

## CHILDREN, FAMILIES & EDUCATION DIRECTORATE SUMMARY OCTOBER 2008-09 FULL MONITORING REPORT

### 1. FINANCE

#### 1.1 REVENUE

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

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the last full monitoring report. These are detailed in Appendix 2 to the executive summary.
- Cash limits have also been adjusted since the last full monitoring report to reflect a number of technical adjustments to budgets.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G £'000s	I £'000s	N £'000s	G £'000s	I £'000s	N £'000s	
<b>OPERATIONS, RESOURCES AND SKILLS portfolio</b>							
Delegated Budget:							
- Delegated Schools Budget	851,074	-80,517	770,557	0	0	0	
- Devolved Standards Fund	101,631	0	101,631	0	0	0	
- Targeted Standards Fund	0	0	0	0	0	0	
- Direct Financing for schools	0	0	0	0	0	0	
<b>TOTAL DELEGATED</b>	<b>952,705</b>	<b>-80,517</b>	<b>872,188</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Non Delegated Budget:							
- Finance	3,849	-1,071	2,778	-34	34	0	
- Awards	5,120	-889	4,231	-116	13	-103	Overspend on admin team £51k offset by an underspend on Home to College transport £154k and other minor underspends £13k
- Grant income & contingency	2,280	-933,480	-931,200	0	0	0	
- Personnel & Development	15,982	-3,606	12,376	311	-22	289	Redundancy costs for school staff underspend £304k, pensions overspend £451k, CRB overspend £79k, LCSP recruitment £45k, other misc overspends £40k.
- Capital Strategy Unit	2,808	-242	2,566	922	-5	917	Revenue maintenance due to school closures and vandalism £648k, 3 new projects for mobile moves £294k, underspend on feasibility studies £20k
- BSF/ PFI and academies unit	450	0	450	153	0	153	Asbestos costs £83k, accommodation costs £70k

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Client Services	6,005	-3,471	2,534	49	-184	-135	Additional income received for cleaning and refuse contracts, client services packages to schools and from training
- Business Management	2,445	-143	2,302	99	-39	60	
- ICT	7,642	-1,893	5,749	-1,223	1,216	-7	Gross and income variance on broadband connectivity for schools
- Health & Safety	437	-8	429	-7	0	-7	
- Strategic Management	1,714	0	1,714	-112	-3	-115	Reduction of the number director posts & vacancy
- Extended Services	6,629	-410	6,219	115	-115	0	Gross and income variance on Childrens University £80k, other minor variances £35k
- Kent Music	858	0	858	0	0	0	
-14-24 unit	2,307	-202	2,105	15	-5	10	
- School Organisation	3,051	-66	2,985	-44	-41	-85	
- Mainstream HTST	16,555	-484	16,071	-603	14	-589	Large reduction in the numbers travelling
- Clusters	21,224	-378	20,846	0	0	0	
- AEN & Resources	15,972	-5,587	10,385	138	0	138	Overspend on management & admin £69k and Partnership with Parents £69k
- SEN Transport to Schools	15,483	0	15,483	1,390	0	1,390	Higher than affordable numbers travelling, some very expensive travel arrangements
- Independent Sector Provision	10,828	-542	10,286	0	0	0	
<b>TOTAL NON DELEGATED</b>	<b>141,639</b>	<b>-952,472</b>	<b>-810,833</b>	<b>1,053</b>	<b>863</b>	<b>1,916</b>	
<b>Total ORS</b>	<b>1,094,344</b>	<b>-1,032,989</b>	<b>61,355</b>	<b>1,053</b>	<b>863</b>	<b>1,916</b>	
<b>OR&amp;S Assumed Mgmt Action</b>				<b>-1,277</b>		<b>-1,277</b>	
<b>OR&amp;S non delegated Forecast after Mgmt Action</b>	<b>141,639</b>	<b>-952,472</b>	<b>-810,833</b>	<b>-224</b>	<b>863</b>	<b>639</b>	
<b>Total OR&amp;S incl schools delegated</b>	<b>1,094,344</b>	<b>-1,032,989</b>	<b>61,355</b>	<b>-224</b>	<b>863</b>	<b>639</b>	
<b>CHILDREN, FAMILIES AND EDUCATIONAL ACHIEVEMENT portfolio</b>							
- Strategic Planning & Review	1,301	0	1,301	-4	0	-4	
- P & P (Vulnerable Children)	4,347	-395	3,952	63	-63	0	
- MDO & Democratic Services	2,063	0	2,063	30	-50	-20	
- Project Management (SPR)	117	0	117	0	0	0	
- Advisory Service Kent (ASK) Secondary Team	3,386	-160	3,226	89	7	96	
- ASK Primary Team	5,801	-360	5,441	134	-47	87	SIP £146k, vacancies £12k
- ASK Early Years Team	7,226	-12	7,214	-700	0	-700	Rebadging of eligible Sure Start expenditure to fully utilise the grant

## Appendix 1

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- ASK Improvement Partnerships	3,486	0	3,486	120	-120	0	Additional spend and income from NCSL and professional advice to schools
- ASK Professional Development	5,080	-2,262	2,818	-231	100	-131	Underspend on staff vacancies £171k, reduction in training courses £95k, governor training overspend 35k. Reduction in training income £90k
- Early Years & Childcare	22,755	-339	22,416	97	-100	-3	Gross and income variance on the Big Lottery £68k and CSS Early Years £30k
- Management Information	30,943	-35	30,908	0	-8	-8	
- International Development	195	-100	95	32	0	32	
- Educational Psychology Service	3,678	0	3,678	-147	-1	-148	vacancies £147k
- Attendance & Behaviour Service	18,282	-6,100	12,182	0	0	0	
- Minority Community Achievement	1,720	-96	1,624	0	0	0	
- Specialist Teaching Service	3,152	-590	2,562	0	0	0	
- Joint Commissioning	1,502	0	1,502	0	0	0	
- Commissioning General	12,695	-614	12,081	0	0	0	
- Residential Care provided by KCC	2,261	-25	2,236	62	-33	29	
- Independent Sector res. care	5,119	-403	4,716	1,707	-886	821	Overspend due to increased demand and high cost placements made up of non disability £214k, disability £1,156k, secure accommodation £316k and other minor variances £21k. Increased income from joint funding arrangements as agreed by JRAP
- Residential care - not looked after children	664	-7	657	13	-23	-10	
- KCC Family support	11,187	-960	10,227	-1,270	-103	-1,373	Planned underspend to cover the pressures on Assessment and Related, fostering and independent sector residential care. Additional income for Kent Childrens Fund projects
- Family group conferencing	1,143	-241	902	12	-11	1	

## Appendix 1

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Fostering service	23,589	-97	23,492	914	-133	781	Increase in independent fostering allowances £1,567k, underspend on other fostering lines £653k. Additional income from placements, training and OLAs.
- Adoption service	5,988	-22	5,966	-22	-23	-45	
- Independent Sector day care	920	0	920	-238	0	-238	Lower than anticipated number of clients
- Section 17	908	-5	903	123	5	128	Higher than anticipated number of clients, more expensive support
- Link placements	236	0	236	-9	2	-7	
- Grants to voluntary organisations	5,740	-266	5,474	-81	-18	-99	
- Direct payments	735	0	735	-33	-10	-43	
- Teenage pregnancy	706	0	706	6	-6	0	
- Leaving care/16+	3,583	0	3,583	-263	0	-263	Lower than anticipated take up of places, increase in funding from Care Matters grant (ABG)
- Other services support	6,541	-824	5,717	871	-418	453	Legal overspend £752k, Family Law underspend £200k, Out of Hours gross overspend £320k. Out of hours income underspend £232k, additional income from facilities and BPMU £186k
- Assessment and related	19,614	-16	19,598	1,023	-316	707	Staffing overspend covered by planned underspend on Family Support
- Grant income & contingency	4,667	-75,397	-70,730	0	0	0	
<b>Total C,F&amp;EA</b>	<b>221,330</b>	<b>-89,326</b>	<b>132,004</b>	<b>2,298</b>	<b>-2,255</b>	<b>43</b>	
CF&EA Assumed Mgmt Action						0	
<b>CF&amp;EA Forecast after Mgmt Action</b>	<b>221,330</b>	<b>-89,326</b>	<b>132,004</b>	<b>2,298</b>	<b>-2,255</b>	<b>43</b>	
<b>- Asylum Seekers</b>	<b>14,129</b>	<b>-14,129</b>	<b>0</b>	<b>0</b>	<b>4,186</b>	<b>4,186</b>	
<b>Total C,F&amp;EA incl. Asylum</b>	<b>235,459</b>	<b>-103,455</b>	<b>132,004</b>	<b>2,298</b>	<b>1,931</b>	<b>4,229</b>	
<b>Total Delegated</b>	952,705	-80,517	872,188	0	0	0	
<b>Total Non Delegated (excl. Asylum)</b>	362,969	-1,041,798	-678,829	3,351	-1,392	1,959	
<b>Total Directorate Controllable (excl. Asylum)</b>	<b>1,315,674</b>	<b>-1,122,315</b>	<b>193,359</b>	<b>3,351</b>	<b>-1,392</b>	<b>1,959</b>	
Directorate Assumed mgmt action				-1,277		-1,277	
<b>Total Directorate Controllable (excl. Asylum) after mgmt action</b>	<b>1,315,674</b>	<b>-1,122,315</b>	<b>193,359</b>	<b>2,074</b>	<b>-1,392</b>	<b>682</b>	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Directorate Net Total (incl. Asylum) before mgmt action</b>	<b>1,329,803</b>	<b>-1,136,444</b>	<b>193,359</b>	<b>3,351</b>	<b>2,794</b>	<b>6,145</b>	
<b>Directorate Net Total (incl. Asylum) after mgmt action</b>	<b>1,329,803</b>	<b>-1,136,444</b>	<b>193,359</b>	<b>2,074</b>	<b>2,794</b>	<b>4,868</b>	

