

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

CABINET 26 APRIL 2007

**REPORT OF THE EXECUTIVE DIRECTOR FOR FAMILY AND
CHILDREN'S SERVICES**

BUDGET MONITORING 2006/07 – QUARTER 4

FAMILY AND CHILDREN'S SERVICES

SUMMARY

REVENUE BUDGET

Business Group spending to the end of Quarter 4 to February 2007 totals £21.250 million (47.04% of the annual budget). It is forecast at this stage that the Business Group will **under spend by £18,000** by the year-end, which is materially a break-even position. This underspend is £108,000 less than previously reported at quarter 3. The most significant overspends remain on SEN transport (£244k) and Pupil Support Services (£195k). The position has worsened since quarter 3 primarily due to a recently received claim from the Home Office for asylum grant overpayments (£250k). These grant overpayments date back to 2002/03 and have only just been finalised by the Home Office.

The main areas of underspend include Nursery education Grant payments to private, voluntary and independent nursery providers (£185k), staffing salaries within the Family Services locality teams of social workers (£183k), expenditure on looked after children due to reducing numbers (£88k) and receipt of leaving care grant above anticipated levels (£216k).

CAPITAL BUDGET

Capital spending to date amounts to £11.881 million (76.4% of the annual budget) and it is forecast that the Business Group will underspend by £953,000, which is a decrease of £356,000 compared to quarter 3. This reduction is mainly due to rephasing of expenditure on The Chelsea Academy earlier than had been anticipated. All of this underspend is due to slippage, so the overall capital programme across the multi-year period is still on budget. The figures presented in this report also include an updated figure of £59m for the Holland Park School Development budget which was approved by Council in March 2007. This includes allowance for increased inflation and design costs due to the extension of the programme by one year.

FOR INFORMATION

1 REVENUE BUDGET

Revenue Budget Monitoring - Family and Children's Services							
Service	Annual Budget £'000	Spend to Date £'000	Spend to Date %	Projected Outturn £'000	Variance £'000	Variance %	RAG Status
Budgets Controlled by Business Group							
Total Executive Director of Family and Children's	296	418	141.38%	296	-	0.00%	Green
Schools Delegated Budgets	43,205	26,590	61.54%	43,205	-	0.00%	Green
Schools Central	4,154	515	-12.39%	4,339	185	4.45%	Amber
Delegated Schools Grant	56,218	49,472	88.00%	56,218	-	0.00%	Green
Director of Schools, Quality and Standards							
Special Needs Transport	1,218	1,174	96.33%	1,462	244	19.99%	Red
Standards Funds	8,470	2,470	29.16%	8,470	-	0.00%	Green
PDC Based Services	513	524	102.12%	553	40	7.80%	Green
School Improvement Services	821	428	52.12%	827	5	0.62%	Green
Special Needs	4,534	1,859	41.00%	4,729	195	4.30%	Amber
Access & Inclusion	2,990	3,046	101.89%	3,053	64	2.12%	Green
Schools Admissions and Governance	453	356	78.46%	453	-	0.00%	Green
Total Director of Schools, Quality and Standards	18,999	9,856	51.88%	19,547	547	2.88%	Green
Director of Community Learning							
Early Years Childcare, Play and After Hour Services	2,981	2,096	70.32%	2,773	208	-6.99%	Red
Services to Young People	2,305	1,869	81.06%	2,362	56	2.45%	Green
Adult and Family Learning	257	463	-180.26%	215	42	-16.37%	Green
Community Education Management and Building Costs	980	1,000	102.02%	945	35	-3.57%	Green
Library Services	4,312	3,857	89.45%	4,346	34	0.79%	Green
Total Director of Community Learning	10,835	8,359	77.15%	10,640	195	-1.80%	Green
Total Director of Family Services							
Management and Support Services	3,234	2,159	66.77%	3,334	100	3.09%	Green
Service Strategy	175	-	0.00%	175	-	0.00%	Green
Services for Children and Families	17,986	17,439	96.96%	17,425	561	-3.12%	Amber
Asylum Service	61	1,004	1655.98%	388	327	539.5%	Red
Director of Family Services	21,455	20,602	96.02%	21,321	134	-0.62%	Green
Support Services							
Head of Support Services	184	255	138.36%	183	1	-0.36%	Green
Contracts and Catering	137	263	-191.50%	137	-	0.00%	Green
Central Establishment Charges	344	1,939	-564.14%	344	-	0.00%	Green
IT	137	108	79.04%	127	10	-7.30%	Green
Office Management and Stationery	114	114	100.36%	114	-	0.00%	Green
Finance	288	434	150.68%	273	15	-5.21%	Green
Asset Management	197	277	140.48%	197	-	0.00%	Green
Training	9	4	42.14%	8	1	-11.29%	Green
Total Head of Support Services	1,410	1,009	-71.59%	1,383	27	-1.89%	Green
Total Head of Policy Performance							
	384	368	95.82%	364	20	-5.21%	Green
Corporate and Democratic Core							
	317	10	3.17%	312	5	-1.58%	Green
Total Budgets Controlled by Business Group	36,528	16,237	44.45%	36,511	18	-0.05%	Green
Budgets controlled by other Business Groups							
	6,067	4,951	81.61%	6,067	-	0.00%	Green
Capital charges	2,578	61	2.36%	2,578	-	0.00%	Green
Total	45,174	21,250	47.04%	45,156	18	-0.04%	Green

