

CHILDREN, FAMILIES & EDUCATION DIRECTORATE SUMMARY JANUARY 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, including the consolidation of the Kent Public Services Network budget from directorates to Corporate IS in the Corporate Support & External Affairs portfolio.

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	
OPERATIONS, RESOURCES AND SKILLS potfolio							
Delegated Budget:							
- Delegated Schools Budget	851,074	-80,517	770,557	8,000	0	8,000	
- Devolved Standards Fund	104,262	0	104,262	0	0	0	
- Targeted Standards Fund	0	0	0	0	0	0	
- Direct Financing for schools	0	0	0	0	0	0	
TOTAL DELEGATED	955,336	-80,517	874,819	8,000	0	8,000	
Non Delegated Budget:							
- Finance	3,869	-1,071	2,798	-26	26	0	
- Awards	5,120	-889	4,231	-138	122	-16	Underspend on Home to College transport £135k. Gross underspend and income reduction on post 16 access £42k. Reduction in HTCT income £67k.
- Grant income & contingency	2,295	-936,160	-933,865	0	0	0	
- Personnel & Development	16,068	-3,323	12,745	199	13	212	Redundancy costs for school staff underspend £170k, pensions overspend £339k.
- Capital Strategy Unit	2,808	-242	2,566	1,690	-39	1,651	Revenue maintenance due to school closures and vandalism £783k, 3 new projects for mobile moves £294k, overspend on school feasibility studies £633k
- BSF/ PFI and academies unit	450	0	450	82	0	82	
- Client Services	6,492	-3,957	2,535	0	6	6	
- Business Management	2,295	-143	2,152	17	-49	-32	

Budget Book Heading	Cash Limit			Variance			Comment
	G £'000s	I £'000s	N £'000s	G £'000s	I £'000s	N £'000s	
- ICT	7,643	-1,893	5,750	-1,190	1,118	-72	Gross and income variance on broadband connectivity for schools (£1,126k gross and £1,118k income.) Underspend on digital curriculum £64k
- Health & Safety	437	-8	429	-8	0	-8	
- Strategic Management	1,822	0	1,822	-86	0	-86	
- Extended Services	6,597	-394	6,203	-100	66	-34	Underspend on Healthy Schools
- Kent Music	858	0	858	0	0	0	
-14-24 unit	2,945	-813	2,132	10	0	10	
- School Organisation	3,051	-66	2,985	-51	-65	-116	
- Mainstream HTST	16,555	-484	16,071	-831	14	-817	Large reduction in the numbers travelling
- Local Childrens Services Partnerships	22,478	-392	22,086	-64	0	-64	
- AEN & Resources	16,083	-5,698	10,385	49	0	49	
- SEN Transport to Schools	15,483	0	15,483	1,966	0	1,966	Higher than affordable numbers travelling, some very expensive travel arrangements
- Independent Sector Provision	10,828	-542	10,286	0	0	0	
TOTAL NON DELEGATED	144,177	-956,075	-811,898	1,519	1,212	2,731	
Total ORS	1,099,513	-1,036,592	62,921	9,519	1,212	10,731	
OR&S Assumed Mgmt Action				-1,406		-1,406	
OR&S non delegated Forecast after Mgmt Action	144,177	-956,075	-811,898	113	1,212	1,325	
Total OR&S incl schools delegated	1,099,513	-1,036,592	62,921	8,113	1,212	9,325	
CHILDREN, FAMILIES AND EDUCATIONAL ACHIEVEMENT portfolio							
- Strategic Planning & Review	1,313	0	1,313	-169	0	-169	Underspend on survey £150k
- P & P (Vulnerable Children)	4,371	-395	3,976	-188	143	-45	Vacancies £142k, KSCB gross underspend £97k, KSCB income reduction £97k
- MDO & Democratic Services	2,048	0	2,048	-41	-62	-103	
- Project Management (SPR)	117	0	117	0	0	0	
- Advisory Service Kent (ASK) Secondary Team	3,386	-160	3,226	-20	6	-14	
- ASK Primary Team	6,039	-360	5,679	592	-345	247	SIP £165k, staffing overspend £100k, additional school support £324k (see income). Increased income for additional schools support £324k

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- ASK Early Years Team	7,211	-12	7,199	-760	0	-760	Rebadging of eligible Sure Start expenditure to fully utilise the grant
- ASK Improvement Partnerships	2,393	0	2,393	90	-90	0	
- ASK Professional Development	5,080	-2,262	2,818	-217	104	-113	Reduction in spend on grant funded projects £118k, underspend on training costs £100k. Reduction in grant income £118k
- Early Years & Childcare	22,907	-339	22,568	-269	3	-266	Vacancies
- Management Information	30,943	-35	30,908	14	-5	9	
- International Development	195	-100	95	39	0	39	
- Educational Psychology Service	3,678	0	3,678	-173	-23	-196	vacancies £147k
- Attendance & Behaviour Service	19,232	-6,839	12,393	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	1,415	0	1,415	0	0	0	
- Commissioning General	12,767	-687	12,080	0	0	0	
- Residential Care provided by KCC	2,279	-25	2,254	65	-91	-26	
- Independent Sector res. care	5,135	-403	4,732	1,883	-1,174	709	Overspend due to increased demand and high cost placements made up of non disability £289k, disability £1,231k, secure accommodation £261k and internal trading costs £95k Increased income from joint funding arrangements as agreed by JRAP
- Residential care - not looked after children	664	-7	657	103	-39	64	New placements and extension to existing placements
- KCC Family support	10,903	-675	10,228	-1,612	-402	-2,014	Planned underspend to cover the pressures on Assessment and Related, fostering and independent sector residential care. Additional income for Kent Childrens Fund projects and ARC projects.
- Family group conferencing	1,143	-241	902	9	-9	0	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Fostering service	23,671	-97	23,574	908	-139	769	Increase in independent fostering allowances £1,745k, underspend on other fostering lines £835k. Additional income from placements, training and OLAs.
- Adoption service	5,988	-22	5,966	129	-33	96	Increase in interagency fees
- Independent Sector day care	954	0	954	-285	0	-285	Lower than anticipated number of clients
- Section 17	908	-5	903	280	3	283	Higher than anticipated number of clients, more expensive support
- Link placements	236	0	236	-26	0	-26	
- Grants to voluntary organisations	5,972	-266	5,706	-19	-80	-99	
- Direct payments	1,312	0	1,312	-74	-13	-87	
- Teenage pregnancy	706	0	706	6	-6	0	
- Leaving care/16+	3,583	0	3,583	-218	0	-218	Lower than anticipated take up of places, increase in funding from Care Matters grant
- Other services support	6,574	-824	5,750	748	-548	200	Legal overspend £949k, Family Law underspend £560k, Out of Hours gross overspend £264k, training overspend £78k. Out of hours income underspend £232k, additional income from facilities and BPMU £185k, training income £137k
- Assessment and related	20,021	-16	20,005	1,090	-410	680	Staffing overspend covered by planned underspend on Family Support
- Grant income & contingency	4,413	-77,193	-72,780	0	0	0	
Total C,F&EA	222,429	-91,649	130,780	1,885	-3,210	-1,325	
CF&EA Assumed Mgmt Action						0	
CF&EA Forecast after Mgmt Action	222,429	-91,649	130,780	1,885	-3,210	-1,325	
- Asylum Seekers	14,129	-14,129	0	0	5,222	5,222	
Total C,F&EA incl. Asylum	236,558	-105,778	130,780	1,885	2,012	3,897	
Total Delegated	955,336	-80,517	874,819	8,000	0	8,000	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
Total Non Delegated (excl. Asylum)	366,606	-1,047,724	-681,118	3,404	-1,998	1,406	
Total Directorate Controllable (excl. Asylum)	1,321,942	-1,128,241	193,701	11,404	-1,998	9,406	
Directorate Assumed mgmt action				-1,406		-1,406	
Total Directorate Controllable (excl. Asylum) after mgnt action	1,321,942	-1,128,241	193,701	9,998	-1,998	8,000	
Directorate Net Total (incl. Asylum) before mgmt action	1,336,071	-1,142,370	193,701	11,404	3,224	14,628	
Directorate Net Total (incl. Asylum) after mgmt action	1,336,071	-1,142,370	193,701	9,998	3,224	13,222	

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 £2,731k on this portfolio before the implementation of management action. The main variances are:

1.1.3.1 Awards (Gross and Income)

The Awards Unit is forecasting a gross underspend of £138k mainly on the Home to College transport budget of £135k due to the reduction in numbers travelling compared to budgeted levels. A reduction in spend on the Post 16+ Access Fund of £42k is matched by a reduction in income. The balance of the £122k income variance is due mainly to a reduction in income from Home to College transport of £67k.

