

20 November 2018

**Corporate financial performance –
Quarter 2 financial monitoring position for 2018/19**

Ward(s) All

Portfolio: Councillor C. Towe – Education and Skills

Summary of report

The forecast overspend for the services relating to this portfolio prior to any mitigating action and use of reserves is **£0.721m**. Corporate and earmarked reserves are being used to fund specific agreed items of **(£0.178m)** reducing the forecast overspend to **£0.543m**. The directorate has implemented an action plan of an equivalent **(£0.433m)**, reducing the net forecast position to an over spend of **£0.110m**.

The total capital programme for the services relating to this portfolio is **£30.304m** with forecasted costs of **£29.985m** as at the end of September 2018. A carry forward of **£0.319m** will be requested.

Reason for Scrutiny

To inform the Panel of the forecast financial position for 2018/19 for services within their areas of responsibility.

Recommendation

1. To note the revenue and capital forecast for the 2018/19 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:

Executive Director: Children's Services
☎ 652081

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 2018/19

- 1.1 The forecast overspend relating to known pressures was expected to be **£0.611m** therefore earmarked reserves of **(£0.178m)** and in year actions including efficiencies and non-essential spend of **(£0.433m)** were identified in order to achieve a break-even position. Following this, the extension of agency and temporary posts within the SEN assessment team costing **£0.110m** cannot be mitigated from existing resources therefore an overspend of **£0.110m** is currently reported.

Table 1		
	£m	£m
Forecast Overspend		0.721
Earmarked Reserves	0.178	
Action Plan Items Table 3	0.433	
Total Actions		0.611
Remaining Forecast Overspend		0.110

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

Table 2	
Extend agency and temporary posts within the SEN assessment team due to increased demand to 31 March 2019	0.110
Total	0.110

- 1.3 Table 3 summarises the Action Plan.

Table 3	£m
Efficiencies across the directorate identified during 16/17	0.681
Efficiencies across the directorate identified during 17/18	0.457
Revision of commissioning contracts	0.060
Home to School Transport Investment	0.130
Total Action Plan	1.328
Utilised by services not included in this portfolio	(0.895)
Action Plan utilised as per Table 1	0.433

1.4 Table 4 summarises the forecast Outturn for each service.

Table 4						
Service	Annual Budget	Year End Forecast	Variance Before use of Reserves	Action Plan	Use of Reserves	Variance after Reserves & Action Plan
£m	£m	£m	£m	£m	£m	£m
Access & Achievement	4.632	5.353	0.721	(0.433)	(0.179)	0.110
Mitigating Action Plan	0.433	0.000	(0.433)	0.433	0.000	0.000
Children's Services Sub Total	5.065	5.353	0.288	0.000	(0.179)	0.110
Education funding - accountable body	(0.446)	5.850	6.296	0.000	(6.296)	0.000
Total Children's Services	4.619	11.203	6.584	0.000	(6.475)	0.110

1.5 Included within the approved budget for 2018/19 are £0.357m of approved savings relating to services within the remit of this panel. An update on the achievement of 2018/19 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.

Table 5		
BRAG	Explanation	Amount £m
Blue	Delivered in Full	0.183
Green	To be Delivered by 31/03/2018	0.174
Amber	Low Risk of none Delivery	0.000
Red	High Risk of none Delivery	0.000
	Total Saving for 2018/19	0.357

- 1.6 Within the services associated with the panel there are a number of risks totalling **£0.200m**, 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 **£0.135m** 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	The impact of delays to savings, the implementation of a revised Home to School contract and the increase in demand has already absorbed new investment along with mitigating action plan. There is a risk that change in future demand could increase costs incurred.	0.135
	Total High Risks	0.135
SEN Educational Psychologists	Risk of extended agency costs to cover vacant posts due to difficulties in recruitment.	0.065
	Total Medium Risks	0.065
	Total Risks	0.200

2 Forecast Capital Outturn 2018/19

2.1 The total capital programme for the services within this portfolio is **£30.304m** with forecasted costs of **£29.985m** as at the end of September 2018. A detailed breakdown is in the table below.

Table 7					
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)	0.554	0.019	0.554	0.000	0.000
Pupil Referral Units (RCCO)	0.494	0.000	0.494	0.000	0.000
SEND Places Provision (RCCO)	0.823	0.013	0.823	0.000	0.000
Total Council Funded	1.871	0.032	1.871	0.000	0.000
<u>Externally Funded</u>					
Devolved Formula Capital	1.666	1.666	1.666	0.000	0.000
Capital Maintenance	2.124	0.312	2.124	0.000	0.000
Basic Need	23.316	1.904	23.316	0.000	0.000
Universal Infant Free School Meals Phase 3	0.014	0.000	0.014	0.000	0.000
Academies – Darlaston	0.349	0.000	0.349	0.000	0.000
Academies – Shelfield	0.058	0.000	0.058	0.000	0.000
Early Years Reedswood Academy	0.169	0.049	0.169	0.000	0.000
Healthy Pupils Capital Fund	0.203	0.000	0.203	0.000	0.000
Special Provision Fund	0.319	0.000	0.000	0.319	0.000
Rushall EDC	0.009	0.000	0.009	0.000	0.000
Section 106 – Watermead Grange	0.098	0.000	0.098	0.000	0.000
Section 106 – Shire Oak	0.108	0.000	0.108	0.000	0.000
Total Externally Funded	28.433	3.931	28.114	0.319	0.000
Total Capital	30.304	3.963	29.985	0.319	0.000

- 2.2 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 October 2018, about the progress of the school enlargement programme funded through Basic Need.
- 2.3 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.
- 2.4 For the Special Provision Fund, it is not yet agreed to allocate funding to specific schemes as our SEN School Estate is being reviewed as a whole, which may identify additional need for placements, or resources which could benefit from this funding. Therefore this funding of £0.319m will be requested to be carried forward for allocation in 2019/20.