

FINANCIAL FORECAST FOR THE YEAR ENDING 31st MARCH 2020

SERVICE AREA: Schools
HEAD OF SERVICE: Alec Clark
FINANCE BUSINESS PARTNER: Jennie Spraggon

This report gives a high level view of the Service and shows the financial outturn position at the 31 March 2020.

1 Revenue

Forecast Outturn 31st March 2020

	Annual Working Budget	Forecast 31st Mar 2020	Variation From Budget Under/(Overspend)	
	£'000	£'000	£'000	%
SCHOOLS SERVICE	16,349	17,018	(669)	(4)%
SCHOOLS CENTRAL	2,375	2,439	(64)	(3)%
SCHOOLS IMPROVEMENT	3,110	3,124	(14)	(0)%
SCHOOLS-OPERATIONAL COSTS	10,862	11,103	(241)	(2)%
PUPIL INCLUSION	4,970	5,132	(162)	(3)%
YOUTH & OTHER COMMUNITY SERV.	672	688	(16)	(2)%

1.1 Schools Service

The Schools Service (excluding Schools Delegated Budgets) has a projected year end overspend of £669k. The following sections will provide the detail behind this forecast.

1.1.1 Schools Central

The forecast position for this area is a £64k overspend. This overspend is in relation to a 70k shortfall on the EIG match funding that the service have yet to identify options are currently being considered by SSMT.

1.1.2 School Improvement

The forecast position on this area is a £14k overspend.

There is £18k still to be found in relation to the timing of the staffing review efficiency which will now be achieved in 20-21. There is £70k still to be identified in relation to the early years efficiency which will be reviewed once the September intake is known. The service have identified approximately £81k staff slippage in this financial year through non replacement of some seconded staff in the Athrawon bro team and vacancies in the governor clerking team. The service are however looking at options to address the shortfall in savings in the long term.

1.1.3 Schools Operational Costs

The forecast for this area is showing a £241k overspend. The main areas contributing to this position include:

- Structural Repairs and Maintenance - There is a £8k overspend in this area which relates to the rental of school houses income target of £10k which is currently being looked at by the service.
- Central Support Team - £18k overspend in relation to a shortfall of £20k against the staff restructure target. Options for this are being considered and will be updated in the next report.
- Miscellaneous – This area shows a £215k overspend. This is due to the inflation on the freedom leisure contract for 19-20, and the efficiency target of £100k in relation to freedom leisure contract reduction that is still in the negotiation process. It is unlikely to be achieved by the year end. The service need to identify alternative efficiencies in relation to this going forward.

1.1.4 Pupil Inclusion

The forecast for this area is £162k overspend. The main areas contributing to this are:

- ALN support teams – Forecast £35k underspend due to staff vacancies within the education phycologists team.
- ALN Operational – Forecast £213k overspend due to a £250k efficiency target that is yet to be identified. The service are working on options to meet this requirement. An update will be provided in the next report.
- There is also various ad hoc underspends amounting to £20k through the area helping to reduce the deficit projected.

1.1.5 Youth Services

The projected outturn for this area is a £16k overspend. This is in relation to general under and over spends throughout the service. This will be monitored and updated on a monthly basis.

1.1.6 Schools Delegated Other

The projected outturn on this area is £172k overspend. This is due to an efficiency target of £120k that has been brought forward from 18-19 in relation to school closures and £45k efficiency in relation to Band 1 Pupils and ALN funding. Both of these efficiencies will be looked at in conjunction with the new outcome based budgeting and formula review going forward.

1.1.7 Schools Delegated

School Sector	Opening Balance	Cabinet Budgeted Contribution/ (Use)	Forecast use of Reserves 19-20	Closing Balance 31/3/19
	£'000	£'000	£'000	£'000
Primary	2,582	(1,330)	(1,178)	1,404
Special	(123)	(165)	(130)	(253)
Secondary	(2,381)	(1,673)	(1,339)	(3,720)

Total	78	(3,168)	(2,647)	(2,569)
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School balances went to Cabinet on the 18th June 2019 with a predicted £3,168k call on reserves for 19-20. The forecast call on reserves for 19-20 was £2,647k this has improved since the cabinet position. This is due to a number of grants that were received by the authority, which have helped improve the position such as teachers' pension grant and revised EIG allocations. Some schools have also worked closely with the authority around recovery plans to reduce predicted deficits. Schools that are in an unlicensed position were required to submit recovery plans by the 5th July which will now be reviewed by the authority and the balances will be updated in the next report.