1.1.3.2 Personnel and Development (Gross)

The Personnel and Development Unit is forecasting a gross overspend of £199k. The pensions budget has a pressure of £339k, the majority of this is due to previous years early retirements resulting from school closures and amalgamations. This is partly offset by an underspend of £170k 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.

1.1.3.3 Capital Strategy Unit (Gross)

The Capital Strategy Unit is projecting a £1,690k gross pressure. The budget for revenue maintenance of non operational sites is forecast to overspend by £783k due to the boarding up of closed schools and repairs caused by vandalism. The feasibility budget is forecast to overspend by £633k due to the recharge from capital of development costs of abortive school projects. 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 ICT (Gross and Income)

A gross underspend of £1,126k and the income variance of +£1,118k 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. There is also an underspend on Digital Curriculum of £64k.

1.1.3.5 Extended Services (Gross)

The Extended Services unit is forecasting a gross underspend of £100k on the Healthy Schools budget due to staff vacancies and associated savings on resources.

1.1.3.6 Mainstream Home to School Transport (Gross)

This budget is forecasting an underspend of £831k due to a large a reduction in the numbers travelling compared to budgeted levels. Details of the number of children receiving assisted mainstream transport to school are included in section 2.1.

1.1.3.7 SEN Transport to Schools (Gross)

There is a forecast overspend of £1,966k 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 are included in section 2.1. This activity data shows that the monthly number of children in receipt of travel is increasing and there are on average almost 200 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 £918k. We are seeing an increase in SEN pupils; however the pressure on this budget is exacerbated by the increase in single occupancy taxi journeys. We are undertaking a piece of work jointly with Kent Commercial Services to review each single occupancy journey to see whether a more cost effective option is available. This includes in some case the re-tendering of contracts. There is also an existing base problem noted in the last full monitoring report which includes the increased cost of fuel.

CF&EA portfolio:

There is a net underspend of £1,325k forecast on this portfolio (excluding Asylum), before the implementation of management action. The main variances are:

1.1.3.8 Strategic Planning and Review (Gross)

The forecast is a gross underspend of £169k. This is largely due to savings of £150k on a planned Children and Young people survey that has been postponed to 2009-10 due to delays in the procurement process.

1.1.3.9 Policy and Performance (Vulnerable Children) (Gross and Income)

This unit is forecasting a gross underspend of £188k and income overspend of £143k. The gross underspend is due to staff vacancies of £142k and an underspend on Kent Safeguarding Childrens Board of £97k which is matched by a corresponding reduction in contributions of £97k.

1.1.3.10 Advisory Service Kent – Primary (Gross and Income)

There is a gross pressure on this service of £592k. There is forecast overspend on the School Improvement Partners (SIP) project of £165k which relates to additional staffing costs to support school improvement. There is a staff overspend of £100k and additional school support of £324k. The additional school support costs are covered by income of £324k from schools.

1.1.3.11 Advisory Service Kent – Early Years (Gross)

There is a forecast underspend on this service of £760k. There is an underlying pressure of £240k within ASK Early Years due to additional targets set by the DCSF for 2008-09 but, as part of the declared management action, £1m of eligible Sure Start expenditure within ASK will be rebagged against the underspend caused by delays in opening Childrens Centres, resulting in an underspend of £760k.

1.1.3.12 Advisory Service Kent – Professional Development (Gross and Income)

The forecast gross underspend on this budget of £217k is due partly to a reduction in the costs of providing training for schools of £100k. There is also a reduction in expenditure on grant funded projects of £118k matched by a corresponding reduction in income. The variance on grant funded projects is caused by a timing issue as the grants run for an academic year where the income may be spent up until August 2009.

1.1.3.13 Early Years and Childcare (Gross)

There is a gross underspend on this budget of £269k due to the slippage in appointing to vacant posts.

1.1.3.14 Educational Psychology (Gross)

A forecast gross underspend of £173k is due to staff vacancies and the associated savings on resources and travel.

1.1.3.15 Independent Sector Residential Care (Gross and Income)

A gross pressure of £1,883k is forecast on this budget. This is mainly due to an increase in demand and high cost placements. The key pressure can be analysed between disability placements £1,231k, non disability placements £289k, and secure accommodation £261k. This is partly offset by additional income of £1,174k for placements following agreement from the Joint Residential Assessment Panel (JRAP) for this financial year.

1.1.3.16 Residential Care – not Looked After Children (Gross)

New placements and extensions to existing placements account for this gross variance of +£103k

1.1.3.17 KCC Family Support (Gross and Income)

The Family Support Unit is forecasting a gross underspend of £1,612k and income underspend of £402k. The underspend is due to planned management action to balance the forecast overspend declared on Assessment and Related (see section 1.1.3.24) and general pressures on the Fostering and Independent Residential Care budgets. The management action has been achieved due to a delay in the recruitment to vacant posts until the CSS restructure plans have been completed. In the 2009/10 budget this service line has been merged with Assessment and Related. The underspend on income of £402k is due to additional income being received to cover projects now funded from the Kent Childrens Fund grant and income from Adolescent Resource Centre projects. This is for ongoing projects charged to Family Support since the start of the year and the income received has reduced the overall net variance of this service.

1.1.3.18 Fostering Service (Gross and Income)

There is a gross pressure on this budget of £908k. The independent fostering allowance budget is forecasting overspends of £1,745k. 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 2,457.73 to the end of quarter 3, with a forecast of 3,214.9 weeks for the full financial year, which equates to a forecast spend of £3,247k.

This overspend is partly offset by under-spends of £837k on other fostering lines such as KCC fostering and the County Fostering Team. This underspend has increased slightly since the last full monitoring report as a number of placements have finished early whilst other planned places were not required.

There is an income variance of -£139k due to income received for training, placements and from OLAs for non Kent children being placed with KCC foster carers.

1.1.3.19 Adoption Services (Gross)

There is a pressure on this service of £129k due to interagency fees and adoption allowances.

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 £285k 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 £280k 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 £218k. This is a client based service and current usage is below the anticipated level leading to an under-spend of £48k. Funding of £170k from the Care Matters Grant, paid through the Area Based Grant, has also contributed to the under-spend. 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 £748k is mainly attributed to Legal Services which is forecast to overspend by £949k. The Family Law strand of the Area Based grant is forecast to underspend by £560k as the introduction of the new system has led to a time delay in the process of cases. This underspend will continue into 2009-10 although at a

reduced level. The pressure on the legal budget has continued from 2007-08 and the Directorate has reviewed this budget and has funded this pressure through the 2009-12 MTP.

