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The following reports are Information Items for the Education for Life Scrutiny Committee.

Budget Monitoring 2016-17



INFORMATION REPORT FOR EDUCATION FOR LIFE SCRUTINY

SUBJECT: BUDGET MONITORING 2016-17

REPORT BY: CHIEF EDUCATION OFFICER

1. PURPOSE OF REPORT

- 1.1 To outline the projected 2016-17 financial position for the Directorate based on information available to the end of July 2016.

2. SUMMARY

- 2.1 The report identifies any potential under / overspends currently forecast for 2016-17. Full details are attached in Appendix 1.
- 2.2 The report also provides an update with regards to any issues relating to the progress of the 2016/17 savings targets.

3. LINKS TO STRATEGY

- 3.1 The report considers the use of resources within the Directorate to ensure that key strategies are achieved.

4. THE REPORT

- 4.1 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 for the 3 service areas of Planning & Strategy; Learning, Education and Inclusion (LEI); and LL respectively.
- 4.2 The projected outturn position is based on actual income and expenditure details to the end of July 2016, together with data used to forecast income and expenditure. Account is also taken of the outturn position for 2015-16 and information available following discussions with Managers.
- 4.3 A net overspend of £41k is currently forecast for the Directorate. Details with regards to each of the service areas are outlined below.

4.4 Planning & Strategy (Including Home to School Transport) – (Underspend £98k)

4.4.1 The main variances in this service area relate to the following:

	£'000 (Under / (Over))
Home to School / College Transport	(34)
Management & Support Service Costs	87
Net Other	45
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Total	98

4.4.2 The significant budget pressure in this area relates to the Home to School College Transport Budget. As Members are aware this area of the service is managed by the Engineering Division (with any variances ring fenced to Education). A projected overspend of £87k relates to the fact that in this financial year there are 3 additional school days, due to the timing of how the Easter Holidays fall in the year. In 2012-13 a Transport Equalisation Account was established in the accounts to assist with such scenario's, there is currently a balance of £53k held in this account. Consequently due to the projected overspend the appropriate approval has been given to release this funding, reducing the projected overspend on this budget line to £34k. In addition factors impacting on transport relate to ALN (Additional Learning Needs) / SEN (Special Educational Needs) transport in primary, secondary and college sectors through additional demand and lack of capacity from taxi and minibus providers to compete for contracts; EOTAS (Education Other Than At School) again through additional demand and lack of capacity and an increase in mainstream College transport in particular increases in students attending the Nantgarw campus of Coleg Y Cymoedd. The position will become clearer once all the new contracts and arrangements for academic year 2016-17 are in place.

4.4.3 The underspend in relation to Management & Support costs relates in part to a £30k vacant post (MTFP saving moving forwards), plus 2 lengthy in year vacancies, one of which has recently been recruited to and one which has recently been short listed to fill.

4.4.4 In summary the net projected variance for Planning & Strategy is an underspend of £98k.

4.5 Learning, Education & Inclusion – (Overspend £173k)

4.5.1 The most significant variances within LEI are as follows:

	£'000 (Under / (Over))
Behaviour Support Training	(84)
Additional Support & Out of County Recoupmnt	(56)
Visually Impaired Service	61
EOTAS	(280)
Music Service	(79)
Education Achievement Contract	91
Regional Grant Match Funding	60
Net Other	114
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Total	(173)

4.5.2 Investment in Behaviour Support training across all Primary & Secondary Schools is essential to address behavioural issues that are giving rise to increasing cost pressures across

Additional Support, EOTAS (Education Other Than At School's) and an increase in potential Tribunal cases. This investment strategy commenced in 2014-15 and is essential to assist in addressing existing financial pressures and Medium Term Financial Plan savings targets moving forward.