A more detailed analysis will be carried out for the school balances and a detailed revised position will be included as part of this report and the overall monthly financial report that is taken to cabinet each month going forward to enable detailed monitoring throughout the year.

Secondary schools are required to submit their forecast position each month in line with the requirement of the scheme for financing schools, SSMT agreed previously that should a school be non-compliant in terms of this submittal twice in a row a notice of concern is issued.

Schools with one late submittal:

Crickhowell High
Llanfair Caereinion High
Llanidloes High
Newtown High
Welshpool High

Schools with two late submittals (notice of concern to be issued):

None

2 CAPITAL (including REFFCUS)

SCHOOLS Services	Original Budget 2018-19	Virements Approved	Virements Required by Cabinet	Virement Required by Council	Revised Working budget	Actuals plus commitments	Remaining Budget	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
Total Capital Programme	44,818	4,012	0	- 14,535	34,295	9,052	25,243	73.6%
21st Century Schools Programme	42,818	975	-	- 14,535	29,258	6,944	22,314	76.3%
Major Improvement Programme	2,000	1,179	-	-	3,179	1,850	1,329	41.8%
Schools Other	0	925	-	-	925	101	824	89.1%
Schools Childcare Grant Scheme	0	933	-	-	933	157	776	83.2%

- The Major improvement programme has 50 schemes in 2019/20, including schemes carried forward from 2018/19. There is 1 scheme to commission, 2 schemes on hold, 22 schemes at the design stage, 15 are out to tender, 2 under construction and 9 schemes have been handed over to the end user. Any uncommitted funding within projects will be reallocated back to the programme contingency to cover for emergencies, unforeseeable and legislative

requirements and budget fluctuations over the course of the year and to ensure school service continuity.

21st Century schools Programme

Band A Summary

The Programme is progressing well and is within the overall funding envelope. Individual project status:

- Ysgol Dafydd Llwyd – complete
- Gwernyfed Primary Schools – some minor external works still due to be completed
- Brecon High School – 18 weeks left on construction schedule
- Gwernyfed High School – Awaiting the grant offer letter from WG, the spend profile has been amended due to the delay in the design process
- Welshpool Primaries – work is continuing to appoint a new contractor for the Salop Road site, as a priority to ensure the building does not deteriorate. The Welsh Medium schools has been delayed for a year due to the delay in Salop Road.
- Carno and Glantwymyn – Carno is now open with the external works on both schools to be completed in 2019.
- Ysgol Calon Cymru – due to re-profiling of Band A/B funding, has been allocated to improve facilities on the Llandrindod campus. Early discussions are taking place about the exact requirements.

Band B Summary

- Ysgol Bro Hyddgen – this project has been delayed by a year mainly due to Dawnus and the priority to progress the Salop Road site.
- Ysgol Brynllwarch – work is progressing on the school requirements and site location
- Newtown Development – (this includes a new Welsh medium secondary provision, new build Ysgol Cedewain and primary school reconfiguration). Works has now been split into Welsh Medium secondary, new build Cedewain and a new English medium primary school. The priority is Cedewain.
- Welshpool High School remodelling – this is awaiting an offer letter off WG and work is due to commence shortly.
- Remodelling – work has commenced on identifying the schools to be remodelled, however these are profiled for later in the programme.

Capital Grants

- **£933,000** - This grant is to enable the authority to provide sufficient childcare places to meet demand generated by the Childcare Offer. This grant is for three additional setting across the authority in Crossgates, Rhayader and Guilsfield.
- **£303,804** - The Voluntary Aided Schools Grant is to undertake roof works at St Michael's Church in Wales School.
- **£200,000** - This grant is linked to the Childcare Offer Grant. The grant is to provide additional places in Ystradgynlais.