There is a gross pressure on the Out of Hours budget of £264k 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 a forecast gross overspend on training of £78k which is funded by an increase in income of £137k.

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 income variance is £548k.

1.1.3.24 Assessment and Related (Gross and Income)

Assessment and Related is forecasting a gross overspend of £1,090k and an increase in income of £410k. 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 1.1.3.17).

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 £5,222k for the 2008-09 financial year, £4,722k of direct costs and £500k of indirect costs. The number of referrals in Kent is continuing to run at over 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.

As reported in the last exception report the Home Office has published its guidance on what can be included in the special circumstances bid. Initial calculations imply that it will leave the authority with a sizeable pressure, possibly in the region of £3.1m of the £5.2m current pressure that will not be covered by grant income. This is mainly because there is no provision in the grant rules for any costs relating to the 18+ care leavers to be included in the special circumstances bid. Discussions are ongoing with the Home Office minister to ensure the best resolution for the taxpayers of Kent.

We have received final settlement from the Home Office in respect of 2006-07 and 2007-08. Also, the DCSF have paid the full £2.6m of our special circumstances claim from the 2007-08 financial year, with a small retention subject to a satisfactory audit. By the end of 2007-08 we had £10m of costs we had incurred but not had reimbursed by the HO and DCSF. Of this, we have been successful in receiving £6.4m after also offsetting shortfalls in Asylum general grant following reductions as a result of the data matching exercise. This income, which we had previously covered from the Asylum reserve and bad debt provision, will need to be repaid into the Asylum reserve in order to cover anticipated shortfalls for the current and future years. In addition, £0.4m relating to the general grant shortfall for 2005-06 had already been funded from a provision for repayment of grant set up in 2006-07, therefore in total there is £6.8m available to repay into the reserve.

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 £1,200k 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 Nine Month Monitoring

The detailed nine month monitoring returns from schools have been received 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 of reserves in the region of £8m. However it is very difficult to predict this with accuracy, particularly this year when factoring in the recovery of £1.5m from 15 schools earlier this year and the review and subsequent tightening of the 'balance control mechanism' which schools are being encouraged to work towards before they formally apply at the end of 2009/10 financial year.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER
(shading denotes that a pressure/saving has an offsetting entry which is directly related)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ORS	Schools delegated budgets - expected draw down in reserve	+8,000	CFEA	Family Support - Planned management action (gross)	-1,612
CFEA	Asylum - Shortfall in income (income)	+5,222	ORS	ICT - Broadband connectivity project reduced spend due to reduced buy back from schools (gross)	-1,126
CFEA	Independent Sector Residential Care - increase in demand and high cost placements (gross)	+1,781	CFEA	Independent Sector Residential Care - placement funding from Joint Residential Assessment Panel (income)	-1,174
CFEA	Fostering Service - Independent fostering allowances (gross)	+1,745	CFEA	Fostering Service - Non Independent Fostering Allowance lines (gross)	-837
ORS	ICT - Broadband connectivity project reduced income from schools (income)	+1,118	ORS	Mainstream Home to School Transport - reduction in numbers travelling (gross)	-831
CFEA	Assessment and Related - Frontline staffing overspend (gross)	+1,090	CFEA	ASK Early Years - rebadge of Sure start expenditure (gross)	-760
ORS	SEN Transport - price increases and increase in single occupancy taxis (gross)	+1,048	CFEA	Other Services Support - Family Law (gross)	-560
CFEA	Other Services Support - Legal costs (gross)	+949	CFEA	Assessment and Related - additional income from Best project, training and Health (income)	-410
ORS	SEN Transport - increase in numbers travelling (gross)	+918	CFEA	Family Support - increase in income (income)	-402
ORS	Capital Strategy - closed schools revenue maintenance (gross)	+783	CFEA	ASK Primary - Additional school support (income)	-324
ORS	Capital Strategy - abortive costs for school projects recharged from capital (gross)	+633	CFEA	Independent Day Care - lower take up of places (gross)	-285
ORS	Personnel and Development - pensions (gross)	+339	CFEA	Early Years and Childcare - vacancies (gross)	-269
CFEA	ASK Primary - Additional school support (gross)	+324	CFEA	Other Services Support - Out of Hours Service increased income	-232
ORS	Capital Strategy - moving and hiring of mobile classrooms (gross)	+294	CFEA	Other Services Support - Additional BPMU income (income)	-186
CFEA	Section 17 - increased support to clients (gross)	+280	CFEA	Education Psychology - staffing vacancies and associated costs (gross)	-173
CFEA	Other Services Support - Out of Hours Service staffing (gross)	+264	CFEA	Leaving Care/16 plus - Care Matters grant funding (via Area Based Grant) (gross)	-170

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFEA	ASK Primary - School Improvement Partners project staffing (gross)	+165	ORS	Personnel and Development - reduction in school staff redundancy costs (gross)	-170
CFEA	Adoption - interagency fees and adoption allowances (gross)	+129	CFEA	Strategic Planning and Review - postponed Children & Young People Survey (gross)	-150
CFEA	ASK Professional Development - reduction in grant income (income)	+118	CFEA	Policy and Performance - staffing vacancies (gross)	-142
CFEA	Residential Care non LAC - New and extended placements (gross)	+103	CFEA	Fostering Service - additional income for training, placements etc (income)	-139
CFEA	ASK Primary - Staffing overspends (gross)	+100	CFEA	Other Services Support - additional training income (income)	-137
			ORS	Home to College Transport - reduction in numbers travelling	-135
			CFEA	ASK Professional Development - reduction in spend on grant funded activities (gross)	-118
			CFEA	ASK Professional Development - underspend on training costs (gross)	-100
			ORS	Extended Services - Healthy schools vacancy saving (gross)	-100
		+25,403			-10,542

1.1.4 Actions required to achieve this position:

The residual £1.4m pressure before management action shown in Table 1 is the position after the directorate has rebadged £1m of Sure Start grant caused by delays in opening Childrens Centres.

1.1.5 Implications for MTP:

The anticipated continuing base pressures shown above for independent sector residential care, SEN transport and legal services have been funded through the 2009-12 MTP.

1.1.6 Details of re-phasing of revenue projects:

The Childrens and Young people survey planned to take place in 2008-09 has been deferred to 2009-10 (para 1.1.3.8) due to delays in the procurement process. This is a survey of all school children addressing the five Every Child Matters outcomes and will be used to inform a wide range of planning activities. The survey costs can be covered from the 2009-10 base budget and therefore roll forward of the £150k underspend will not be required, enabling it to be used to offset other pressures within the directorate.

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 £0.277m. LAA funding which is one off in nature will be used to offset part of the pressure. We will rebadge this against the most appropriate service line once the final outturn position is known.
- We will continue to look in detail at expenditure items in the Directorate that we may be able to charge to the LA element of the DSG or to the Sure Start Grant where we have some capacity. We have set a target of £1.129m.

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 capital cash limits have been adjusted to reflect the position reflected in the 2009-12 MTP as agreed by County Council on 19 February 2009. However, these differ from the cash limits shown in 2009-10 Budget Book, as the cash limits reflected in this report only include those projects starting in the current or previous years, whereas the cash limits in the 2009-10 Budget Book also include projects due to start in future years of the 2009-12 MTP.

