



## **EDUCATION AND SOCIAL SERVICES SCRUTINY COMMITTEE**

**SUBJECT: EDUCATION BUDGET MONITORING 2024/25 (PERIOD 3)**

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

### **1. PURPOSE OF REPORT**

1.1 To inform Members of the projected 2024-25 outturn position for the Directorate of Education, based on the most recent information available.

### **2. SUMMARY**

2.1 The report identifies projected under / (overspends) currently forecast for 2024-25 (full details in Appendix 1).

2.2 In summary the current projected outturn position for Education is an overspend of £1.319m. It is important to note that this financial projection excludes a forecast outturn position for our schools. Information with regards to the school's financial position is included in the body of this report.

2.3 The report also provides an update with regards to progress against the Directorates savings target of £1.319m for the year (excludes schools).

### **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 2024-25 projected revenue spends position for Education.

4.2 The Council Budget is based on the achievement of both expenditure and income targets. 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 the Education Directorate. The revenue position 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 June 2024, 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 £1.319m is currently forecast for Education, details are outlined below.
- 5.4 The larger variances in Education relate to the following:

	£m (Under / (Over))	
Home to School / College Transport	(1.396)	
Management & Support Service Costs	0.044	
Youth Service	(0.046)	
Net Other (Details in Appendix 1)	0.079	
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Total	(1.319)	Overspend

- 5.4.1 Members will be aware that a significant financial pressure for the Authority relates to our Home to School / College transport provision. At the end of financial year 2023-24 the Authority reported a £1.4m overspend. A significant pressure relates to special education transport provision across all sectors of education. Consequently, Education related transport is currently under review as part of the Mobilising Team Caerphilly programme. The current working assumption for this report is that the spend level remains in-line with spend in financial year 2023-24. Officers continue to work hard to ensure the most appropriate and most cost-effective provision is provided for pupils. Over the summer many contracts are being reviewed and the requirements for pupils in September are being confirmed. A clearer financial picture will be available post September. In Education there is an increasing pressure with regards to pupils with additional learning needs and this often impacts pressure on the transport budget. These discussions are all part of the on-going review.

- 5.4.2 The variance against Management & Support Services relates to a mix of

salary related savings and some additional income.

- 5.4.3 The projected overspend with regards to the Youth Service relates primarily to costs associated with Crumlin Institute. Members will recall that the Youth Service vacated this premise in December 2021. The Authority remained contractually bound by the terms of the lease until a surrender was agreed with the landlord and legally executed. This has now happened, so costs associated with this overspend position will now end going forwards.
- 5.4.4 The central Education budget for 2024-25 includes savings targets of £1.319m (coincidentally the current level of projected overspend for the Directorate). This is purely coincidental, the projected overspend is very much linked to transport costs and not agreed savings proposals. In our current projections, it is assumed that the £1.319m savings target will be achieved and this position is reviewed in Appendix 2. There remains a level of uncertainty linked to vacancy management and staff turnover, however currently there is not a concern that this won't be achieved.
- 5.4.5 As a Directorate there are a few posts that are supported by the approved use of reserves and whilst there are no real concerns for the current financial year, the position will need to be reviewed for future years. This review will also be necessary in relation to grant funded posts which is quite normal. It is important to mention that the funding for the current Multiply Project (managed under the umbrella of our Adult Education Service) is due to end on 31<sup>st</sup> March 2025. Multiply is a UK government funded project that aims to improve the functional numeracy of adults (19+) and to offer qualifications up to level 2 (GCSE A – C grade). We currently have circa 16 FTE's supporting delivery of the project. The Multiply Project also funds the Families Learning Together Project (4 staff), there is no alternative funding currently identified for financial year 2025-26. Our schools and pupils also benefit from the support of the Inspire Project (formally Inspire to Achieve), again funded through the Shared Prosperity Fund. This supports 14 staff in total, with each of our secondary schools having an officer to support pupils remaining in schools and reducing pupils not in education and training (NEETs).
- 5.4.6 It is important to note that the financial projections in this report exclude a forecast outturn position for our schools. There remain several uncertainties for schools in the current financial year. This includes the outcome of the September 2024 pay offer for teachers, with an uplift of 5.5% being discussed (Caerphilly's budget assumptions assumed an uplift of 4%). This is in addition to the uncertainty with regards to central government support for the impact of a 5% uplift on employer contributions to the teachers pensions scheme from 1<sup>st</sup> April 2024. It is anticipated that there will be support for the additional costs linked to the review of the pension scheme, although until details are received it is not possible to establish whether funding meets local requirements. The working assumption currently is that the additional pension costs and any additional pay award will be supported by grant funding, so the impact is cost neutral in the current financial year. This will need to be reviewed as further information becomes available. Similarly, within the central Education budget the impact of teachers pay and employer pension costs will need to be

reviewed, for a smaller number of staff.

5.4.7 At the end of financial year 2023-24, the collective balances position for our 86 schools was a surplus of £5.3m. It's important to note that the balances position will look different for each of our schools. Indeed, at the end of financial year 2023-24, we had 21 of our schools reporting a deficit balance at outturn. It was reported to School Budget Form (13<sup>th</sup> June 2024), that the anticipated schools' balances position at the end of financial year 2024-25, at budget setting, is a collective deficit balance of £0.456m. Established processes are in place to support schools at this increasingly challenging time for Local Government.

## 5.5 Conclusion

5.5.1 The projected outturn position for Education is currently an overspend in 2024-25 of £1.319m. Full details are contained in the body of this Report.

5.5.2 It is currently projected that there will be a collective deficit balances position for schools at the end of financial year 2024-25.

## 6. ASSUMPTIONS

6.1 The projected outturn position is based on actual income and expenditure details to the end of June 2024, 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.

## 7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 An IIA is not necessary for this Information Only Report.

## 8. FINANCIAL IMPLICATIONS

8.1 In summary, based on information currently available there is projected revenue overspend for Education of £1.319m.

	£'m (Under / (Over))
Home to School / College Transport	(1.396)
Education (excluding schools)	0.077
<b>Total</b>	<b>(1.319)</b>

## **9. PERSONNEL IMPLICATIONS**

- 9.1 In 2024-25 the Directorate will continue with the strategy of prudent vacancy management.
- 9.2 There are no direct personnel implications arising from this report.

## **10. CONSULTATIONS**

- 10.1 There are no consultation responses that have not been reflected in this report.

## **11. STATUTORY POWER**

- 11.1 Local Government Act 1972 and 2000.

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Appendices:

Appendix 1 Projected Revenue Outturn Figures 2024-25

Appendix 2 Savings Targets 2024-25 – Projections for Financial Year