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The following report is an Information Item for the Education Scrutiny Committee.

- 1 Budget Monitoring 2020/21 (Period 3)



INFORMATION REPORT FOR EDUCATION SCRUTINY COMMITTEE

SUBJECT: BUDGET MONITORING 2020/21 (PERIOD 3)

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION & CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 To outline the projected 2012-21 outturn position for the Directorate of Education and Lifelong Learning (LL), based on the most recent information available.

2. SUMMARY

- 2.1 The report identifies projected under / overspends currently forecast for 2020-21 (full details attached in Appendix 1), together with an update with regards to any issues relating to the progress of the 2020/21 savings targets. In addition this report gives an outline of financial issues linked to COVID-19.

3. RECOMMENDATIONS

- 3.1 Members are requested to note the contents of this report.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that Members are fully informed with regards to the 2020-21 projected revenue spend position for Education & Lifelong Learning.
- 4.2 The Council Budget is based on the achievement of both expenditure and income targets. In order to ensure that these are met and that the Council's financial integrity is maintained Directors are required to review income and expenditure trends.

5. THE REPORT

- 5.1 The report deals with the budget monitoring information for Education and Lifelong Learning (LL). The revenue position for the Directorate is summarised in Appendix 1, with a breakdown split across 3 areas, Schools Related, Education related and Lifelong Learning (LL) related respectively.
- 5.2 The projected outturn position is based on actual income and expenditure details to the end of June 2020, together with data used to forecast income and expenditure. Account is also taken of the outturn position for previous years and information available following discussions with Managers.
- 5.3 A net overspend of £85k is currently forecast for Education & Lifelong Learning, details with regards to each of the service areas are outlined below. The projected outturn position for

Corporate Services is an underspend of **£237K**, consequently overall the projected outturn position for Education and Corporate Services is an underspend of **£152k**.

5.4 The main variances in excess of £50k relate to the following:

	£'000 (Under / (Over))
Relief Supply Cover (SRB's / Maternity)	(311)
Home to School / College Transport	376
Vulnerable Learners	(429)
Early Years Central Team	149
Net Other (Details in Appendix 1)	130
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Total	(85)

5.4.1 Due to the unpredictability of maternity absences across all school sectors, it is very difficult to project the position for the year. Based on current data and reviewing spend on maternity in prior years the current prediction is an overspend of £311k for the year. In recent years this budget has been overspent (2018-19 £153k overspend; 2019-20 £187k overspend), based on recent trends this budget has become a pressure for the Directorate. This budget funds the maternity absence of the staff member in school, the school fund the replacement teacher costs.

5.4.2 The position with transport is particularly challenging at the moment. Early on in the pandemic it was agreed across Wales that transport contract values would be supported to the level of 75% (April to August), with a real concern that operators would go out of business without support and not be available when we schools & colleges return. There have only been a small number of contracts that have continued during the pandemic, relating to some of our pupils who have accessed the Trinity Fields Hub. On a budget of circa £7m the current predicted underspend is currently estimated at £376k. However uncertainty with regards to many issues could easily change this position, most notably

- Guidance with regards to social distancing, numbers on vehicles, use of taxis, multiple trips, staggered runs etc. that may impact contract costs;
- Covid has affected cash flow and profitability for many operators (lack of school trips and coach holidays), which could still result in operators to cease trading. Options for replacement contracts will be limited and are likely to be expensive;
- Operator's potentially requesting uplift in contract values to support additional costs / requirements linked to Covid?

This budget will require close monitoring in the months ahead.

5.4.3 The significant cost pressure within the Directorate continues to be in relation to our most vulnerable learners, in particular our EOTAS (Education Other Than at School) provision and additional support spend. The EOTAS provision accommodates learners who are unable to attend and learn in a mainstream school setting. In reviewing the continuum of additional support provided to pupils, our alternative EOTAS provision and Out of County Placements, the projected overspend against this budget heading is currently estimated at £429k. This forecast does include an estimate for additional capacity potentially required to support our vulnerable learners. The EOTAS Strategy was recently agreed in Cabinet (30th July 2020) and further work will be required to support the financial modelling of the Strategy to take us forward. The position on this budget is improved on the position in 2019-20 but does include a

level of growth as part of 2020-21 budget planning. At this point we are still awaiting an estimated cost for the refurbishment of Virginia Park, which will accommodate EOTAS and Youth provision, any costs associated with this project are not included in projections. It is currently anticipated that a level of external grant funding could be accessed to support this development.

5.4.4 The projected underspend against the Early Years Central Team is due to the success of the team in accessing specific grant funding to support staff related costs. This grant funding relates to a number of Welsh Government grants (Flying Start & Childcare in particular), it is contributing towards the costs of staff that are covering specific vacancies. At this point the continuation of some of this grant funding remains uncertain for future years.

