	Dev Opps - Darford Campus	Phasing		-1,320		
ESI	Dev Opps - St James the Great	Phasing		-1,237		
ESI	SSR - Rowhill School	Phasing			-979	
	SSR - Rowhill School	Real			-69	
ESI	Dev Opps - Isted Rise	Phasing			-1,000	
ESI	Academies - Minster College	Phasing			-1,000	
ESI	Dev Opps - Axton Chase School	Real				-1,000
ESI	Dev Opps - The Towers School	Phasing				-950
	Dev Opps - The Towers School	Real				-50
ESI	Phoenix Community PS (Mod 06/7/8)	Phasing	-968			
ESI	Dev Opps - Headcorn PS	Phasing			-600	
ESI	Maplesden Noakes (Mod 06/7/8)	Phasing	-582			
ESI	SSR - Milestone School	Real		-553		
ESI	Kennington Juniors (Mod 04/5/6)	Phasing	-551			
ESI	Tovil PS (Archbishop Courtenay)	Phasing	-528			
ESI	SSR - Bower Grove School	Phasing		-406		
ESI	SSR - Ridgeview School	Phasing			-303	
	SSR - Ridgeview School	Real			-98	
ESI	The Wildernesse School (Mod 06/7/8)	Phasing	-400			
ESI	Non Delegated PRU's	Phasing	-387			
ESI	SSR - The Harbour School	Real		-363		
ESI	Crockenhill Primary (Mod 04/5/6)	Phasing	-344			
			-5,760	-8,040	-8,049	-5,094
			-5,432	-7,776	-7,799	-5,094

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 Smith Payne 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 Smith Payne Primary Schools. The project which was expected to complete in 2007/08 is now expected to become available in August 2009. 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:

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	10	7,000	0	0	0	7,010
Forecast	10	3,000	2,462	1,538		7,010
Variance	0	-4,000	2,462	1,538	0	0
FUNDING						
Budget:						
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
Forecast:						
supported borrowing	10					10
prudential		3,000	-3,000			0
capital receipts			5,462	1,538		7,000
TOTAL	10	3,000	2,462	1,538	0	7,010
Variance	0	-4,000	2,462	1,538	0	0

1.2.4.2 Castle Hill PS (Freshstart Scheme) – slippage £2.438million

This scheme primarily funded by government grant is designed to provide a replacement facility. It has slipped by £2.438 million representing 65% of the total value of the scheme. 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 we move 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. The pre tender estimated cost indicates a small overspend on the scheme, for which the precise funding still needs to be identified, but this will be managed within the overall capital programme.

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
BUDGET & FORECAST						
Budget	217	3,544	0	0	0	3,761
Forecast	217	1,106	2,480	40	0	3,843
Variance	0	-2,438	2,480	40	0	82
FUNDING						
Budget:						
grant	217	3,044				3,261
capital receipts		500				500
TOTAL	217	3,544	0	0	0	3,761
Forecast:						
grant	217	1,106	1,938			3,261
capital receipts			500			500
Unidentified			42	40		82
TOTAL	217	1,106	2,480	40	0	3,843
Variance	0	-2,438	2,480	40	0	82

1.2.4.3 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 100% 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
BUDGET & FORECAST						
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
FUNDING						
Budget:						
supported borrowing		1,000	400			1,400
capital receipts		1,000				1,000
TOTAL	0	2,000	400	0	0	2,400
Forecast:						
supported borrowing				1,400		1,400
capital receipts			100	900		1,000
TOTAL	0	0	100	2,300	0	2,400
Variance	0	-2,000	-300	2,300	0	0

1.2.4.4 Dartford Campus (Development Opportunities) - slippage £1.320 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 £1.320m representing approximately 7% of the total value 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 £3m to the overall cost of the scheme which will be addressed by a combination of management action elsewhere in the programme and the identification of additional capital receipts.

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
BUDGET & FORECAST						
Budget	9,060	9,348	1,500	92	0	20,000
Forecast	9,060	8,028	5,912	0	0	23,000
Variance	0	-1,320	4,412	-92	0	3,000
FUNDING						
Budget:						
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
Forecast:						
supported borrowing	5,846	206	1,412			7,464
grant	1,500	3,000	1,500			6,000
capital receipts/unidentified	1,714	4,822	3,000			9,536
TOTAL	9,060	8,028	5,912	0	0	23,000
Variance	0	-1,320	4,412	-92	0	3,000

1.2.4.5 The Orchard School (Special Schools Review) – slippage £1.723 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, which is at approval to plan stage, has slipped by £1.723m representing 29% of the total value 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.