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

	Prev Yrs Exp £000s	2008-09 £000s	2009-10 £000s	2010-11 £000s	Future Yrs £000s	TOTAL £000s
Operations, Resources & Skills Portfolio						
Budget approved at Cty Council	137,313	148,119	200,717	170,247	130,133	786,529
Adjustments:						
-						0
Revised Budget	137,313	148,119	200,717	170,247	130,133	786,529
Variance		-526	+3,026	+29	0	+2,529
split:						
- real variance		+1,999	+530	0	0	+2,529
- re-phasing		-2,525	+2,496	+29	0	0
Children, Families & Educational Achievement Portfolio						
Budget approved at Cty Council	8,520	2,040	2,567	250	750	14,127
Adjustments:						
-						0
Revised Budget	8,520	2,040	2,567	250	750	14,127
Variance		-3	+64	0	0	+61
split:						
- real variance		+61	0	0	0	+61
- re-phasing		-64	+64	0	0	0
Directorate Total						
Revised Budget	145,833	150,159	203,284	170,497	130,883	800,656
Variance	0	-529	3,090	29	0	2,590
Operations, Resources & Skills Portfolio						
Devolved Capital to Schools						
Budget approved at Cty Council		44,618	27,252	26,690	78,267	176,827
Variance		0	0	0	0	0
split:						
- real variance		0	0	0	0	0
- re-phasing		0	0	0	0	0
Real Variance		+2,060	+530	0	0	+2,590
Re-phasing		-2,589	+2,560	+29	0	0

- 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 £'000s	Approval to Spend £'000s	Approval to Plan £'000s	Preliminary Stage £'000s
Overspends/Projects ahead of schedule						
ORS	Building Maintenance	real	+2,096			
ORS	BSF Development Costs	phasing	+774			
ORS	Development Opportunities - Dartford Campus	real		+338		
			+2,870	+338	0	0
Underspends/Projects behind schedule						
ORS	Primary Pathfinder - The Manor School	phasing		-1,630		
CFEA	Primary Pathfinder - Oakfield Primary School	phasing		-507		
ORS	Non delegated Devolved Capital PRU's	phasing	-461			
ORS	Corporate Property Project Management	real	-376			
			-837	-2,137	0	0
			+2,033	-1,799	0	0

1.2.4 Projects re-phasing by over £1m:

1.2.4.1 The Manor Primary School, Swanscombe – slippage £1.630 million

This scheme is designed to deliver a rebuilt primary school for 420 pupils, together with some refurbishments to an existing block. This will create a single building for a school which is currently accommodated in separate infant and junior buildings.

The project has slipped by £1.630m which represents 25% of the total value of the scheme. It has been delayed in starting by about five months because of some very onerous conditions attached to the planning permission, which involved high levels of archaeology & environmental surveying. The planning conditions are expected to be discharged during March 2009 with the project starting on site in April and a completion date in May 2010.

There are some service implications in that part of the school will remain in temporary accommodation for this additional time. As they will not be able to move into their new premises, the difficulties of working out of separate buildings will continue until the work is completed. However the school will continue to function normally.

There are no financial implications; in fact the delay has enabled a lot of work to be carried out on valuation engineering to ensure that the cost can be contained within the budget.

	Prior Years	2008-09	2009-10	2010-11	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	73	2,569	3,765	95	0	6,502
Forecast	73	939	5,460	30	0	6,502
Variance	0	-1,630	1,695	-65	0	0
FUNDING						
Budget:						
grant	73	2,569	3,765	95	0	6,502
TOTAL	73	2,569	3,765	95	0	6,502
Forecast:						
grant	73	939	5,460	30		6,502
TOTAL	73	939	5,460	30	0	6,502
Variance	0	-1,630	1,695	-65	0	0

1.2.5 Projects with real variances, including resourcing implications:

The real variance over the lifetime of the revised Medium Term Plan indicates an overspend of £2.590m, £2.529m within the OR&S portfolio & £0.061m in the CF&EA portfolio. The £2.590m across the years of the MTP is split +£2.060m in 2008/09 and +£0.530m in 2009/10.

The +£2.590 million overspend relates to:

- **Building Maintenance +£2.096m (all in 2008/09)** – The overspend is in 3 main areas of the Building Maintenance budget.
 - (a) Emergency Programme (+£1.116m) - reactive works such as roof replacement & repairs, electrical upgrades, fire escape repairs & replacement boilers, all of which were not planned & have been necessary to prevent school closures or to address Health & Safety issues.
 - (b) Replacement of Catering Equipment (+£0.470m) – additional works required to address serious Health & Safety risk issues which otherwise would have resulted in the closure of school kitchens.
 - (c) Planned Maintenance Agreements (PMA) (+£0.430m) – this overspend is as a direct result of changes in statutory requirements, an example being the need for improved ventilation in boiler houses where the PMA budget is now being charged with the additional testing requirements & any additional works resulting from this testing. The 2009/10 budget for building maintenance has been reviewed and restructured with the intention of both bringing spend in line with the resources available and also to identify pressure points at an earlier stage in the monitoring process.

- **Dartford Campus School +£0.835m (+£0.338m in 2008/09 & +£0.497m in 2009/10)** – the main areas of increased spend are Dartford Technology College (+£0.611m), Enabling Works +£0.111m) & the Access Road & Car Park (+£0.097m). The increases on Dartford Technology College are due to previously unforeseen mechanical engineering works & additional works required to complete this element of the project. The increase on the enabling works element of the project is due to the need to extend the hire of temporary accommodation due to the delay in the handover to the Rainbow Day Nursery and the Adult Education Centre. The increased costs on the Access Road & Car Park relate to additional road safety works that have been required to meet KCC highway requirements in Heath Lane and Princess Road e.g. speed humps, additional signs and illumination of signs.
- **Modernisation Programme 2006/7/8 starts +£0.274m (+£0.185m in 2008/09 & +£0.089m in 2009/10)** - the most significant increase relates to additional costs at Wilmington Enterprise College (+£0.105m) where the new build needed to be repositioned due to services being incorrectly shown on the plans. The repositioned new build was both more expensive to build & the delay caused by this disruption resulted in contractor extension of time payments.
- **Self Funded Projects +£0.121m (all in 2008/09)** - all of this overspend relates to the Quarryfields project and will be funded by planned revenue contributions.
- **Corporate Property Recharge -£0.376m (all in 2008/09)** - this saving has resulted from our inability to capitalise the indirect staffing costs of Corporate Property Unit resulting in the costs being recharged to revenue. Although the annual cash limit for future years is the same as 2008/09 there are known additional costs that we believe will eliminate this saving from re-occurring.
- **Modernisation Programme 2004/5/6 starts -£0.356m (-£0.287m in 2008/09 & -£0.069m in 2009/10)** - virtually all of this saving relates to abortive developments costs on projects that have either been deleted, or significantly re-phased in the revised MTP. As these costs cannot be capitalised they have been recharged to revenue. (eg. Kennington -£0.224m)
- **Modernisation Programme 2007/8 starts -£0.127m (all in 2008/09)** - virtually all of this saving relates to abortive developments costs on the Park Farm Primary School, Folkestone project (-£0.135m) which have been recharged to revenue. The revised plan is to make a lump sum contribution, pending formal approval by the DCSF, to Folkestone Academy to incorporate the primary school within its complex.

Overall this leaves a residual balance of +£0.123m on a number of more minor projects (+£0.110m in 2008/09 & +£0.013m in 2009/10).

All of this £2.590m overspend is covered by additional funding from a mixture of developer contributions, grant & revenue funding.

1.2.6 General Overview of capital programme:

(a) Risks

The creation of the PEF2 fund has reduced what was previously seen as the major risk i.e. the realisation of capital receipts. It does however reduce the value of receipts and hence the size of associated schemes.

(b) Details of action being taken to alleviate risks

We continue to stress to colleagues elsewhere within the authority the fixed nature of our budget and anything extra that they insist upon means another scheme loses. The programme is also monitored internally on a regular basis and any potential challenges noted.

