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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 COMMITTEE

**SUBJECT: BUDGET MONITORING 2016-17**

**REPORT BY: CHIEF EDUCATION OFFICER**

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### **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 December 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.
- 3.2 Effective financial planning and financial controls contribute to the Well-being Goals within the Well-being of Future Generations Act (Wales) 2016. In particular, as follows :
- A healthier Wales, supporting vulnerable learners can improve their well-being and add 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 (in the context of improving quality of life with attractive, viable, safe and well connected communities).

### **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 December 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 underspend of £39k 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) – (Overspend £23k)

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

	£'000 (Under / (Over))
Relief Supply Cover (SRB's & Maternity)	(94)
Home to School / College Transport	(94)
Management & Support Service Costs	129
Net Other	36
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Total	(23)

4.4.2 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 very difficult to predict. Based on spend to date and reasonable estimates for the final few months an overspend of £94k is currently forecast. As part of the 2016-17 budget process, this budget was reduced by £150k, which was reasonable based on the prior 2 years spend. The volatility and uncertain nature of this spend has led to this projected overspend in 2016-17.

4.4.3 Another budget pressure 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 £94k relates in part 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, plus factors impacting on transport relating to Additional and Special Educational Needs and EOTAS (Education Other Than At School). The additional demand in these areas is a problem with a lack of capacity from our taxi and minibus providers to compete for contracts.

4.4.4 The underspend in relation to Management & Support costs relates in part to a £30k vacant post (MTFP saving moving forwards), 2 lengthy in year vacancies, plus some changes in year to staff contracts.

4.4.4 In summary the net projected variance for Planning & Strategy is an overspend of £23k.

#### 4.5 Learning, Education & Inclusion – (Underspend £33k)

4.5.1 The most significant variances within LEI are as follows:

	£'000 (Under / (Over))
Visually Impaired Service	73
14 – 19 Initiative Transport	68
EOTAS	(288)
Music Service	(85)
Education Achievement Contract	91
Regional Grant Match Funding	60
Net Other	114
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Total	33

4.5.2 In recent years the Visually Impaired Service has reported an underspend and this continues into 2016-17.

4.5.3 The underspend on 14-19 transport (which allows pupils wider course access between Schools) is a recent trend and is comparable with the 2015-16 outturn position. This budget heading forms part of savings proposals moving forwards.

4.5.4 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 £288k. 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.

4.5.5 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 £85k, in part due to a reduced uptake from our Schools (circa £20k), however Managers remain confident that this savings target is achievable.

4.5.6 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.

4.5.7 In summary, the net projected variance for Learning, Education & Inclusion is an underspend of £33k.

#### **4.6 Life Long Learning – (Underspend £29k)**

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

	£'000 (Under / (Over))
Libraries	45
Net Other	(16)
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Total	29

4.6.4 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. There are two savings targets that have not been achieved to date relating to the Relief Supply spend in Schools and the Music Service. Any impact has been referenced in the narrative of this report and the projected outturn position for 2016-17.

### **5. WELL-BEING OF FUTURE GENERATIONS**

5.1 Effective financial management is a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2016 are met.

### **6. EQUALITIES IMPLICATIONS**

6.1 The report is for information purposes so the Councils Equality Impact Assessment (EqIA) process does not need to be followed.

### **7. FINANCIAL IMPLICATIONS**

7.1 In summary, based on information currently available there is a projected revenue underspend for the Directorate of £39k.

7.2 To advise, further to a Report to P&R Scrutiny Committee on 15<sup>th</sup> November 2016, providing an update on the Authority's Reserves, an amount of £156k has been approved to be released from the Education and Lifelong Learning Balances to be utilised towards one-off investments in the Behaviour Support Strategy and internal EOTAS provision. This funding is factored into the projections detailed for the Directorate.

7.3 There remains some uncertainty with regards to the continuation of certain grants moving into 2017-18, which could impact on the final spend position. This position will become clearer in the coming months.