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
BUDGET & FORECAST						
Budget	940	4,108	862	40	0	5,950
Forecast	940	2,385	2,636	0	0	5,961
Variance	0	-1,723	1,774	-40	0	11
FUNDING						
Budget:						
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
Forecast:						
supported borrowing	905		902			1,807
prudential/revenue			139			139
capital receipts	35	2,385	1,584			4,004
unidentified			11			11
TOTAL	940	2,385	2,636	0	0	5,961
Variance	0	-1,723	+1,774	-40	0	+11

1.2.4.6 St James the Great Primary School (Development Opportunities) – slippage £1.237 million

This scheme is a self funding replacement primary school scheme. It has slipped by £1.237m representing 47% 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.

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
BUDGET & FORECAST						
Budget	116	1,900	600	0	0	2,616
Forecast	116	663	1,824	13	0	2,616
Variance	0	-1,237	1,224	13	0	0
FUNDING						
Budget:						
supported borrowing	116					116
prudential		-150				-150
capital receipts		2,050	600			2,650
TOTAL	116	1,900	600	0	0	2,616
Forecast:						
supported borrowing	116					116
prudential		-150				-150
capital receipts		813	1,824	13		2,650
TOTAL	116	663	1,824	13	0	2,616
Variance	0	-1,237	1,224	13	0	0

1.2.4.7 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. A revised feasibility has been completed and the school are currently considering the proposals. Because of the delay, the completion date is now expected to be August 2009 rather than completion during 2008/09. 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.

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

1.2.4.8 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.

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

1.2.5 Projects with real variances

The overall variance over the lifetime of the Medium Term Plan indicates an underspend of £25.213m. 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.

After allowing for this additional funding the true underlying variance on the Education & School Improvement portfolio is a saving of £25.913m. The main contributing factors are as follows:

Savings:

- The Development Opportunity projects at Axton Chase School (£20m) and Folkestone School for Girls (£9.1m), where both projects are at initial planning stage, are on hold.
- Lesser savings have been achieved on the following: Development Opportunity projects at Greenfields (£0.274m) and Newington (£0.134m) 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.
- Although in Table 4 there are several Special Schools 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 we expect to remain within the overall cash limit.

Overspends - There are a number of overspends which offset the savings listed above:

- Dartford Campus (£3.0m) - see template & reason at 1.2.4.4 above.
- 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.
- 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.

Overall this leaves a residual balance of +£0.167m 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 has been increased from £3.699m to £8.5m and 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
Budget	89,709	2,701	0	0	92,410
Actual/Forecast	85,735	6,675	0	0	92,410
Variance	-3,974	3,974	0	0	0

(a) Progress and details of whether costings are still as planned (for the 3rd 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 ?

