

Decision maker: Cabinet Member for Education

Subject: Education Budget Monitoring Outturn Report for 2016/17

Date of decision: 10th July 2017

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.** The purpose of this report is to inform the Cabinet Member of the revenue expenditure position within the Education portfolio cash limit, together with the capital programme for the financial year 2016-17. 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.** The final revenue position for the portfolio at the end of 2016-17 was an underspend of £211,000, which was slightly higher than the anticipated £172,000 underspend reported at the end of quarter 3. Pressures on school transport were more than offset by staffing savings from vacant posts and additional income. The capital programme budget was updated in February 2017, with a minor year end overspend of £19,000 currently being reported; funding will be identified for this during 2017/18 and it is expected that there will be no additional call on corporate resources.

3 Recommendations

3.1 It is recommended that the Cabinet Member:

- **Note the Education Portfolio outturn position for 2016/17 of £211,000 under the approved cash limit provision and the capital programme position at the end of the financial year.**

- **Note the potential cash limit pressure for the 2017/18 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 2016/17

- 4.1** The Education budget at the year-end was £3.847m, a decrease of £1.759m on the budget originally approved. This decrease was the result of necessary cash limit adjustments to reflect the contribution to capital programme of £2m, that was funded from the Dedicated Schools Grant (DSG) following approval from the Secretary of State for Education; together with adjustments for redundancy costs, increased budget provision for the Director of Children's Services PA, inflation allocations, and portfolio transfers relating to Early Years.
- 4.2** Against this budget, spending for the year amounted to £3.636m producing an underspend of £0.211m as identified below.

	Original Budget	Final Budget	Actual	Variation
EDUCATION				
Deputy Director of Children's Services - Education	288,520	(1,669,580)	(1,651,976)	17,605
Head of School Improvement & Early Support	678,860	748,950	506,002	(242,948)
Head of Inclusion	3,623,490	3,988,020	4,225,930	237,910
Head of Sufficiency, Participation & Resources	1,014,950	779,580	555,591	(223,989)
TOTAL Education	5,605,820	3,846,970	3,635,548	(211,423)

- 4.3 Deputy Director of Children's Services** budget incorporated the senior management posts. The overspend of £18,000 was a consequence of agency usage and additional staffing costs. The in-year budget reduction and corresponding income are a result of the £2m contribution from the DSG towards the capital programme which was pass-ported through, as explained above.
- 4.4 The School Improvement and Early Support Service** underspent by £243,000. Difficulties in recruitment, turnover of staff and the holding of some vacant posts, resulted in an underspend on staffing of £287,000. This underspend was partially offset by costs of £117,000, for the new arrangements for the external delivery of school improvement activities. In addition, increased income generation from traded services activities resulted in a further underspend of £72,000.
- 4.5** The final outturn for the **Inclusion Service** was an overspend of £238,000, which can mostly be attributed to the costs of home to school and college transport. This area of the budget was once again in excess of the financial provision by £207,000, slightly higher than previously anticipated. Despite a reduction in numbers of children receiving support the costs did not reduce proportionately.
- 4.6** Additional staffing requirements across the inclusion service amounted to £49,000 and a shortfall in income in relation to attendance fines (as a consequence of the high profile case on the Isle of Wight) added £43,000. These were offset by a reduction in the short breaks support requirements of £72,000.

- 4.7 Sufficiency, Participation and Resources** underspent by £224,000. The underspend of £198,000 arose as a result of staffing turnover and vacancies in the progression and administration teams, as well as the delayed appointment of the Head of Service. The remainder of the underspend can be attributed to an increase in traded services income within the careers service and Ethnic Minority Achievement Service.
- 4.8** Under the approved financial arrangements, overspends and underspends are carried forward by the portfolio into a reserve, as portfolio's are expected to manage their financial resources across financial years in order to encourage medium term operational and financial planning. Therefore the underspend of £211,000 will be carried forward for use in 2017-18.

5 Position against Capital Budget at the end of 2016/17

- 5.1** The actual spending on approved capital schemes as at the end of financial year 2016/17 is shown in Appendix 1, alongside the overall forecast position for scheme costs.
- 5.2** The Council approved its capital programme on the 14th February 2017 for the period 2016-17 to 2021-22 and this incorporated updated estimates for ongoing projects. Since that approval amendments to the programme have been made in respect of additional school funded projects and specific grant funded early years schemes related to the sufficiency of places. These have been incorporated in the programme shown in the appendix.
- 5.3** Variations in forecast spend arising during the year have been reported and scheme amendments have been approved, culminating in the currently approved programme. Unsurprisingly there is little change between the programme approved in February and the anticipated scheme costs as at the end of the year. The £19,000 forecast variation shown relates to additional spend associated with urgent specific SEN requirements, with funding and capital programme amendment to be established in 2017/18.