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
Budget	-	21,602	43,204	4,801	69,607
Actual / Forecast	-	21,602	43,204	4,801	69,607
Variance	-	0	0	0	0

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

The contracts for the Building Schools for the Future programme and the establishment of Local Education Partnership 1 (LEP1) were signed on 24th 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.

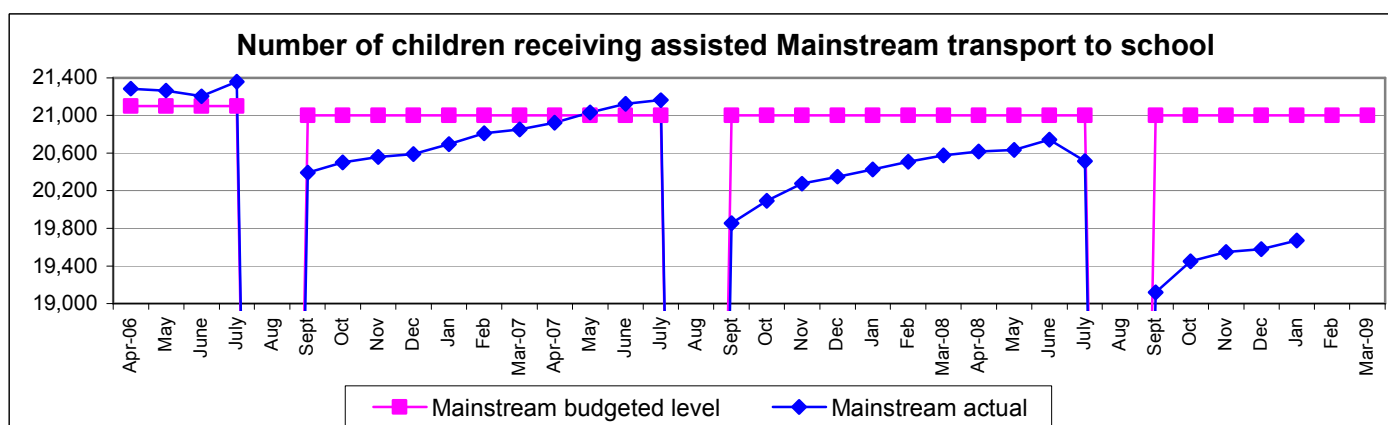
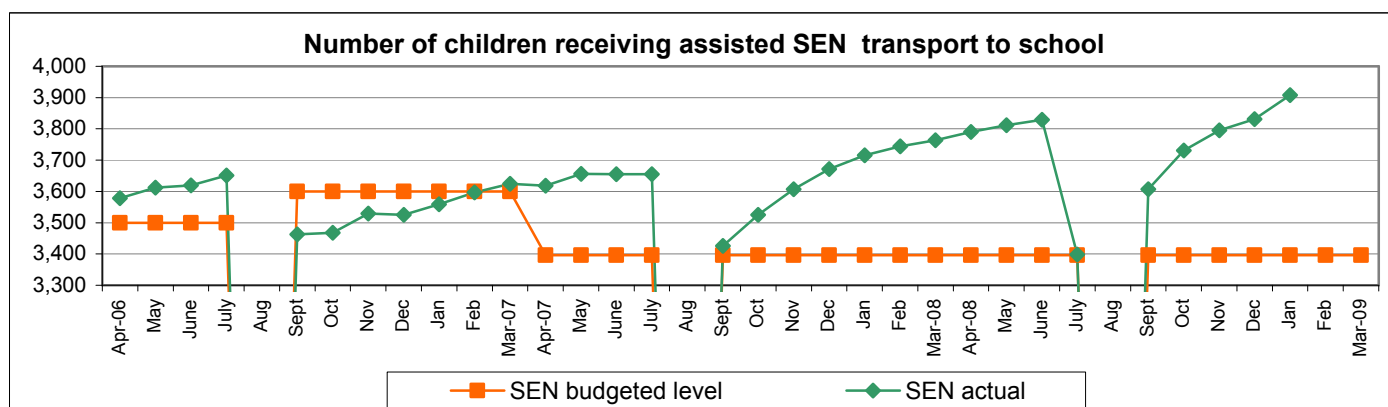
(b) **Implications for KCC of details reported in (a) ie could an increase in the cost result in a change to the unitary charge ?**

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	3,795	21,000	19,548
Dec	3,600	3,525	21,000	20,591	3,396	3,671	21,000	20,349	3,396	3,831	21,000	19,579
Jan	3,600	3,559	21,000	20,694	3,396	3,716	21,000	20,426	3,396	3,908	21,000	19,670
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:

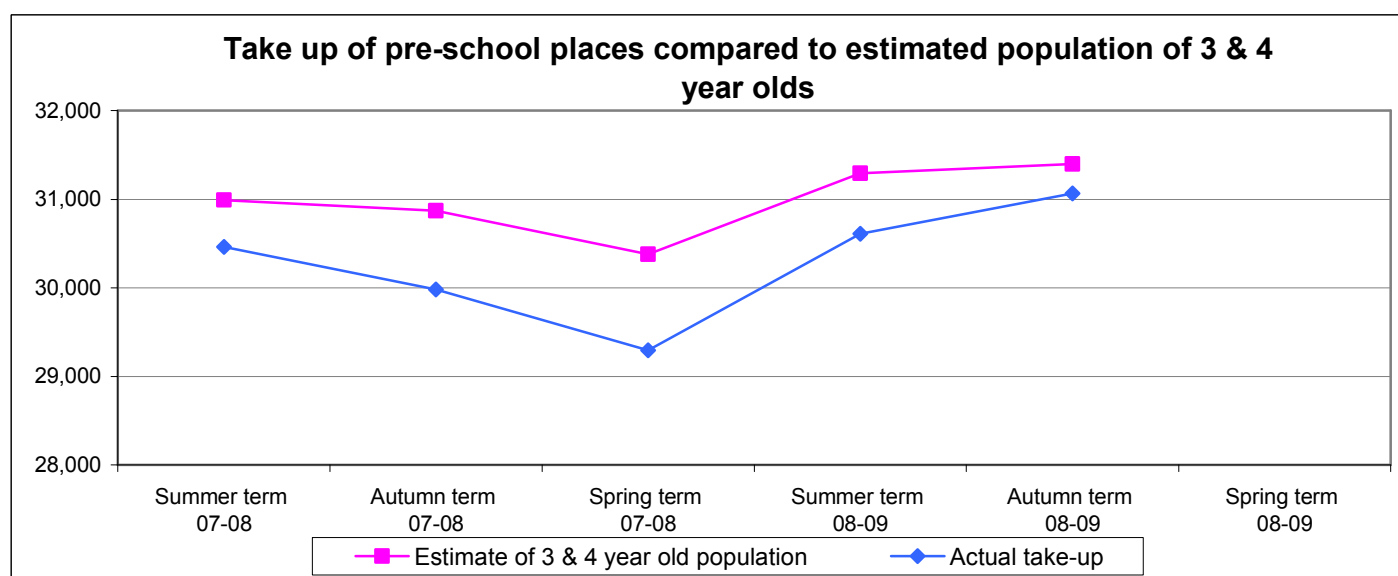
- SEN HTST** – In 2007-08 there was a significant gap between the actual and budgeted level of assisted SEN transport to schools which related to the savings targets which significantly reduced the budgeted level and the fact that the service was unable to achieve these. The actual numbers travelling continues to exceed budgeted levels and following some detailed work undertaken by Passenger Transport Unit a forecast overspend has now been reported in section 1.1.3.7.

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 less than budgeted levels and an underspend has now been reported in section 1.1.3.6.

