

25 NOVEMBER 2021

**CORPORATE FINANCIAL PERFORMANCE – QUARTER 2 FINANCIAL MONITORING
POSITION FOR 2021/22**

Ward(s) All

Portfolio: Councillor Towe – Education and Skills

1. Aim

To provide the budget monitoring position for Period 5 2021/22. 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 2021/22 for the services under the remit of the committee.

3. Report detail – know

- 3.1 The current net revenue forecast position, after the net use of reserves, is net nil.
- 3.2 Regular reports are prepared during 2021/22 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 net nil at Period 5, after net use of reserves of £1.47m. For completeness, the forecast revenue overspend for services under the remit of the Children's Services Overview and Scrutiny Committee is net nil. This gives a total forecast position of net nil for Children's Services directorate as at 31 August 2021.
- 3.3 Reasons for the current position are shown in Table 1 below:

Table 1 - Explanations of overspend	
	£k
£322k (offset by reserves) overspend on home to school transport, due to an increase in transport demand of 71 pupils, of which 60 pupils are due to SENDI provision requirements for additional places at two Special Schools within the Borough. Further work being undertaken to consider short term and longer term implications which continue to inform the MTFO.	-
£537k (offset by reserves) overspend on use of agency within the Special Education Needs team, relating to clearing a backlog of Education and Health Care Plan cases and meeting the ongoing demand.	-
Total	-

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

Table 2- Forecast Revenue Outturn 2021/22					
Service	Annual Budget	Year End Forecast	Net Use of Reserves	Action Plan	Variance after Reserves & Action Plan
	£m	£m	£m	£m	£m
Access & Inclusion	2.22	2.93	(0.71)	0.00	0.00
Home to School Transport	4.92	5.24	(0.32)	0.00	0.00
Children's Services Sub Total	7.14	8.17	(1.03)	0.00	0.00
Education funding - accountable body	(0.46)	(0.02)	(0.44)	0.00	0.00
Total Children's Services	6.68	8.15	(1.47)	0.00	0.00

3.5 Reserves

The total allocated reserves in 2021/22 are £4.71m, of which £1.47m has been used or committed to date. To note, this includes reserves of £0.19m relating to one off Covid-19 funding, £0.41m relating to school improvement funding, £0.32m relating to Supporting Families funding to offset the home to school transport pressure and £0.09m other reserves.

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	3.31	(0.44)	0.00	2.86
Access & Inclusion (including home to school transport)	1.40	(1.03)	0.00	0.37
Total Reserves	4.71	(1.47)	0.00	3.23

3.6 Risks

For the services under the remit of this committee, there are total risks of **£413k** which are not included in the above forecast. At this stage the risks are not a certainty and as such are not included in the monitoring position. High risks of **£413k** are included in the corporate monitoring report to CMT. 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.

Table 4 – Revenue Risks 2021/22				
Risk	Value £'000	Ongoing £'000	One Off £'000	Actions to manage risk
High	413	250	163	Children's Services continue to identify possible in year mitigations and review budgets as part of Council's MTFO plan.
Medium	0	0	0	
Low	0	0	0	
Total	413	250	163	

The main high risks (Red risk) that could negatively impact the current forecast position should they occur are detailed further in Table 5 below.

Table 5- High risks		
Service	Reason / explanation of risk	£'000
Home to school transport	Risk of not achieving the identified cost reductions	250
Access & Inclusion	Risk that the demand for assessments continues to increase above capacity of the current Educational Psychologist team, therefore incurring additional agency cost	100
Access & Inclusion	Risk of overspend on agency staff to meet EHCP assessment demand. Funding has been approved for permanent posts, but interim cover may be needed in the short term to meet demand whilst recruitment is underway	63
Total High Risks		413

3.7 Service Transformation Plan Benefits

Included within the budget for 2021/22 for services within the remit of this Committee are £0.57m of approved savings. Table 6 gives an early indication of the progress towards implementing these benefits:

