

Decision maker: Cabinet Member for Education

Subject: Education Budgeting Monitoring Outturn Report for 2015/16

Date of decision: 30 June 2016

Report from: Chris Ward, Director of Finance and s.151 Officer

Report by: Richard Webb, Finance Manager

Wards affected: All

Key decision: No

Budget & policy framework decision: No

1. Purpose of report

- 1.1.** To inform the Cabinet Member of the revenue expenditure position within the Education portfolio cash limit for the financial year 2015-16. This report sets out the budget position and contributing factors to the final portfolio underspend at the end of the financial year.

2. Summary

- 2.1.** During 2015/16 Education and Children's Social Care, (CSC) were a combined portfolio and were monitored and managed together. As a whole there was a forecast financial overspend throughout the year with the final position being an overspend of £989,000.
- 2.2.** Within this total position, the CSC services produced an overspend of £1.398m, whilst the Education services contributed an offsetting underspend of circa £0.409m.
- 2.3.** As the budgets were managed at the higher portfolio level during 2015/16, the Education underspend has been offset against the CSC overspend at a Portfolio level. However, going forward now that the Education service is a separate Portfolio, any underspend that is generated will be available for carry-forward at the end of each financial year for use in future years.

3 Recommendations

3.1 It is recommended that the Cabinet Member:

- Note the Education service outturn position for 2015/16, of £409k under the approved cash limit provision, and that this has been offset against the Children's Social Care overspend position for that year.
- Note the anticipated cash limit pressure for the 2016/17 financial year; and that this will continue to be monitored and reported regularly during the year.

4 Position against Cash Limited Budget at the end of 2015/16

4.1 The Education budget at the year-end was £6.531m, an increase of £171,000 on the budget originally approved. This increase reflects the additional reserve allocations for redundancy costs, budget provision for the new position of Director of Children's Services, as well as portfolio transfers relating to Early Support activities transferred to the Children Centre budgets.

4.2 Education spending for the year amounted to £6.121m producing an underspend of £0.409m as identified below.

	Original Budget	Final Budget	Actual	Variation
EDUCATION AND STRATEGIC COMMISSIONING				
Strategic Commissioning	£1,020,293	£1,115,150	£1,085,728	-£29,422
Early Support	£625,000	£585,091	£467,933	-£117,158
Education Improvement	£674,500	£614,615	£338,370	-£276,245
Inclusion	£4,039,524	£4,215,772	£4,229,921	£14,149
TOTAL Education And Strategic Commissioning	£6,359,317	£6,530,628	£6,121,952	-£408,676

4.3 The Strategic Commissioning budget incorporates the senior management posts, Information and Policy Unit, as well as Youth Advice Team. The eventual saving on the budget primarily arose from increased staffing vacancies and turnover amounting to £76,000. This was offset by a reduction in income from Dedicated Schools Grant and lodge rental of £41,000 linked with Academy transfers, and £6,000 from other minor areas of variation.

4.4 The Early Years Support service, relates to the management of the funding provision for 2, 3 and 4 year olds together with commissioned services. The main components of the underspend arose from staffing vacancies and training amounting to £36,000, reduced commissioning requirements of £49,000; and increased income of £32,000 from traded activities.

4.5 The Education Improvement service had a substantial underspend of £198,000 from staffing vacancies during a year, where they also undertook a review of their working arrangements. Despite this, income receipts also exceeded budget expectations by £78,000.

4.6 The Inclusion Service can be a volatile budget area containing, as it does, the Home to School Transport service budget. This area of the budget was once again in excess of the financial provision by £161,000, whilst reductions in the short-break support requirements, partly in anticipation of savings requirements, substantially off-set this cost by £153,000. Additional staffing requirements amounting to £69,000, predominantly related to Statutory Assessments, were also offset by additional service income of £63,000 through attendance fines and traded services.

5 Equality impact assessment

5.1 No impact assessment has been carried out as the proposals do not have any impact upon a particular equalities group.

6 Legal comments

6.1 There are no legal implications arising directly from the recommendations in this report.

7 Finance comments

7.1 On the 3rd December 2015, Cabinet approved the savings proposals of £563k in a full year (as set out within that report), to be commenced immediately, subject to appropriate consultation and notice periods. However, it should be recognised that the level of achievable savings in 2016-17, will be dependent on the outcome of the consultations, the deliverability of the savings and the timing of their implementation.

7.2 The final outturn for the Education Service incorporated substantial savings arising from staff vacancies and additional income that may not be recurring. The proposed restructuring and savings proposals may also have removed much of this capacity for 2016/17.

7.3 The Home to School Transport budget has been overspent for a number of years. Despite the implementation of new policies and arrangements designed to reduce the numbers requiring transport, the fixed nature of some of the costs suggest continued pressure in this budget area.

7.4 As a result it is forecast, based on the information currently available, that going into 2016-17, the Education service will face a financial pressure of some £200k. The service is continuing to actively manage its expenditure requirements and income levels, but as some significant areas of the budget are demand led, fluctuations in these requirements could also impact on the levels of expenditure in 2016/17.

7.5 The progress being made to deliver the proposed savings, as well as the forecast financial position of the Portfolio will continue to be monitored and reported regularly to the Cabinet Member during the year.

.....
Chris Ward, Director of Finance and s.151 Officer

Background list of documents: Section 100D of the Local Government Act 1972

The information upon which this report has been based has been drawn from a variety of sources; however much of the information used is held in budget files prepared by the Children and Education Finance Team. Please contact Richard Webb, Finance Manager, if required.

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the Cabinet on

.....
Signed by: Cabinet Member