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%	14,461	16,604	31,065	31,399	99%
Spring term	17,274	12,020	29,294	30,378	97%					

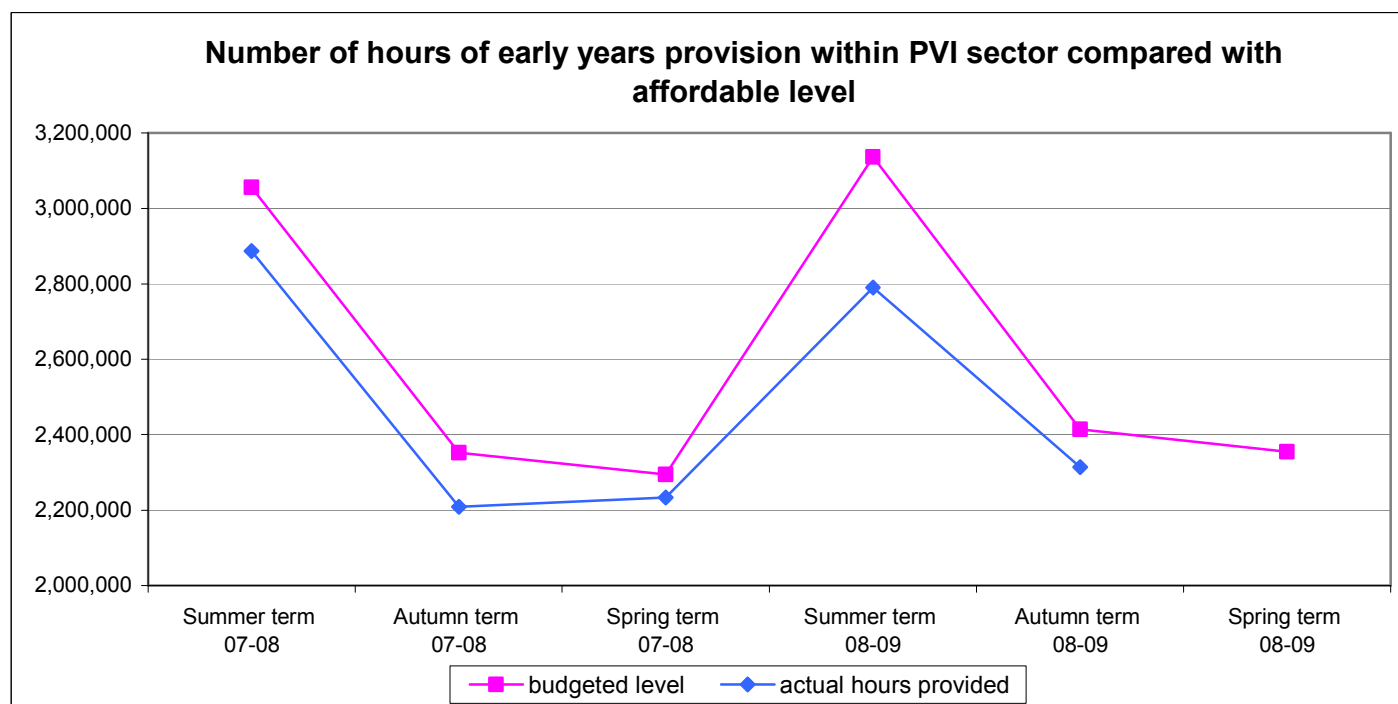


Comments:

- This graph shows that currently 99% 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.

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	2,313,819
Spring term	2,294,845	2,233,934	2,354,750	
	7,703,488	7,330,371	7,904,583	5,104,265



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.

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

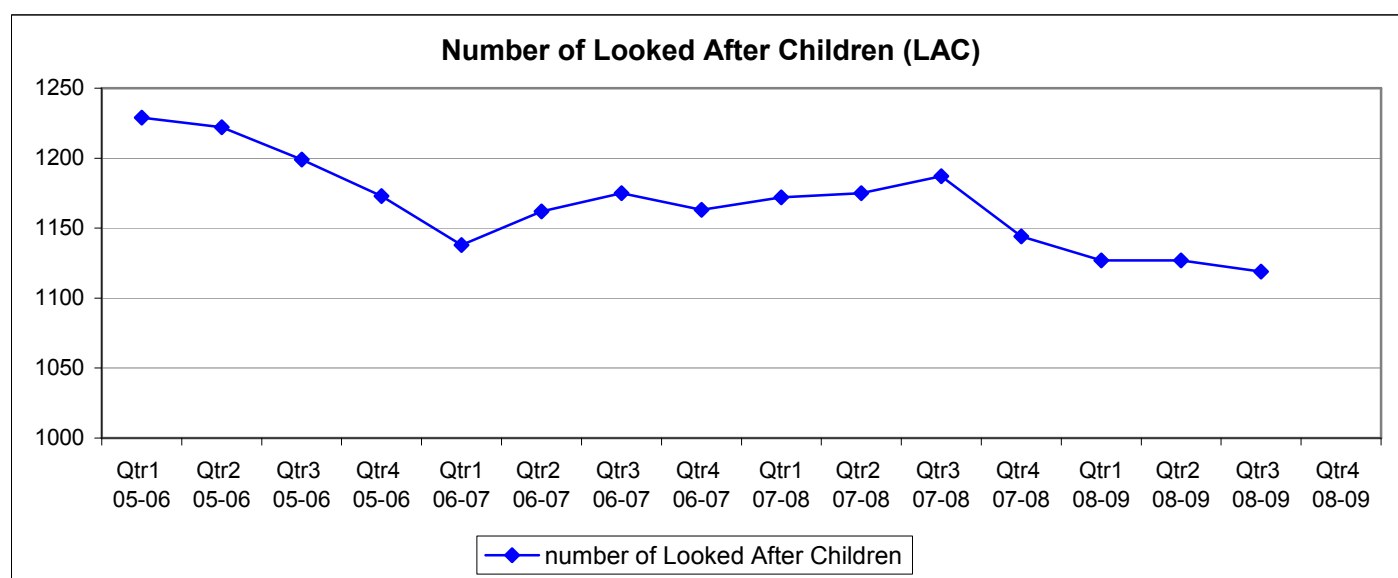
	2005-06	2006-07	2007-08	2008-09
	as at 31-3-06	as at 31-3-07	as at 31-3-08	Projection
Total number of schools	600	596	575	570
Total value of school reserves	£70,657k	£74,376k	£79,360k	£71,360k
Number of deficit schools	9	15	15	21
Total value of deficits	£947k	£1,426k	£1,068k	£1,265k

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. The projected draw down of reserves of £8m includes £1.5m recovered from schools following work undertaken on school balances earlier in the financial year.
- 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.