Table 6: Delivery of 2021/22 approved savings – services within the remit of this Committee					
Saving	Total savings £m	Delivered (Blue) £m	To be delivered by 31/03/22 (Green) £m	Not fully guaranteed (Amber) £m	Not achieved (Red) £m
OP15 – Review of Access and Inclusion staffing structure	0.129	0.129	0	0	0
OP16 – Renegotiation and joint procurement of moderation and school improvement contract	0.040	0	0.040	0	0
OP24 – Seek contribution from Walsall CCG towards the provision of a Special Education	0.043	0.043	0	0	0

Needs and/or Disability Information Advice and Support Service (SENDIASS)					
OP25 – Increase traded services to schools	0.020	0	0.020	0	0
OP26 – High needs funding review and provide specialist support to children with additional needs via use of DSG grant	0.250	0.250	0	0	0
OP27 – Review of structure and functions and provide in-house support to 2, 3 and 4 year olds	0.050	0	0.050	0	0
OP113 – CAM Dispersed Effort Benefit Target	0.023	0	0	0	0.023
OP109 – A&BS Dispersed Effort Benefit Target	0.014	0	0	0	0.014
Total approved savings for services within remit of Committee	0.569	0.422	0.110	0	0.037

Each benefit is “BRAG” categorised as follows:

- Blue (delivered);
- Green (on track to be delivered with no issues at year end of 2021/22);
- Amber (not guaranteed at this stage but no major issues expected, some management action needed to ensure delivery) or,
- Red - (at high risk of not being achieved either in part or in full and therefore a robust delivery plan is required);
- A WP resource plan has been agreed to provide additional support towards delivery. All RED and AMBER benefits will require a high level delivery plan with key milestones including any corrective action to be produced.

3.7 Capital Summary

The total capital programme relating to this portfolio is £41.20m. The projected forecast spend for 2021/22 as at Quarter 2 end (September) is £20.96m with a proposed carry forward of £20.25m. This is detailed in Table 7 below:

Table 7 - Capital Forecast 2021/22					
Service	Annual Budget £m	Actual Year to Date £m	Forecast £m	Year End Variance £m	Proposed carry forward to 2022/23 £m
Council Funded					
School Estate Condition Survey	0.25	0.00	0.25	0.00	0.00
School Temporary Classrooms	0.25	0.00	0.25	0.00	0.00
2 Year Old Capital Funding - DSG RCCO	0.23	0.00	0.23	0.00	0.00
SUB-TOTAL	0.73	0.00	0.73	0.00	0.00
Externally Funded					
Devolved Formula Capital	2.01	0.15	2.01	0.00	0.00
Capital Maintenance	5.90	1.73	4.20	1.70	(1.70)
Basic Need*	29.51	5.09	10.97	18.55	(18.55)
Universal Infant Free School Meals	0.01	0.00	0.01	0.00	0.00
Academies	0.35	0.00	0.35	0.00	0.00

High Needs Provisional Capital Allocation**	1.42	0.00	1.42	0.00	0.00
Goldsmith 2 Year Old Expansion	0.99	0.48	0.99	0.00	0.00
Section 106 – Various Schemes	0.29	0.00	0.29	0.00	0.00
SUB-TOTAL	40.48	7.45	20.24	20.25	(20.25)
TOTAL - EDUCATION	41.21	7.45	20.97	20.25	(20.25)

* The Basic Need carry forward includes £1.63m of Special Provision Fund and £0.06m of Section 106 funding. The amounts were adjusted on the balance sheet at year-end in 2020/21 to reflect the expenditure already incurred on special school expansions.

** This grant is a new grant for 21/22 funded by the DfE to support the creation of new High Needs places or the improvement of existing provision for pupils with SEND or Alternative Provision. The funding is for place creations for the academic year 2022/23 and is intended to allow the authority to manage pressures on their high needs budgets.

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 note the recommendations as set out in this report.

7. Respond

- 7.1 The Executive Director for Childrens 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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