

Decision maker:	Cabinet Member for Education
Subject:	Education Portfolio Outturn Report for Financial Year 2017-18
Date of decision:	9th July 2018
Report from:	Chris Ward, Director of Finance and Section 151 Officer
Report by:	Beverley Pennekett , 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 2017-18. 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 2017-18 was an underspend of £348,000, which is significantly higher than the anticipated £61,000 reported at the end of quarter 3. Grant funding of £156,000, received very late in the year, remained unspent at 31st March 2018, and forms part of the total underspending to be transferred to the portfolio reserve to allow work to be carried out in 2018-19. Pressures on school transport were more than offset by staffing savings from vacant posts and additional income.
- 2.2. The capital programme is currently identifying an underspend of £116,000 on the approved capital budget of £71.5m, with consideration being given to further priority condition allocations.

3 Recommendations

- 3.1 **It is recommended that the Cabinet Member:**

- **Note the Education Portfolio outturn position for 2017-18 of £348,000 under the approved cash limit provision and the capital programme position at the end of the financial year.**
- **Note the existing commitments against the underspend therefore reducing the amount in the portfolio reserve to support future service pressures.**
- **Note the potential cash limit pressure for the 2018-19 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 2017-18

- 4.1 The Education budget at year end was £5.479m, an increase of £0.221m on the budget originally approved. This increase reflects the additional allocations for redundancy costs, replacement of ESG funding and various one-off transfers from portfolio reserves to fund service projects.
- 4.2 Against this budget, spending for the year amounted to £5.131m producing an underspend of £0.348m as identified below.

	Original Budget	Final Budget	Actual	Variation
EDUCATION				
Deputy Director of Childrens Services - Education	(266,600)	(62,800)	(63,522)	(722)
Head of School Improvement & Early Support	503,800	513,600	354,402	(159,198)
Head of Inclusion	4,072,200	4,149,000	4,146,339	(2,661)
Head of Sufficiency, Participation & Resources	948,600	879,300	693,437	(185,863)
TOTAL Education	5,258,000	5,479,100	5,130,656	(348,444)

The variances to budget are explained further below.

- 4.3 **Deputy Director of Children's Services** had additional staffing costs together with recharges from the Commissioning Unit related to contract management arrangements resulted in additional spending of some £37,000. However this was offset by lower than budgeted operating expenditure resulting in a final underspend position of £1,000.
- 4.4 The **School Improvement Service** underspent by £159,000 with vacant posts during the year providing savings of £21,000 and operational budgets underspending by £37,000. Additional income receipts of £70,000 added to the underspend, as well as one off income of £32,000 relating to Golden Hello balances which were realised in 2017-18.
- 4.5 The **Inclusion Support Service** ended the year with a small £3,000 underspend. Home to school transport provides perennial budget pressures and this year

overspent by £377,000. This is higher than previous years and higher than anticipated, mainly due to a few children requiring high cost provision moving into the Portsmouth area. This overspend was partially offset by increased income receipts in respect of traded services and reduced usage of short break providers. In addition there was unspent funding of £106,000 relating to the SEN Reform and Regional Lead Grants, although this funding is required for commitments in 2018-19.

- 4.6 The final outturn for **Sufficiency, Participation and Support** was a £186,000 underspend. Staffing budgets underspent within the careers advice and information and policy teams. This, alongside increased traded services income within EMAS and the information and policy teams, generated an underspend of £136,000. In addition, a grant in relation to a new "Tri- work young persons supported work experience" scheme was received very late in 2017-18 and has been carried into reserves to be used towards 2018-19 expenditure commitments
- 4.7 Under the approved financial arrangements, overspends and underspends are carried forward by the portfolio into a reserve, as portfolios are expected to manage their resources across financial years in order to encourage medium term operational and financial planning. Consequently, the service carried forward £348,400 into the portfolio reserve at the end of 2017-18. As noted above in paragraphs 4.5 and 4.6 £156,000 of this is already committed towards 2018-19 spending plans.

