

Education
Overview and Scrutiny Committee

19 NOVEMBER 2024

**CORPORATE FINANCIAL PERFORMANCE – QUARTER 2 FINANCIAL MONITORING
POSITION FOR 2024/25**

Ward(s) All

Portfolios: Cllr P Kaur – Education and Skills

1. Aim

- 1.1 To provide the budget monitoring position for Period 6 2024/25. The Chair requested that this item be considered by the Committee.

2. Recommendations:

The Committee are requested to:

- 2.1 Note the revenue and capital forecast for the financial year end 2024/25 for the services under the remit of the committee.

3. Report detail - Know

- 3.1 This report summarises the forecast revenue and capital financial position for 2024/25, based on the position to September 2024, for services within the remit of the Education Overview and Scrutiny Committee, as reported to Cabinet on 16 October 2024. The full Cabinet report can be accessed by the following link:

[Corporate Financial Performance 2024/25 - Cabinet 16 October 2024](#)

- 3.2 The forecast revenue outturn for 2024/25 for the services under the remit of the Education Overview and Scrutiny Committee is an overspend of £2.52m after the net use of reserves of £0.238m, as shown in **Table 1**. The forecast revenue outturn shown is based on actual information from the financial system as at the end of August 2024, and discussions with managers regarding year end forecast and achievement of approved savings.
- 3.3. For completeness, the forecast revenue overspend for services under the remit of the Children's Services Overview and Scrutiny Committee is an overspend of £2.59m. This gives a total forecast position of an overspend of £5.11m for Children's Services directorate as of 30 September 2024.

Table 1: Forecast revenue analysis 2024/25 by Service

Service	Annual Budget	Year End Forecast	Net Use of Reserves	Action Plan	Draft Outturn after use of and transfer to Earmarked Reserves	Variance to Budget
	£m	£m	£m	£m	£m	£m
Access & Inclusion	3.93	4.01	(0.17)	0.00	3.84	(0.09)
Home to School Transport	7.44	10.05	0.00	0.00	10.05	2.61
Education Funding - Accountable Body	(0.40)	(0.33)	(0.07)	0.00	(0.40)	0.00
Total Services within remit of Committee	10.97	13.73	(0.24)	0.00	13.49	2.52

3.4 The main variances are summarised in **Table 2** below.

Table 2: Reasons for revenue outturn variance

Service	Variance £m	Explanation of Year End Outturn
Access & Inclusion	(0.09)	In-year net underspend across Access & Inclusion due to staff underspends on vacancies and temporary staff recharges.
Home to School Transport	2.61	Due to impact of increased demand in 2023/24 over and above budget (28% increase v 14% budgeted).
Education Funding – Accountable Body	0.00	
Total Services within remit of this Committee	2.52	

3.5 Reasons for Movements

The June forecast position reported to Cabinet in July 2024 was an overspend of £2.55m therefore there is a net decrease in the overspend of (£0.03m) over the period. The key reasons for the movement include:

- **£0.06m** – Home to School Transport overspend increased due to higher than anticipated pupil numbers in September 2024 (1,266 vs 1,249) and the impact of this throughout the remainder of the financial year.
- **(£0.09m)** – Reduction in staffing costs due to vacant posts and use of external funding to support in year staffing costs.

3.6 Reserves

The total allocated reserves for 2024/25 for services under the remit of this committee are £2.70m, of which (£0.42m) has been used or committed to date and £0.18m will be transferred to reserves at the year-end, ringfenced for expected spend in 2025/26.

The use of reserves below is predominantly made up of grants carried forward from prior years to fund expenditure incurred in this financial year where grant conditions allow.

Table 4 below details the use of and transfer to reserves across the services within the remit of this committee.

Table 4: 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
Access & Inclusion	0.63	(0.35)	0.18	0.46
Home to School Transport	0.00	0.00	0.00	0.00
Education Funding – Accountable Body	2.07	(0.07)	0.00	2.00
Total Reserves	2.70	(0.42)	0.18	2.46

3.7 Risks

For the services under the remit of this committee, there are total risks of **£1.66m** 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. There are high risks of £1.17m relating to Services within the remit of this committee. If any risks became a certainty, they 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 5** below.