### 1.1.3 Major Reasons for Variance:

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

#### **OR&S portfolio:**

There is a net pressure of £1,916k on this portfolio before the implementation of management action. The main variances are:

#### 1.1.3.1 Awards (Gross)

The Awards Unit is forecasting a gross underspend of £116k. There is a pressure on the management and administration budget of £51k due to the high cost of temporary staff being employed because of staff retention issues as a result of the transfer of the service to the Student Loans Company in Glasgow. This is offset by an underspend on the Home to College transport budget of £154k due to the reduction in numbers travelling and other minor underspends of £13k.

#### 1.1.3.2 Personnel and Development (Gross and Income)

The Personnel and Development Unit is forecasting a gross overspend of £311k. The pensions budget has a pressure of £451k, the majority of which is due to previous years early retirements resulting from school closures and amalgamations. This is partly offset by an underspend of £304k on the budget for redundancies of school staff which is due to a reduction in the number of school closures and amalgamations during the 2008-09 financial year.

There are also pressures on the CRB budget of £79k, the recruitment budget of £45k due to the LCSP recruitment process and other minor overspends totalling £40k.

#### 1.1.3.3 Capital Strategy Unit (Gross)

The Capital Strategy Unit is projecting a £922k gross pressure. The budget for revenue maintenance of non operational sites is forecast to overspend by £648k due to the boarding up of closed schools and repairs caused by vandalism. The balance of the pressure is attributed to the costs of moving and hiring mobile classrooms in excess of the amount funded through the MTP 2008-11 (including 3 large projects) of £294k. This is consistent with spend in previous years.

#### 1.1.3.4 BSF/PFI and Academies Unit (Gross)

This unit is forecasting a gross pressure of £153k. This is partly due to the cost of asbestos work at PFI schools of £83k with the balance due to accommodation costs of £70k that cannot be contained within the main budget.

#### 1.1.3.5 Client Services (Gross and income)

There is an income variance of £184k which is due to additional income received for cleaning and refuse contracts, client services packages to schools and from training.

#### 1.1.3.6 ICT (Gross and Income)

The gross and income variance on this budget line is due to the broadband connectivity for schools project. The budgets were set at previous years levels of expenditure and income but as the project nears completion and schools only have to pay for upgraded service connection the levels of spend and income are reduced.

### 1.1.3.7 Strategic Management (Gross)

There is a forecast underspend on this budget of £112k which is due to the reduction in the number of director posts and the current Director of Childrens Services retiring with his post being temporarily covered by other directors within CFE.

### 1.1.3.8 Extended Services (Gross and Income)

The Extended Services unit is forecasting a gross and income variance of £115k. This variance is due to additional spend and income for Kent Childrens University and other minor gross and income variances of £35k.

### 1.1.3.9 Mainstream Home to School Transport (Gross)

An underspend of £603k is forecast on this budget due to the numbers travelling being lower than the affordable numbers. Details of the number of children receiving assisted mainstream transport to school have been included in section 2.1.

### 1.1.3.10 Additional Educational Needs and Resources (Gross)

The AEN&R unit is forecasting a gross pressure of £138k. The management and administration budget is forecasting an overspend on staffing of £69k whilst Partnership with Parents is forecasting a similar overspend, £69k due to the expansion of the service.

### 1.1.3.11 SEN Transport to Schools (Gross)

An overspend of £1,390k is forecast due to higher than affordable numbers travelling and the very expensive nature of the arrangements in place for some pupils. Details of the number of children receiving assisted SEN transport to school have been included in section 2.1. This activity data shows that there are on average 170 more children per month in receipt of SEN transport to schools compared to the same time last year and the estimated cost of the increase in numbers is £766k. In 2007-08 there was a MTP savings target of £870k for SEN transport. However with the economic down turn and in particular the increase cost of fuel it is estimated that only £246k of the savings can be achieved leaving a base pressure of £624k in 2008-09.

### **CF&EA portfolio:**

There is a net pressure of £43k on this portfolio (excluding Asylum), before the implementation of management action. The main variances are:

### 1.1.3.12 Advisory Service Kent – Primary (Gross)

There is a gross pressure on this service of £134k. There is a forecast overspend on the School Improvement Partners (SIP) project of £146k which relates to additional staffing costs to support school improvement. This overspend is partly offset by a general staffing vacancy underspend of £12k

### 1.1.3.13 Advisory Service Kent – Early Years (Gross)

There is a forecast underspend on this service of £700k. In the last report an overspend of £1m was forecast which has reduced to £900k in this quarter. As part of the declared management action, £1m of eligible Sure Start expenditure within ASK will be rebadged against the underspend caused by delays in opening Childrens Centres. There has also been an increase in the Graduate Leader fund strand of the Sure Start grant of £600k. This forms part of the main revenue element of the Sure Start grant and as it is not anticipated there will be any additional costs associated with the increase, it too will be used to rebadge other eligible expenditure within ASK.

### 1.1.3.14 Advisory Service Kent – Improvement Partners (Gross and Income)

There is a gross and income variance on this budget of £120k. Additional income of £60k from the National College of School Leadership (NCSL) will increase spend by the same level. There is also additional spend on providing professional advice to schools which will be recouped by income from schools £60k.

### 1.1.3.15 Advisory Service Kent – Professional Development (Gross and Income)

There is a gross underspend on ASK Professional Development of £231k. This is largely due to staff vacancies of £171k and a reduction in training course costs of £95k. This is partly offset by additional costs of governor training £35k. The forecast overspend on income of £100k is largely linked to the reduction in training courses and therefore the level of income than can be achieved from providing them.

#### 1.1.3.16 Educational Psychology (Income)

A forecast underspend of £147k is due to staff vacancies.

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

A pressure of £1,707k is forecast is mainly due to an increase in demand and high cost placements which is consistent with the pressure experienced in 2007-08. The key pressure can be analysed between disability placements £1,156k, non disability placements £214k and secure accommodation £316k. This is partly offset by additional funding of £886k for placements following agreement from the Joint Residential Assessment Panel (JRAP) for this financial year. This pressure has reduced since the previous quarter monitoring. Work is currently being undertaken to establish if the reduced pressure is of a permanent nature.

#### 1.1.3.18 KCC Family Support (Gross and Income)

The Family Support Unit is forecasting a gross underspend of £1,270k and an income underspend of £103k. The underspend is due to planned management action to balance the forecast overspend declared on Assessment and Related (see section 1.1.3.25) and general pressures on the Fostering and Independent Residential Care budgets. The underspend on income of £103k is due to additional income being received to cover projects now funded from the Kent Childrens Fund grant.

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

There is a gross pressure on this budget of £914k. The independent fostering allowances budget is forecasting an overspend of £1,567k. Based on the average weekly cost of £1,010 the 2008-09 budget of £1,502k can afford 1,487 weeks of independent foster care. The activity details in section 2.5.2 show actual client weeks as 1,626.69 to the end of quarter 2, with a forecast of 3,038.61 weeks for the full financial year, which equates to a forecast spend of £3,069k.

This overspend is partly offset by an underspend of £653k on other fostering lines such as KCC fostering and the County Fostering Team. This underspend has reduced significantly since the last monitoring. There has been an increase of 33 new placements in just 3 of the districts, with increases and extensions to placements in most others. The planned movement of 16+ placements into supported independent living has also not happened as quickly as was anticipated leaving increased pressure on the Fostering service.

There is an income variance of £133k due to income received for training, placements and from OLAs for non Kent children being placed with KCC foster carers.

#### 1.1.3.20 Independent Sector Day Care (Gross)

This is a preventative service managed in conjunction with Section 17 payments and the variances are inter-related. The forecast underspend of £238k is due to lower than anticipated number of clients receiving support under this line.