## **8. PERSONNEL IMPLICATIONS**

- 8.1 In 2016-17 the Directorate will continue with the strategy of prudent vacancy management.
- 8.2 The 2016-17 budget proposals include provision to pay the living wage, as agreed by Council.
- 8.3 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.

## **9. CONSULTATIONS**

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

## **10. RECOMMENDATIONS**

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

## **11. REASONS FOR THE RECOMMENDATIONS**

- 11.1 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.

## **12. STATUTORY POWER**

- 12.1 Local Government Act 1972.

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Appendix 1: Projected Revenue Outturn Figures 2016-17.

<b>EDUCATION &amp; LIFELONG LEARNING</b>	<b>Original Estimate 2016- 17     £</b>	<b>Estimated Outturn 2016-17       £</b>	<b>Variance Under (Over) 2016-17     £</b>
<b><u>SUMMARY</u></b>			
<b>PLANNING and STRATEGY</b>	<b>104,523,362</b>	<b>104,546,851</b>	<b>(23,489)</b>
<b>LEARNING, EDUCATION and INCLUSION</b>	<b>15,193,327</b>	<b>15,160,209</b>	<b>33,118</b>
<b>LIFELONG LEARNING</b>	<b>5,073,314</b>	<b>5,044,333</b>	<b>28,981</b>
<b>TOTAL SERVICE EXPENDITURE (Revenue)</b>	<b>124,790,003</b>	<b>124,751,393</b>	<b>38,610</b>

<b>EDUCATION &amp; LIFELONG LEARNING</b>	<b>Original Estimate 2016- 17     £</b>	<b>Estimated Outturn 2016-17       £</b>	<b>Variance Under (Over) 2016-17    £</b>
<b><u>PLANNING and STRATEGY</u></b>			
<b>Individual Schools Budget</b>	<b>102,190,459</b>	<b>102,190,459</b>	<b>0</b>
<b>Post 16 Initiative (Grant Income)</b>	<b>(4,713,584)</b>	<b>(4,713,584)</b>	<b>0</b>
<b>Earmarked Formula Funding</b>	<b>269,785</b>	<b>234,785</b>	<b>35,000</b>
<b>Schools LMS Contingencies</b>	<b>234,184</b>	<b>234,184</b>	<b>0</b>
<b>Other Direct School Related</b>			
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	400,527	8,257
Relief Supply Cover (SRB's & Maternity)	451,131	545,295	(94,164)
Copyright and Licensing (Schools)	54,522	67,432	(12,910)
	<b>3,776,377</b>	<b>3,869,694</b>	<b>(93,317)</b>
<b>Home to School/College Transport (Environment)</b>		<b>94,131</b>	<b>(94,131)</b>
<b>Early Retirement Pension Costs of School Based Staff</b>	<b>1,762,673</b>	<b>1,762,673</b>	<b>0</b>
<b>Maintenance of Buildings</b>	<b>402,989</b>	<b>402,989</b>	<b>0</b>
<b>Management &amp; Support Services</b>	<b>600,479</b>	<b>471,520</b>	<b>128,959</b>
<b><u>EXPENDITURE TO DIRECTORATE SUMMARY</u></b>	<b>104,523,362</b>	<b>104,546,851</b>	<b>(23,489)</b>



