

DATE: 19 NOVEMBER 2019

MONTH 5 CORPORATE FINANCIAL PERFORMANCE REPORT

Ward(s) All

Portfolio: Councillor Chris Towe – Education and Skills

Summary of report

The forecast overspend for the services relating to this portfolio, after the net use of reserves and prior to any mitigating action, would be an overspend of **£0.811m**. The directorate has implemented an action plan of an equivalent (**£0.630m**), reducing the net forecast position to an over spend of **£0.181m**.

The total capital programme for the services relating to this portfolio is **£39.936m** with forecasted costs of **£19.270m** as at the end of August 2019. A carry forward of **£20.666m** will be requested.

Reason for Scrutiny

To inform the Panel of the forecast financial position for 2019/20 for services within their areas of responsibility.

Recommendation

1. To note the revenue and capital forecast for the 2019/20 yearend financial position for services under the remit of the Education Overview & Scrutiny Committee.
2. To note the actions being taken to address the areas of over spend.

Background papers

Various financial working papers.



Signed:

Sally Rowe
Executive Director: Children's Services
☎ 652085

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. Forecast Revenue Outturn 2019/20

- 1.1 The forecast overspend relating to home to school transport pressures was expected to be **£1.510m** therefore reserves of **(£0.880m)** and in year actions including efficiencies and non-essential spend of **(£0.630m)** were identified in order to achieve a break-even position. A review of Home to School transport has taken place and an action plan put in place to improve operational delivery, efficiency and reduce costs. The use of agency within the Educational Psychologists team costing **£0.181m** cannot be mitigated from existing resources therefore an overspend of **£0.181m** is currently reported.

Table 1	£m	£m
Expenditure prior to action plan and use of reserves	2.155	
Corporate Reserves	(0.464)	
Earmarked Reserves	(0.880)	
Subtotal		0.811
Action Plan Items (Table 3)		(0.630)
Remaining Forecast Overspend		0.181

- 1.2 The main reason for the forecast overspend is shown in Table 2 below.

Table 2	
Use of agency within the Educational Psychologist team due to increased demand and inability to recruit to permanent posts	0.181
Total	0.181

- 1.3 Table 3 summarises the Action Plan.

Table 3	£m
Home to School Transport Investment	0.630
Action Plan utilised as per Table 1	0.630

1.4 Table 4 summarises the forecast Outturn for each service.

Service	Annual Budget £m	Year End Forecast £m	Variance Before use of Reserves £m	Action Plan £m	Use of Reserves £m	Variance after Reserves & Action Plan £m
Access & Achievement	3.035	3.679	0.645	0.000	(0.464)	0.181
Home to School Transport	1.950	3.460	1.510	(0.630)	(0.880)	0.000
Mitigating Action Plan	0.630	0.000	(0.630)	0.630	0.000	0.000
Children's Services Sub Total	5.615	7.139	1.525	0.000	(1.344)	0.181
Education funding - accountable body	(0.733)	0.845	1.578	0.000	(1.578)	0.000
Total Children's Services	4.881	7.984	3.103	0.000	(2.922)	0.181

1.5 Included within the approved budget for 2019/20 are £0.179m of approved savings relating to services within the remit of this panel. An update on the achievement of 2019/20 approved savings is reported monthly to CMT. Any savings that are not forecast to be achieved in year are required to have alternative actions identified and are managed closely through the relevant service management teams and in liaison with the relevant portfolio holder. There are no red savings relating to the services within this portfolio.

BRAG	Explanation	Amount £m
Blue	Delivered in Full	0.136
Green	To be Delivered by 31/03/2020	0.043
Amber	Low Risk of none Delivery	0.000
Red	High Risk of none Delivery	0.000
	Total Saving for 2019/20	0.179

- 1.6 Within the services associated with the panel there are a number of risks totalling **£0.433m**, which have not been included within the above forecast. At this stage the risks are not certainties and as such are not included in the monitoring as an under or over spend. High risks of **£0.333m** are included in the corporate monitoring report to CMT. If the risks become certainties, then alternative action will need to be identified or included in the position as over spends. A summary of the risk assessment is in the table below.

Table 6		
Service	Reason / explanation of risk	£m
Home to School Transport	Should demand for Home to School Transport services continue to increase, there is a risk that further costs could be incurred. The impact of delays to savings, the implementation of a revised contract and the increase in demand has already absorbed new investment along with additional investment from the action plan and is reporting an over spend.	0.333
	Total High Risks	0.333
Access & Attendance	Full year effect of three agency assessors comply with Education, Health and Care plan (EHCP) requirements	0.100
	Total Medium Risks	0.100
	Total Risks	0.433

2 Forecast Capital Outturn 2019/20

2.1 The total capital programme for the services within this portfolio is **£39.936m** with forecasted costs of **£19.270m** as at the end of August 2019. The remaining budget of **£20.666m** will be carried forward to 2020/21 to fund planned future capital schemes. A detailed breakdown is in the table below.

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)	0.437	0.028	0.437	0.000	0.000
Pupil Referral Units (RCCO)	0.454	0.000	0.454	0.000	0.000
School Estate Condition Survey	0.250	0.000	0.000	0.250	0.000
School Temporary Classrooms	0.250	0.000	0.000	0.250	0.000
SEND Places Provision (RCCO)	0.806	0.000	0.806	0.000	0.000
Total Council Funded	2.197	0.028	1.697	0.500	0.000
<u>Externally Funded</u>					
Devolved Formula Capital	2.406	2.406	2.406	0.000	0.000
Capital Maintenance	3.121	1.159	2.041	1.080	0.000
Basic Need	30.054	0.841	11.622	18.432	0.000
Universal Infant Free School Meals Phase 3	0.010	0.000	0.010	0.000	0.000
Academies	0.407	0.061	0.407	0.000	0.000
Healthy Pupils Capital Fund	0.203	0.013	0.203	0.000	0.000
Special Provision Fund	1.307	0.000	0.653	0.654	0.000
Section 106	0.231	0.000	0.231	0.000	0.000
Total Externally Funded	37.739	4.480	17.573	20.166	0.000
Total Capital	39.936	4.535	19.270	20.666	0.000

2.2 There are currently no costs identified in 2019/20 for works relating to the School Estate Condition Survey or School Temporary Classrooms schemes. There is a review of the current school estate planned for 2020/21. It is expected that from this, a number of capital projects will be identified. Therefore, a request will be made to carry these funds forward to next financial year.

2.3 Children's services and Integrated Facilities Management have a 5 year rolling programme for projects to be funded from the Capital Maintenance grant. Some works planned for 2019/20 have now been delayed and are due to be completed in 2021/22. Therefore, a request will be made to carry the remaining funds forward to next financial year.

2.4 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 have received regular updates, most recently in June 2019, about the progress of the school enlargement programme funded through Basic Need.

- 2.5 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 projects.
- 2.6 Plans to spend the Special Provision Fund are currently on hold due to a planned review of Walsall's SEN services and estate. If eligible expenditure is not identified in line with the DfE guidance, there is a risk that allocated funds will have to be returned to the DfE.