#### 1.1.3.21 Section 17 (Gross)

This is a preventative service managed in conjunction with Independent Sector Day Care and the variances are inter-related. The forecast overspend of £123k is due to higher than anticipated number of clients receiving more expensive support under this line.

#### 1.1.3.22 Leaving Care/16+ (Gross)

There is a forecast underspend on this service of £263k. This is a client based service and current usage is below the anticipated level leading to an underspend of £93k. Funding of £170k from the Care Matters Grant, paid through the Area Based Grant, has also contributed to the underspend. It should be noted that there are pressures on the other 16+ services which are overspent and are reported within the Independent residential lines and Fostering Service Lines.

#### 1.1.3.23 Other Services Support (Gross and Income)

The pressure on this budget continues and the gross overspend of £871k is mainly attributed to Legal Services which is forecast to overspend by £752k. The pressure on this budget has continued from 2007-08 and the Directorate will be reviewing this budget further with a view of identifying the ongoing base pressure in the 2009-12 MTP. The Family Law strand of the Area Based grant is forecast to underspend by £200k but it should be noted that this is likely to be one off as the introduction of the new system has led to a time delay in the processing of cases.

There is a gross pressure on the Out of Hours budget of £320k which is partly covered by an increase in income of £232k. The net pressure on the Out of Hours service is due to additional staff being required while the transition of the service to the Call Centre takes place.

There is also an increase in income received by the Facilities and the Business Planning Management Unit (BPMU) of £186k mainly in respect of a disputed invoice from a previous financial year. The total increase in income totals £418k.

#### 1.1.3.24 Assessment and Related (Gross and Income)

Assessment and Related is forecasting a gross overspend of £1,023k and an increase in income of £316k. The overspend is due to the filling of frontline posts and this is being offset by a planned underspend on the Family Support line (see 1.1.3.19).

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

#### 1.1.3.25 Asylum

The Asylum Service is forecasting to have a funding shortfall of £4,186k for the 2008-09 financial year, £3,686k of direct costs and £500k of indirect costs. The number of referrals in Kent is running at its highest monthly level for this point in the financial year with on average 50 cases per month. It is now clear from recent discussions with the Home Office that, with a static position nationally, Kent is receiving a greater proportion of the national Unaccompanied Asylum Seeking Children (UASC) intake than previously.

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

A letter received on 12 November from the Home Office confirms that it will meet in full the shortfall of £2.1m for 2007-08 subject to a final audit. This, together with the £2.4m for 2006-07 confirmed by the Home Office in September, means that we have agreement that the Home Office will fund the full £4.5m of our special circumstances bids, leaving just the anticipated £1.5m to come from the DCSF. It was expected that the issue surrounding the DCSF grant would be resolved by the 31<sup>st</sup> October but the DCSF have still to agree final client numbers so the issue remains outstanding. If the full £1.5m is secured (of the original claim for £2.6m), then we will have received the £6m of the £10m originally claimed and this is as per the agreement reached with the LGA in the summer.

### Other Issues

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

The latest forecast suggests an underspend of around £900k on payments to PVI providers for 3 and 4 year olds. This budget is funded entirely from DSG and therefore any surplus or deficit at the end of the year must be carried forward to the next financial year in accordance with the regulations, and cannot be used to offset over or underspends elsewhere in the directorate budget. Therefore, as any unspent Early Years funding has to be returned to schools, at year end any underspend will be transferred to the schools unallocated reserve for DSG and hence is not included in the overall directorate forecast in this report.

## **Delegated Schools Budgets**

### 1.1.3.27 Six Month Monitoring

The detailed half yearly monitoring returns from all schools are currently being received by the LA. An update on their forecast movement in reserves will be provided in the next monitoring return.

### Reserves and Balance Control Mechanism (BCM)

The Local Authority has consulted the Schools' Funding Forum regarding the levels of school reserves and agreed to challenge those with the highest reserves. Following a round of panel meetings and appeals, a total of £1.5m is being recovered from 15 schools. The Forum agreed that this recovered money be used to contribute to all schools' increased fuel costs, and support more training in strategic financial planning.

Those discussions highlighted a number of issues, relating to both the standards of some schools' strategic financial management, and the effectiveness of the current Kent BCM, which was felt to be both over-generous and imprecise. As a result of these conclusions the Schools' Funding Forum on 3 October approved a number of significant changes to the BCM which will apply to balances held at the end of March 2010.

It should be stressed that these changes are designed to encourage schools to spend their revenue budgets in-year on current cohorts of pupils to raise standards. The prime intention is not to recover monies from schools. In setting the date for these changes the LA and Forum wanted to give schools adequate time to review their individual positions and to plan sensibly for how they might, where applicable, spend reserves which will otherwise put them over the limit in 18 months' time. Although fully effective in March/April 2010 headteachers with their governing bodies will need to act now to ensure they avoid rushed decisions later in 2009 resulting in poor use of their resources.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFEA	Asylum - Shortfall in income (income)	+4,186	CFEA	Family Support - Planned management action (gross)	-1,270
CFEA	Independent Sector Residential Care - increase in demand and high cost placements (gross)	+1,686	ORS	ICT - Broadband connectivity project reduced spend due to reduced buy back from schools (gross)	-1,223
CFEA	Fostering Service - Independent fostering allowances (gross)	+1,567	CFEA	Independent Sector Residential Care - placement funding from Joint Residential Assessment Panel (income)	-886
ORS	ICT - Broadband connectivity project reduced income from schools (income)	+1,216	CFEA	ASK Early Years - rebadge of Sure start expenditure (gross)	-700
CFEA	Assessment and Related - Frontline staffing overspend (gross)	+1,023	CFEA	Fostering Service - Non Independent Fostering Allowance lines (gross)	-653
ORS	SEN Transport - increase in numbers travelling (gross)	+766	ORS	Home to School Transport - reduction in numbers travelling (gross)	-603
CFEA	Other Services Support - Legal costs (gross)	+752	CFEA	Assessment and Related - additional income from Best project, training and Health (income)	-316
ORS	SEN Transport - price increases (gross)	+624	ORS	Personnel and Development - reduction in school staff redundancy costs (gross)	-304
ORS	Capital Strategy - closed schools revenue maintenance (gross)	+648	CFEA	Independent Day Care - lower take up of places (gross)	-238
ORS	Personnel and Development - pensions (gross)	+451	CFEA	Other Services Support - Out of Hours Service increased income	-232
CFEA	Other Services Support - Out of Hours Service staffing (gross)	+320	CFEA	Other Services Support - Family Law (gross)	-200
ORS	Capital Strategy - mobile classroom costs (gross)	+294	CFEA	Other Services Support - Additional BPMU income (income)	-186
CFEA	ASK Primary - School Improvement Partners project staffing (gross)	+146	ORS	Client Services - Additional contract income (income)	-184
CFEA	Section 17 - increased support to clients (gross)	+123	CFEA	ASK Professional Development - staffing vacancies (gross)	-171
			CFEA	Leaving Care/16 plus - Care Matters grant funding (via Area Based Grant) (gross)	-170
			ORS	Home to College Transport - reduction in numbers travelling	-154
			CFEA	Education Psychology - staffing vacancies (gross)	-147
			CFEA	Fostering Service - additional income for training, placements etc (income)	-133
			ORS	Strategic Management - staff reduction (gross)	-112
			CFEA	Family Support - increase in income (income)	-103
		+13,802			-7,985

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

N/A.

### 1.1.5 Implications for MTP:

Some of these ongoing pressures are being addressed through the 2009-12 MTP process. The pressure on Fostering and SEN Transport are a cause for concern and work is being undertaken to establish whether the reported pressures are a permanent issue. Any permanent pressures will be addressed through the 2009-12 MTP.

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

None

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

The Directorate intends to offset the current pressures using the proposals listed below:

In the OR&S portfolio:

- The directorate underspent its LAA grant in 2007-08 by £277k. LAA funding which is one off in nature will be used to offset part of the pressure.
- We will continue to look in detail at expenditure items in the Directorate – particularly in the OR&S portfolio – that we may be able to charge to the LA element of the DSG where we have some capacity. We have set a target of £1,000k.

These management actions will cover £1,277k of the reported pressures and leaves the directorate with a residual overspend of £682k (excluding Asylum), (£639k OR&S portfolio and £43k CF&EA portfolio).

The directorate is reviewing its services with the intention of identifying areas where further savings can be achieved in order to address this residual pressure and achieve a balanced position by year end.

## 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.

The revised capital cash limits agreed by Cabinet on 13 October 2008 are now being used for monitoring purposes and are reflected in this report. However, these differ from the cash limits shown in appendix 3 of the October Cabinet report, as the cash limits reflected in this report only include those projects starting in the current or previous years, whereas the cash limits approved by Cabinet in October also include projects due to start in future years of the 2008-11MTP.