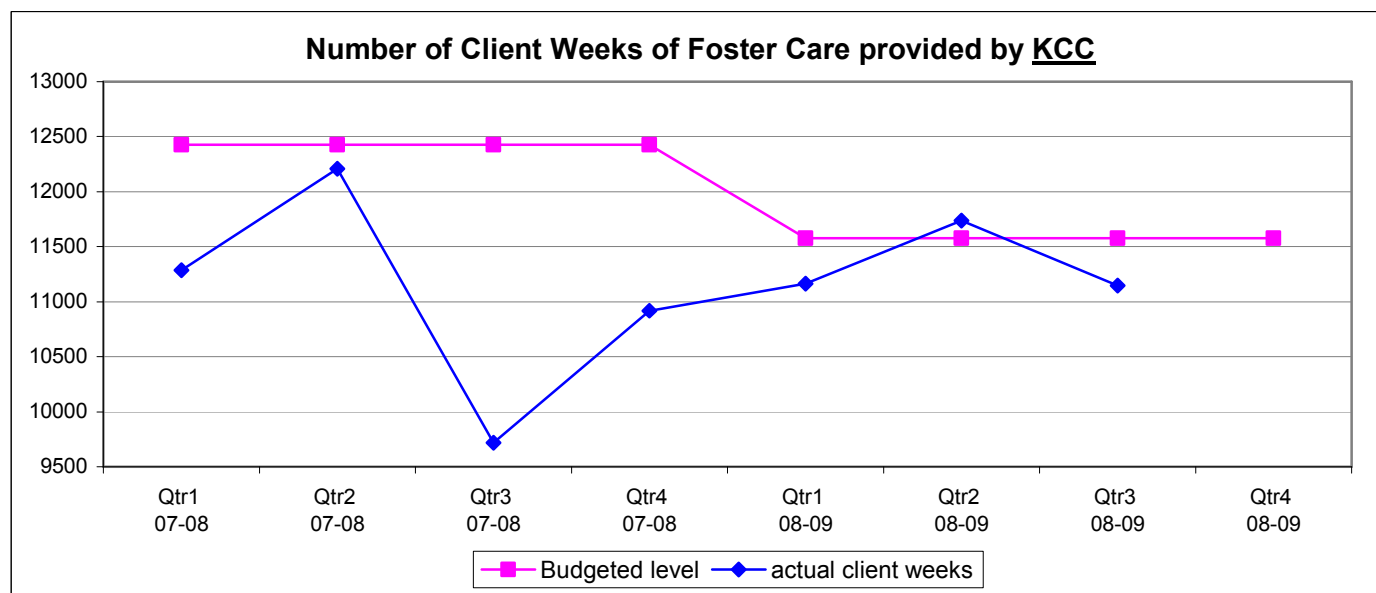
2.4 Numbers of Looked After Children (LAC):

	2005-06	2006-07	2007-08	2008-09
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	1,119
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	12,711.26	11,575.8	11,165.70
Jul - Sep	12,427.25	10,781.00	11,575.8	11,735.39
Oct - Dec	12,427.25	9,716.04	11,575.8	11,147.16
Jan - Mar	12,427.25	10,917.96	11,575.8	
	49,709.00	44,128.74	46,303.2	34,048.25

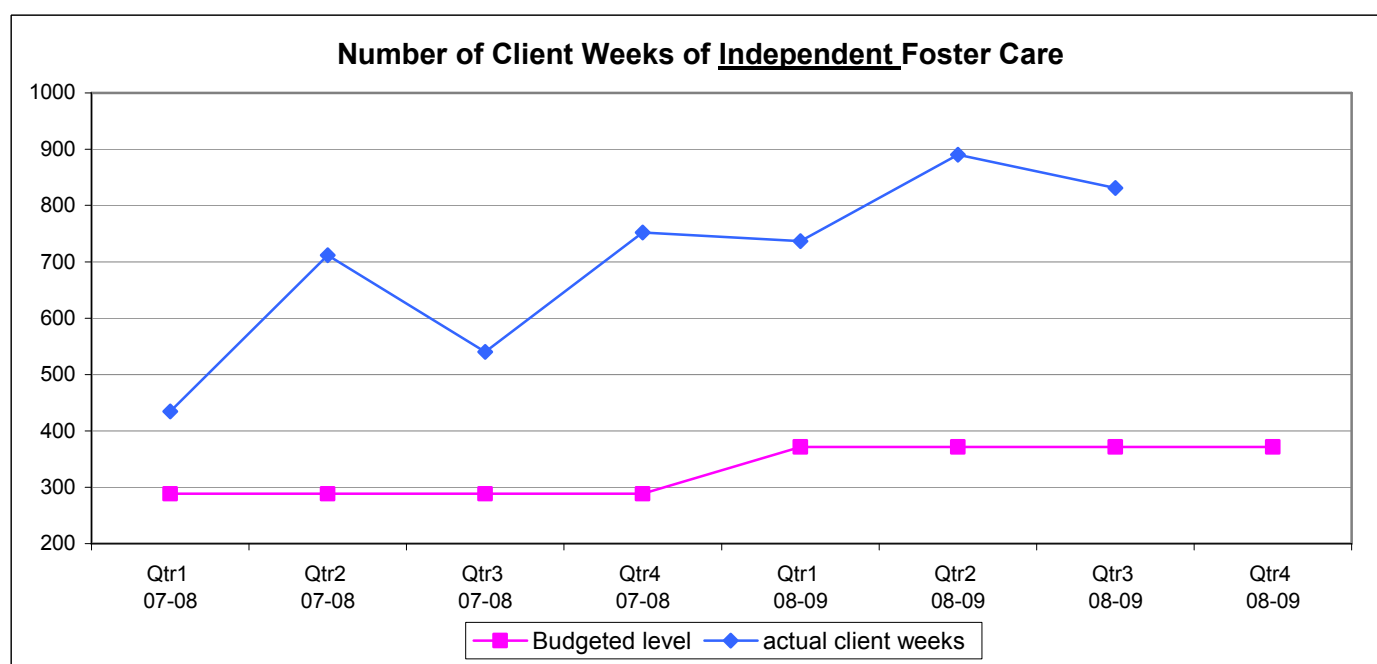


Comments:

- 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 1.1.3.18 of this annex. The underspend is forecast to be slightly greater than reported in the last monitoring report as some placements have ended earlier than expected.
- It should be noted that the data relating to 2007-08 was manually produced due to problems with the IT system and should be treated with some caution. The figures have been re-visited and as a result some client weeks have been moved between quarter 2 and quarter 1. This has not affected the overall total of weeks for 2007-08.

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	831.04
Jan - Mar	288.50	752.15	371.78	
	1,154.00	2,439.14	1,487.12	2,457.73



Comments:

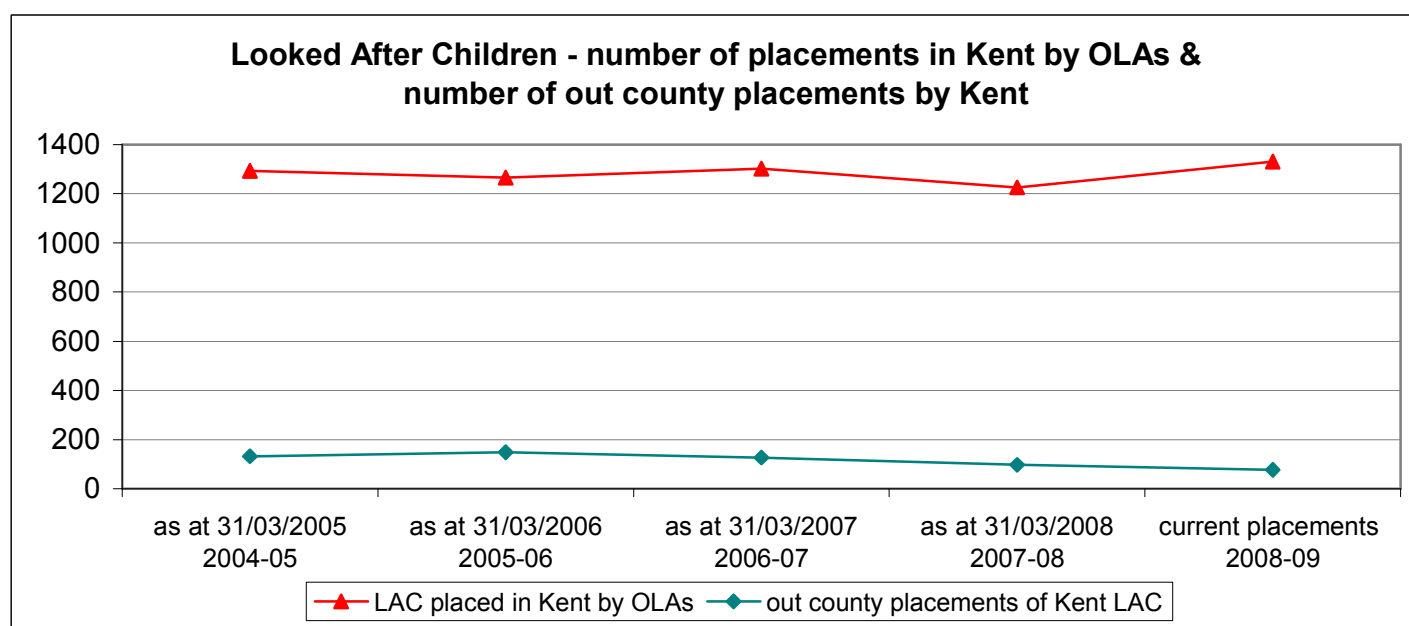
- The actual number of client weeks is based on the numbers of known clients at a particular point in time. This may be subject to change due to the late receipt of paperwork.
- The budgeted level has been calculated by dividing the budget by the average weekly cost. The average weekly cost is also an 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 1.1.3.18 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	1,331