6 Equality impact assessment

- 6.1** An equality impact assessment is not required as the recommendations do not have a negative impact on any of the protected characteristics as described in the Equality Act 2010. There is no change to policy or service and through the budget review process equality impact assessments would be undertaken on an individual basis as required. .

7 Legal comments

- 7.1** There are no legal implications arising directly from the recommendations in this report.

8 Finance comments

- 8.1** 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, and individual high cost pupils suggest continued pressure in this budget area.
- 8.2** As a result it is forecast that in 2017/18 the Education service will face continued financial pressure in respect of Home to School Transport, however work is being undertaken by the service to consider and implement proposals to alleviate some of these pressures in the future.
- 8.3** 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 2017/18.
- 8.4** The service carried forward £211,400 into the portfolio reserve at the end of 2016/17. Since then approvals to spend from this reserve have amounted to £148,400. It is proposed that the remaining £63,000 is earmarked to fund any potential pressures during 2017/18.
- 8.5** The progress being made to deliver 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.

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Chris Ward, Director of Finance and s.151 Officer

Appendix 1 - Capital Programme as at 31 March 2017

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 Member for Education on

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Signed by: Cabinet Member for Education



EDUCATION CAPITAL PROGRAMME

Number	Scheme	Original Scheme Budget Full Year 16-17	Budget Adjustments	Current Approved Budget	Actual spend to Mar 17	Forecast Spend	Forecast Variance
		£	£	£	£	£	£
1	Primary Capital Programme	16,004,000	0	16,004,000	15,755,300	16,004,000	0
2	Victory School	10,214,300	0	10,214,300	10,197,900	10,214,300	0
3	Sufficiency Programme Phase One 2013- 2015	6,555,800	0	6,555,800	6,241,500	6,555,800	0
4	Sufficiency Programme Phase Two 2015- 2017	9,940,000	676,700	10,616,700	3,555,900	10,616,700	0
5	Secondary School Feasibility Study	150,000	0	150,000	93,900	150,000	0
6	Temporary Accommodation	333,100	0	333,100	328,000	331,500	-1,600
7	Vanguard Centre	2,500,000	0	2,500,000	683,400	2,500,000	0
8	King Richard School Rebuild 900-1000 places	1,685,500	0	1,685,500	1,354,200	1,685,500	0
9	Portsmouth College Sufficiency Post 16	244,000	0	244,000	245,300	246,700	2,700
10	Schools Devolved Formula Capital 2010-17	9,261,800	0	9,261,800	9,261,800	9,261,800	0
11	Universal Infant Free School Meal Works	873,100	0	873,100	868,100	873,100	0
12	Universal Infant Free School Meal Provision	628,700	0	628,700	593,100	628,700	0
13	Salix	71,000	0	71,000	71,000	71,000	0
14	St Edmunds SI Provision	488,200	0	488,200	507,300	507,300	19,100
15	Access SEN Pupils	283,200	0	283,200	249,000	283,200	0
16	ALN Lift Repairs	42,200	0	42,200	41,100	41,100	-1,100
17	Mayfield East Field	800	0	800	800	800	0
18	Schools Conditions Projects - Modernisation 2015-16	1,486,200	21,000	1,507,200	1,280,300	1,507,200	0
19	School Condition Projects 2014-2016	2,845,000	0	2,845,000	2,689,200	2,845,000	0
20	Portsdown Primary Emergency Lighting	39,600	0	39,600	39,600	39,600	0
21	School Conditions Project 2016/17	1,026,400	-21,000	1,005,400	776,300	1,005,400	0
22	Secondary School Places Expansion Phase (1)	1,500,000	50,000	1,550,000	590,000	1,550,000	0
23	Special Education Needs - Building Alterations	3,191,600	0	3,191,600	183,100	3,191,600	0
24	Schools Devolved Formula Capital 2016-17	2,682,200	0	2,682,200	1,367,000	2,682,200	0
25	Sufficiency of Secondary School Places	4,470,000	0	4,470,000	0	4,470,000	0
26	Future secondary School Places	1,000,000	0	1,000,000	0	1,000,000	0
27	School Condition 2017/18	1,100,000	115,500	1,215,500	4,900	1,215,500	0
TOTALS		78,616,700	842,200	79,458,900	56,978,000	79,478,000	19,100