RAG Status:

Red = £100k+ variance and over +/-5%

Amber = £100k+ variance and between +/-3-5%

Green = under £100k variance or under +/-3%

Commentary on Variances

- 1.1 The Family and Children's Services revenue budget approved by the Council for the start of the current financial year amounted to £51.003m. Since then it has decreased to £45.174m, due to increases of: £246K for carried forward unspent Standards Funds & £35K general underspending, £102K net transfers from other business groups, £151K due to increased pension contributions and a reduction of £6,363K, due to a change in accounting standards removing the interest element from capital charges.
- 1.2 SEN Transport continues to be the main pressure area, overspending by £244k due to the need to schedule new routes to support the statements for individual children. The Family and Children's Services Business Group already does a great deal to minimise costs through effective and efficient routing of vehicles. Significant increases in SEN Transport costs are also occurring in many other local authorities, however, in order to ensure that all reasonable steps are being taken to control costs an independent consultant is currently undertaking a review. The aim will be to ensure that we identify and maximise efficiencies and benefit from any best practices that other Local Authorities are undertaking.
- 1.3 Family Services shows an underspend of £134k. This is mainly the result of the claim for the Leaving Care Grant for 2005/06 being settled in full. A claim of £416k was made for that year; however, the government indicated at the time that there was only a fixed amount of overall funding available. If total claims received were in excess of this funding then local authorities would only receive a percentage of their bids. Given this was the first year of operation of the grant and with no information as to the likely level of the overall claims a prudent estimate of roughly 50% of the amount bid for (£200k) was accrued for in 2005/06.
- 1.4 Since the quarter 3 report a claim from the Home Office has been received seeking reimbursement of overpaid grant claims amounting to £250k. This adverse claw-back has been included in the table shown above. The Business Group had been anticipating a level of claw-back and there is still a possibility that the effect of the £250k claim can be offset by an additional claim submitted by Family and Children's Services for EU accession country asylum claims amounting to £241k. As there is a degree of uncertainty regarding this claim it has not been included within this monitoring report; if the Home Office settles this claim then the overall position for the Business

Group will be to increase the anticipated underspend of £18k to £259k.

1.5 The table above shows a number of other less significant overspending areas, which are more than compensated by savings in other budget areas. The main saving shown of £208k against Early Years relates to underspends on Nursery Education Grant payments to private, voluntary and independent nursery providers. This is primarily due to reduced numbers of children and some providers that were expected to join the scheme and thus make claims against this budget decided not to join the scheme during the year.

1.6 The Business Group has, as can be demonstrated, taken management action to address all overspends and will continue to do so.