5.4.5 It is important to note that the current projection excludes a forecasted outturn position for our schools. We need to be mindful of the following, with further work required to review and consider:

- Impact of a Teachers pay award from September 2020 in excess of 2%. Currently an average increase of 3.1% looks likely and a quick calculation estimates that this could equate to circa £800k to the end of the financial year;
- Additional supply cover costs in our schools from September linked to Covid;
- Additional cleaning costs in schools – schools have been advised that they need to support payment of current contracts for the full financial year despite the majority of sites being closed for the period from March to June. They've also been advised that costs in excess of this value will be met from outside their budgets. We need to quantify the impact of the additional cleans going forwards. Figures provided to WG earlier in this pandemic suggested that the additional midday clean and materials could equate to circa £1m for a year, if we assume a pro rate over 7 months we are looking at approximately £583k. This is very much the worst case and will need review over the coming weeks / months;
- We have received notification from the 21st Century Team in Welsh Government of an allocation of £43,722 for cleaning materials in schools, orders have been placed to fully spend this allocation;
- Clawback from our secondary schools with regards to their formula allocated funding for free school meals (for the period that families have received support through weekly food deliveries). Our schools have already been advised that we will be looking to clawback but details of value will be outlined to schools shortly. In current forecasts, estimates for the Authority's Catering Service include a level of clawback in excess of £230k (to the end of September);
- To advise Education has currently claimed £147k from the WG Covid Funding, £81k has been approved; £33k has been disallowed (the significant sum of £24k related to funding for over 5's of key workers in private settings but this has now been allowed for in savings linked to the Early Years Team); and £33k is being "held" as we provide further information.

5.4.6 Members should note the following decisions agreed recently in Cabinet:

- Cabinet 1st July – Agreed Use of Corporate Services Underspend
 - £236k Roll out of cashless catering in primary schools
 - £110k Secondary Schools learning environment improvement (excludes PFI & new builds)
 - £100k Expansion of the Leadership Development Programme across Caerphilly Schools.
- Cabinet 30th July
 - £302k Learning Catch Up – KS4 (to be split on pupil numbers)

5.5 Progress Made Against the 2020/21 Revenue Budget Savings Targets

- 5.5.1 The 2020/21 revenue budget settlement for Education and Lifelong Learning included a specific savings target of £556k. All proposals are targeted against Central Education & Lifelong Learning budgets. Managers have progressed implementation of the targets set and at this point in time there are no real concerns around the proposals outlined in the Budget Report 2020-21 being achieved.
- 5.5.2 Going forwards it is not anticipated that there will be any issues linked to the original savings proposals.

6. ASSUMPTIONS

- 6.1 The projected outturn position is based on actual income and expenditure details to the end of June 2020, together with data used to forecast future income and expenditure. Account is also taken of the outturn position for previous years and information available following discussions with Managers.
- 6.2 Issues relating to covid have been quantified or identified in the body of the report.

7. LINKS TO RELEVANT COUNCIL POLICIES

- 7.1 The report identifies how the Directorate intends using the allocated resources to ensure that key strategies are achieved. The content of this report is in accordance with the budget and medium term financial strategy, considered and approved by Council in February 2020.
- 7.2 Effective financial planning and financial controls contribute to the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015. In particular as follows:

A healthier Wales, supporting vulnerable learners can improve their well-being and educational achievement.

A more equal Wales, a society that enables people to fulfil their potential no matter what their background is; and

A Wales of cohesive communities, improving quality of life with attractive, viable, safe and well connected communities.

8. WELL-BEING OF FUTURE GENERATIONS

- 8.1 Effective financial management is a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.

9. EQUALITIES IMPLICATIONS

- 9.1 This report is for information only.

10. FINANCIAL IMPLICATIONS

- 10.1 In summary, based on information currently available there is a projected revenue overspend for Education & Lifelong Learning of £85k. This projection is impacted by 2 key variances, a projected overspend position for our most vulnerable learners and a large underspend on the Home to School / College transport budget.
- 10.2 In 2020/21 there are; a number of one off savings which have assisted with regards to reducing the projected overspend position, most notably in year staff vacancies and additional grant income linked to staff.
- 10.3 Overall the current projected outturn position for Education & Corporate Services is an underspend of **£152k**.

11. PERSONNEL IMPLICATIONS

- 11.1 In 2020-21 the Directorate will continue with the strategy of prudent vacancy management.
- 11.2 There are no direct personnel implications arising from this report.

12. CONSULTATIONS

- 12.1 There are no consultation responses that have not been reflected in this report.

13. STATUTORY POWER

- 13.1 Local Government Act 1972.

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Appendix 1: Projected Revenue Outturn Figures 2020-21.