- 4.5.3 In the 2016-17 financial plan the 2 budget headings of Additional Support (Primary & Secondary) and Out of County Recoupment (Special Educational Needs and Looked After Children) have been amalgamated. Additional Support costs have risen significantly over the last 2 years and this is closely linked to an increase in Statements around ASD (Autistic Spectrum Disorder), which is a national trend. Whilst the level of spend on the Additional Support budget has increased, this cost is significantly less than the cost of a child placed in an Out of County School on either a daily or residential placement. The current projected overspend of £56k is based on current additional support in our schools, current placements and an estimate for potential additional needs. Due to the uncertain nature of this spend, this budget will continue to be closely monitored to the end of the financial year.
- 4.5.4 In recent years the Visually Impaired Service has reported an underspend and this continues into 2016-17.
- 4.5.5 EOTAS provision is currently under review, both internally and with regards to procured activity. This provision, which accommodates learners who are unable to attend and learn through mainstream school has seen a recent increase in referrals for children with challenging behaviour. In the short term this provision is continuing to project an overspend, currently up to the value of £280k. In part this includes some additional one off costs from September 2016 as we look to develop and invest in our own in-house provisions to better meet the needs of our pupils and in part address increasing cost pressures.
- 4.5.6 In 2016-17 there has been a further MTFP budget reduction of £100k against the Authority's Music Service. A Working Group has been set up to consider delivery options to achieve this saving. In the short term there is a projected overspend of £79k, in part due to a reduced uptake from our Schools (circa £20k), however Managers remain confident that this savings target is achievable.
- 4.5.7 In 2016-17, as in financial year 2015-16, the charge on the main contract with the Education Achievement Service is less than current budget provision. In addition a reduction in the Regional Education Improvement Grant (EIG) has led to a reduction of £60k in the match funding requirement from the Authority.
- 4.5.8 In summary, the net projected variance for Learning, Education & Inclusion is an overspend of £173k.

4.6 Life Long Learning – (Underspend £33k)

4.6.1 In 2016-17 the main budget variances are as follows:

	£'000 (Under / (Over))
Libraries	32
Net Other	1
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Total	33

4.6.2 The Libraries variance relates primarily to in year vacancies. There are currently no significant variances within Lifelong Learning.

4.7 Progress Made Against the 2016/17 Revenue Budget Savings Targets

- 4.7.1 The 2016/17 revenue budget settlement for Education and Lifelong Learning included a specific savings target of £1,609k. Managers have progressed implementation of the majority of the targets set. The only savings target that has not been achieved to date relates to the Music Service. Any impact has been referenced in the narrative of this report and the projected outturn position for 2016-17.

5. EQUALITIES IMPLICATIONS

- 5.1 The report is for information purposes so the Council's Equality Impact Assessment (EqIA) process does not need to be followed.

6. FINANCIAL IMPLICATIONS

- 6.1 In summary, based on information currently available there is a projected revenue overspend for the Directorate of £41k.
- 6.2 At this early stage in the year, there are a number of estimates and assumptions that could change due to the very nature of some of the service areas. The Directorate will continue to work towards delivering against the budget allocated for 2016-17, in the worst case scenario it could be necessary that approval would be sought to access some funding from Education & Lifelong Learning's balances.
- 6.3 The projected outturn does not at this point include any potential redundancy and associated costs that could arise if some of the grant funded projects, within the Directorate, end as at 31st March 2017. This position will become clearer in the coming months.

7. PERSONNEL IMPLICATIONS

- 7.1 In 2016-17 the Directorate will continue with the strategy of prudent vacancy management.
- 7.2 The 2016-17 budget proposals include provision to pay the living wage, as agreed by Council.
- 7.3 In striving to achieve these budget proposals the service area will have regard to the Council's Workforce Flexibilities Policies. However, should employees still be placed at risk, either through the achievement of any agreed budget savings or grant funding reductions, they will be supported via the appropriate Council policies relating to redeployment and ultimately redundancy if necessary.

8. CONSULTATIONS

- 8.1 Consultation discussions and responses have been reflected in this report.

9. RECOMMENDATIONS

- 9.1 Members are requested to note the contents of this report and the detailed budget monitoring information in Appendix 1.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 The Council Budget is based on the achievement of both expenditure and income targets. In order to ensure that these are met and the Council's financial integrity maintained Directors are required to review income and expenditure trends.

11. STATUTORY POWER

- 11.1 Local Government Act 1972.

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Appendix 1: Projected Revenue Outturn Figures 2016-17.

EDUCATION & LIFELONG LEARNING	Original Estimate 2016- 17 £	Estimated Outturn 2016-17 £	Variance Under (Over) 2016-17 £
<u>SUMMARY</u>			
PLANNING and STRATEGY	104,523,362	104,424,871	98,491
LEARNING, EDUCATION and INCLUSION	15,193,327	15,365,997	(172,670)
LIFELONG LEARNING	5,073,314	5,040,559	32,755
TOTAL SERVICE EXPENDITURE (Revenue)	124,790,003	124,831,427	(41,424)