Progress on growth and savings

1.7 All savings and growth proposals within the revenue budget are on track.

2 CAPITAL

Capital Budget Monitoring - Family & Children's Services Quarter 4 - 2006/07								
Description	Original 2006/07 Budget £'000	Current Annual Budget 2006/07 £'000	Budget Profile to Q4 £'000	Actual Exp To Date £'000	% of annual budget spent	Forecast Outturn £'000	Forecast Variance £'000	Proposed Slippage into 2007/08 £'000
Conditioned Projects								
Nursery Schools	68	68	62	60	88.2%	68	-	
Primary Schools	471	276	253	253	91.7%	276	-	
Secondary Schools	20	20	18	19	95.0%	19	1	1
Special Schools	151	151	138	63	41.7%	68	83	83
Non-School Buildings	180	188	172	170	90.4%	188	-	
Libraries	90	90	83	11	12.2%	29	61	61
School Kitchens	60	60	55	59	98.3%	60	-	
Total Condition Projects	1,040	853	782	635	74.4%	708	-145	145
Suitability Projects	488	373	342	274	73.5%	303	-70	70
Sufficiency Projects								
New Schools	6,961	9,155	8,392	7,225	78.9%	9,072	83	83
West Chelsea Play & Youth	485	219	201	32	14.6%	50	169	169
Total Sufficiency Projects	7,446	9,374	8,593	7,257	77.4%	9,122	-252	252
Access Projects	377	386	354	335	86.8%	362	-24	24
Minor Works Projects	75	120	110	86	71.7%	120		
Miscellaneous Projects	1,794	2,470	2,264	2,233	90.4%	2,320	-150	150
Family Services Projects	857	1,946	1,784	1,061	54.5%	1,634	-312	312
Total Business Group	12,077	15,522	14,229	11,881	76.5%	14,569	-953	953
Financed By								
General Resources	4,606	5,111				4,510	-601	601
Standards Funds	1,044	1,339				1,339		
Other DFES Grants	200	1,415				1,415		
Other Grants - NOF etc	601	792				692	-100	100
Internal Cash Funding	5,521	6,760				6,508	-252	252
Car Parking Reserve	105	105				105		
Total	12,077	15,522				14,569	-953	953

Commentary on Capital Variances

- 2.1 The overall level of slippage anticipated is £953,000, which is £356,000 less than at quarter 3.
- 2.2 The biggest area of slippage relates to the redevelopment of part of Oxford Gardens for Family Services. The project was planned to start during 2006/07, however, tender returns were much higher than the budget available so a major re-evaluation of the project is now underway and the scheme should be underway during the early part of 2007/08.
- 2.3 Other significant areas of slippage include: £169,000 for Youth Service schemes at Westfield Park and Flashpoint Play Centre, £100,000 to complete the development project at Cremorne Waterside Centre, £121,000 for developments at North Kensington Library and £83,000 on water tank and fire escape projects at Parkwood Hall Special School.
- 2.4 The current estimated budget presented in this report for the Holland Park School development is £59m. The main reason for the increase was due to extending the development period by one year and the resulting additional construction inflation costs and additional design team costs. The overall capital programme for FCS still remains in line with the approved cash envelope for the capital programme approved in March 2007.

