



## **EDUCATION SCRUTINY COMMITTEE – 11TH JANUARY 2021**

**SUBJECT: BUDGET MONITORING 2020/21 (PERIOD 7)**

**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 underspend of £341k. The projected outturn position for Corporate Services is an underspend of £1,191k, consequently overall the projected outturn position for Education and Corporate Services is an underspend of £1,532k.

### **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 October 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 underspend of £341k is currently forecast for Education & Lifelong Learning, details are outlined below. The projected outturn position for Corporate Services is an underspend of £1,191k, consequently overall the projected outturn position for Education and Corporate Services is an underspend of £1,532k.
- 5.4 The main variances in Education in excess of £50k relate to the following:

	£'000 (Under / (Over))
Relief Supply Cover (Maternity)	(296)
Pension Costs School Based Staff	50
Home to School / College Transport	331
Psychological Service	62
Vulnerable Learners	(50)
Early Years Central Team	147
Music Service	(79)
<i>Covid (Non WG Funded / excludes schools)</i>	<i>(75) Est. at this point.</i>
Net Other (Details in Appendix 1)	251
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Total	341 Underspend

- 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 £296k 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 A projected underspend on the pension costs of school based staff follows a more favourable budget position for schools in 2020-21 plus the challenge of making any staff changes in schools during the end of academic year 2019-20 due to covid. The underspend in the Psychology Service is a one off relation to in year gaps in filling posts.
- 5.4.3 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 were only been a small number of contracts that have continued during the early months of the pandemic, relating to some of our pupils who accessed the Trinity Fields Hub. On a budget of circa £7m the current predicted underspend is currently estimated at £331k. This has increased from the period 5 projection, with more actual costs in the ledger plus an estimate for a 15% uplift on 80 school bus contracts due for renewal in January, plus by £180k 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.

- 5.4.4 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 due largely to the position with Out of County placement costs to budget. 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 £50k. This forecast does include an estimate for additional capacity potentially required to support our vulnerable learners. The EOTAS Strategy was recently agreed in Cabinet (30<sup>th</sup> 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. This is an area where budgets will need to be re-aligned as we progress the EOTAS Strategy and the position with regards to the Additional Support review.
- 5.4.5 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 increased by circa £50k. The projected spend includes 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. This was mentioned in the period 5 update.
- 5.4.6 The projected overspend on the Music Service has reduced slightly. The overspend is the consequence of grant funding (estimated at £79k) that has not materialised in year (this support had been received in the previous years). 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.
- 5.4.7 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. It is estimated that the impact for the Authority is an additional cost of £533k (to fund the difference between a 2% uplift and an updated average of 3.1%), we've received notification of funding to the value of £247k. A report on this matter is scheduled for Cabinet discussion on 13<sup>th</sup> January 2021. The shortfall of £286k is not included as

part of this report at this point.

- Further to the period 5 budget monitoring report, our secondary schools have now been advised of the details with regards to clawback relating to their formula allocated funding for free school meals (for the period that families have received support through weekly food deliveries).
- Work is on-going with our schools and within the Directorate with regards to eligibility, non-eligibility against the WG Covid Hardship Fund. To date the Directorate has secured over £700k in grant to support additional expenditure and lost income costs.
- Cost implications of building related work required for a second Trinity Fields satellite class based at the St Cenydd Comprehensive site and the development of the Virginia Park site as a Youth & EOTAS provision. It is currently estimated that an investment of circa £250k could be required to support these developments. This position is currently under review.

## **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 The projected outturn position for Education and Lifelong Learning is currently an underspend of £341k. Issues linked to the Teachers Pay Award and costs linked to site requirements for a second Trinity Fields satellite class located at St Cenydd and Virginia Park as part of our Youth & EOTAS provision are excluded from this figure.

## **6. ASSUMPTIONS**

6.1 The projected outturn position is based on actual income and expenditure details to the end of October 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 projected revenue underspend for Education & Lifelong Learning of £341k. This projection is impacted by 2 significant variances, an overspend position for maternity supply cover costs in schools 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 £1,532k.

## **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