

**Education
Overview and Scrutiny Committee**

12 JANUARY 2023

**Corporate Financial Performance 2022/23 – 7 month position ended
31 October 2022**

Ward(s) All

Portfolios: Cllr M Statham – Education and Skills

1. Aim

1.1 To inform the Committee of the updated forecast financial position for 2022/23 based on the position to October 2022, as reported to Cabinet on 14 December 2022, to allow the scrutiny of the financial performance of the council, and specifically for the services within the committee's remit.

2. Recommendations:

The Committee are requested to:

2.1 Note the forecast 2022/23 year-end financial position for the council as a whole – a predicted net revenue overspend of £11.33m (an increase of £5.21m since last reported to Cabinet in October 2022), and capital break even position after re-phasing of £92.64m into 2023/24. The section 151 Officer requested that all budgets be reviewed and that services identify mitigating actions to address the revenue position. Following this review, £11.28m of mitigating actions have been identified to address this, resulting in a marginal revenue forecast overspend of £0.05m. Any on-going pressures or undelivered savings not addressed in year will need to be considered as part of the 2023/24 budget process, putting pressure on that process. Officers are confident at this stage, based on known assumptions, that actions being taken will address this and outturn on budget.

2.2 Note and comment on the forecast 2022/23 year-end financial position for services within the remit of this committee – a predicted net revenue overspend of £0.75m and net capital break even position after re-phasing of £19.06m into 2023/24, subject to ongoing review.

3. Report detail - Know

3.1 This report summarises the forecast revenue and capital financial position for 2022/23, based on the position to October 2022, for services within the remit of the Education Overview and Scrutiny Committee, as reported to Cabinet on 14 December 2022. The full Cabinet report can be accessed by the following link:

[Corporate Financial Performance 2022/23 - Cabinet 14 December 2022](#)

3.2 The Quarter 2 financial position was last reported to this Committee on 28 November 2022, with the next Quarter 3 position planned to be circulated to scrutiny members following the report to Cabinet in February 2023. Given the worsening financial position reported to Cabinet on 14 December 2022 based on the October forecast (an increase of £5.21m since last reported to Cabinet in October 2022) and the mitigation to ensure we can outturn within budget by the year end, it was felt appropriate for each scrutiny to receive this update, along with the impact on services within the remit of their committees.

3.3 The forecast revenue outturn for 2022/23 for services within the remit of this committee as at the end of October 2022, is a net overspend of £0.75m against budget, net of the use of earmarked reserves. This represents an increase of £0.35m since the position reported to this Committee on 28 November 2022. Further details are shown in **Appendix 1**.

3.4 The forecast capital outturn for 2022/23 for services within the remit of this committee as at the end of October 2022, is expected to be break even after rephrasing of £19.06m into 2023/24. Further details of schemes are shown in **Appendix 2**.

Resource and legal considerations:

3.5 This report represents the forecast revenue and capital outturn as reported to Cabinet on 14 December 2022.

Reducing inequalities:

3.6 Services consider equality issues in setting budgets and delivering services. Irrespective of budgetary pressures the council must fulfil its equal opportunities obligations.

4. Decide

4.1 This Committee is asked to note and comment on the forecast revenue and capital forecast for 2022/23 and consider the recommendations as set out.

5. Respond

5.1 This report is for noting and comment by the Committee as above.

6. Review

6.1 This report is for noting and comment by the Committee as above.

Background papers:

- Various financial working papers.
- Corporate Financial Performance 2022/23, as reported to Cabinet on 14 December 2022.

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Forecast Revenue position 2022/23
Services within the remit of the Education Overview and Scrutiny Committee

Revenue Forecast

The forecast revenue outturn for 2022/23 for the services under the remit of the Education Overview and Scrutiny Committee is an overspend of £0.75m, net of the use of earmarked reserves of £0.21m, as shown in **Table 1**. The forecast revenue outturn shown is based on actual information from the financial system as at the end of October 2022, and discussions with managers regarding year end forecast and achievement of approved savings.

For completeness, the forecast revenue overspend for services under the remit of the Children's Services Overview and Scrutiny Committee is an overspend of £6.45m. This gives a total forecast position of an overspend of £7.2m for Children's Services directorate as at 31 October 2022.

Table 1: Forecast revenue analysis 2022/23 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 and Inclusion	2.02	3.34	(0.17)	-	3.17	1.15
Home to School Transport	6.00	6.00	(0.01)	-	5.99	(0.01)
Total Children's Services	8.02	9.34	(0.18)	-	9.16	1.14
Education funding – accountable body	(0.46)	(0.82)	(0.03)	-	(0.85)	(0.39)
Total Services within remit of Committee	7.56	8.52	(0.21)	-	8.31	0.75

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 and Inclusion	1.15	<ul style="list-style-type: none"> • £0.63m 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. • £0.44m overspend on use of agency within the Educational Psychology team due to a significant number of vacant posts. • £0.08m various overspends across the service.
Home to School Transport	(0.01)	