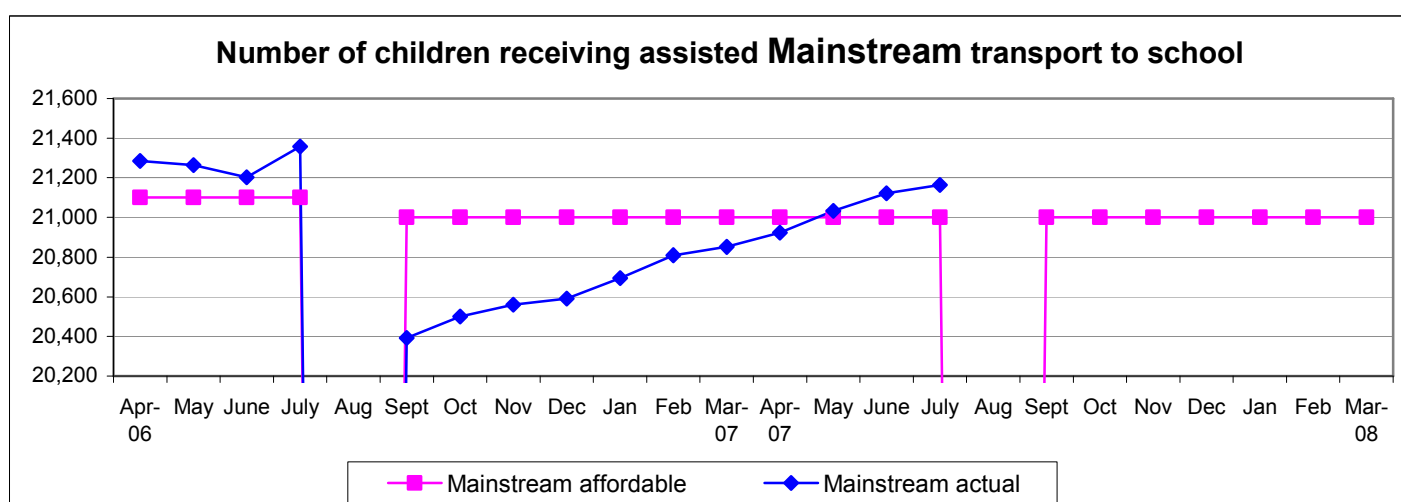
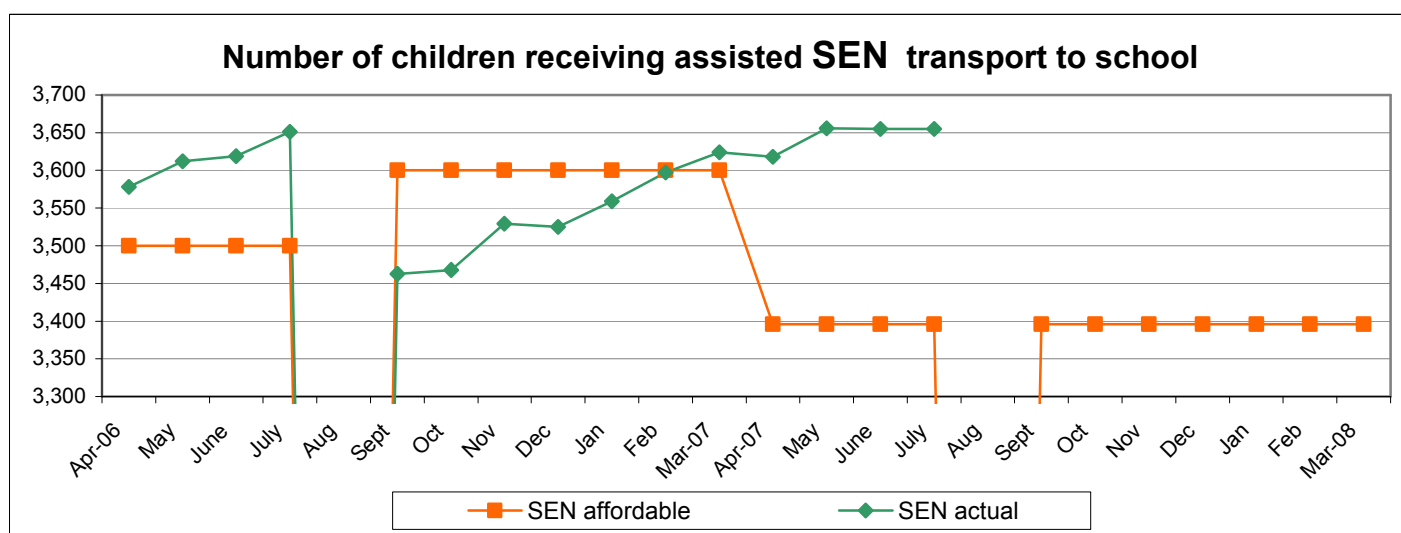
The delays to the construction programme do not impact on the level of the unitary charge that is payable by KCC to the contractor as any delays, unless caused by the Authority, are at the risk of the third party contractor. The unitary charge (as a percentage for each school) does not become payable 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	
September	3,600	3,463	21,000	20,392	3,396		21,000	
October	3,600	3,468	21,000	20,501	3,396		21,000	
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	



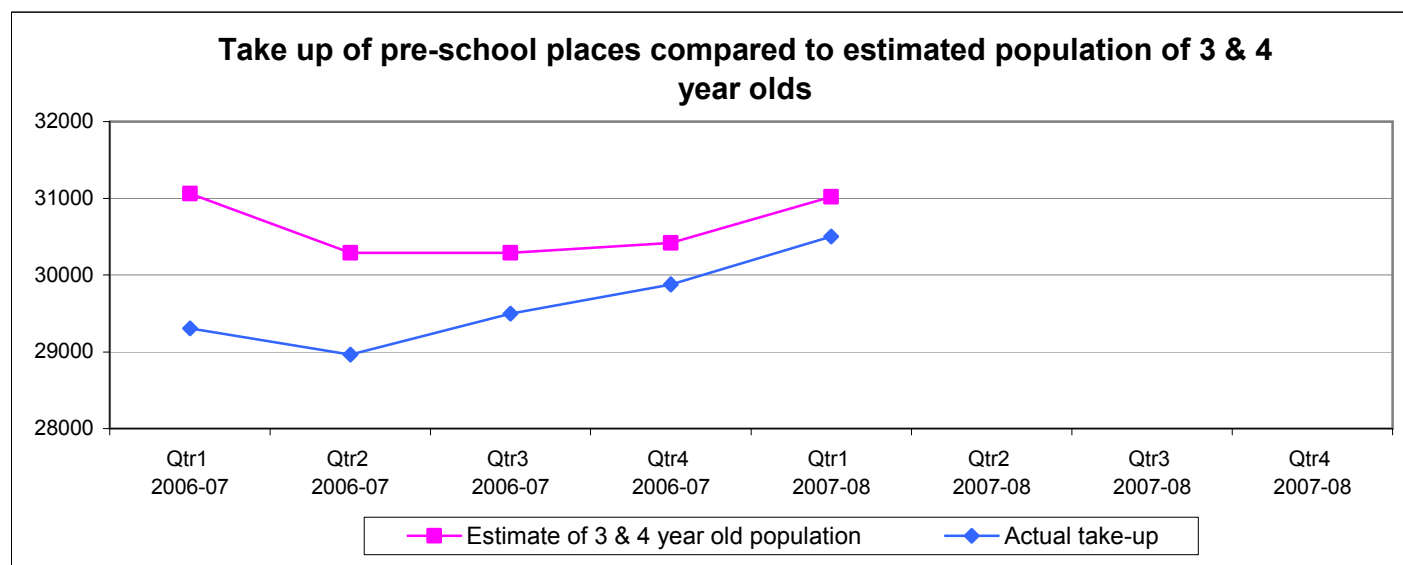
Comments:

- 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. 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 increase on the actual number of children receiving assisted mainstream transport to schools and this is reflected by the £32k pressure 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	<i>PVI places taken up</i>	<i>School places taken up</i>	Total places taken up	Estimate of 3 & 4 year old population	% take up
April - June	29,307	31,062	94%	21,027	9,475	30,502	31,019	98%
July - Sept	28,963	30,287	96%					
Oct - Dec	29,498	30,289	97%					
Jan - March	29,878	30,419	98%					

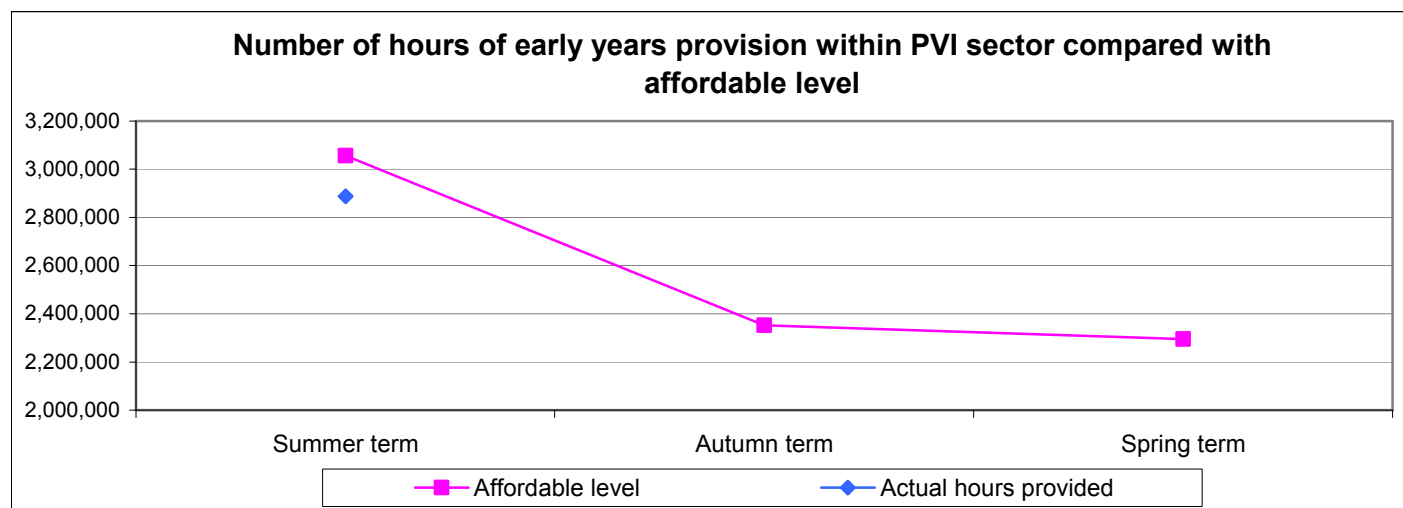


Comments:

- This graph shows that currently 98% of the estimated population of 3 and 4 year olds are receiving some level of early years provision, whether this be one session per week for 33 weeks or the maximum of five sessions per week for the full 38 weeks. This activity indicator is based on headcount and provides a snapshot position at a point in time, whereas the activity data in 2.2.2 below provides details of the number of hours provided in the Private, Voluntary & Independent sector, and will correlate with the variance on the Early Years budget within the Management Information Unit. However as this budget is funded entirely from DSG, any surplus or deficit at the end of the year must be carried forward to the next financial year in accordance with the regulations, and cannot be used to offset over or underspends elsewhere in the directorate budget. Therefore, as any unspent Early Years funding has to be returned to schools, at year end any underspend will be transferred to the schools unallocated reserve for DSG and hence is not included in the overall directorate forecast shown in table 1, but will be reported in the narrative in section 1.1.3 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	
Spring term	2,294,845	
	7,703,488	2,887,134



