



INFORMATION REPORT FOR EDUCATION SCRUTINY COMMITTEE

SUBJECT: BUDGET MONITORING 2019/20

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 To outline the projected 2019-20 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 2019-20 (full details attached in Appendix 1), together with an update with regards to any issues relating to the progress of the 2019/20 savings targets.

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 2019-20 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. To advise the Directorates original budget for 2019-20 has been increased by an amount of £191k following management responsibility for the Safeguarding Team transferring into Education from Social Services.
- 5.2 The projected outturn position is based on actual income and expenditure details to the end of October 2019, 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 £207k is currently forecast, details with regards to each of the service areas are outlined below. Members are advised that the projected outturn position for Corporate Services is an underspend of **£1,806k**, consequently overall the projected outturn position for Education and Corporate Services is an underspend of **£1,599k**. To advise Members, Cabinet on 13th November 2019 agreed to support the funding of £228k in relation to split site formula funding arrangements for YG Cwm Rhymni. It was agreed that this cost would be met from the projected in year underspend, consequently the revised projected outturn position is an underspend of £1,371k. The details with regards to the Corporate Services position will be reported to Policy & Resources Committee in January 2020.
- 5.4 The main variances in excess of £40k relate to the following:

	£'000 (Under / (Over))
Relief Supply Cover (SRB's / Maternity)	(50)
Early Years (Rising 3's)	(43)
Management & Support Services	(42)
Education Welfare Service	50
Safeguarding	66
Language Support Primary	45
EOTAS, Addn Support & Out of County	(657)
Early Years Central Team	205
School Improvement	(59)
Music Service	89
Net Other (Details in Appendix 1)	189
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Total	(207)

- 5.4.1 Due to the unpredictability of sickness in our Special Resource Bases and maternity absences across all school sectors, the relief supply cover spend on school based staff is always very closely monitored. Whilst it is very difficult to be able to forecast an outturn position, current data identifies a predicted overspend of £50k for the year.
- 5.4.2 The spend on Early Years – Rising 3's is very much demand led, as it is driven by the number of age 3 pupils who access nursery provision in the term following their 3rd birthday. This can vary from year to year, with spend based on the birth rate and parental choice with regards to accessing this "early" provision. Current spend and projections indicate an increase in uptake in 2019-20, consequently based on recent trends the current projection is an overspend of £43k.
- 5.4.3 Whilst Management & Support Service costs are showing a projected overspend of £42k, this is made up of a number of variances within this budget line, the most significant are as follows:

	£'000 (Under / (Over))
Vacant Properties (Pontllanfraith & Cwmcarn)	(48)
Income Target – P&S (MTFP 2019-20)	(29)
<u>Net Other (Inc. staff cost variances)</u>	<u>35</u>
Total	(42)

The spend on vacant properties relates predominately to costs associated with security, key holding responsibilities and call outs on the Pontllanfraith and Cwmcarn former school sites. There is no specific budget provision within the Directorate to support such costs.

Current projections indicate that the additional income target (£29k) identified as part of the MTFP savings targets for 2019-20 will not be achieved against this budget line in 2019-20.

In 2019-20, in year staff vacancies, some of which form part of MTFP savings proposals for future years are contributing towards an in year saving and also funding, on a one off basis, the part year cost of a “new” post essential to support the Authority’s 21st Century Strategy.

- 5.4.4 The underspend in the Education Welfare Service relates to a recent restructure, which is contributing £28k to on-going savings for the Directorate, plus a one-off in year vacancy gap saving. Similarly the variance within the Language Support Team links largely to an in year vacancy (£33k), which is part of savings proposals for future year savings.
- 5.4.5 The significant cost pressure within the Directorate continues to be in relation to the EOTAS (Education Other Than at School) provision. The 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, for our most vulnerable learners, is currently estimated at £657k. A review of demand, costs and structures is on-going. This area of service has been a significant budget pressure in recent years and this was recognised as part of the Authority’s Budget Strategy for 2019-20 with budgetary growth of £800k. Despite this budgetary growth the current projection indicates an on-going budgetary pressure. In 2018-19, this area of the budget reported an overspend of £1.2m.
- 5.4.6 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 / Early Implementer Childcare / Childcare & Healthy Schools), 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.
- 5.4.7 The variance in school improvement spend, relates to targeted English & Mathematics support (in Secondary Schools) which ended at the end of academic year 2018-19.
- 5.4.8 The variance against the Music Service budget relates primarily to vacant posts, which form part of future MTFP savings proposals.

5.5 Progress Made Against the 2019/20 Revenue Budget Savings Targets

- 5.5.1 The 2019/20 revenue budget settlement for Education and Lifelong Learning included a specific savings target of £3,354k (including Schools). Excluding specific direct savings against the Schools formula budget, the target for the Directorate was circa £1,007k. Managers have progressed implementation of the targets set and whilst there are a few concerns linked to a £29k income target (detailed in the Report); an increased pressure in year against the budget for Rising 3’s provision, the budget was reduced as part of the 2019-20 savings; a short term pressure linked to a school improvement initiative and a £50k staff related saving linked to the Library Service staffing model there are currently no significant issues causing concern. The impact of all these budget pressures has been referenced in the narrative of this report and the projected outturn position for 2019-20.

6. ASSUMPTIONS

- 6.1 The projected outturn position is based on actual income and expenditure details to the end of October 2019, 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.

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 on 21st February 2019.

- 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 Equality Impact Assessments (EIA's) have been completed for all the savings proposals in 2019/20 that were anticipated to have a public impact.

10. FINANCIAL IMPLICATIONS

- 10.1 In summary, based on information currently available there is a projected revenue overspend for Education & Lifelong Learning of £207k. This overspend position is significantly impacted by the current projected spend position for our most vulnerable learners (EOTAS / Additional Support / Out of County).

- 10.2 In 2019/20 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 (including some linked to future savings proposals) and additional grant income linked to staff.

- 10.3 Overall the current projected outturn position for Education & Corporate Services is an underspend of **£1,371k**.

11. PERSONNEL IMPLICATIONS

- 11.1 In 2019-20 the Directorate will continue with the strategy of prudent vacancy management.
- 11.2 Where staff reductions are required as a consequence of savings proposals the Council will firstly try to achieve this through “natural wastage” and not filling vacancies. However where this is not possible then every opportunity will be taken to find alternative employment through the Council’s redeployment policy. The Council will also utilise other policies as appropriate e.g. voluntary severance.

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 2019-20.