EDUCATION & LIFELONG LEARNING	Original Estimate 2016- 17 £	Estimated Outturn 2016-17 £	Variance Under (Over) 2016-17 £
<u>PLANNING and STRATEGY</u>			
Individual Schools Budget	102,190,459	102,190,459	0
Post 16 Initiative (Grant Income)	(4,713,584)	(4,713,584)	0
Earmarked Formula Funding	269,785	229,785	40,000
Schools LMS Contingencies	234,184	234,184	0
Other Direct School Related			
Teachers Performance Management	116,533	111,033	5,500
Learning Support Staff Registration Fee	19,000	19,000	0
PFI Funding Gap	307,511	307,511	0
PFI Building Maintenance	46,540	46,540	0
School Rationalisations	27,654	27,654	0
Former Key Stage 2 Grant	1,322,351	1,322,351	0
Secondary Additional Funding	1,022,351	1,022,351	0
School Meal Admin. Utility & Telephone	408,784	408,784	0
Relief Supply Cover (SRB's & Maternity)	451,131	451,131	0
Copyright and Licensing (Schools)	54,522	54,522	0
	3,776,377	3,770,877	5,500
Home to School/College Transport (Environment)		34,131	(34,131)
Early Retirement Pension Costs of School Based Staff	1,762,673	1,762,673	0
Maintenance of Buildings	402,989	402,989	0
Management & Support Services	600,479	513,357	87,122
<u>EXPENDITURE TO DIRECTORATE SUMMARY</u>	104,523,362	104,424,871	98,491

EDUCATION & LIFELONG LEARNING	Original Estimate 2016-17	Estimated Outturn 2016-17	Variance Under (Over) 2016-17
	£	£	£
<u>LEARNING, EDUCATION and INCLUSION</u>			
<i>Social Inclusion</i>			
Psychological Service	458,596	456,900	1,696
Behaviour Support	163,313	247,104	(83,791)
Education Welfare Service	435,116	434,167	949
Youth Offending Team	52,292	52,292	0
Safeguarding	91,031	92,349	(1,318)
School Based Counselling	267,972	267,972	0
	1,468,320	1,550,784	(82,464)
<i>Additional Learning Needs</i>			
ALN Advisory Support service	259,785	222,196	37,589
Learning Support	94,469	88,777	5,692
Professional/Statementing	61,455	57,486	3,969
Additional Support Primary & Secondary			
Language Support Primary	599,900	598,564	1,336
Specialist Resources	60,015	60,102	(87)
ALN Improvement Initiative	78,000	78,000	0
Childrens Centre	45,266	43,596	1,670
SNAP Cymru	35,585	36,638	(1,053)
Outreach Trinity Fields	47,961	47,961	0
Speech Therapy	48,640	48,640	0
Hearing & Language Service	222,120	220,050	2,070
ComIT	138,386	128,461	9,925
VI Service	431,519	370,255	61,264
Autism	163,882	163,882	0
Hospital Classes	3,548	3,548	0
	2,290,531	2,168,156	122,375
<i>Recoupment (SEN Out of County / LAC / Inter Auth.)</i>			
<i>Additional Support & Out of County (Primary & Secondary)</i>	5,294,674	5,350,916	(56,242)
<i>Learning Pathways Partnership & EOTAS</i>			
14 - 19 Initiative (Transport Costs)	203,113	158,113	45,000
EOTAS (Tuition / Alternative Prov. / Learning Centre)	1,688,874	1,968,469	(279,595)
	1,891,987	2,126,582	(234,595)
<i>Early Years Provision & Support</i>			
Early Years (Rising 3's)	854,830	854,830	0
Early Years Central Team	351,845	341,845	10,000
	1,206,675	1,196,675	10,000
<i>LEI Service Provision</i>			
Service Support & Resources	314,632	320,840	(6,208)
SACRE	2,405	2,405	0
Contribution to Outdoor Education Advisor	23,549	21,537	2,012
School Improvement Initiatives / Outcome Agreement	251,493	251,493	0
Music Service	530,111	609,480	(79,369)
WJEC	34,453	34,453	0
	1,156,643	1,240,208	(83,565)

EDUCATION & LIFELONG LEARNING	Original Estimate 2016- 17 £	Estimated Outturn 2016-17 £	Variance Under (Over) 2016-17 £
Education Achievement Service (EAS) & Regional Grant Match Funding			
Contribution to EAS Joint Working	1,187,211	1,096,000	91,211
Education Improvement Grant - Match Funding (Welsh)	131,684	120,238	11,446
Education Improvement Grant - Match Funding	565,602	516,438	49,164
	1,884,497	1,732,676	151,821
Other			
Families First Central Admin & Monitoring (Now in Social Services)	0	0	0
Community Focus Schools	0	0	0
	0	0	0
EXPENDITURE TO DIRECTORATE SUMMARY	15,193,327	15,365,997	(172,670)
<u>LIFELONG LEARNING</u>			
Community Education	1,758,871	1,758,871	0
Community Centres	496,895	496,895	0
Library Service	2,701,671	2,669,666	32,005
LLL Insurance & Non Operational Property/Land	115,877	115,127	750
<u>EXPENDITURE TO SERVICE SUMMARY</u>	5,073,314	5,040,559	32,755