

DATE: 3 SEPTEMBER 2019**CORPORATE FINANCIAL PERFORMANCE – PRE-AUDIT OUTTURN FINANCIAL POSITION FOR 2018/19****Ward(s)** All**Portfolio:** Councillor Chris Towe – Education and Skills**Summary of report**

The pre-audit outturn position for the services relating to this portfolio prior to any mitigating action and use of reserves is **£2.192m**. Corporate and earmarked reserves are being used to fund specific agreed items of **(£0.608m)** reducing the overspend to **£1.584m**. The directorate has implemented an action plan of an equivalent **(£1.013m)**, reducing the net revenue position to an overspend of **£0.571m**.

Regular reports were prepared during 2018/19 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 pre-audit revenue overspend is **£0.571m**. For completeness, the pre-audit revenue overspend for services under the remit of the Children's Services Overview and Scrutiny Committee is an overspend of **£0.435m**. This gives a total overspend for Children's Services of **£1.006m**.

The total budget for Education services capital programme is **£31.384m** with a pre-audit outturn of **£7.630m** as at the end of the financial year 2018/19. Carry forwards totalling **£23.754m** have been approved leaving an overall net nil position.

Reason for Scrutiny

To inform the Panel of the pre-audit financial position for 2018/19 for services within their areas of responsibility.

Recommendations

1. To note the pre-audit revenue and capital outturn financial position for the 2018/19 year end for services under the remit of the Education Overview & Scrutiny Committee.
2. To note the actions were taken to address the areas of overspend.

Background papers

Various financial working papers.

SARME

Signed:

Sally Rowe
Executive Director: Children's Services
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Resource and legal considerations

The Council is required to set a balanced budget and requires services to operate within their approved budget allocation. Any variances are required to be managed as far as is reasonably possible. The revenue and capital financial monitoring is reported quarterly to Overview and Scrutiny Committees along with corrective action plans when variances arise. All accounting entries are undertaken in line with the required corporate and statutory accounting guidance and standards.

Citizen impact

Resource allocation is aligned to service activity and is undertaken in accordance with the Council's corporate plan priorities.

Environmental impact

Services within the remit of this overview and scrutiny committee have a direct influence and impact on the environment.

Performance management

Financial performance is considered alongside service targets. Managers are required to deliver their service targets within budget, wherever possible. Corrective action plans are put in place to mitigate overspends where possible, with any remaining variances against budget identified in the report.

Equality Implications

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

Consultation

Consultation was undertaken as part of the budget setting process and throughout the financial year on the financial position and reporting thereof.

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1. Pre-audit Revenue Outturn 2018/19

- 1.1 The pre-audit revenue overspend prior to any mitigating action and use of reserves is **£2.192m**. Use of earmarked reserves of **(£0.608m)** reduced the forecast to **£1.584m**. The Directorate has implemented an action plan of an equivalent **(£1.013m)** from efficiencies and review of non-essential spend, reducing the net forecast position to an overspend of **£0.571m**.

Table 1		
	£m	£m
Forecast Overspend		2.192
Earmarked Reserves	(0.608)	
Action Plan Items Table 3	(1.013)	
Total Actions		(1.621)
Remaining Overspend		0.571

- 1.2 The main reasons for the forecast overspend are shown in **Table 2** below.

Table 2	
Increased demand for SEN educational psychologists	0.181
Extend agency and temporary posts within the SEN assessment team due to increased demand to 31 March 2019	0.110
Demand for Home to School Transport due to the increase in the number of children being transported along with their transport needs	0.280
Total	0.571

- 1.3 **Table 3** summarises the Action Plan.

Table 3	£m
Efficiencies across the directorate identified	1.568
Revision of commissioning contracts	0.060
Home to School Transport Investment	0.130
Total Action Plan	1.758
Utilised by services not included in this portfolio	(0.745)
Action Plan utilised as per Table 1	1.013

1.4 **Table 4** summarises the pre-audit outturn for each service.