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	77

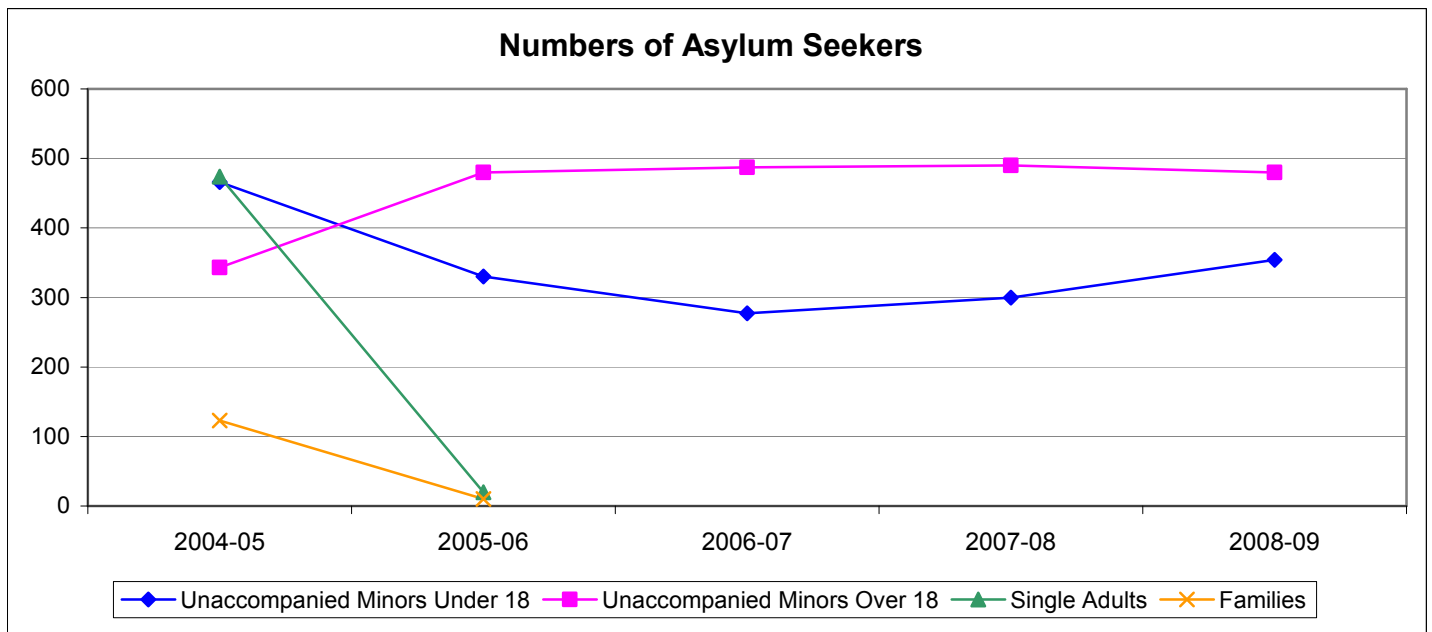


Comment:

- 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.

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	31-1-09
	Number	Number	Number	Number	Number
Unaccompanied Minors Under 18	466	330	277	300	354
Unaccompanied Minors Over 18	343	480	487	490	480
Single Adults	474	20	0	0	0
Families	123	10	0	0	0



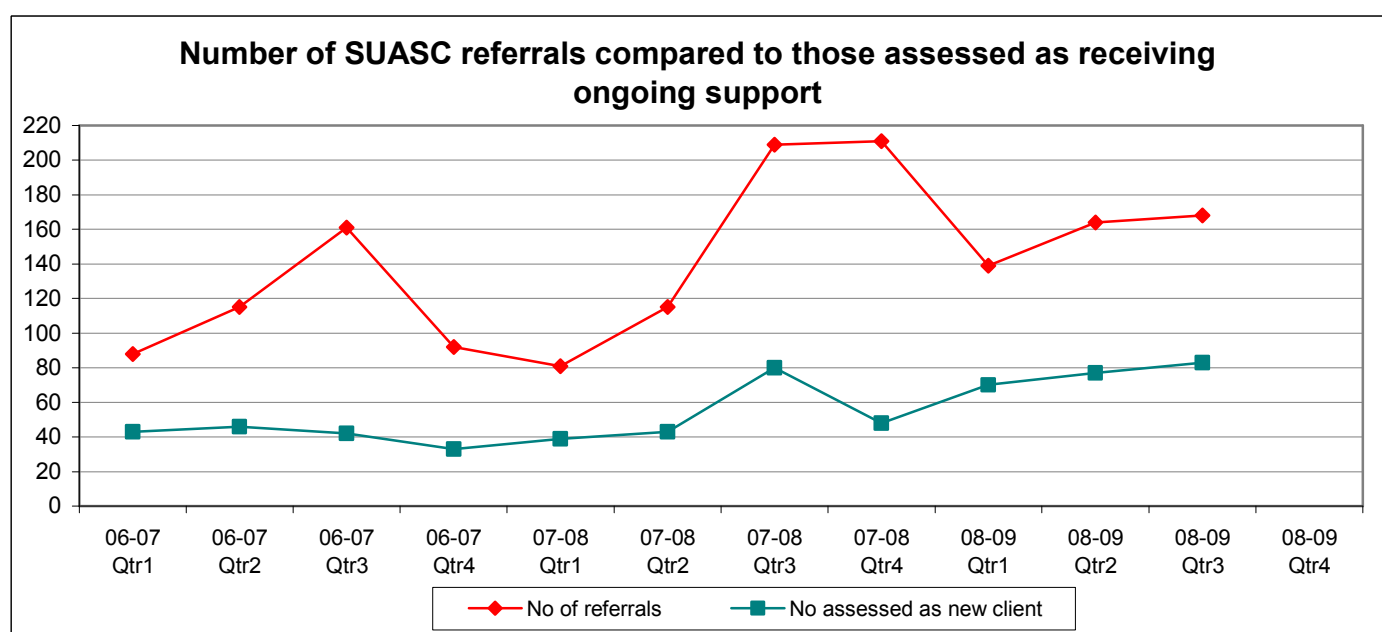
Comment:

- 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%	168	83	49%
Jan - March	92	33	36%	211	48	23%	*45	*15	*33%
	456	164	36%	616	210	34%	516	245	47%

* to 31 January 2009



Comments:

- Referral rates have reduced compared to the last half of 2007-08. However the numbers for the first two quarters were considerably higher than for the same period in the previous two years and they have remained at this level through quarter 3. The number being assessed as under 18 remains higher than the same period in the previous two years.