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 £000s	2008-09 £000s	2009-10 £000s	2010-11 £000s	Future Yrs £000s	TOTAL £000s
<b>Operations, Resources &amp; Skills Portfolio</b>						
Budget approved at Oct Cabinet	159,879	152,886	180,135	148,021	91,218	732,139
Adjustments:						
-						0
Revised Budget	159,879	152,886	180,135	148,021	91,218	732,139
Variance		+3,438	+861	+83	-46	+4,336
<b>split:</b>						
- real variance		+3,617	+693	+30	-4	+4,336
- re-phasing		-179	+168	+53	-42	0
<b>Children, Families &amp; Educational Achievement Portfolio</b>						
Budget approved at Oct Cabinet	8,044	2,045	3,313	250	500	14,152
Adjustments:						
-						0
Revised Budget	8,044	2,045	3,313	250	500	14,152
Variance		0	0	0	0	0
<b>split:</b>						
- real variance		0	0	0	0	0
- re-phasing		0	0	0	0	0
<b>Directorate Total</b>						
Revised Budget	167,923	154,931	183,448	148,271	91,718	746,291
Variance	0	3,438	861	83	-46	4,336
<b>Operations, Resources &amp; Skills Portfolio</b>						
<b>Devolved Capital to Schools</b>						
Budget approved at Oct Cabinet		43,120	26,089	26,089	52,178	147,476
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>+3,617</b>	<b>+693</b>	<b>+30</b>	<b>-4</b>	<b>+4,336</b>
<b>Re-phasing</b>						
		<b>-179</b>	<b>+168</b>	<b>+53</b>	<b>-42</b>	<b>0</b>

### 1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2008-09 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 preliminary 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 preliminary 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	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
<b>Overspends/Projects ahead of schedule</b>						
ORS	Development Opportunities - Dartford Campus	real		+885		
ORS	Hugh Christie - All Weather Pitch	real	+653			
ORS	Site Aquisitions 2008/09	real	+554			
ORS	The North School - all Weather Pitch	real	+425			
			<b>+1,632</b>	<b>+885</b>	<b>+0</b>	<b>+0</b>
<b>Underspends/Projects behind schedule</b>						
ORS	Modernisation 08-09 - Sissinghurs	Phasing	-275			
			<b>-275</b>	<b>0</b>	<b>0</b>	<b>0</b>
			<b>+1,357</b>	<b>+885</b>	<b>+0</b>	<b>+0</b>

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

None

#### 1.2.5 Projects with real variances, including resourcing implications:

The variance over the lifetime of the revised Medium Term Plan, which is all within the OR&S portfolio, indicates an overspend of £4.336m (this figure across the years of the MTP is 2008/09 +£3.617m, 2009/10 +£0.693m, 2010/11 +£0.030m & later years -£0.004m)

This overspend of £4.336m across all years of the MTP is consistent with the shortfall in funding of £4.337m shown in the revised budget book pages published on KNet following Cabinet agreement in October to the revised capital programme and will be managed through the medium term plan.

This overspend relates to:

- **Dartford Campus +£1.545m (2008/09 +£0.885m & 2009/10 +£0.660m)** – as this project has progressed, additional costs have become necessary. The reasons for the increases cost include: prolongation & disruption claim from the contractor, changes in architects instructions, reinstatement works to the temporary site access & additional external works on the Dartford Technology College aspect of the project. As well as the reasons for the extra costs mentioned, new issues have arisen which have been added to the programme of works notably: Maintenance to the 'Travel Lodge' building at Dartford Grammar Girls £0.212m), reconditioning of the playing fields at Roseberry Gardens £0.124m & the need to relocate the Social Services establishment on the site £0.047m.
- **Hugh Christie School +£0.653m (all in 2008/09)** – the extra costs relate to additional LEA liability works required to complete the School PFI project (the provision of an 'All Weather Pitch').
- **Site Acquisitions +£0.554m (all in 2008/09)** - This commitment relates to the purchase of land which will allow a second access to the old Hereson School Site which will facilitate & enhance a future capital receipt.
- **The North School +£0.425m (all in 2008/09)** – the extra costs relate to additional LEA liability works required to complete the School PFI project. The extra costs relate to the provision of

an All Weather Pitch in order to provide sufficient playing space for its increase to an 8 form entry school.

- **Modernisation Programme 2004/5/6 starts +£0.223m (+£0.227m in 2008/09, -£0.004m in later years)** – The majority of this programme overspend relates to the project at Boughton under Blean Methodist Primary School (+£0.196m) where a recharge of costs to the Condition Programme funding has been withdrawn, causing the charge against the 2004/05/06 Modernisation Programme to rise.
- **Astor of Hever Development Opportunity Project +£0.146m (all in 2008/09)** – The increased cost is the result of the inclusion of additional maintenance works & increased costs agreed at the receipt of tender.
- **Modernisation Programme 2008/9 starts +£0.140m (all in 2008/09)** The majority of this programme overspend relates to the project at Northbourne Primary School (+£0.106m) where the discovery of contaminated materials on site & design modifications has resulted in increased costs.
- **Westmount +£0.100m (all in 2008/09)** – This additional cost represents the inclusion of a project to relocate the Landscape Depot at Westmount, Dover which was necessary to realise the Westmount Capital receipt.
- **Mersham Primary School +£0.100m (all in 2008/09)** - A new project to recondition the School playing field enabling an outdoor sports/play area for the children at the School.

Overall this leaves a residual balance of +£0.450m (across all years: +£0.387m 2008-09, +£0.033k 2009/10 & +£0.030m 2010/11) 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 need to be reviewed. It should also be noted that there is severe pressure mounting on the Building Maintenance Programme where work to identify a potential overspend situation is being undertaken

##### (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

- Building Schools for the Future (wave 3)

£69.6m of investment in the BSF Wave 3 programme represents investment by a third party. No payment is made by KCC for the new/refurbished assets until the asset are ready for use and this is by way of an annual unitary charge to the revenue budget.

	Previous years	2008-09	2009-10	2010-11	TOTAL
	£000s	£000s	£000s	£000s	£000s
<b>Budget</b>	-	21,602	43,204	4,801	69,607
<b>Actual / Forecast</b>	-	21,602	43,204	4,801	69,607
<b>Variance</b>	-	0	0	0	0

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

The contracts for the Building Schools for the Future programme and the establishment of Local Education Partnership 1 (LEP1) were signed on 24<sup>th</sup> October 2008. These include the PFI Agreement for the construction of the three PFI schools. Preliminary works on the

three PFI sites began slightly before financial close (at the Contractor's risk) in order to maintain the construction programme. The construction of the new assets is therefore currently running to schedule and in accordance with the costings above.

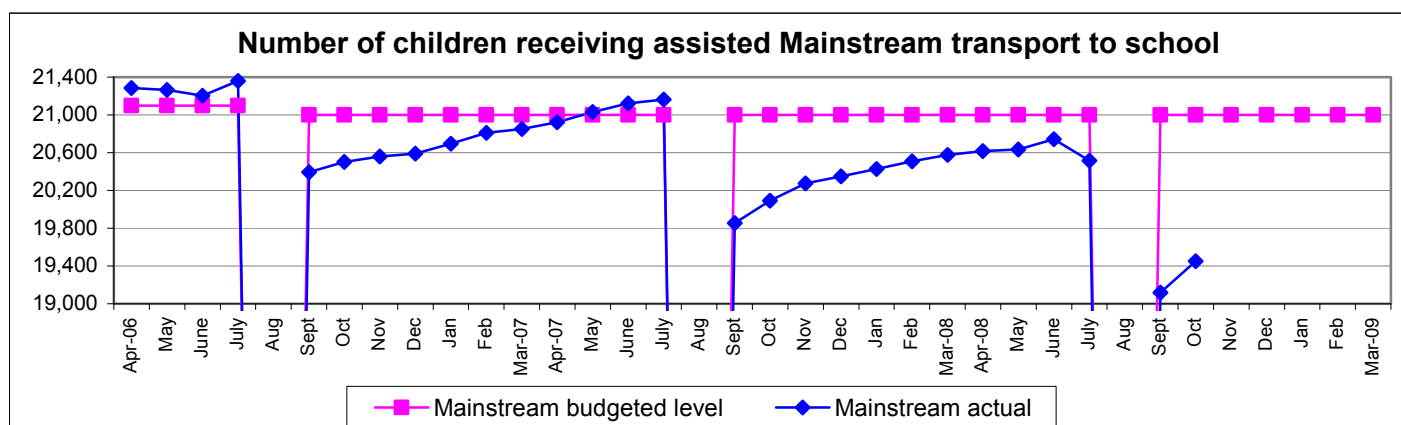
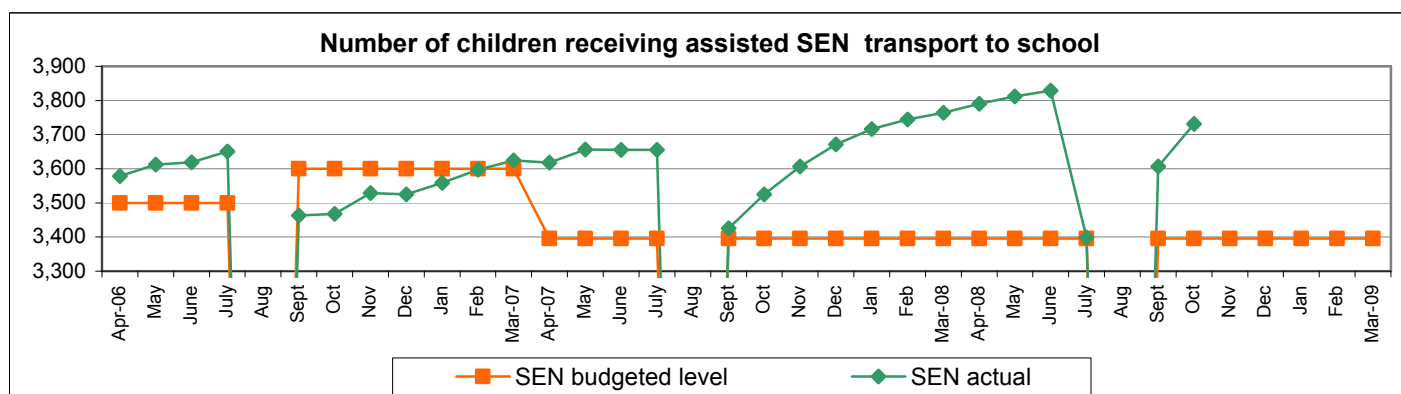
- (b) **Implications for KCC of details reported in (a) ie could an increase in the cost result in a change to the unitary charge ?**