Education funding – accountable body	(0.39)	<ul style="list-style-type: none"> • (£0.32m) of DSG High Needs funding to offset pressures across the service. • (£0.07m) recognition of non-attendance fine income.
Total Services within remit of this Committee	0.75	

Reasons for Movements

The August forecast position reported to this Committee on 28 November 2022 was an overspend of £0.40m, net of the use of reserves, therefore a net increase of £0.35m over the 2 months. The key reasons for movements are detailed in **Table 3** below:

Table 3 – Reasons for movements in variance		
Service	Movement £m	Explanation of Movement in Year End Variance
Access and Inclusion	0.75	<ul style="list-style-type: none"> • £0.18m increase in costs related to SEN assessment team. This is due to delays in recruitment to permanent staff therefore extending use of agency at a higher cost. • £0.44m increase in agency costs within the Educational Psychology team due to a number of posts becoming vacant therefore increasing the use of agency to ensure service continuity. • £0.13m other various increases across the service including extension of interim manager and other agency contracts and a small decrease in expected traded income.
Home to School Transport	(0.01)	
Education funding – accountable body	(0.39)	<ul style="list-style-type: none"> • (£0.32m) decrease in use of DSG now identified to offset pressures across the service. • (£0.07m) recognition of non-attendance fine income.
Total Movements for Services within remit of this Committee	0.35	

Reserves

The total allocated reserves in 2022/23 for services under the remit of this committee are £2.67m, of which (£0.21m) has been used or committed to date.

The use of reserves includes (£0.10m) School Improvement grant reserve, (£0.02m) Wellbeing for Education grant reserve, (£0.03m) Non-attendance fine income reserve and (£0.06m) corporate pay award reserve. **Table 4** below splits out the use of / 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
Education funding-accountable body	2.32	(0.03)	0.00	2.29
Access & Inclusion (including home to school transport)	0.35	(0.18)	0.00	0.17
Total Reserves	2.67	(0.21)	0.00	2.46

Risks

For the services under the remit of this committee, there are total risks of **£0.32m** 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 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 2022/23				
Risk	Value £m	Ongoing £m	One Off £m	Actions to manage risk
High	0	0	0	
Medium	0.32	0.32	0	The amber risks will continue to be monitored and reviewed with the service on a monthly basis.
Low	0	0	0	
Total	0.32	0.32	0	

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

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 update on progress towards implementing these benefits:

Table 6: Delivery of 2022/23 approved savings – services within the remit of this Committee					
Saving	Total savings £m	Delivered (Blue) £m	To be delivered by 31/03/23 (Green) £m	Not fully guaranteed (Amber) £m	At High risk of non delivery (Red) £m
OP5 – Home to school transport – route optimisation	(0.22)		(0.22)		

OP17 – Reduction in use of agency and temporary staff	(0.12)		(0.12)		
OP25 – Increase traded services to schools	(0.05)		(0.05)		
OP26 – High needs funding review and provide specialist support to children with additional needs via use of DSG grant	(0.25)	(0.25)			
OP28 – Review and streamline the provision of specialist inclusion services and support	(0.04)		(0.04)		
Total approved savings for services within remit of Committee	(0.68)	(0.25)	(0.43)		

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 either alternative actions are required or a plan to ensure delivery is put back on track);

A Walsall proud resource plan has been agreed to provide additional support towards delivery.

Forecast Capital position 2022/23
Services within the remit of the Education Overview and Scrutiny
Committee

Capital Forecast

The capital programme for the services under the remit of the Education Overview and Scrutiny Committee, as at the end of October 2022, is £37.52m. It is currently expected to be break even after rephrasing of £19.06m into 2023/24. A list of schemes within the remit of this committee is shown in **Table 7**.

Table 7 – Capital Outturn 2022/23 – 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 2023/24 £m	Variance Over / (Under) £m
Council Funded schemes						
School Estate condition survey	0.25	0.00	0.25	0.00	0.00	0.00
School Temporary classrooms	0.25	0.24	0.25	0.00	0.00	0.00
Total Council Funded Schemes	0.50	0.24	0.50	0.00	0.00	0.00
Externally Funded schemes						
Devolved Formula Capital	1.84	0.21	1.84	0.00	0.00	0.00
Capital maintenance	6.41	2.54	4.28	-2.13	2.13	0.00
Basic Need	22.19	1.46	8.88	-13.31	13.31	0.00
High Needs Provisional Capital Allocation	6.03	0.00	2.41	-3.62	3.62	0.00
Academies	0.35	0.00	0.35	0.00	0.00	0.00
Goldsmith 2 Year Old Expansion	0.20	0.00	0.20	0.00	0.00	0.00
Total External Funded Schemes	37.02	4.21	17.96	-19.06	19.06	0.00
Total Capital – Services within the remit of this Committee	37.52	4.45	18.46	-19.06	19.06	0.00

There are currently plans in place to undertake a number of school expansions in order to create a new mainstream and special school places in future years. The funds carried forward above for Basic Need and High Needs Provisional Capital Allocation will be allocated to the costs of these schemes in future years.