

Decision maker:	Cabinet Member for Education
Subject:	Education Portfolio Outturn Report for Financial Year 2018-19
Date of decision:	24th July 2019
Report from:	Chris Ward, Director of Finance and Section 151 Officer
Report by:	Maria Smith, Group Accountant
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 2018-19. This report sets out the budget position and contributing factors to the final portfolio overspend at the end of the financial year.

2. Summary

- 2.1. The final revenue position for the portfolio at the end of 2018-19 was an overspend of £119,800, which is significantly lower than the anticipated £209,000 reported at the end of quarter 3. An overspend on the Home to School Transport budget of £274,000 was partially offset by an underspend on staffing due to vacancies and turnover, increased income and other small variances across the service.
- 2.2. The portfolio reserve at the end of the year had sufficient funds to offset this overspend allowing the portfolio to commence the new financial year without any budget "clawback" arising from the prior year overspend.
- 2.3. At the end of the financial year, the capital programme indicated that forecast spending was broadly in line with the approved capital budget of £88.4m

3 Recommendations

3.1 It is recommended that the Cabinet Member:

- Note the Education Portfolio outturn position for 2018-19 of £119,800 over 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 2019-20 financial year; and that this will continue to be monitored and reported regularly during the year.
- Note the value of the portfolio reserve to support future service pressures.

4 Position against Cash Limited Budget at the end of 2018-19

4.1 The Education budget at year end was £4.294m, a decrease of £1.010m on the budget originally approved. This decrease reflects the contribution from the DSG of £1m for Redwood School Capital works alongside a number of other minor adjustments.

4.2 Against this budget, spending for the year amounted to £4.414m producing an overspend of £119,800 as identified below.

EDUCATION	Original Budget	Final Budget	Actual	Variation
Deputy Director	35,600	(1,086,900)	(1,094,116)	(7,216)
Head of School Improvement	733,800	803,500	732,855	(70,645)
Head of Inclusion	3,818,700	3,862,400	4,135,417	273,017
Head of Sufficiency, Participation & Resources	716,900	715,300	639,937	(75,363)
Total Education	5,305,000	4,294,300	4,414,093	119,793

The variances to budget are explained further below.

4.3 **Deputy Director of Children's Services** ended the year with a small underspend of £7,000. An underspend on staffing alongside income from interest receipts generated the small underspend in this service area.

4.4 **School Improvement Service** underspent by £70,000. This incorporates £20,000 of Music Service income, and underspends on staffing. These were partially offset by a shortfall in other income received.

4.5 **Inclusion Support Service** ended the year with an overspend of £273,000. Home to school transport continued to produce budget pressures and eventually overspent by £274,000. Whilst expenditure levels remained in line with the previous year, an increase in the budget provision for the year meant the overspend reduced accordingly. For 2019/20 the Education Service has a small surplus which it will use to mitigate some of the potential overspend. Options for balancing the budget in future years within existing resources have been considered but are very limited.

- 4.6 **Sufficiency, Participation and Support Service** was £73,000 underspent over the course of the year. Staffing budgets underspent within the careers advice and business and partnership teams, with an underspend on the operational budgets and increased income adding to the service underspend.
- 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 used £119,800 from the portfolio reserve at the end of 2018-19. As at 31 March 2019 the Education Portfolio reserve has a remaining balance of £218,000 however of this £114,000 relates to unspent grant funding with commitments to spend in 2019-20. This leaves £104,000 available to fund any future service pressures.

5 Position against Capital Budget at the end of 2018-19

- 5.1 The actual spending on approved capital schemes as at the end of the financial year 2018-19 is shown in Appendix 1, alongside the overall forecast position for scheme costs.
- 5.2 The Council updated and approved the capital programme on 12th February 2019 for the period 2018-19 to 2023-24 and this incorporated updated estimates for ongoing projects. These are reflected in the programme shown in the appendix and includes the new schemes approved to start in 2019-20.
- 5.3 The actual spend to the end of 2018-19 at £53.8m is some £34.6m below approved budget and relates to slippage in planned expenditure (rather than an over underspend against the total budget), of which £10.2m relates to newly approved schemes yet to commence, reflecting the longer term nature of capital spending. Comparison with the forecast eventual spending levels suggest that, notwithstanding a few minor variations in individual schemes, the programme is broadly expected to be within the approved budget.