5 Position against Capital Budget at the end of 2017-18

- 5.1 The actual spending on approved capital schemes as at the end of the financial year 2017-18 is shown in Appendix 1, alongside the overall forecast position for scheme costs.
- 5.2 The Council Approved its capital programme on 13th February 2018 for the period 2017-18 to 2022-23 and this incorporated updated estimates for ongoing projects. These are reflected in the programme shown in the appendix, which excludes the schemes approved to start in 2018-19.
- 5.3 The actual spend to the end of 2017-18 at £54.1m is some £17.5m below approved funding for the schemes identified, which reflects the longer term nature of capital spending. However, at this stage, the forecast eventual spending levels suggest a possible overall underspend of £116,000 against total approved funding of £71.5m.
- 5.4 This primarily relates to the need to maintain emergency and contingency funding in respect of school condition spend. Comments relating to the variations are noted on Appendix 1, and arrangements to re-align budgets and adjust spending plans are currently being considered.

6 Equality impact assessment (EIA)

- 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 Director of Finance comments

- 8.1 The final outturn for the Education Service incorporated substantial savings arising from staff vacancies and additional income that may not be recurring.
- 8.2 The Home to School Transport budget has been overspent for a number of years. Despite the continued implementation of new policies and arrangements designed to reduce the numbers requiring transport, an increase in the numbers of pupils requiring high cost provision suggests continued pressure in this budget area.
- 8.3 As a result it is forecast that in 2018-19 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 the pressured in the future.
- 8.4 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 2018-19.
- 8.5 The service carried forward £348,400 into the portfolio reserve at the end of 2017-18. Of this £156,000 is grant funding which will be spent in 2018-19. An additional approval to spend from this reserve has been given for £24,000. It is proposed that the remaining balance is earmarked to fund any potential pressures during 2018-19.
- 8.6 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 Section 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 Bev Pennekett, Finance Manager, if required.

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

.....
Signed by: Cabinet Member



Children and Education Capital Budgets

APPENDIX 1

Number	Scheme	Current Approved Budget	Actual spend to Mar 18	Forecast Spend	Potential Variance	Explanation
		£	£	£	£	
1	Primary Capital Programme	15,922,000	15,835,400	15,859,400	-62,600	Savings in scheme costs and unneeded contingency provision. Anticipated that this will be redirected towards other school sufficiency schemes.
2	Victory School	10,197,900	10,197,900	10,197,900	0	
3	Sufficiency Programme Phase One 2013- 2015	6,549,800	6,287,100	6,549,800	0	
4	Sufficiency Programme Phase Two 2015- 2017	10,954,200	6,044,300	10,969,000	14,800	
5	Secondary School Feasibility Study	150,000	97,600	150,000	0	
6	Temporary Accommodation	333,100	358,000	358,000	24,900	temporary accommodation requirements at Langstone school
7	Vanguard Centre	3,270,600	1,068,900	3,270,600	0	
8	King Richard School Rebuild 900-1000 places	1,685,500	1,390,700	1,685,500	0	
9	Portsmouth College Sufficiency Post 16	246,000	245,900	245,900	-100	
10	Universal Infant Free School Meal Works	891,600	890,400	892,700	1,100	
11	Universal Infant Free School Meal Provision	628,700	593,100	628,700	0	
12	Salix	82,500	80,400	82,500	0	
13	St Edmunds SI Provision	507,300	507,300	507,300	0	
14	Access SEN Pupils	283,200	290,600	286,800	3,600	
15	ALN Lift Repairs	42,200	41,100	42,200	0	
16	Schools Conditions Projects - Modernisation 2015-16	1,489,200	1,396,900	1,468,100	-21,100	minor savings on variety of schemes
17	School Condition Projects 2014-2016	2,845,000	2,689,200	2,824,000	-21,000	scheme savings and unallocated contingencies.
18	School Conditions Project 2016/17	1,001,400	864,200	1,000,900	-500	
19	Secondary School Places Expansion Phase (1)	1,652,000	1,448,200	1,596,700	-55,300	Contingency provision for Milton Cross project unlikely to be needed
20	Special Education Needs - Building Alterations	3,191,600	250,400	3,191,600	0	
21	Schools Devolved Formula Capital 2016-17	2,954,200	2,645,400	2,954,200	0	
22	Sufficiency of Secondary School Places	5,350,000	244,800	5,350,000	0	
23	Future secondary School Places	120,000	102,800	120,000	0	
24	School Condition 2017/18	1,155,500	486,100	1,155,500	0	current project approvals being revisited
25	Beacon View Primary School Kitchen Block	45,000	700	45,000	0	
	TOTALS	71,548,500	54,057,400	71,432,300	-116,200	