Table 4						
Service	Annual Budget £m	Year End Outturn £m	Variance Before use of Reserves £m	Action Plan £m	Use of Reserves £m	Variance after Reserves & Action Plan £m
Access & Achievement	2.023	2.922	0.899	0.000	(0.608)	0.291
Home to school transport	1.951	3.244	1.293	(1.013)	0.000	0.280
Mitigating Action Plan	1.013	0.000	(1.013)	1.013	0.000	0.000
Children's Services	4.987	6.166	1.179	0.000	(0.608)	0.571
Education funding - accountable body	10.485	13.420	2.935	0.000	(2.935)	0.000
Total Children's Services	15.472	19.586	4.114	0.000	(3.543)	0.571

1.5 Included within the approved budget for 2018/19 are **£0.357m** of approved savings relating to services within the remit of this Committee have been delivered in full. An update on the achievement of 2018/19 approved savings was reported monthly to CMT. The savings achieved are shown in **Table 5** below:

Table 5	
Saving	£m
Cease or identify alternative funding to support School Improvement Services	0.271
Reduction on premature retirements budget to realign against current spend profile	0.050
General efficiencies	0.036
Total	0.357

2 Pre-audit Capital Outturn 2018/19

- 2.1 The total budget for Education services capital programme is **£31.384m** with a pre-audit outturn of **£7.630m** as at the end of the financial year 2018/19. Carry forwards totalling **£23.754m** have been approved leaving an overall net nil position. A detailed breakdown is shown in **Table 6** below:

Table 6					
Service	Annual Budget	Actual Year to Date	Forecast	Carry Forward to 2019/20	Variance (under) / over spend
	£m	£m	£m	£m	£m
<u>Council Funded</u>					
2 year old (RCCO)	0.554	0.117	0.117	0.437	0.000
Pupil Referral Units (RCCO)	0.494	0.040	0.040	0.454	0.000
SEND Places Provision (RCCO)	0.823	0.000	0.000	0.823	0.000
Total Council Funded	1.871	0.157	0.157	1.714	0.000
<u>Externally Funded</u>					
Devolved Formula Capital	2.523	0.543	0.543	1.980	0.000
Capital Maintenance	2.277	1.228	1.228	1.049	0.000
Basic Need	23.316	5.244	5.244	18.072	0.000
Universal Infant Free School Meals Phase 3	0.014	0.004	0.004	0.010	0.000
Academies – Darlaston	0.349	0.000	0.000	0.349	0.000
Academies – Sheffield	0.058	0.000	0.000	0.058	0.000
Early Years Reedswood Academy	0.169	0.169	0.169	0.000	0.000
Healthy Pupils Capital Fund	0.203	0.000	0.000	0.203	0.000
Special Provision Fund	0.319	0.000	0.000	0.319	0.000
Rushall EDC	0.009	0.009	0.009	0.000	0.000
Education, Health & Care Hub	0.070	0.070	0.070	0.000	0.000
Section 106 – Watermead Grange	0.098	0.098	0.098	0.000	0.000
Section 106 – Shire Oak	0.108	0.108	0.108	0.000	0.000
Total Externally Funded	29.513	7.473	7.473	22.040	0.000
Total Capital	31.384	7.630	7.630	23.754	0.000

- 2.2 The Basic Need capital grant is allocated by the ESFA to local authorities, based on pupil place number forecasts, to deliver the additional places in schools to meet expected demand. Cabinet has received regular updates, most recently in March 2019, about the progress of the school enlargement programme funded through Basic Need. A further report will be scheduled for Cabinet in a few months' time.
- 2.3 Previous expansion schemes have incurred additional costs above projected budgets as a result of unforeseen circumstances including ground works. It is therefore prudent to ensure the full Basic Need allocation available is not fully committed in order to ensure an appropriate level of contingency remains. If costs do not exceed the current estimate, some Basic Need funding would remain uncommitted at the end of each project. This will then be carried forward into future years for further planned projects.