Comments:

- 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 1.1.3.8 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 as at 31-3-06	2006-07 as at 31-3-07	2007-08 Projection
Total number of schools	600	596	575
Total value of school revenue reserves	£70,657k	£74,376k	£74,376k
Number of deficit schools	9	15	14
Total value of deficits	£947k	£1,426k	£1,132.3k

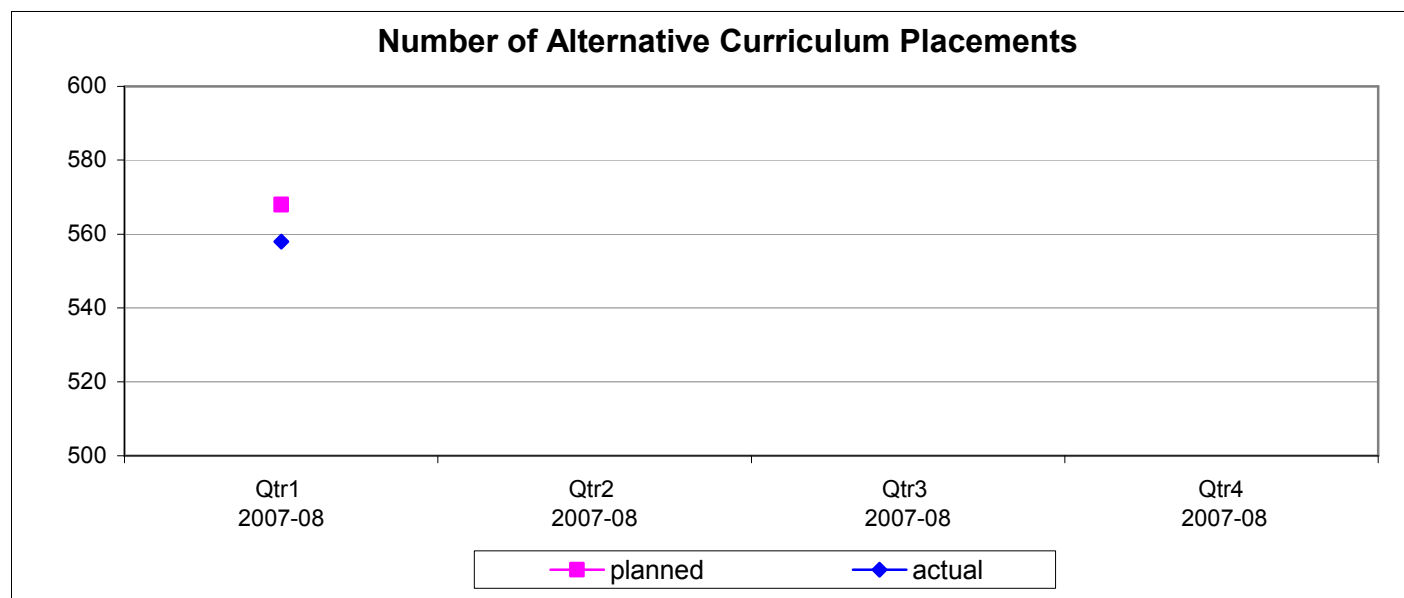
Comments:

- 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		
October - December		
January - March		