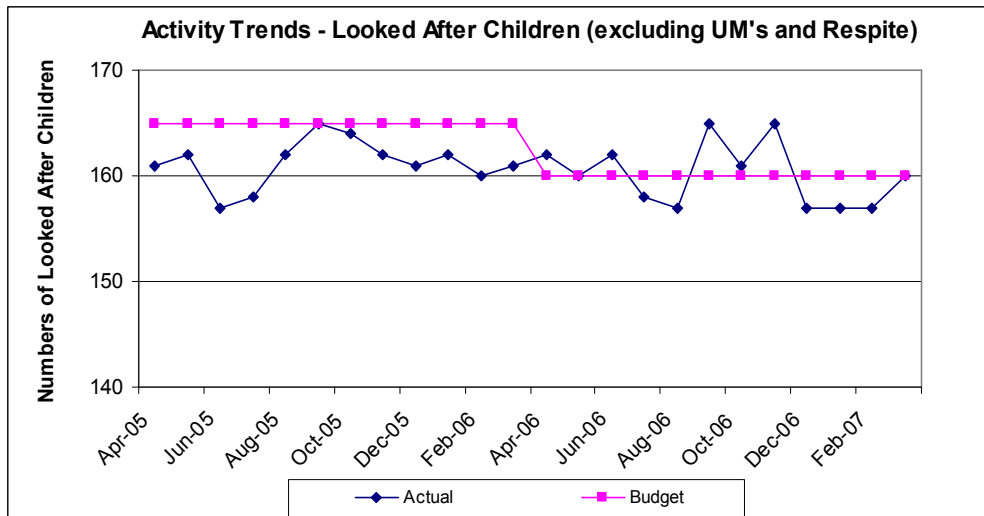
3 KEY TRENDS, COST DRIVERS AND LEAD INDICATORS

3.1 Staffing Trend:

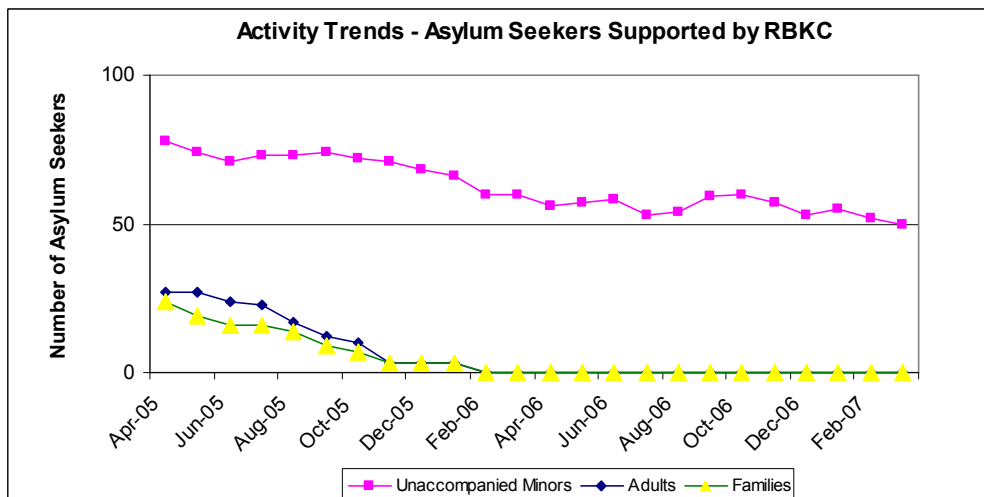
Staff Costs Budget Monitoring - Family & Children's Services February 2007							
Service	Annual Budget £'000	Budget to date £'000	Spend to date £'000	Variance budget to date £'000	Variance budget to date %	Agency Staff & Overtime Spend £'000	Agency Staff & Overtime as % of total %
Research & Directorate	640	587	545	(42)	-7.1%	16	2.9%
Support Services	1,431	1,312	1,302	(10)	-0.7%	280	21.5%
Schools Support**	6,335	5,807	6,671	864	14.9%	492	7.4%
Community Education	5,591	5,125	5,119	(6)	-0.1%	131	2.6%
Family & Children's Services	13,990	12,824	12,472	(352)	-2.7%	1,091	8.7%
Libraries	3,153	2,890	2,848	(42)	-1.5%	343	12.0%
Total	31,140	28,545	28,957	412	1.4%	2,337	8.1%

** Includes SF where budgets not allocated to salaries.

3.2 Trend for looked after children:



3.3 Trend for unaccompanied asylum seeking children:



4 PERFORMANCE INDICATORS

4.1 Percentage of supplier invoices paid within 30 days (BVPI 8).

Q1 06/07	Q2 06/07	Q3 06/07	Q4 06/07	Cum. Yr to Date
78.5%	75.8%	85.7%	79.2%	80.9%

Anne Marie Carrie
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SERVICES