

Budget Monitoring Position – SEPTEMBER 2016

Education

OVERALL NET POSITION	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Budget (£'000)	13,869	13,869	13,863	13,863	13,863	13,863	13,863	13,863	13,863	13,863	13,863	13,863
Forecast (£'000)	13,869	13,869	13,849	14,203	14,410	14,423	14,423	14,423	14,423	14,423	14,423	14,423
Variance (£'000)	0	0	-14	340	547	560	560	560	560	560	560	560

Key Elements of Budget Variances:

STAFFING	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Budget (£'000)	4,318	4,318	4,318	4,318	4,318	4,318	4,318	4,318	4,318	4,318	4,318	4,318
Forecast (£'000)	4,318	4,318	4,305	4,273	4,234	4,225	4,225	4,225	4,225	4,225	4,225	4,225
Variance (£'000)	0	0	-13	-45	-84	-93	-93	-93	-93	-93	-93	-93

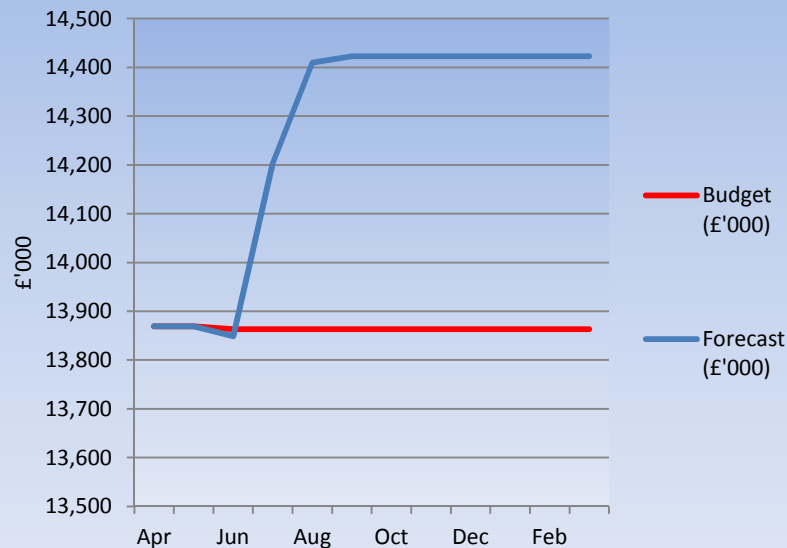
DELIVERY OF MTRP SAVINGS	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
MTRP Target (£'000)	60	60	60	60	60	60	60	60	60	60	60	60
Savings Realised cumulative (£'000)	60	60	60	60	60	60	60	60	60	60	60	60
Variance (£'000)	0	0	0	0	0	0	0	0	0	0	0	0
FIP Reconciliation period		MAY	JUN	JUL	AUG	SEP						

AREAS OF RISK	Budget	Forecast	Variance	Status	Comment
	£'000	£'000	£'000		
SEN	3,615	4,379	764	Red	Additional OOC Independent placements and In Year Adjs higher than budget. Pressure offset by additional income.
Redundancy	1,003	1,003	0	Green	Current position shows budget on line , any over/under spends will be a transfer to/from reserves.
Transport	3,613	3,623	10	Red	Transport costs higher than anticipated.
Early Years	1,170	1,084	(86)	Green	Early Years placement funding less than budget.

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Education
2016/17 Forecast History



BMS Submission Data

% of cost centres submitted by
budget holder deadline (exc schools)

%

5

Head of Service Commentary

Key Budget Variances/Issues for HOS to consider.

- SEN: Pressure of £764k. OOC Placements' pressure of £415k. In Year Adjustments' actuals as at the end of September is already over and above budget, current pressure reported at £500k. Pressure reported in these areas has been offset against additional SEN Recoupment income from other Las and one off additional income from another authority. An INCLUDE group has started at a cost of £87K to the service, the service is currently looking at options in order to mitigate this pressure within the service.
- Note prepared for HOS/CD on the overspend and it may lead to a pressure for incorporation in MTRP for 17/18.
- Transport forecast is over by £10k. Adjacent accountancy team should provide forecasts next month which should reflect any changes for new term arrangements in September.
- Early Years: The anticipated take up of placements is less than budgeted. Rising 3s forecast for Spring Term assumed at the highest figure over the last three years for forecast purposes.