The PFI Contractor bears the risk of any delays to the construction programme (with the exception of any agreed compensation events). Consequently, any delays that may arise in the construction programme will not impact on the unitary charge.

## 2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

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

	2006-07				2007-08				2008-09			
	SEN		Mainstream		SEN		Mainstream		SEN		Mainstream	
	Budgeted level	actual	Budgeted level	actual	Budgeted level	actual	Budgeted level	actual	Budgeted level	actual	Budgeted level	actual
April	3,500	3,578	21,100	21,285	3,396	3,618	21,000	20,923	3,396	3,790	21,000	20,618
May	3,500	3,612	21,100	21,264	3,396	3,656	21,000	21,032	3,396	3,812	21,000	20,635
June	3,500	3,619	21,100	21,202	3,396	3,655	21,000	21,121	3,396	3,829	21,000	20,741
July	3,500	3,651	21,100	21,358	3,396	3,655	21,000	21,164	3,396	3,398	21,000	20,516
Aug	0	0	0	0	0	0	0	0	0	0	0	0
Sept	3,600	3,463	21,000	20,392	3,396	3,426	21,000	19,855	3,396	3,607	21,000	19,118
Oct	3,600	3,468	21,000	20,501	3,396	3,525	21,000	20,093	3,396	3,731	21,000	19,450
Nov	3,600	3,529	21,000	20,561	3,396	3,607	21,000	20,276	3,396		21,000	
Dec	3,600	3,525	21,000	20,591	3,396	3,671	21,000	20,349	3,396		21,000	
Jan	3,600	3,559	21,000	20,694	3,396	3,716	21,000	20,426	3,396		21,000	
Feb	3,600	3,597	21,000	20,810	3,396	3,744	21,000	20,509	3,396		21,000	
March	3,600	3,624	21,000	20,852	3,396	3,764	21,000	20,575	3,396		21,000	



#### Comments:

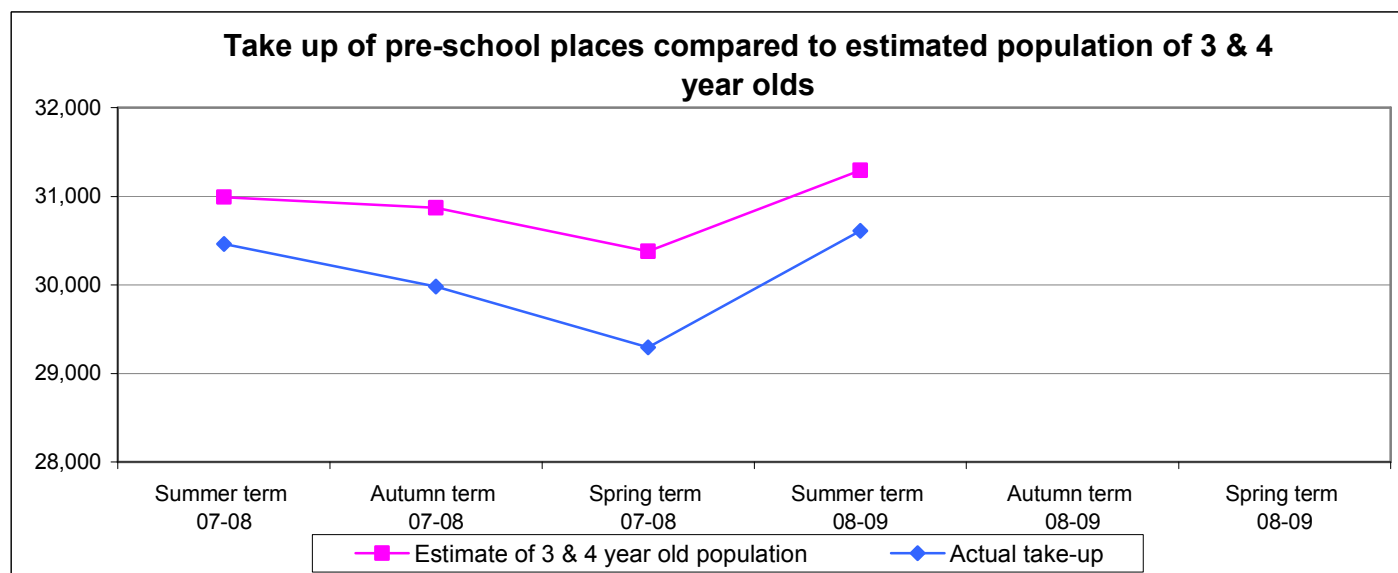
- SEN HTST** – In 2007-08 there was a significant gap between the actual and budgeted level of assisted SEN transport to schools which related to the savings targets which significantly reduced the budgeted level and the fact that the service was unable to achieve these. The actual numbers travelling continues to exceed budgeted levels and following some detailed work undertaken by Passenger Transport Unit a forecast overspend has now been reported in section 1.1.3.11.

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

- Mainstream HTST** - The budgeted level has been calculated by dividing the 2008/09 budget by the current average cost per child. Actual numbers travelling continue to be slightly less than budgeted levels and an underspend has now been reported in section 1.1.3.9.

## 2.2.1 Take up of pre-school places against the number of places available, split between Private Voluntary and Independent Sector (PVI) places and School places:

	2007-08					2008-09				
	<i>PVI places taken up</i>	<i>School places taken up</i>	Total places taken up	Estimate of 3 & 4 year old population	% take up	<i>PVI places taken up</i>	<i>School places taken up</i>	Total places taken up	Estimate of 3 & 4 year old population	% take up
Summer term	20,675	9,485	30,460	30,992	98%	20,766	9,842	30,608	31,294	98%
Autumn term	14,691	15,290	29,981	30,867	97%					
Spring term	17,274	12,020	29,294	30,378	97%					