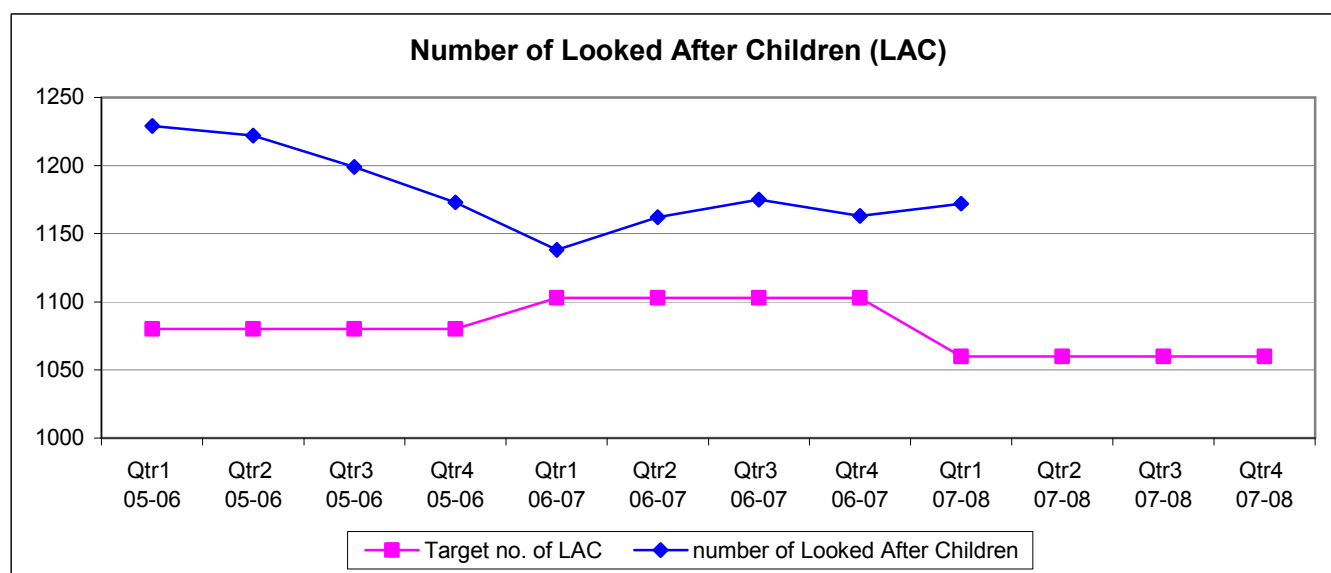


Comments:

- Full time alternative curriculum places need to be purchased 6 months in advance in order to secure them. From September 2007, new Government guidelines require excluded pupils to be placed in full-time education within 6 days of being excluded. The vast majority of excluded pupils are currently placed in alternative curriculum provision within 10 days, but the service is expected to meet the new target.
- The number of planned places will change in September 2007 when the new academic year's places are purchased. The above graph will be updated accordingly.

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	
Oct – Dec	1,080	1,199	1,103	1,175	1,060	
Jan – Mar	1,080	1,173	1,103	1,163	1,060	

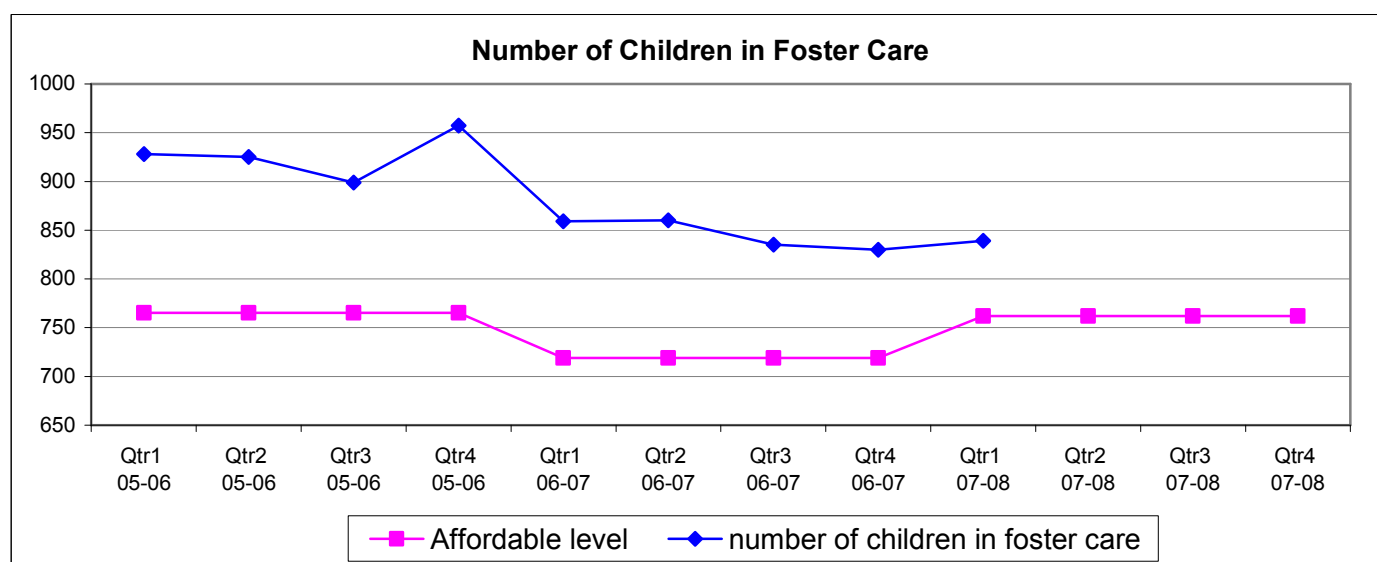


Comments:

- The current number of looked after children compared to the targeted level is of cause for concern. A piece of work has started to look in detail at the associated budget lines and any financial implications will be reported next month.