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OTHER SIGNIFICANT VARIANCES	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Non Delegated Budget				-48	-48	-48						
Joint Services				-101	-101	-91						
SEN OOC Placements				479	564	415						
SEN – Statement Adjustments				150	361	500						
SEN - Income				-100	-200	-150						
Early Years						-86						
Other (inc staffing)					-29	20						
Total				380	547	560						

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Changes since last month	Current & Emerging Risks / Opportunities <i>(Including non delivery of MTRP savings)</i>
	Redundancy – The current position is the budget is being reported online, detriment figures are yet to be confirmed and could impact on this position, however any over/under spend will be a transfer to/from reserves.
	SEN: OOC Placements' forecast is demand led and projections may change monthly. Although these placements are small in terms of number, the financial costs associated are significant. There are potentially three additional OOC placements to be formalised. Following a Learning Resource Base (LRB) review a new INCLUDE group project at a cost of £87k in 16/17 has started, which will avoid specific out of county future costs and allows learners to remain in Newport. The cost up-front is an added pressure to the service and the service is currently looking at options to mitigate this pressure within the service. In-Year adjustment charges are currently at £474k with only April to September figures, current budget is £339k.
	Transport – Demand led budget. Affect on current year tends to be reported once new admissions intake is assessed in the Autumn Term.
	Catering – Current pressure in Breakfast Clubs (options need to be examined here) is offset by savings in the Free School Meals' budgets. Potential future risk if the need for repairs and maintenance is higher than budget. Based on previous years a pressure of £7k has been reported which will be revised in line with demand.
	Early Years - The anticipated take up of placements is less than budgeted. Rising 3s forecast for Spring Term assumed at the highest figure over the last three years for forecast purposes.

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Head of Service Commentary

Head of Service comments/ summary:

Current projection of £560k overspend has increased £13k month on month, primarily due to increased charges in relation to joint services for Visual/Hearing impaired services. However the underlying pressures with regard to SEN budgets remain.

As previously stated mitigation has been applied across the service to lower the forecast spend. This will continue at every opportunity.

Where budgets can be permanently re-aligned this will take place prior to the next monitor at month 7. This will see the pressures with regard to OOC placements being contained within a revised budget.

The position with regard to in-year adjustments still remains as previous months comments. However following the last monitor a pressures paper has been prepared. Albeit that a number of further actions have also been put in place to mitigate or remove the pressures for future years.

The actions that have been put in place are:

- Develop options for dealing with all aspects of ALN funding through the ISB.
- Options to be developed for presentation to schools forum at the meeting of 1st November 2016.
- **ACTIONS TO BE COMPLETE BY CLOSE OF WEDNESDAY 19TH OCTOBER 2016**
- Service area to address issues with regard to Transport forecasts for OCTOBER monitor as target set last month has slipped by one month.
- Risk Based information with regard to ALL SEN AREAS to be reviewed as currently not fit for purpose.
- **ALL ACTIONS HERE ARE TO BE COMPLETED BY END OF OCTOBER.**

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Strategic Director Commentary

Strategic Director comments:

Present projection shows an overspend of £560k at the year end. The overspend relates to out of county placements and new/reviewed statements. These can be very expensive for example up to £200k at the top end for school placements. The capacity problem I mentioned last month in Education services has not yet been resolved and the key spreadsheets are not consistently updated and data is not yet reliable, but a post is being recruited to which will solve this problem.

Significant cost pressures of around £650k have been identified and added to the MTRP albeit at a late stage in the MTRP budget cycle. I have raised this, with the Head of Service who has assured me that the senior management team have identified a range of actions designed to deliver consistent and accurate information and an appropriate ownership of the issue by the relevant team and senior manager.

In addition the Group Accountant is working on more detailed trend analysis and a cycle of monthly reporting on high risk budgets that will report every month in the year. There may be some capacity issues here and this will be examined over the course of the next months

The cost pressures are extra-ordinary when compared to the previous trends when looked at in the round and there was very limited scope to identify whether or not these pressures were likely to continue until the September budget monitor

I have asked the group accountant to confirm each month that the data they receive from the service is acceptable