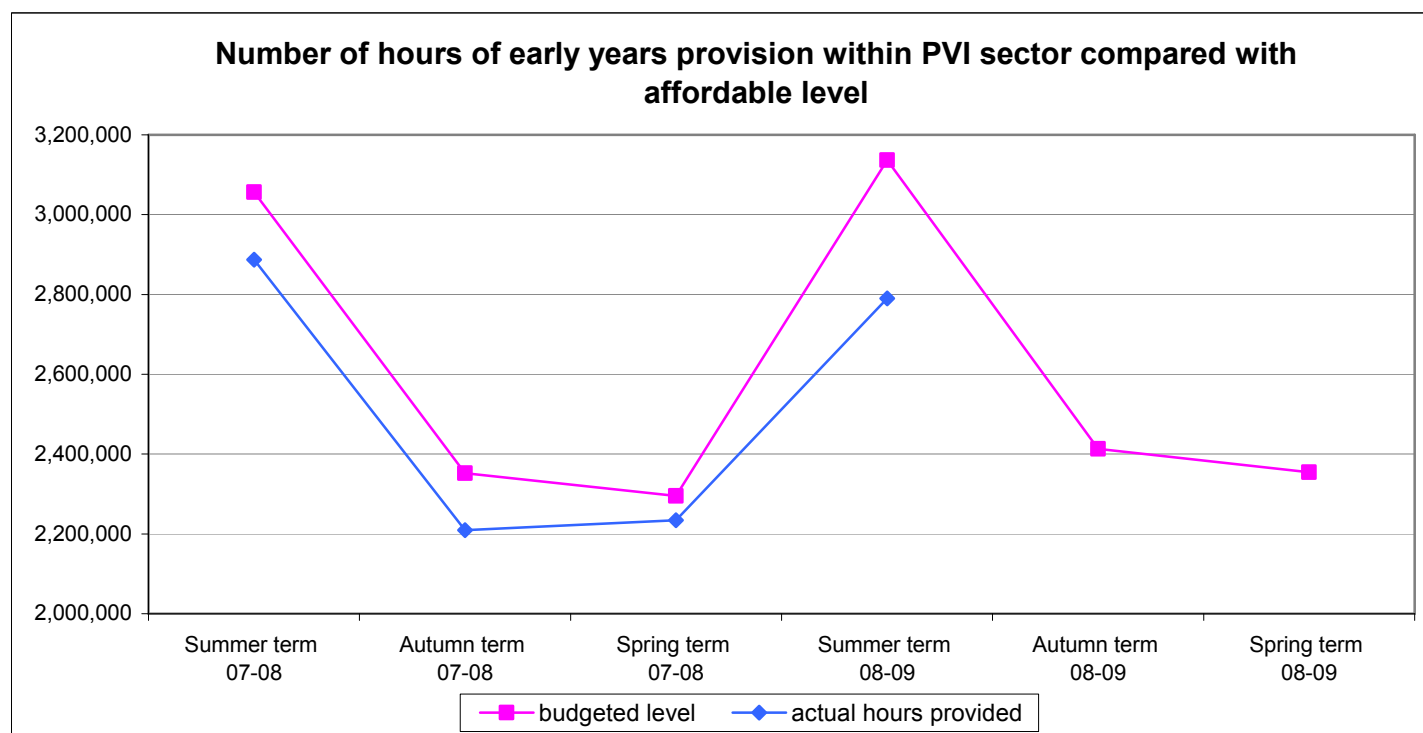


### Comments:

- This graph shows that currently 98% of the estimated population of 3 and 4 year olds are receiving some level of early years provision, whether this be one session per week for 33 weeks or the maximum of five sessions per week for the full 38 weeks. This activity indicator is based on headcount and provides a snapshot position at a point in time, whereas the activity data in 2.2.2 below provides details of the number of hours provided in the Private, Voluntary & Independent sector, and will correlate with the variance on the Early Years budget within the Management Information Unit. However as this budget is funded entirely from DSG, any surplus or deficit at the end of the year must be carried forward to the next financial year in accordance with the regulations, and cannot be used to offset over or underspends elsewhere in the directorate budget. Therefore, as any unspent Early Years funding has to be returned to schools, at year end any underspend will be transferred to the schools unallocated reserve for DSG and hence is not included in the overall directorate forecast shown in table 1, but is reported in the narrative in section 1.1.3.26 of this annex.
- The graph will be updated in the next monitoring report when data on the take up of places in the autumn term is available.

## 2.2.2 Number of hours of early years provision provided to 3 & 4 year olds within the Private, Voluntary & Independent Sector compared with the affordable level:

	2007-08		2008-09	
	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided
Summer term	3,056,554	2,887,134	3,136,344	2,790,446
Autumn term	2,352,089	2,209,303	2,413,489	
Spring term	2,294,845	2,233,934	2,354,750	
	<b>7,703,488</b>	<b>7,330,371</b>	<b>7,904,583</b>	<b>2,790,446</b>



### Comments:

- The budgeted number of hours per term is based on an assumed level of take-up and the assumed number of weeks the providers are open. The variation between the terms is due to two reasons: firstly, the movement of 4 year olds at the start of the Autumn term into reception year in mainstream schools; and secondly, the terms do not have the same number of weeks.
- The current activity suggests an underspend on this budget which has been mentioned in section 1.1.3.26 of this annex.
- It should be noted that not all parents currently take up their full entitlement and this can change during the year.
- The graph will be updated in the next monitoring report when data on actual hours provided in the autumn term is available.

### 2.3 Number of schools with deficit budgets compared with the total number of schools:

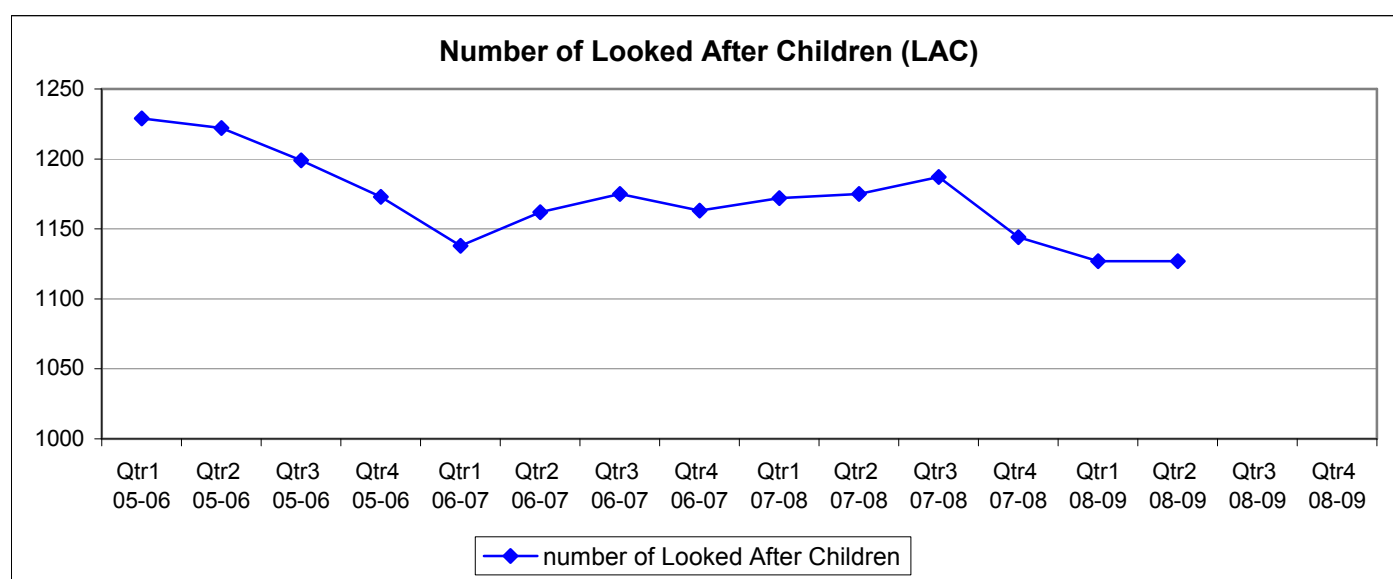
	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
	as at 31-3-06	as at 31-3-07	as at 31-3-08	Projection
Total number of schools	600	596	575	574
Total value of school revenue reserves	£70,657k	£74,376k	£79,360k	£79,360k
Number of deficit schools	9	15	15	12
Total value of deficits	£947k	£1,426k	£1,068k	£809k

#### Comments:

- The information on deficit schools for 2008/09 has been obtained from the schools budget submissions. The LA receives updates from schools through budget monitoring returns from all schools after 6 months, and 9 months as well as an outturn report at year end.
- KCC 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.
- The CFE Statutory team are working with all schools currently reporting a deficit with the aim of returning the schools to a balanced budget position as soon as possible. This involves agreeing a management action plan with each school.
- The recent work on school balances reported 1.1.3.27 has led to £1.5m being recovered from 15 schools. The projected school revenue reserves in the table above has not been amended to reflect this recovery but will be updated next quarter once the 6 monthly school monitoring has been received from all schools.