3 Efficiencies

Detailed below are the efficiency savings brought forward from 2018/19 and an update on the 2019/20 Schools central savings outstanding:

Savings	18/19 unachieved savings £k	19/20 Target £k	Actual Achievement £k	Variance £k	Notes
Remove uniform grant and achieve income from ALN (sensory, psychology and welfare services)	0	46	46	0	Completed
Schools central budgets, school houses, R & M advice, maternity	6	86	82	10	
Review and restructure of staff teams	0	200	190	10	
Pre-school foundation phase funding review	188	221	339	70	
Reduce the level of match funding to be in line with other authorities within the ERW Consortia of around 10%.	0	675	675	0	Completed
Reduce Out of County Placements by developing new local model	0	48	48	0	Completed
Removal of centrally held redundancy budget	0	236	236	0	Completed
Staffing review	0	191	174	17	
Ensure more children with Band 1/2 needs are taught in local mainstream schools	0	45	0	45	
ALN 18-19	110	0	110	0	Completed
Small schools 18-19	120	0	0	120	
ALN	0	250	0	250	
Swimming	0	100	7	93	
CHADs	0	88	88	0	Completed
Schools Central	0	50	44	6	
Income Target	0	12	2.3	9.7	
EIG match Shortfall	0	70	0	70	
Total	424	2,318	2,041	701	

Finance are continually working with Service Managers to address the outstanding savings.

4 Virements

4.1 Virements are required for new grants that have been received in 19/20 for the below:

- Seren Network Grant - £11,667
- Seren Junior Grant - £25,562

5 Management Action

5.1 It is important that the service now focus on achieving the targets put forward to achieve a 3 year balanced budget.

5.2 Ongoing review of transport budget to identify any savings that could reduce the projected overspend, and meet the efficiencies required. Projection of the Re tender process costs/savings need to be produced as soon as information is known.

5.3 Officers to ensure that any amendments to budgets are communicated to the Finance team in order to include the information in the forecast outturn report.

5.4 Officers to ensure that all budget holders within the Service are monitoring the monthly financial reports on a timely basis.

5.5 Officers need to ensure that when there is anticipated additional expenditure required, that all costings are sought from the individual service areas/suppliers in order to provide a complete forecast position and budget update.

5.6 Officers must use the e-procurement system in order that forecast information is as accurate as possible at each reporting date.

6 Issues affecting the forecast

6.1 E-procurement & ROCC – The accuracy of the budget forecast across the service area and particularly Pupil Referral Units, Out of County placements, and the Repairs and Maintenance budgets are significantly dependent on controlled use of the e-procurement and property related systems. There have also been instances where officers are putting commitments onto the system when the invoice is received, this makes it extremely difficult to forecast accurately.

6.2 Severance Pay – The current forecast position assumes that all redundancies will be capitalised. This will be confirmed towards year end.

6.3 ALN - The service is continually subject to unpredictable spend due to learners and/or learners parents moving into the authority with high level of need and associated cost. Where a statement applies the authority has legal obligation to continue that provision which could be placement in a residential school anywhere.

6.4 Grant utilisation – A large amount of spend in relation to grants was miscoded by schools during the 2018/19 financial year and moved during March 2019. Schools and officers must ensure that grant is coded correctly during the year and not left to year end as this could result in loss of Grant.

6.5 Efficiencies outstanding – these are continually being developed and worked on by the service managers. Updates will be provided monthly.

Head of Service Comments:

We continue to monitor planned savings and will strive to deliver on the proposed savings as in the yearly forecast and budget plans. Whilst the deficit position in school delegated budgets remains a concern, officers are working diligently with governing bodies and headteachers to produce deficit recovery plans.

A number of warning notices and notices of concern have been issued to schools in line with the scheme for finance of schools.

The service will need to be strategic and coherent in linking to outcome based financial planning moving forward. This will be done in close conjunction with the finance team.

The close relationship with the Transition Team will be key in modelling the future transformation of the schools delivery model across the county.

Recommendation:	Reason for Recommendation:
Senior Management team review the report.	To monitor the Council's financial performance and ensure that spending remains within approved limits

Relevant Policy:	Financial Regulations		
Within Policy:	Yes	Within Budget:	n/a

Relevant Local Member(s):	
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