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To: Children Families and Education Policy Overview Committee
– 16 January 2009

Subject: Children Families and Education Budget Monitoring 2008/09

Classification: Unrestricted

1. Introduction

- 1.1. This report is the third report to this Committee on the forecast outturn against budget for the Children Families and Education (CFE) Directorate for 2008/09. It also includes an update on the movement in schools' revenue reserves based on their half yearly monitoring returns.

2. Quarterly monitoring report

- 2.1. The second quarter's monitoring for 2008/09 was presented to Cabinet on 1 December 2008. The main points to highlight are:

Revenue

- The Directorate is projecting a pressure of £0.682m, excluding Asylum (as shown in Appendix 1) and is reviewing its services with the intention of identifying further management action to achieve a balanced budget by the end of the financial year.
- £4.2m projected overspend in relation to support for unaccompanied asylum seeking children. Progress has been made in respect of the historic debt relating to asylum with confirmation from the Home Office that they will, subject to audit, settle in full our claims for 2006-07 and 2007-08. In addition, the DCSF have now confirmed in writing that our special circumstances claim of £1.48m for 2007-08 financial year will be paid in full.

Capital

- A £4.336m overspend is forecast over the current MTP period, which is consistent with the revised capital programme agreed by Cabinet in October. Further details of this overspend are contained in Appendix 1, section 1.2.

- For projects that are wholly or partly funded from capital receipts, the realisation of such receipts continues to be the major risk area for the Directorate.

3. Schools

- 3.1. We reported in November the final details of the recovery of excessive reserves from 15 schools and the revision to the Balance Control Mechanism (BCM) that will apply from the 2009-10 financial year end.
- 3.2. The half year budget monitoring returns from all schools have been received and processed by the LA. The returns indicate a large drawdown of reserves however past experience indicates that this figure is normally overstated. We are therefore predicting a drawdown in the region of £8m, which would bring school revenue reserves down to just under £60m from their level at the start of the year of £67.6m. It should be noted that it is very difficult to predict this drawdown with accuracy, particularly this financial year when factoring in the recovery and subsequent BCM review mentioned in paragraph 3.1 above.

4. Recommendations

- 4.1. Members of the Children Families and Education Policy Overview Committee are asked to note the projected outturn figures for the directorate and the position on schools.

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Background documents:

- Report to Cabinet 1 December 2008
- Revenue Monitoring Exception Report

Other useful information:

None