EDUCATION & LIFELONG LEARNING	Original Estimate 2020- 21 £	Estimated Outturn 2020-21 £	Variance Under (Over) 2020-21 £
<u>SUMMARY</u>			
SCHOOLS RELATED	118,512,778	118,381,296	131,482
EDUCATION	16,591,024	16,805,451	(214,427)
LIFELONG LEARNING	3,799,179	3,801,205	(2,026)
TOTAL SERVICE EXPENDITURE (Revenue)	138,902,981	138,987,952	(84,971)

EDUCATION & LIFELONG LEARNING	Original Estimate 2020- 21 £	Estimated Outturn 2020-21 £	Variance Under (Over) 2020-21 £
<u>SCHOOLS RELATED</u>			
Individual Schools Budget	116,924,167	116,924,167	0
Post 16 Initiative (Grant Income)	(3,756,978)	(3,756,978)	0
Earmarked Formula Funding (inc. Joint Use Sites)	221,513	189,644	31,869
Schools LMS Contingencies	159,220	159,220	0
Other Direct School Related			
Learning Support Staff Registration Fee	20,506	20,506	0
PFI Funding Gap	342,399	342,399	0
PFI Building Maintenance	50,228	50,228	0
Key Stage 2 Funding (Former Grant)			
Secondary Additional Funding			
School Meal Admin. Utility & Telephone	431,536	426,211	5,325
Relief Supply Cover (SRB's & Maternity)	503,906	814,496	(310,590)
Police Checks	61,859	55,688	6,171
APT&C Pay Award - Schools (Potential)	98,000	98,000	0
Copyright and Licensing (Schools)	72,337	70,732	1,605
	1,580,771	1,878,260	(297,489)
Early Years (Rising 3's)	850,872	830,270	20,602
Education Improvement Grant - Match Funding	640,241	640,241	0
Early Retirement Pension Costs of School Based Staff	1,892,972	1,892,972	0
Home to School / College Transport		(376,500)	376,500
<u>EXPENDITURE TO DIRECTORATE SUMMARY</u>	118,512,778	118,381,296	131,482

EDUCATION & LIFELONG LEARNING	Original Estimate 2020- 21 £	Estimated Outturn 2020-21 £	Variance Under (Over) 2020-21 £
<u>EDUCATION</u>			
Management & Support Service Costs	1,187,925	1,185,388	2,537
Social Inclusion			
Psychological Service	644,505	630,584	13,921
Behaviour Support	183,407	180,745	2,662
Education Welfare Service	348,987	343,263	5,724
Youth Offending Team	53,805	53,805	0
Safeguarding	257,650	237,556	20,094
School Based Counselling	318,967	318,967	0
	1,807,321	1,764,920	42,401
Additional Learning Needs			
ALN Advisory Support Service	248,415	248,415	0
Professional/Statementing	198,332	196,359	1,973
Language Support Primary	456,234	460,937	(4,703)
Specialist Resources	44,183	38,495	5,688
ALN Improvement Initiative	3,437	3,437	0
Childrens Centre	33,520	33,520	0
SNAP Cymru	47,661	47,661	0
Outreach Trinity Fields	53,900	53,900	0
Speech Therapy	59,408	59,408	0
SENCOM (Sensory Service)	714,574	714,574	0
Autism	207,201	207,201	0
	2,066,865	2,063,907	2,958
Learning Pathways Partnership & EOTAS			
14 - 19 Initiative (Transport Costs)	131,631	131,631	0
	131,631	131,631	0
EOTAS, Additional Support & Out of County Provision	9,509,518	9,938,120	(428,602)
Early Years Provision & Support			
Early Years Central Team	364,080	215,337	148,743
	364,080	215,337	148,743

EDUCATION & LIFELONG LEARNING	Original Estimate 2020- 21 £	Estimated Outturn 2020-21 £	Variance Under (Over) 2020-21 £
LEI Service Provision			
SACRE	2,634	2,634	0
Outdoor Education Advisor SLA	30,793	30,793	0
School Improvement	50,000	50,000	0
Music Service	394,318	397,044	(2,726)
WJEC & Subscriptions	40,234	19,972	20,262
	517,979	500,443	17,536
Education Achievement Service (EAS) & Regional Grant Match Funding			
Contribution to EAS Joint Working	1,005,705	1,005,705	0
	1,005,705	1,005,705	0
EXPENDITURE TO DIRECTORATE SUMMARY	16,591,024	16,805,451	(214,427)
<u>LIFELONG LEARNING</u>			
Adult Education	71,786	73,661	(1,875)
Youth Service	1,271,840	1,271,991	(151)
Library Service	2,363,290	2,363,290	0
LLL Insurance & Non Operational Property/Land	92,263	92,263	0
<u>EXPENDITURE TO SERVICE SUMMARY</u>	3,799,179	3,801,205	(2,026)