<b>EDUCATION &amp; LIFELONG LEARNING</b>	<b>Original Estimate 2016- 17      £</b>	<b>Estimated Outturn 2016-17 £</b>	<b>Variance Under (Over) 2016-17      £</b>
<b><u>LEARNING, EDUCATION and INCLUSION</u></b>			
<b>Social Inclusion</b>			
Psychological Service	458,596	438,673	19,923
Behaviour Support	163,313	173,693	(10,380)
Education Welfare Service	435,116	432,567	2,549
Youth Offending Team	52,292	51,666	626
Safeguarding	91,031	97,144	(6,113)
School Based Counselling	267,972	267,946	26
	<b>1,468,320</b>	<b>1,461,689</b>	<b>6,631</b>
<b>Additional Learning Needs</b>			
ALN Advisory Support service	259,785	224,460	35,325
Learning Support	94,469	87,545	6,924
Professional/Statementing	61,455	57,621	3,834
Additional Support Primary & Secondary			
Language Support Primary	599,900	600,243	(343)
Specialist Resources	60,015	59,992	23
ALN Improvement Initiative	78,000	85,091	(7,091)
Childrens Centre	45,266	44,155	1,111
SNAP Cymru	35,585	36,638	(1,053)
Outreach Trinity Fields	47,961	47,961	0
Speech Therapy	48,640	47,924	716
Hearing & Language Service	222,120	220,050	2,070
ComIT	138,386	128,461	9,925
VI Service	431,519	358,045	73,474
Autism	163,882	163,882	0
Hospital Classes	3,548	3,548	0
	<b>2,290,531</b>	<b>2,165,616</b>	<b>124,915</b>
<b>Recoupment (SEN Out of County / LAC / Inter Auth.)</b>			
<b>Additional Support &amp; Out of County (Primary &amp; Secondary)</b>			
	<b>5,294,674</b>	<b>5,284,223</b>	<b>10,451</b>
<b>Learning Pathways Partnership &amp; EOTAS</b>			
14 - 19 Initiative (Transport Costs)	203,113	135,020	68,093
<b>EOTAS (Tuition / Alternative Prov. / Learning Centre)</b>	<b>1,688,874</b>	<b>1,976,641</b>	<b>(287,767)</b>
	<b>1,891,987</b>	<b>2,111,661</b>	<b>(219,674)</b>
<b>Early Years Provision &amp; Support</b>			
Early Years (Rising 3's)	854,830	818,233	36,597
Early Years Central Team	351,845	341,338	10,507
	<b>1,206,675</b>	<b>1,159,571</b>	<b>47,104</b>
<b>LEI Service Provision</b>			
Service Support & Resources	314,632	314,632	0
SACRE	2,405	2,405	0
Contribution to Outdoor Education Advisor	23,549	24,417	(868)
School Improvement Initiatives / Outcome Agreement	251,493	251,493	0
Music Service	530,111	615,083	(84,972)
WJEC	34,453	34,453	0
	<b>1,156,643</b>	<b>1,242,483</b>	<b>(85,840)</b>

<b>EDUCATION &amp; LIFELONG LEARNING</b>	<b>Original Estimate 2016- 17      £</b>	<b>Estimated Outturn 2016-17 £</b>	<b>Variance Under (Over) 2016-17      £</b>
<b>Education Achievement Service (EAS) &amp; Regional Grant Match Funding</b>			
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
Joint Working - Other		2,290	(2,290)
	<b>1,884,497</b>	<b>1,734,966</b>	<b>149,531</b>
<b>Other</b>			
Families First Central Admin & Monitoring (Now in Social Services)	0	0	0
Community Focus Schools	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>
<b>EXPENDITURE TO DIRECTORATE SUMMARY</b>	<b>15,193,327</b>	<b>15,160,209</b>	<b>33,118</b>
<b><u>LIFELONG LEARNING</u></b>			
<b>Community Education</b>	<b>1,758,871</b>	<b>1,775,871</b>	<b>(17,000)</b>
<b>Community Centres</b>	<b>496,895</b>	<b>496,895</b>	<b>0</b>
<b>Library Service</b>	<b>2,701,671</b>	<b>2,656,440</b>	<b>45,231</b>
<b>LLL Insurance &amp; Non Operational Property/Land</b>	<b>115,877</b>	<b>115,127</b>	<b>750</b>
<b><u>EXPENDITURE TO SERVICE SUMMARY</u></b>	<b>5,073,314</b>	<b>5,044,333</b>	<b>28,981</b>