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

- 1 Budget Monitoring 2020/21 (Period 5)



EDUCATION FOR LIFE SCRUTINY COMMITTEE – INFORMATION ITEM

SUBJECT: BUDGET MONITORING 2020/21 (PERIOD 5)

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION & CORPORATE
SERVICES**

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1. PURPOSE OF REPORT

- 1.1 To inform Members of the projected 2020-21 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.
- 2.2 In summary the current projected outturn position for Education and Lifelong Learning is an overspend of £98k. The projected outturn position for Corporate Services is an underspend of £309k, consequently overall the projected outturn position for Education and Corporate Services is an underspend of £211k.

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 August 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 £98k is currently forecast for Education & Lifelong Learning, details are outlined below. The projected outturn position for Corporate Services is an underspend of £309k, consequently overall the projected outturn position for Education and Corporate Services is an underspend of £211k.
- 5.4 The main variances in Education in excess of £50k relate to the following:

	£'000 (Under / (Over))
Relief Supply Cover (SRB's / Maternity)	(329)
Home to School / College Transport	274
Vulnerable Learners	(229)
Early Years Central Team	95
Music Service	(82)
Covid (Non WG Funded / excludes schools)	(30) Est. at this point.
Net Other (Details in Appendix 1)	203
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Total	(98) Overspend

- 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 £329k 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 £274k. This has reduced from the period 3 projection, with more actual costs in the ledger plus an estimate for a 10% uplift on 80 school bus contracts due for renewal in January (£80k – 3 months) plus by £160k for the potential of 2 terms costs to contractors for additional cleaning & PPE linked to covid. The issue of these additional costs link to covid has been raised with Welsh Government, the outcome of discussions could change this projected position.

- 5.4.3 Whilst the 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 position has improved. 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 £229k. 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.
- 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. The projected in year underspend has reduced by circa £50k. We are currently looking at the potential procurement of a new piece of software required to support delivery of our regulatory requirements moving forwards, in the most efficient and effective way possible.
- 5.4.5 The projected overspend on the Music Service, is the consequence of grant funding (estimated at £86k) that looks increasingly unlikely. The further challenge for the Music Service this year is with regards to the ability to generate additional income beyond the existing SLA commitment of circa £300k.
- 5.4.6 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%. Following confirmation of the pay award details for teachers the cost implications are currently under review. Welsh Government has confirmed that there will be additional funding to Local Authorities, however at this point we have not received details of Caerphilly's allocation, details are expected imminently;
 - 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 need to be updated to 23rd October (prior to the half term break).
 - Work is on-going with our schools with regards to eligibility, non-eligibility against the WG Covid Hardship Fund. Updated guidance has gone out to schools for their November submissions. We are also looking to submit a claim for any lost income for the 2nd quarter (July to September).

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, the only real variance which has become a financial pressure relates to the Music Service (as detailed in the body of the report).
- 5.5.2 Going forwards it is not anticipated that there will be any other issues linked to the original savings proposals.

5.6 Conclusion

- 5.6.1 Whilst the projected outturn position for Education and Lifelong Learning is currently an overspend of £98k, this position is supported and funded by an underspend in Corporate Services. Funding from Welsh Government in terms of the teachers pay award and in relation to covid related costs for Schools and Education will and continue to require close monitoring.

6. ASSUMPTIONS

- 6.1 The projected outturn position is based on actual income and expenditure details to the end of August 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 Corporate Plan 2018-2023.

Effective financial planning and financial controls contribute towards or impacts the Corporate Well-being Objectives, which are:

Objective 1 - Improve education opportunities for all

Objective 2 - Enabling employment

Objective 5 - Creating a county borough that supports a healthy lifestyle in accordance with the sustainable Development Principle within the Wellbeing of Future Generations (Wales) Act 2015

Objective 6 - Support citizens to remain independent and improve their well-being
The objectives are high level themes and each have several outcomes that sit underneath them, (36 in total) so it may benefit the author to look at the outcomes

within the plan to understand the cross-cutting nature of the Council's priorities with regard to any impact the report may have on the Corporate Plan.

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 (Wales) Act 2015 are met:-

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh Language
- A globally responsible Wales

8.2 Effective financial management is also consistent with the five ways of working as defined within the sustainable development principle in the Act

- Long Term – The importance of balancing short-term needs with the need to safeguard the ability of future generations to meet their long-term needs
- Prevention - How acting to prevent problems occurring, or getting worse, may help public bodies meet their objectives
- Integration – Considering how the public body's well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies
- Collaboration – Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives
- Involvement – The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.

9. EQUALITIES IMPLICATIONS

9.1 There are no potential equalities implications of this report and its recommendations on groups or individuals who fall under the categories identified in Section 6 of the Council's Strategic Equality Plan. There is no requirement for an Equalities Impact Assessment Questionnaire to be completed for this report.

10. FINANCIAL IMPLICATIONS

10.1 In summary, based on information currently available there is a projected revenue overspend for Education & Lifelong Learning of £98k. This projection is impacted by 3 key variances, a projected overspend position for our most vulnerable learners and relief supply cover plus an 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 **£211k**.

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 and 2000.

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Appendices:
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	118,494,291	18,487
EDUCATION	16,591,024	16,682,260	(91,236)
LIFELONG LEARNING	3,799,179	3,794,712	4,467
COVID RELATED - Not funded by WG		30,000	(30,000)
TOTAL SERVICE EXPENDITURE (Revenue)	138,902,981	139,001,263	(98,282)

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	117,089,105	(164,938)
Post 16 Initiative (Grant Income)	(3,756,978)	(3,921,916)	164,938
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	833,136	(329,230)
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	1,896,900	(316,129)
Early Years (Rising 3's)	850,872	830,270	20,602
Education Improvement Grant - Match Funding	640,241	631,961	8,280
Early Retirement Pension Costs of School Based Staff	1,892,972	1,892,972	0
Home to School / College Transport		(273,865)	273,865
<u>EXPENDITURE TO DIRECTORATE SUMMARY</u>	118,512,778	118,494,291	18,487

EDUCATION & LIFELONG LEARNING	Original Estimate 2020- 21 £	Estimated Outturn 2020-21 £	Variance Under (Over) 2020-21 £
EDUCATION			
Management & Support Service Costs	1,187,925	1,194,404	(6,479)
Social Inclusion			
Psychological Service	644,505	603,472	41,033
Behaviour Support	183,407	181,791	1,616
Education Welfare Service	348,987	331,360	17,627
Youth Offending Team	53,805	53,805	0
Safeguarding	257,650	241,489	16,161
School Based Counselling	318,967	320,967	(2,000)
	1,807,321	1,732,884	74,437
Additional Learning Needs			
ALN Advisory Support Service	248,415	248,415	0
Professional/Statementing	198,332	197,797	535
Language Support Primary	456,234	449,045	7,189
Specialist Resources	44,183	34,703	9,480
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	695,322	19,252
Autism	207,201	207,201	0
	2,066,865	2,030,409	36,456
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	9,738,298	(228,780)
Early Years Provision & Support			
Early Years Central Team	364,080	269,200	94,880
	364,080	269,200	94,880

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	476,330	(82,012)
WJEC & Subscriptions	40,234	19,972	20,262
	517,979	579,729	(61,750)
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	16,682,260	(91,236)
<u>LIFELONG LEARNING</u>			
Adult Education	71,786	69,666	2,120
Youth Service	1,271,840	1,269,493	2,347
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	3,794,712	4,467
<u>COVID - not funded by WG (excludes Schools)</u>		30,000	(30,000)