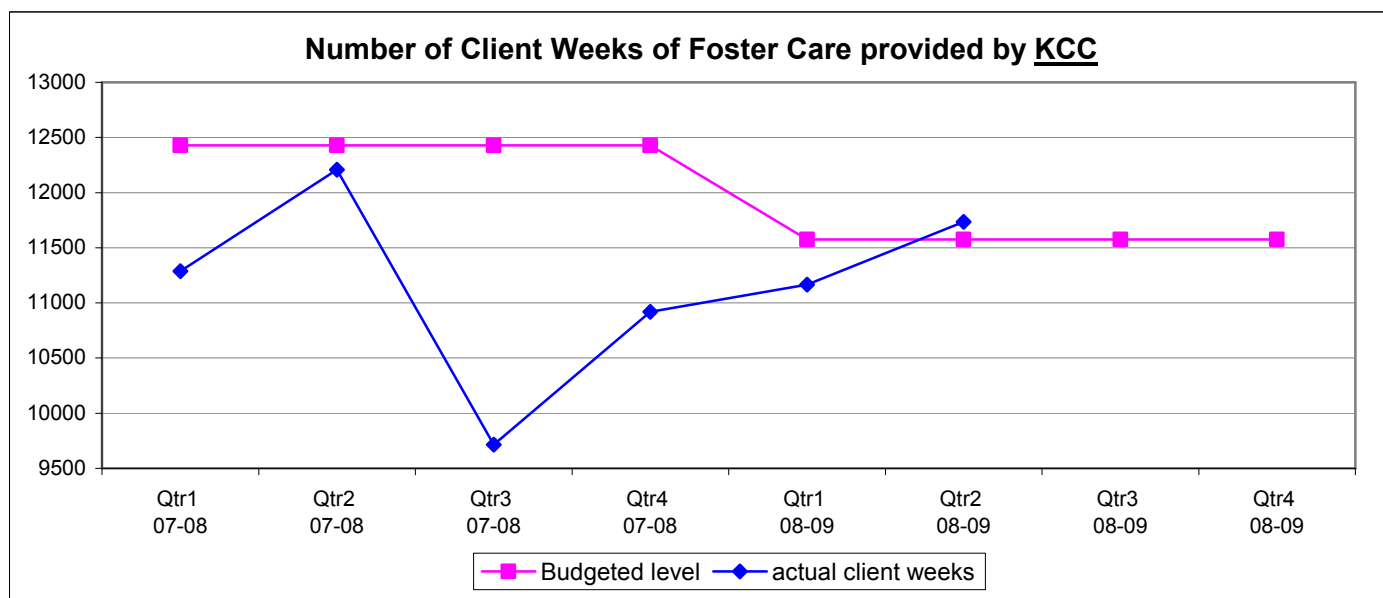
### 2.4 Numbers of Looked After Children (LAC):

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



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

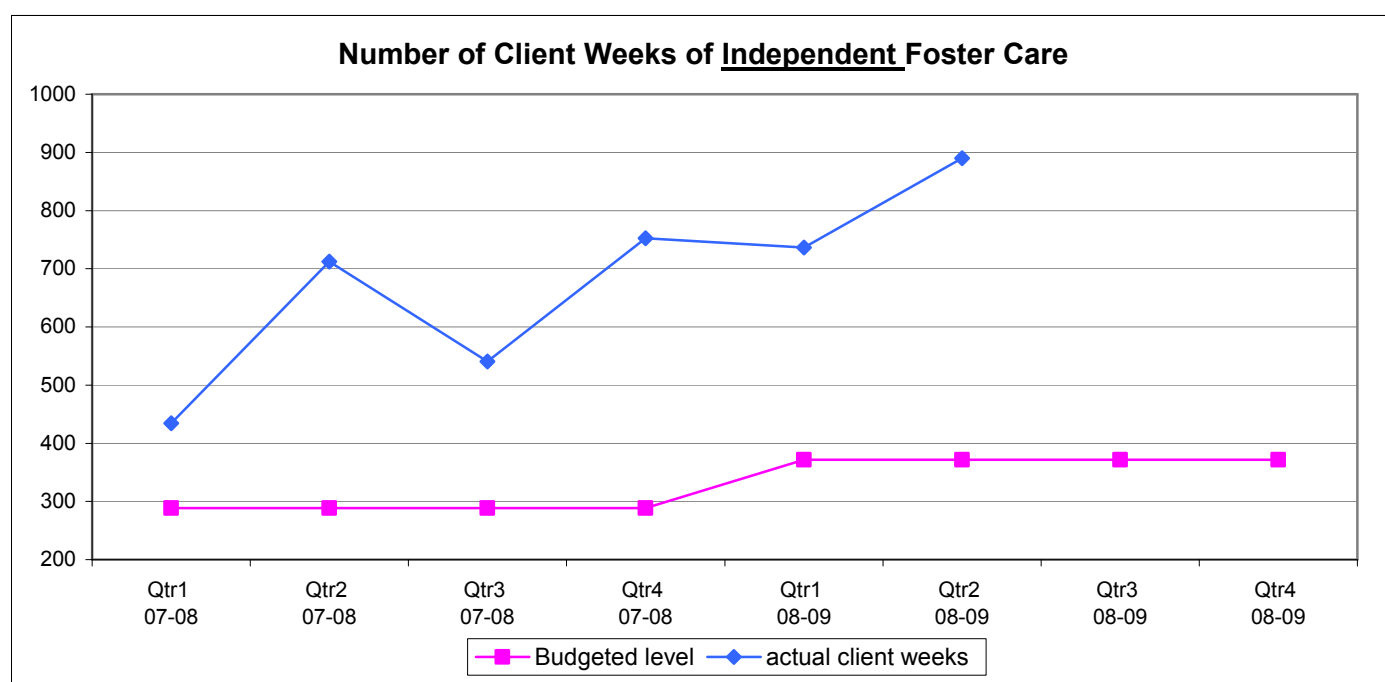
	2007-08		2008-09	
	Budgeted level	Actual Client Weeks	Budgeted level	Actual Client Weeks
Apr - Jun	12,427.25	11,286.75	11,575.8	11,165.70
Jul - Sep	12,427.25	12,207.99	11,575.8	11,735.39
Oct - Dec	12,427.25	9,716.04	11,575.8	
Jan - Mar	12,427.25	10,917.96	11,575.8	
	<b>49,709.00</b>	<b>44,128.74</b>	<b>46,303.2</b>	<b>22,901.09</b>

**Comments:**

- The actual number of client weeks is based on the numbers of known clients at a particular point in time. This may be subject to change due to the late receipt of paperwork.
- The budgeted level has been calculated by dividing the budget by the average weekly cost. The average weekly cost is also an estimate based on financial information and estimates of the number of client weeks and may be subject to change.
- The current year to date activity suggests an underspend on this budget which has been mentioned in 1.1.3.19 of this annex although due to the recent increase in the number of placements, the underspend is forecast to be much smaller than reported in the last monitoring report.

## 2.5.2 Number of Client Weeks of Independent Foster Care:

	2007-08		2008-09	
	Budgeted level	Actual Client Weeks	Budgeted level	Actual Client Weeks
Apr - Jun	288.50	434.57	371.78	736.59
Jul - Sep	288.50	712.00	371.78	890.10
Oct - Dec	288.50	540.42	371.78	
Jan - Mar	288.50	752.15	371.78	
	<b>1,154.00</b>	<b>2,439.14</b>	<b>1,487.12</b>	<b>1,626.69</b>

**Comments:**

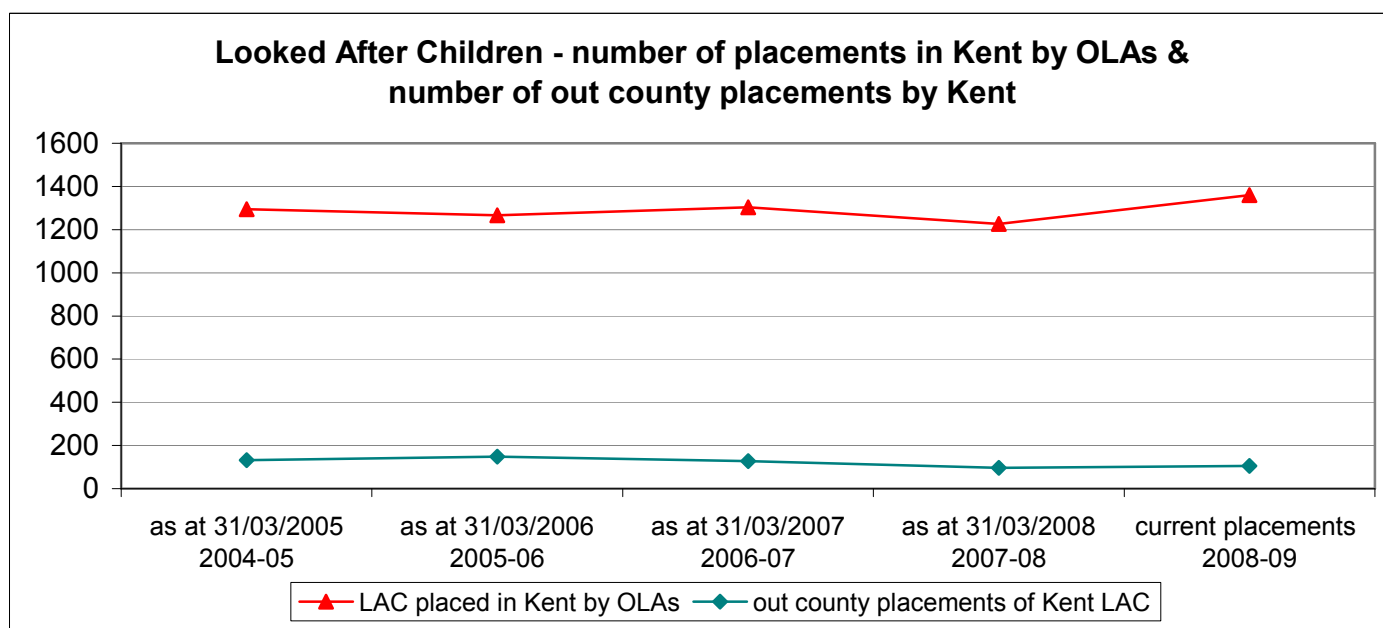
- The actual number of client weeks is based on the numbers of known clients at a particular point in time. This may be subject to change due to the late receipt of paperwork.
- The budgeted level has been calculated by dividing the budget by the average weekly cost. The average weekly cost is also an estimate based on financial information and estimates of the number of client weeks and may be subject to change.
- The current activity suggests an overspend on this budget which has been mentioned in 1.1.3.19 of this annex.