Table 5: Revenue Risks 2024/25				
Risk	Value £m	Ongoing £m	One Off £m	Actions to manage risk
High	1.17	1.17	0.00	Home to School Transport – review and monitor cost increases and impact of any changes regarding belonging regulations.
Medium	0.00	0.00	0.00	
Low	0.49	0.49	0.00	SEN Assessment - monitor EHCP growth and review capacity within team. Education Psychology – recruitment strategy.
Total	1.66	1.66	0.00	

3.8 Service Transformation Plan Benefits

Included within the budget for 2024/25 for services within the remit of this Committee are £0.56m of approved savings. **Table 6** gives an update on progress towards implementing these benefits:

Table 6: Delivery of 2024/25 approved savings – services within the remit of this Committee

Saving	Total savings £m	Delivered £m	To be delivered by 31/03/25 £m	Not fully guaranteed £m	At High risk of non-delivery £m
OP2 – Home to School Transport review of contracts and route	(0.30)	-	-	-	(0.30)
OP54 - Culture shift, training & workforce - payback of Education, Health and Care Plan investment	(0.05)	(0.05)	-	-	-
OP55 – reduce headcount	(0.06)	(0.06)	-	-	-
OP56 - reduction in home to school transport investment	(0.15)	-	-	-	(0.15)
Total approved savings for services within remit of Committee	(0.56)	(0.11)	-	-	(0.45)

Each benefit is “BRAG” categorised as follows:

- Blue (delivered);
- Green (on track to be delivered with no issues at year end of 2024/25);
- 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 either alternative actions are required or a plan to ensure delivery is put back on track).

3.9 Capital Forecast

The capital programme for the services under the remit of the Education Overview and Scrutiny Committee, as at the end of September 2024, is £23.32m. As at September, it was expected that £14.97m will be spent within the current financial year. A list of schemes within the remit of this committee is shown in **Table 7**.

Table 7: Capital Outturn 2024/25 – Services within the remit of this Committee

Scheme	Approved Budget £m	Actual year to date £m	Forecast Outturn £m	Year End Variance £m	Proposed Carry Forward to 2025/26 £m	Variance Over / (Under) £m
Council Funded schemes						
School Estate Condition Survey	0.25	0.00	0.05	(0.20)	(0.20)	0.00
School Temporary Classrooms	0.25	0.00	0.00	(0.25)	(0.25)	0.00
Total Council Funded Schemes	0.50	0.00	0.05	(0.45)	(0.45)	(0.00)
Externally Funded Schemes						
Devolved Formula Capital	1.77	0.19	1.77	0.00	0.00	0.00
Capital Maintenance	4.00	1.96	4.00	0.00	0.00	0.00

Basic Need	9.40	1.39	2.00	(7.40)	(7.40)	0.00
High Needs Provision Allocation	7.00	1.75	6.50	(0.50)	(0.50)	0.00
Academies	0.22	0.00	0.22	0.00	0.00	0.00
Childcare Expansion	0.43	0.00	0.43	0.00	0.00	0.00
Total Externally Funded Schemes	22.82	5.29	14.92	(7.90)	(7.90)	0.00
Total Capital – Services within the remit of this Committee	23.32	5.29	14.97	(8.35)	(8.35)	(0.00)

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 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 financial forecast for 2024/25, including an update on risks and impact on the budget for 2025/26 and beyond.

Background papers: Various financial working papers

Contact Officers:

Ross Hutchinson, Head of Finance (Deputy 151 Officer) – Finance Business Partnering & ESS projects

☎ 01922 658411, ✉ ross.hutchinson@walsall.gov.uk

Tanya Collier, Strategic Finance Business Partner – Children's & Education Services

☎ 01922 652346, ✉ tanya.collier@walsall.gov.uk

Colleen Male

Interim Executive Director, Children's Services