

DATE: 28 NOVEMBER 2022

**CORPORATE FINANCIAL PERFORMANCE – QUARTER 2 FINANCIAL MONITORING
POSITION FOR 2022/23**

Ward(s) All

Portfolio: Councillor Statham – Education and Skills

1. Aim

To provide the budget monitoring position for Period 5 2022/23. 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 2022/23 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 an overspend of £0.40m.

3.2 Regular reports are prepared during 2022/23 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 £0.40m at Period 5, after net use of reserves of (£0.18m). For completeness, the forecast revenue overspend for services under the remit of the Children’s Services Overview and Scrutiny Committee is an overspend of £3.28m. This gives a total forecast position of an overspend of £3.68m for Children’s Services directorate as at 31 August 2022.

3.3 Reasons for the current position are shown in Table 1 below:

Table 1 - Explanations of overspend	
	£m
<ul style="list-style-type: none"> • £0.45m 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. The full pressure in year is £649k however £133k is offset by vacant posts and £64k from use of School Improvement Reserve. There are 20 permanent posts in the EHCP team, 11 of which were vacant at August 22. There was a team of 10 agency staff in place. 	0.45
<ul style="list-style-type: none"> • (£0.05m) various underspends across the service. 	(0.05)
Total	0.40

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

Table 2- Forecast Revenue Outturn 2022/23					
Service	Annual Budget	Year End Forecast	Net Use of Reserves	Action Plan	Variance after Reserves & Action Plan
	£m	£m	£m	£m	£m
Access & Inclusion	1.97	2.53	(0.16)	0.00	0.40
Home to School Transport	6.00	6.00	0.00	0.00	0.00
Children's Services Sub Total	7.97	8.53	(0.16)	0.00	0.40
Education funding - accountable body	(0.46)	(0.44)	(0.02)	0.00	0.00
Total Children's Services	7.51	8.09	(0.18)	0.00	0.40

3.5 Reserves

The total allocated reserves in 2022/23 are £2.61m, of which (£0.18m) has been used or committed to date.

The use of reserves includes (£0.14m) School Improvement grant reserve, (£0.02m) Wellbeing for Education grant reserve & (£0.02m) Non-attendance fine income reserve. Table 3 below splits out the use of / transfer to reserves across the services within the remit of this committee.

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	2.32	(0.02)	0.00	2.30
Access & Inclusion (including home to school transport)	0.29	(0.16)	0.00	0.13
Total Reserves	2.61	(0.18)	0.00	2.43

3.6 Risks

For the services under the remit of this committee, there are total risks of **£0.93m** 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 no high risks relating to Education Services. 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 £m	Ongoing £m	One Off £m	Actions to manage risk
High	0	0	0	
Medium	0.93	0.93	0	The amber risks will continue to be monitored and reviewed with the service on a monthly basis.
Low	0	0	0	
Total	0.93	0.93	0	

The risks are linked to potential increases to SEN numbers and the consequent impact on EHCP and Educational Psychology provision.

3.7 Service Transformation Plan Benefits

Included within the budget for 2022/23 for services within the remit of this Committee are £0.68m of approved savings. Table 6 gives an early indication of the progress towards implementing these benefits:

Saving	Total savings £m	Delivered (Blue) £m	To be delivered by 31/03/23 (Green) £m	Not fully guaranteed (Amber) £m	Not achieved (Red) £m
OP5 – Home to school transport – route optimisation	0.216	0	0.216	0	0
OP17 – Reduction in use of agency and temporary staff	0.120	0	0.120	0	0
OP25 – Increase traded services to schools	0.055	0	0.055	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
OP28 – Review and streamline the provision of specialist inclusion services and support	0.041	0	0.041	0	0
Total approved savings for services within remit of Committee	0.682	0.250	0.432	0	0

Each benefit is “BRAG” categorised as follows:

- Blue (delivered);

- Green (on track to be delivered with no issues at year end of 2022/23);
- 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);

3.8 Capital Summary

The total capital programme relating to this portfolio is £37.52m. The projected forecast spend for 2022/23 as at Quarter 2 (August) is £18.45m with a proposed carry forward of £19.07m. This is detailed in Table 7 below:

Table 7 - Capital Forecast 2022/23					
Service	Annual Budget £m	Actual Year to Date £m	Forecast £m	Year End Variance £m	Proposed carry forward to 2023/24 £m
Council Funded					
School Estate Condition Survey	0.25	0.00	0.25	0.00	0.00
School Temporary Classrooms	0.25	0.18	0.25	0.00	0.00
SUB-TOTAL	0.50	0.18	0.50	0.00	0.00
Externally Funded					
Devolved Formula Capital	1.84	0.10	1.84	0.00	0.00
Capital Maintenance	6.41	0.96	4.28	(2.13)	(2.13)
Basic Need	22.19	0.74	8.88	(13.31)	(13.31)
High Needs Provisional Capital Allocation	6.03	0.00	2.41	(3.62)	(3.62)
Academies	0.35	0.00	0.35	0.00	0.00
Goldsmith 2 Year Old Expansion	0.20	0.00	0.20	0.00	0.00
SUB-TOTAL	37.02	1.80	17.96	(19.06)	(19.06)
TOTAL - EDUCATION	37.52	1.98	18.46	(19.06)	(19.06)

A budget of £0.23m of Dedicated Schools Grant (DSG) has been transferred back to our Education general DSG budget, to be repurposed at the start of the 2022/23 financial year. This funding was previously allocated for RCCO (Revenue Contribution to Capital Outlay) for “2 Year Old Place Funding”. However, analysis of places for 2 year olds has been completed by A&I this year and the conclusion is that there are sufficient places within the borough, to meet the needs of the current cohort and therefore this budget is no longer required for capital expenditure.

The Capital Strategy for School Expansions to utilise Basic Need and High Needs funding for SEND, Secondary and Primary has not yet been finalised. We are seeing significant pressure for available SEND places and the Secondary Cohort is set to expand from 2023/24. A briefing paper is being prepared for review at Director level, before following the governance process to Cabinet.

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 2022/23, including an update on risks and impact on the budget for 2023/24 and beyond.

Background papers: Various financial working papers

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