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

2004-05 as at 31/03/2005	2005-06 as at 31/03/2006	2006-07 as at 31/03/2007	2007-08 as at 31/03/2008	2008-09 Current placements
1,294	1,266	1,303	1,226	1,360

## 2.7 Number of Out County Placements of LAC by Kent:

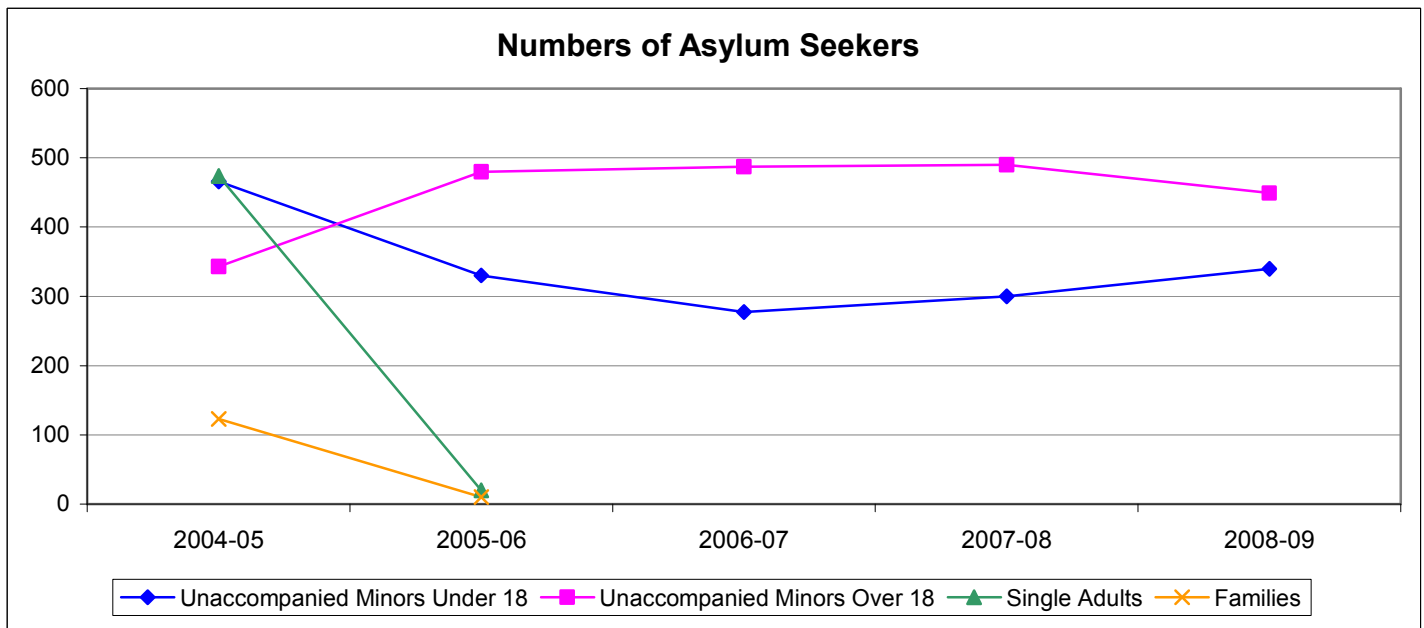
2004-05 as at 31/03/2005	2005-06 as at 31/03/2006	2006-07 as at 31/03/2007	2007-08 as at 31/03/2008	2008-09 Current placements
132	149	127	97	105

**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.
- In the last monitoring report it was noted that the data shown for 2008-09 was an estimate as accurate data was unavailable due to data migration problems with the Integrated Childrens System (ICS). A team within Management Information has been undertaking a task to check the data quality of records and the data presented above is now accurate and much more in line with expected results.

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

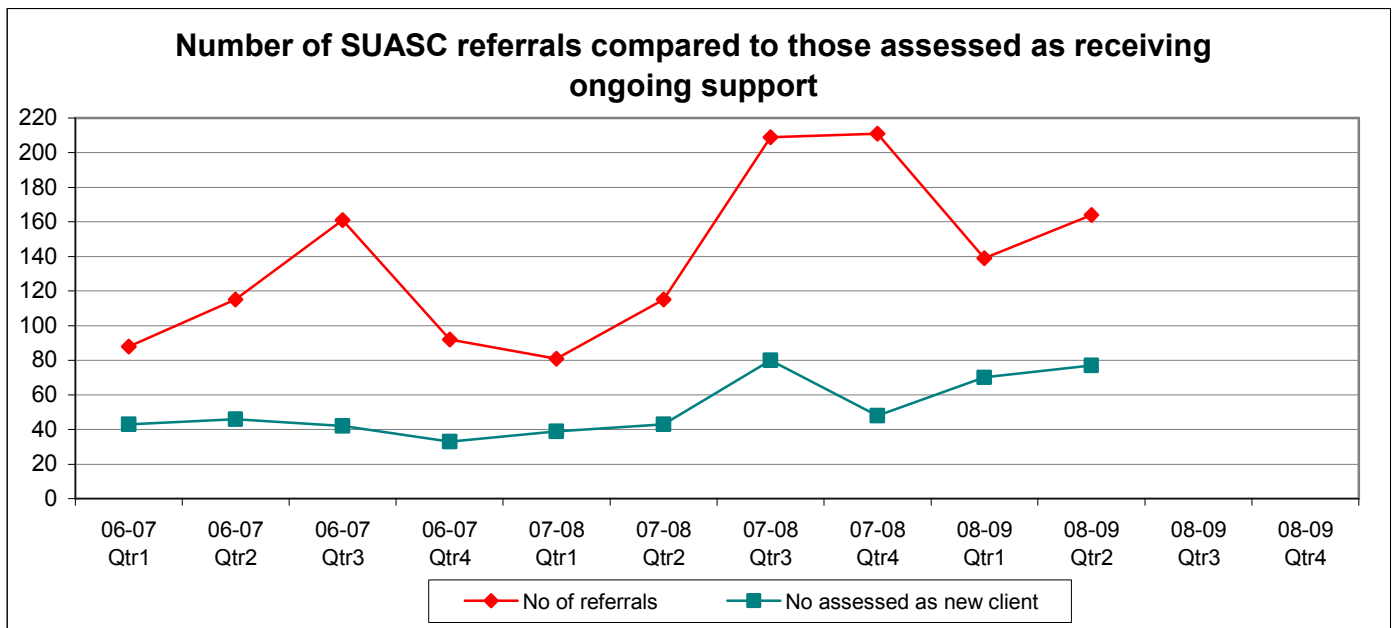
	2004-05	2005-06	2006-07	2007-08	2008-09
	31-03-05	31-03-06	31-03-07	31-03-08	31-09-08
	Number	Number	Number	Number	Number
Unaccompanied Minors Under 18	466	330	277	300	340
Unaccompanied Minors Over 18	343	480	487	490	449
Single Adults	474	20	0	0	0
Families	123	10	0	0	0

**Comment:**

- Client numbers have risen as a result of higher referrals and are higher than projected numbers.

2.9 **Numbers of Asylum Seeker referrals compared with the number assessed as qualifying for on-going support from Service for Unaccompanied Asylum Seeking Children (SUASC) ie new clients:**

	2006-07			2007-08			2008-09		
	No. of referrals	No. assessed as new client	%	No. of referrals	No. assessed as new client	%	No. of referrals	No. assessed as new client	%
April - June	88	43	49%	81	39	48%	139	70	50%
July - Sept	115	46	40%	115	43	37%	164	77	46%
Oct - Dec	161	42	26%	209	80	38%			
Jan - March	92	33	36%	211	48	23%			
	<b>456</b>	<b>164</b>	<b>36%</b>	<b>616</b>	<b>210</b>	<b>34%</b>			



**Comments:**

- Referral rates have reduced compared to the last half of 2007-08. However the numbers remain considerably higher than for the same period in the previous two years. The number being assessed as under 18 is significantly higher than the same period in the previous two years.