



EDUCATION FOR LIFE SCRUTINY COMMITTEE – INFORMATION REPORT

SUBJECT: BUDGET MONITORING 2017-18

REPORT BY: CHIEF EDUCATION OFFICER

1. PURPOSE OF REPORT

1.1 To outline the projected 2017-18 financial position for the Directorate based on information available to the end of October 2017.

2. SUMMARY

2.1 The report identifies any potential under / overspends currently forecast for 2017-18. 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 2017/18 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) 2015. 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 October 2017, together with data used to forecast income and expenditure. Account is also taken of the outturn position for 2016-17 and information available following discussions with Managers.

- 4.3 To advise Members, line management responsibility for the Safeguarding Team has moved to Social Services, consequently the budget of £124,569 has been vired across in full.
- 4.4 A net underspend of £145k is currently forecast for the Directorate. Details with regards to each of the service areas are outlined below.

4.5 Planning & Strategy (Including Home to School Transport) – (Overspend £16k)

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

| | £'000 (Under / (Over)) |
|---|---------------------------|
| Relief Supply Cover (SRB's & Maternity) | (85) |
| Early Retirement Pension Costs Schools | (50) |
| Management & Support Service Costs | 119 |
| Net Other | - |
| Total | (16) |

- 4.5.2 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 always very closely monitored. This area of the budget was overspent in 2016-17, so whilst data at the end of October 2017 did not indicate any significant variance to budget it would seem prudent to include a potential overspend with some 5 months remaining until the end of the financial year.
- 4.5.3 Based on current information the budget relating to retirement costs associated with school based staff is currently projected to overspend.
- 4.5.4 The underspend in relation to Management & Support costs relates predominantly to in year savings on staff costs, some of which are one off due to in year vacancies and others that are on-going and form part of the Directorates MTFP savings proposals going forwards. Approximately £92k relates to the one off / in year savings and £33k relates to future savings proposals.
- 4.5.5 There is currently no significant variance with regards to Home to School / College Transport budget, a breakeven position is currently forecast. However it should be noted that the mainstream primary and secondary contracts will be retendered in January 2018.
- 4.5.6 In summary the net projected variance for Planning & Strategy is an overspend of £16k.

4.6 Learning, Education & Inclusion – (overspend £39k)

- 4.6.1 The most significant variances within LEI are as follows:

| | £'000 (Under / (Over)) |
|------------------------------------|---------------------------|
| Psychological Services | 57 |
| VI Service | 45 |
| 14 – 19 Initiative Transport | 56 |
| EOTAS | (660) |
| Additional Support & Out of County | 260 |
| Early Years – Rising 3's | 75 |
| Support Services & Resources | 46 |
| Music Service | (94) |
| Education Achievement Contract | 51 |
| Net Other | 125 |
| Total | (39) |

- 4.6.2 The underspend in the Psychological Service has originated due to delays in the recruitment of appropriately qualified staff. The service now has a full complement of staff.
- 4.6.3 In recent years the Visually Impaired Service has reported an underspend and this continues into 2017-18.
- 4.6.4 The underspend on 14-19 transport (which allows pupils wider course access between Schools) is a recent trend and is anticipated to continue in 2017-18. This budget heading forms part of savings proposals moving forwards.
- 4.6.5 The EOTAS (Education Other Than at School) provision, which accommodates learners who are unable to attend and learn through mainstream school continues to be a significant budget pressure in 2017-18. This provision continues to receive an increasing number of referrals for children with challenging behaviour. The projected overspend for this provision is currently estimated up to the value of £660k, which whilst significant is an improvement on projections earlier in the year. An internal review of demand and costs is on-going, however it should be recognised that whilst this is a substantial cost, this cost would be much greater if we are not able to accommodate these pupils in EOTAS but had to look at Out of County placements. This in part has contributed to an underspend on the Additional Support & Out of County budget, which is contributing towards the EOTAS budget pressure.
- 4.6.6 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 projections currently assume a similar uptake to last year, in January 2018.
- 4.6.7 The underspend against the Support Services & Resources budget relates predominantly to an in year vacancy that has now been filled and a vacant post (£30k) which is part of future savings proposals.
- 4.6.8 In 2017-18 there has been a further MTFP budget reduction of £50k against the Authority’s Music Service. Whilst there is currently a projected overspend, the service has made progress with regards to achieving savings targets set in previous years. Managers remain confident that the MTFP savings target is achievable.
- 4.6.9 In 2017-18, as in financial year 2016-17, the charge on the main contract with the Education Achievement Service is less than current budget provision. This variance forms part of the savings proposals for future years.
- 4.6.10 In summary, the net projected variance for Learning, Education & Inclusion is an overspend of £39k.

4.7 Life Long Learning – (Underspend £199k)

- 4.7.1 In 2017-18 the main budget variances are as follows:

| | £'000 (Under / (Over)) |
|---------------------|---------------------------|
| Community Education | 80 |
| Library Service | 119 |
| <hr/> Total | <hr/> 199 |

- 4.7.2 The projected underspend within Community Education relates predominantly to the Youth Service. This variance is a mix of in year underspends, in particular relating to vacant posts and other savings in advance of MTFP savings proposals for 2018/19.
- 4.7.3 The Libraries variance relates to in year vacancies and savings around supply cover arrangements, together with savings relating to premises and vehicle hire. The premises and vehicle hire savings equate to circa £60k of the underspend and this is identified as part of MTFP savings proposals in 2018/19.

4.8 Progress Made Against the 2017/18 Revenue Budget Savings Targets

- 4.8.1 The 2017/18 revenue budget settlement for Education and Lifelong Learning included a specific savings target of £867k. Managers have progressed implementation of the majority of the targets set, however there is currently one savings target relating to the Music Service which is causing a budget pressure. The impact has been referenced in the narrative of this report and the projected outturn position for 2017-18.

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) 2015 are met.

6. EQUALITIES IMPLICATIONS

- 6.1 The report is for information purposes so the Council's 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 £145k.
- 7.2 The Directorate will continue to work towards delivering a balanced budget for 2017-18.

8. PERSONNEL IMPLICATIONS

- 8.1 In 2017-18 the Directorate will continue with the strategy of prudent vacancy management.
- 8.2 The 2017-18 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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Appendices:

Appendix 1: Projected Revenue Outturn Figures 2017-18