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	
Oct - Dec	765	899	719	835	762	
Jan - Mar	765	957	719	830	762	



Comments:

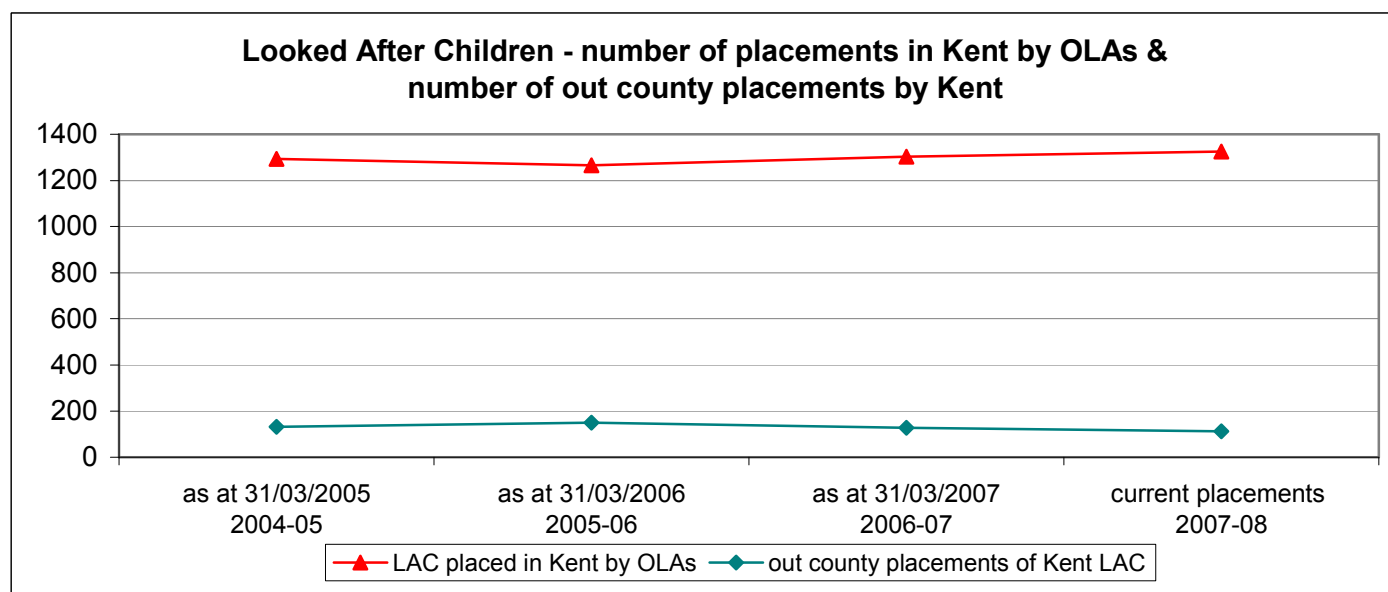
- The current number of children in foster care compared to the target is of cause for concern given the additional funding provided through the MTP process. A piece of work has started to look in detail at this budget and any financial implications will be reported next month.

