



EDUCATION FOR LIFE SCRUTINY COMMITTEE - 25TH SEPTEMBER 2018

SUBJECT: BUDGET MONITORING 2018/19

REPORT BY: CHIEF EDUCATION OFFICER

1. PURPOSE OF REPORT

- 1.1 To outline the projected 2018-19 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 2018-19 (full details attached in Appendix 1), together with an update with regards to any issues relating to the progress of the 2018/19 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 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.

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 2018, together with data used to forecast income and expenditure. Account is also taken of the outturn position for 2017-18 and information available following discussions with Managers.

- 4.3 A net overspend of £438k is currently forecast, details with regards to each of the service areas are outlined below.
- 4.4 Members are advised that the projected outturn position for Corporate Services is an underspend of £1.475m, consequently overall the projected outturn position for Education and Corporate Services is an underspend of £1.037m. The details with regards to the Corporate Services position will be reported to Policy & Resources Committee in October 2018.

4.5 Planning & Strategy (Including Home to School Transport) – (Overspend £76k)

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

	£'000 (Under / (Over))
Relief Supply Cover (SRB's & Maternity)	(121)
Management & Support Service Costs	58
Home to School / College Transport	(18)
Net Other	5
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Total	(76)

- 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. Whilst it is very difficult to be able to forecast an outturn position, current data identifies an increase in maternity absences in our schools and previous trends suggest there will be an increased sickness pressure in the winter months. Monitoring is on-going due to the volatility and uncertain nature of the spend. This projected in year overspend has already been reduced on the assumption that the Directorate will need to access funding of £39k in balances (Relief Supply Equalisation Account – this is the full balance currently held in balances for this purpose).

- 4.5.3 The underspend in relation to Management & Support costs relates predominantly to in year savings on staff costs. This variance is due largely to in year vacancies that are not on-going as posts are linked to delivering support through SLA Agreements with our Schools.

- 4.5.4 Another potential budget pressure in 2018-19 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). The current in year projection is an overspend of £40k, this is reduced by a contribution of circa £22k, which is the full amount held in balances against the Transport Equalisation Account. This position will be reviewed in September / October following the renewal of a number of our transport contracts.

- 4.5.5 In summary the net projected variance for Planning & Strategy is an overspend of £76k.

4.6 Learning, Education & Inclusion – (Overspend £586k)

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

	£'000 (Under / (Over))
Behaviour Support	29
14 – 19 Initiative Transport	24
EOTAS / Addn. Support / Out of County	(830)
Early Years – Rising 3's	50
Early Years Central Team	79
Education Achievement Contract	28
Education Improvement Grant (Match)	27
Net Other	7
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Total	(586)

- 4.6.2 The underspend in the Behaviour Support budget is linked to in year staff savings, this includes a maternity absence in the early part of the financial year.
- 4.6.3 The projected underspend on 14-19 transport (which allows pupils wider course access between Schools), is a trend that continues into 2018-19. This spend will continue to be monitored with a view to a potential savings proposals moving forwards.
- 4.6.4 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 is currently estimated at £830k. A review of demand, costs and structures is on-going. In recent years, savings in other areas of the Directorate have contributed towards funding this pressure, with the Directorate underspending as a whole. Based on projections for 2018/19 this will not be possible in the current year and going forwards.
- 4.6.5 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 do not indicate a significant increase in uptake, consequently based on recent trends the current projection is a saving of £50k. This budget will be monitored for a potential realignment in the future, with consideration given to any impact as a result of the roll-out of the Childcare Offer across the Borough. .
- 4.6.6 The projected underspend against the Early Years Central Team is consistent with the position in 2017/18 and is largely due to successfully accessing grant funding to contribute towards supporting specific posts within the Team.
- 4.6.7 In 2018-19, the charge on the main contract with the Education Achievement Service is less than current budget provision. Similarly the budget for the Authority’s match funding requirement against the Education Achievement Grant is greater than required. These variances will be reviewed as part of savings proposals for future years.
- 4.6.8 In summary, the net projected variance for Learning, Education & Inclusion is an overspend of £586k.

4.7 Life Long Learning – (Underspend £224k)

4.7.1 In 2018-19 the main budget variances are as follows:

	£'000 (Under / (Over))
Community Education (Adult & Youth)	45
Library Service	178
Net Other	1
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Total	224

- 4.7.2 The projected underspend within Community Education relates predominantly to Adult Education. This is attributable to a vacant management post following a retirement and a further in year vacancy gap.
- 4.7.3 The Libraries variance relates primarily to a one off rebate for NNDR (National Non Domestic Rate) charges of £130k. This refund relates to 4 libraries covering financial year 2010/11 through to 2017/18. A further projected net saving of £48k relates largely to in year vacancies and supply cover arrangements.

4.8 Progress Made Against the 2018/19 Revenue Budget Savings Targets

- 4.8.1 The 2018/19 revenue budget settlement for Education and Lifelong Learning included a specific savings target of £1,221k. Managers have progressed implementation of the targets set and there are currently no significant issues causing concern. The impact has been referenced in the narrative of this report and the projected outturn position for 2018-19.
- 4.8.2 Members will be aware that the revenue budget of £333k for Maintenance of School Buildings (50/50 Funding with Schools) formed part of the £1,221k savings target for 2018-19. In 2018-19, the Authority has continued to support building maintenance projects on a 50/50 basis with our Schools by accessing funds from LMS Contingency balances. The details of planned expenditure are contained in the Education Capital Report 2018/19, which went to Education for Life Scrutiny on 26th February 2018.

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 Equality Impact Assessments (EIA's) have been completed for all the savings proposals in 2018/19 that are anticipated to have a public impact.

7. FINANCIAL IMPLICATIONS

- 7.1 In summary, based on information currently available there is a projected revenue overspend for Education & Lifelong Learning of £438k.
- 7.2 In 2018/19 there are a number of one off savings which have assisted with regards to reducing the projected overspend position, most notably an NNDR net refund of £130k within the Library Service. In addition current projections assume that circa £61k is utilised from 2 earmarked equalisation accounts. However it's important to be clear that the pressures relating to Relief Supply & Maternity and Transport costs are not linked to a mismatch with regards to the number of school days that fall in the 2018/19 financial year.
- 7.3 At this early stage in the year, there are a number of estimates and assumptions that could change due to the uncertain nature of some of the service areas.
- 7.4 Overall the current projected outturn position for Education & Corporate Services is an underspend of £1.037m.

8. PERSONNEL IMPLICATIONS

- 8.1 In 2018-19 the Directorate will continue with the strategy of prudent vacancy management.
- 8.2 The 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. The Service will also utilise other policies as appropriate e.g. voluntary severance.

9. CONSULTATIONS

9.1 There are no consultation responses that have not 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 contained 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 2018-19