

11 March 2021

Corporate Financial Performance – Quarter 3 Financial Monitoring Position for 2020/21

Ward(s) All

Portfolio: Councillor Towe – Education and Skills

1. Aim

To provide the budget monitoring position for Period 9 2020/21. The Chair requested that this item be considered by the Committee.

2. Recommendations

- 2.1 To note the revenue and capital forecast for the financial year end 2020/21 for the services under the remit of the committee.
- 2.2 To note the mitigating actions being taken to address the overspend.

3. Report detail – know

- 3.1 The current net revenue forecast position, after the net use of reserves, would be an overspend of **£801k**, which results from pressures within Home to School transport. After mitigating actions of (£364k) the forecast position is an overspend of **£437k**.
- 3.2 Regular reports are prepared during 2020/21 for both Children's Services Overview and Scrutiny Committee and the Education Overview and Scrutiny Committee. For services under the remit of this committee the forecast revenue position is an overspend of £437k as at Period 9 (December 2020). For completeness, the forecast revenue overspend for services under the remit of the Children's Services Overview and Scrutiny Committee is a net nil position. This gives a total overspend position of **£437k** for Children's Services directorate as at 31 December 2020.
- 3.3 Reasons for the current position are shown in Table 1 below:

Table 1- Explanations of overspend	
	£k
Home to school transport pressure, £801k resulting from additional children requiring transport both in and out of borough.	801
Use of central action plan to mitigate overspends detailed above	(364)
Total	437

3.4 The forecast revenue position by service is shown in Table 2 below:

Table 2- Forecast Revenue Outturn 2020/21						
Service	Annual Budget	Year End Forecast	Use of Reserves	Transfer to Reserves	Action Plan	Variance after Reserves & Action Plan
	£m	£m	£m	£m	£m	£m
Access & Inclusion	2.98	4.40	(1.61)	0.18	0.00	0.00
Home to School Transport	3.59	4.39	0.00	0	(0.36)	0.44
Children's Services Sub Total	6.57	8.79	(1.42)	0.18	(0.36)	0.44
Education funding - accountable body	(0.53)	(0.07)	(0.46)	0.00	0.00	(0.00)
Total Children's Services	6.04	8.72	(2.07)	0.18	(0.36)	0.44

3.5 Reserves

The total allocated reserves in 2020/21 are £5.02m, of which £2.07m (41%) has been used or committed to date. To note, this includes reserves of £0.13m relating to one off Covid-19 funding.

Table 3 below details the current net use of reverses included within the forecast.

Table 3 - Summary of use of reserves and transfer to reserves				
Reserve Details	Allocated reserve	Use of reserve	Transfer to reserve	Balance of reserve
	£m	£m	£m	£m
Education funding-accountable body	2.81	(0.46)	0.00	2.35
Access & Inclusion	2.21	(1.61)	0.18	0.78
Total Reserves	5.02	(2.07)	0.18	3.13

3.6 Risks

For the services under the remit of this committee, there is a risk of **£40k** which is not included in the above forecast. At this stage the risk is not a certainty and as such is not included in the monitoring position. There are no high risks. If the risk became a certainty, it would need to be included in the forecast position as an overspend unless alternative action can be identified to mitigate these costs. A summary of the risk assessment is shown in Table 4 below.

Risk	Value £k	Ongoing £k	One Off £k	Actions to manage risk
High	0	0	0	
Medium	0	0	0	
Low	40	40	0	Potential increase EHCP requests adding pressure to the team could lead to an increase in agency costs relating to Educational Psychologists - no mitigating actions needed.
Total	40	40	0	

3.7 Capital Summary

The total capital programme relating to this portfolio is £40.40m. The projected forecast spend for 2020/21 as at Period 9 is £12.01m. The remaining £28.39m is committed to future year projects and therefore will be carried forward to 2021/22. This is detailed in Table 5 below:

Service	Annual Budget £m	Actual Year to Date £m	Forecast £m	Year End Variance £m	Proposed carry forward to 2021/22 £m
Council Funded					
School Estate Condition Survey	0.25	0.08	0.08	(0.17)	(0.17)
School Temporary Classrooms	0.25	0.25	0.25	(0.00)	0.00
2 Year Old Capital Funding - DSG RCCO	0.24	0.00	0.24	0.00	0.00
SUB-TOTAL	0.74	0.33	0.57	(0.17)	(0.17)
Externally Funded					
Devolved Formula Capital	2.16	0.42	2.16	0.00	0.00
Capital Maintenance*	4.23	1.94	3.00	(1.23)	(1.23)
Basic Need**	30.84	3.01	4.20	(26.64)	(26.64)
Universal Infant Free School Meals	0.01	0.00	0.00	(0.01)	(0.01)
Academies – Darlaston	0.35	0.00	0.35	0.00	0.00
Healthy Pupil Capital Fund	0.06	0.06	0.06	0.00	0.00
Special Provision Fund	1.63	0.00	1.63	0.00	0.00
Section 106	0.38	0.04	0.04	(0.34)	(0.34)
SUB-TOTAL	39.66	5.47	11.44	(28.22)	(28.22)
TOTAL - EDUCATION	40.40	5.80	12.01	(28.39)	(28.39)

* Children's services and Integrated Facilities Management have a 5 year rolling programme for projects to be funded from the Capital Maintenance grant. Therefore, a request will be made to carry the remaining funds forward to next financial year.

** Regarding further Basic Needs allocations, it should be noted that the DfE have confirmed they will not be able to announce the allocations for places needed beyond September 2022 due to lack of clarity around school capital budgets from Central Government. Historically, the DfE have tried to announce allocations 3.5 years ahead of when places are needed in order to allow local authorities sufficient time to plan ahead and complete works in time for when additional pupil places are required.

Details of proposed capital carry forwards are detailed in Table 6 below:

Capital Schemes	Amount to be c/f (£m)	Comments
Basic Need	26.64	Carry forward is committed to future Basic Need school expansion schemes.
Capital Maintenance	1.23	Carry forward will be used to further improve the School Estate in Walsall.
School Estate Condition Survey	0.17	Carry forward will be used to form part of the budget in the 2021/22 financial year.
Section 106	0.34	Carry forward will be used to support future school expansion schemes.
Universal Infant Free School Meals	0.01	Carry forward will be used to part fund the kitchen refurbishments at St Michael's Primary School.
Total	28.39	

3.8 Capital risks

For the capital programmes under the remit of this committee, there are a number of risks identified totalling **£2.13m**. These are detailed in Table 7 below.

Risk	Value (£m)	Ongoing (£m)	One Off (£m)	Actions to manage risk
Medium	0.50	0.00	0.50	Potential increase in school expansion costs. For previous school expansion schemes, final costs have been higher than previously expected. This was included in the Quarter 3 reported risks but has since been resolved.
Medium	1.63	0.00	1.63	Special Provision Fund expenditure is dependent on the review of the SEN Strategy. This was included in the Quarter 3 reported risks but has since been resolved.
TOTAL	2.13	0.00	2.13	

4. Financial information

- 4.1 The financial implications are as set out in the main body of this report. The council has a statutory responsibility to set a balanced budget and to ensure it has an adequate level of reserves. The council will take a medium term policy led approach to all decisions on resource allocation.

5. Reducing Inequalities

- 5.1 Services consider and respond to equality issues in setting budgets and delivering services. Irrespective of budgetary pressures, the Council must fulfil equal opportunities obligations.

6. Decide

- 6.1 To approve the recommendations as set out in this report.

7. Respond

- 7.1 The Executive Director for Children's Services, with finance in support will be working with Directors and Heads of service to review the forecast, to continue to implement mitigating actions for any further forecast overspends and to consider these financial implications in line with the council's budget setting process.

8. Review

- 8.1 Regular monitoring reports are presented to Cabinet to inform them of the impact of Covid-19 and the financial forecast for 2020/21, including an update on risks and impact on the budget for 2021/22 and beyond.

Background papers: Various financial working papers

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