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	1,325

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	112

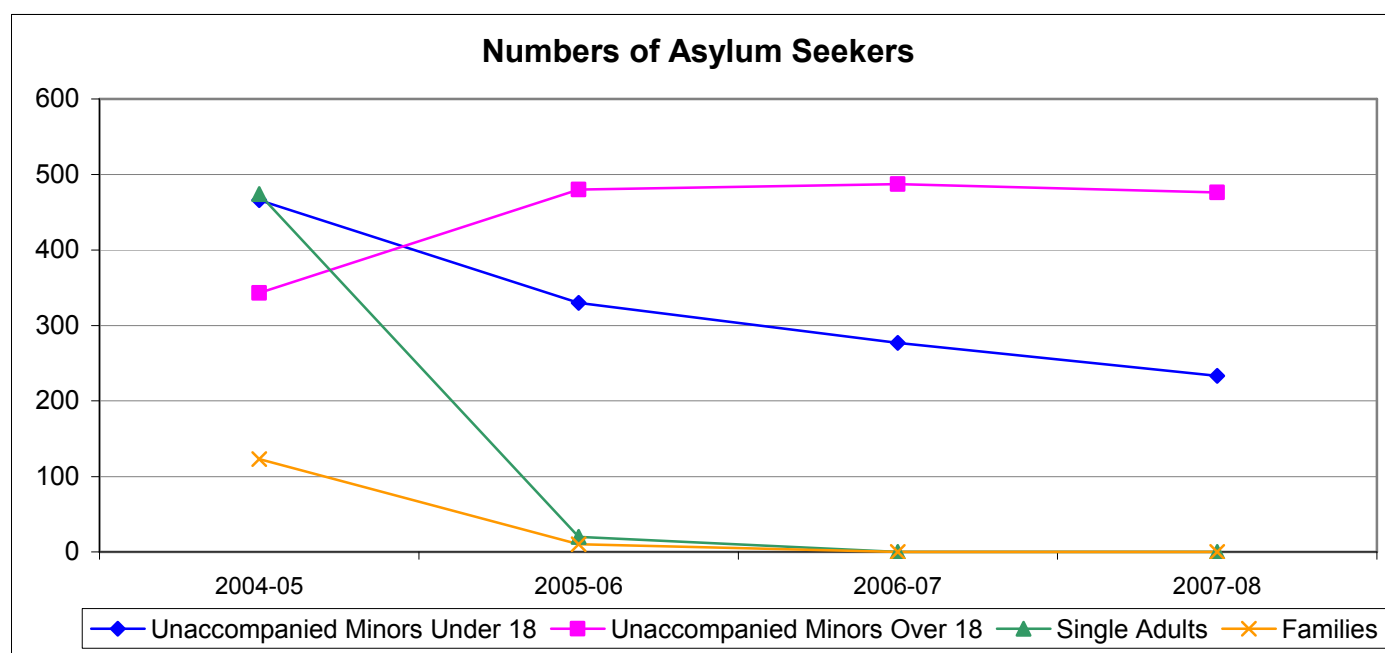


Comment:

- 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.
- Please note that the current number of looked after children placed out of county includes an estimate of the number of adopted children based on the historic position.

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	30-06-07
	Number	Number	Number	Number
Unaccompanied Minors Under 18	466	330	277	233
Unaccompanied Minors Over 18	343	480	487	476
Single Adults	474	20	0	0
Families	123	10	0	0

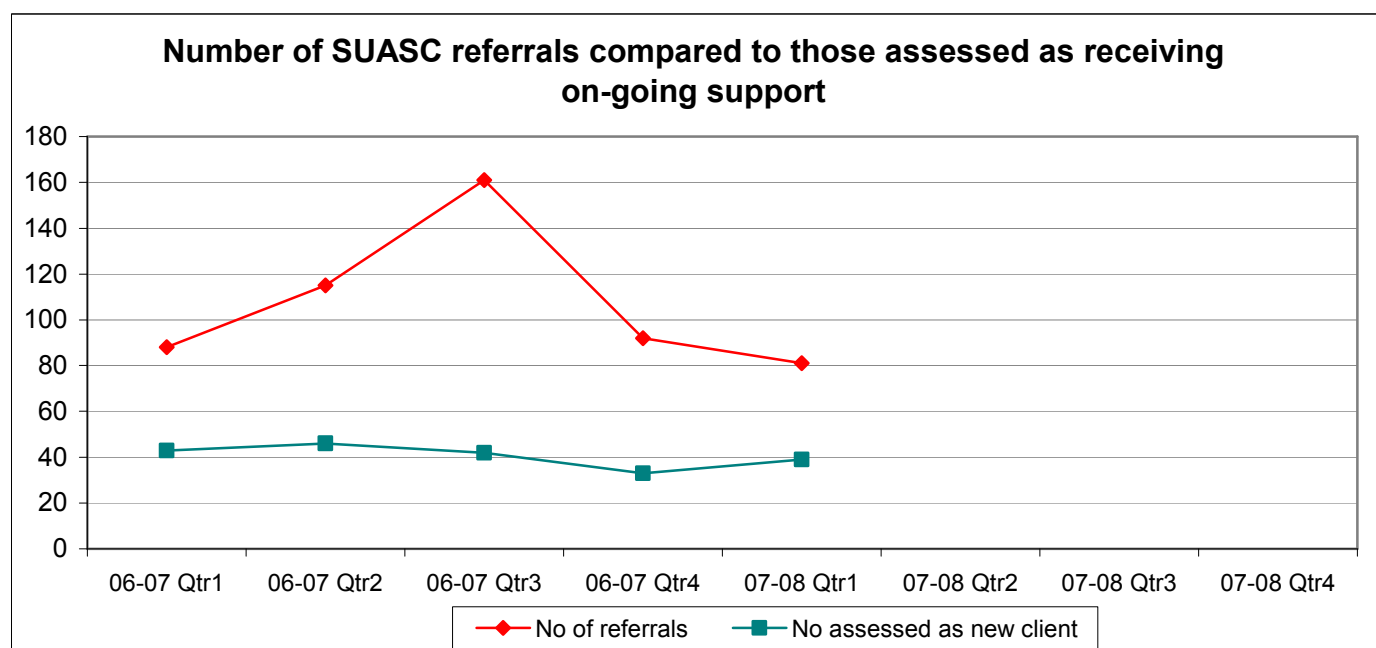


Comment:

- 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%			
Oct - Dec	161	42	26%			
Jan - March	92	33	36%			



Comments:

- The number of referrals in the first quarter is slightly below forecast (90) and the same period last year (88). The percentage of referrals that become on-going referrals has risen to almost the forecast level of 50%.