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 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.
- 8.2 As a result it is forecast that in 2019-20 the Education service will face continued financial pressure in respect of Home to School Transport, likely to be in excess of the available balance within the portfolio reserve. The options to manage this overspend have been considered and a paper outlining limited potential solutions along with consideration to provide additional funding is currently being finalised and will to be taken to Cabinet at the earliest opportunity.
- 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 2019-20.
- 8.4 The service carried forward £218,000 into the portfolio reserve at the end of 2018-19. Of this £114,000 is grant funding which will be spent in 2019-20. It is proposed that the remaining balance is earmarked to fund any potential pressures during 2019-20.
- 8.5 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.

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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 Maria Smith, Group Accountant, if required.

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

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Signed by: Cabinet Member



Children and Education Capital Budgets

APPENDIX 1

Cap Programme Ref	Scheme	Current Approved Budget	Actual spend to Mar-19	Current Forecast Spend	Forecast Variance	Explanation
		£	£	£	£	
1	Primary Capital Programme	15,858,000	15,826,400	15,858,000	0	
2	Sufficiency Programme Phase One 2013- 2015	6,344,200	6,289,100	6,346,400	2,200	
3	Sufficiency Programme Phase Two 2015- 2017	11,024,800	9,110,000	11,055,500	30,700	additional temporary classroom requirements
4	Secondary School Feasibility Study	150,000	97,600	150,000	0	
5	Temporary Accommodation	358,000	358,000	358,000	0	
6	Vanguard Centre	3,264,900	3,325,500	3,260,600	-4,300	
7	King Richard School Rebuild 900-1000 places	1,712,300	1,418,800	1,712,100	-200	
8	Portsmouth College Sufficiency Post 16	263,400	263,500	263,400	0	
9	Universal Infant Free School Meal Works	892,800	890,600	892,800	0	
10	Universal Infant Free School Meal Provision	628,700	593,600	628,700	0	
11	Salix	124,200	115,500	124,200	0	
14	St Edmunds SI Provision	557,300	557,300	557,300	0	
12	Access SEN Pupils	290,500	290,600	292,100	1,600	Additional signage and paving requirements to facilitate usage by sensory impaired students.
13	ALN Lift Repairs	42,200	41,100	42,200	0	
15	Schools Conditions Projects - Modernisation	1,447,000	1,445,000	1,449,600	2,600	
16	School Condition Projects 2014-2016	2,837,700	2,726,500	2,813,900	-23,800	
17	School Conditions Project 2016 - 17	981,400	885,300	954,600	-26,800	
18	Secondary School Places Expansion Phase (1)	1,643,000	1,660,300	1,657,300	14,300	
19	Special Education Needs - Building Alterations	3,191,600	1,971,100	3,191,600	0	
20	Schools Devolved Formula Capital 2016-17	4,343,800	3,059,800	4,343,800	0	
21	Sufficiency of Secondary School Places	5,482,500	560,300	5,482,500	0	
22	Future Secondary School Places Feasibility	304,500	156,600	304,500	0	
23	School Condition 2017-18	954,300	699,700	954,300	0	
24	Beacon View - Kitchen Block	45,000	39,700	45,200	200	
25	School Condition 2018-19	1,362,200	758,300	1,373,300	11,100	
26	Sufficiency of School Places 2018-19	10,362,800	530,800	10,362,800	0	Current project approvals being revisited
27	Special School Places - Redwood Park	3,053,700	58,700	3,053,700	0	
28	Special School Places - Willows	400,000	66,900	400,000	0	
29	Milton Childcare Sufficiency	250,000	46,600	250,000	0	
30*	Forest School - Community Accessible Education Centre	30,000		30,000	0	
31*	30 Hours Delivery Support EY	10,000		10,000	0	
32*	Maintained Schools - Urgent Condition Projects	1,700,000		1,700,000	0	
33*	Additional Special School Places - Design	679,200		679,200	0	
34*	Additional Mainstream School Places - Design	250,000		250,000	0	
25*	Additional School Places - St Edmunds Grant	650,000		650,000	0	
36*	Additional School Places - 2020/21	6,908,000		6,908,000	0	
	TOTALS	88,398,000	53,843,200	88,405,600	7,600	
	Variation of actual to budget		34,554,800			

*Newly approved schemes yet to commence