



## **EDUCATION SCRUTINY COMMITTEE – 22ND MARCH 2021**

**SUBJECT: BUDGET MONITORING 2020/21 (PERIOD 9)**

**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.
- 1.2 To propose the use of reserves for specific purposes detailed within the report.

### **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 £1,288k. The projected outturn position for Corporate Services is an underspend of £1,082k, consequently overall the projected outturn position for Education and Corporate Services is an underspend of £2,370k.
- 2.3 The report also includes proposals for the use of reserves in specific areas and the Scrutiny Committee is asked to consider these prior to the proposals being presented to Cabinet.

### **3. RECOMMENDATIONS**

- 3.1 Members are asked to: -
  - 3.1.1 Note the content of the report.
  - 3.1.2 Support a recommendation to Cabinet to utilise £472k of Corporate Services Capital Earmarked Reserves for a 2<sup>nd</sup> Satellite Class at St Cenydd Comprehensive for Trinity Fields, and the development of Virginia Park for both the Youth Service and EOTAS provision as detailed in Section 5.5 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.
- 4.3 To ensure that the Scrutiny Committee has the opportunity to consider the proposed use of reserves prior to Cabinet consideration.

#### 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 £1,288k is currently forecast for Education & Lifelong Learning, details are outlined below. The projected outturn position for Corporate Services is an underspend of £1,082k, consequently overall the projected outturn position for Education and Corporate Services is an underspend of £2,370k.
- 5.4 The main variances in Education in excess of £50k relate to the following:

	£'000 (Under / (Over))
Relief Supply Cover (Maternity)	(241)
Pension Costs School Based Staff	290
Home to School / College Transport	386
Psychological Service	89
Vulnerable Learners	236
Early Years Central Team	139
Music Service	(123)
Adult Education	77
Youth Service	142
Library Service	59
Net Other (Details in Appendix 1)	234
<hr/> Total	<hr/> 1,288 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 £241k 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 £386k. This has increased from the period 7 projection, with more actual costs in the ledger. This projection includes an estimate 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 underspend against this budget heading is currently estimated at £236k. 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, delays in some spend linked to the pandemic as well as new practices linked to pupil support. 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.
- 5.4.6 The projected overspend on the Music Service has increased since the last report. 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 The underspend position for Adult Services is largely linked to premise & resource savings, which are a direct consequence of the impact the pandemic has had on delivery of the adult learning programme. Similarly these areas of underspend apply across the Youth Service and Library Service, although in year staff vacancies also play a part in the projected underspends for these two service areas.
- 5.4.8 It is important to note that the current projection excludes a forecasted outturn position for our schools. To update:
- On 13<sup>th</sup> January 2021, Cabinet supported the proposal to fund the £286k shortfall in funding for the September 2020 teachers pay award. This is in addition to the £247k grant from Welsh Government to support the cost in 2020-21.
  - 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 £1.3m 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.

## **5.5 Proposed Use of Corporate Services Capital Earmarked Reserves**

- 5.5.1 It is proposed that the Scrutiny Committee supports a recommendation to Cabinet to utilise Corporate Services Capital Earmarked Reserves for the following building related work at: -
- St Cenydd Comprehensive for a 2<sup>nd</sup> satellite class for Trinity Fields (up to £172k);
  - Virginia Park site to support the development of Youth and EOTAS provision (up to £300k).
- 5.5.2 Building works at St Cenydd Comprehensive are required to ensure that facilities are fit for purpose to support a 2<sup>nd</sup> satellite class for Trinity Fields pupils, based at this site. This cost includes splitting the existing space into 2 classrooms, electrical, network alterations, decoration & flooring, furniture and equipment; refurbishment of 2 disabled toilets and shower area; canopy for entrance and outside classroom; to knock 2 store rooms into 1 to create a physiotherapy room and associated works. The revenue implications of funding this second satellite class have been addressed as part of the 2021-22 budget proposals.
- 5.5.3 The estimated £300k at Virginia Park is designed to meet the need for a youth service hub and to provide an education centre for the hours of the school day. The site will provide will provide a youth setting to service the Caerphilly basin area, supporting the Youth Services work with approximately 5,000 young people and directly contributing to its NEET (Not in Education, Employment or Training), Homelessness, Health, Welsh Language and crime reduction activity. For EOTAS this site will initially enable the Authority to focus specifically on the needs of a small number of the KS3 or 4 cohorts who move out of Glan Y Nant. The development of this facility will also allow for a short term assessment centre for older students. This will serve to reduce the amount of education missed by students who may have received an exclusion from school and to ensure students are linked to the most appropriate EOTAS provision based on their needs. Provision will also allow for the

delivery of targeted interventions and an expansion of the focus around wellbeing and nurture as well as curriculum delivery. Developments linked to Virginia Park support the capacity to transition students from Home Tuition into an educational setting. Developing several “layers of classroom” will help staff work with students, their behaviours and encourage transition. The pathway plan will continue as they progress back to mainstream education. The proposed building developments allow for both floors to be developed ensuring there is appropriate teaching space, intervention room and space for staff. This will enable the delivery of formal and informal learning via EOTAS and the non formal learning of the Youth Service. The development of this provision will support and enhance the development of the CVL (Centre for Vulnerable Learners) as part of the portfolio of provision. Once arrangements for the Youth Service and EOTAS are established at Virginia Park, Officers will look at the potential to support community use of this building.

## **5.6 Progress Made Against the 2020/21 Revenue Budget Savings Targets**

- 5.6.1 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).
- 5.6.2 Going forwards it is not anticipated that there will be any other issues linked to the original savings proposals.

## **5.7 Conclusion**

- 5.7.1 The projected outturn position for Education and Lifelong Learning is currently an underspend of £1,288k. Proposals 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 £1,288k. 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 £2,370k.
- 10.4 This report also includes details of proposals to utilise Corporate Services Capital Earmarked Reserves totalling £472k for a 2<sup>nd</sup> satellite class for Trinity Fields at St Cenydd Comprehensive (up to £172k) and for the development of Youth and EOTAS provision at Virginia Park (up to £300k).

## **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