

HERTFORDSHIRE COUNTY COUNCIL

REPORT OF THE EDUCATION COMMITTEE 20 JULY 1999

NOTE: A copy of the report mentioned below has been sent to all members of the Education Committee and other members who had requested it. Further copies are available from Julia Harries Room 222, County Secretary's Department, County Hall, Hertford. (Telephone: 01992 555563)

1. PROVISIONAL REVENUE AND CAPITAL BUDGET OUTTURN REPORT APRIL 1998 TO MARCH 1999

1.1 Summary

The provisional the forecast revenue outturn position for the Committee reported in July was an underspend of £0.777 million compared to the then latest agreed budget of £418.387 million, (a variance of -0.2%). This was an increase in the underspend of £0.301 million since the position reported to April 1999 Committee.

The forecast capital outturn position for the committee in 1998/99 was that payments will be £2.333 million lower than the latest agreed budget of £26.238 million. Overall expenditure on all schemes in the Capital Programme upon completion was expected to be within the total budget.

1.2 Overspending budgets

(i) Music Service - £23,000 or 1% Overspend

Expenditure on peripatetic instrumental teachers increased beyond expectation during the last financial year, resulting in an overspend of £23,000. The increase was due to the changes made to pay and conditions of instrumental teachers during 1997-98, whereby the authority agreed to recognise Qualified Teaching Status (QTS) of all those engaged on a part-time, hourly paid basis. The number of teachers producing evidence of QTS exceeded the figure included in the budget projection.

(ii) Mainstream Home To School Transport - £257,000 or 6% Overspend

As reported to October 1998 and January 1999 Committees the budget was not sufficient to cover the costs arising from additional pupil numbers in the 1998/99 year. More specifically expenditure on coach contracts increased due to the requirement for additional capacity, higher than projected costs resulting from the retendering of routes and the need to use emergency short term operators. The higher costs were partially offset by savings on taxi / minibus contracts and the introduction of the SaverCard. The overspend had risen by £66,000 since January, reflecting higher than anticipated costs where transport arrangements outside of the main coach contract and public transport provision were required for individual pupils.

(iii) Maternity Cover - £61,000 or 14% Overspend

This budget covers the Authority centrally meeting the cost of maternity pay. The level of expenditure on this budget is unpredictable. In the second half of the financial year there was a 30% increase in expenditure resulting in a projected overspend of £61,000. The overspend was £16,000 less than the £77,000 reported at April.

(iv) SEN Bushey Meads School - £20,000 or 9% Overspend

The budget allows for the funding of ten places for physically impaired children. As reported to October 1998 Committee an overspend arose as one extra pupil was admitted to the unit in the 1998/99 academic year. The LEA did not control the admissions to the unit as this was a Grant Maintained School. Two of the pupils admitted to the unit were from other LEAs and so generated recoupment income equal to the cost of providing the places.

(v) SEN Non HCC Specialist Placements - £227,000 or 4% Overspend

The overspend had arisen because of the additional number and high cost of new placements and the loss of tribunal cases. One additional joint funded and four more additional education placements have been made than were budgeted for. The new joint funded placements are for pupils with more complex needs and are 70% more expensive than was assumed. In addition during the summer term six tribunal cases were lost and resulted in Out-County placements.

(vi) SEN Home To School Transport - £353,000 or 5% Overspend

At April 1998 Education Committee an increase in contract numbers was reported. In addition the actual increase in contract prices in 1998/99 was 3.0% compared with the estimate of 2.5%. These two factors explain the projected overspend of £214,000 as reported to October 1998 Committee. A further overspend did arise due to the effect of pupil turnover, and the need for more contracts requiring escorts and contracts where there was no provision or existing contracts were full. This was reflected in the overspend projection of £353,000 as reported to January Committee.

(vii) Speech Therapy - £81,000 or 12% Overspend

The overspend had been caused by the three Health Authorities delivering a higher number of sessions than was originally budgeted for. The budget was set to reflect an increased level of provision in 1998/99 but assumed that, in line with past experience, Health Authorities would not deliver all of the sessions they are contracted to provide. In 1998/99 the Health Authorities actually delivered between 95% and 98% of contracted sessions. Negotiations were underway with the Health Authorities with the aim of transferring to them a proportion of the cost of providing this service.

(viii) Excluded Pupils Home Tutors (Part of Access & Participation) - £182,000 or 34% Overspend

A forecast £260,000 overspend was reported to the October Committee. This had arisen because a significantly higher level of need has been identified following a review of the system of recording and monitoring expenditure. Tighter budgetary control and monitoring procedures were put in place to ensure that expenditure incurred was approved by the area admissions managers. In addition management action was taken to reduce the level of expenditure through setting targets to get excluded pupils back into school more quickly, and as far as possible providing tuition to children in groups. At January Committee it was reported that the effect of these measures had been to reduce the projected overspend by £80,000.

(ix) Student & Community Services - £73,000 or 2% Overspend

Student Services incurred additional staff and non-staff costs resulting from the 30% increase in the number of appeals relating to the existing system of admissions. There had also been additional costs arising from the consultation exercise relating to the Review of Secondary Transfer Rules, and the implementation of the new Secondary Transfer Rules imposed by the DfEE. This included one-off expenditure to introduce the technology required to ensure that the County Council can carry out its role as a 'clearing house'. These expenditure pressures totalled £168,000 and were partially offset by the decision to hold vacancies and reduce non-staff costs across the division producing savings of £96,000.

1.3 Budgets with Planned Underspends

(i) High cost Insurance (Part of Other Premises) – underspend of £48,000 or 100%

This budget (which subsidises corporate insurance arrangements for schools in high insurance risk areas) was not spent. This was due to improvements made in school security arrangements resulting in lower insurance premiums.

- (ii) Specialist Support / Additional Welfare & Tuition – underspend of £249,000 or 4%

The underspend arose due to the consistent implementation of review and decision-making procedures by the four Area Operations Teams, and a reduction in the level of Statements following the introduction of Audit 4 provision.

- (iii) Directorate – underspend of £49,000 or 4%

The saving arose as a result of the decision to hold vacancies in the Personnel Unit, and savings in the departmental publications budget.

- (iv) Computer Equipment (Part of Internal Recharges) – underspend of £123,000 or 78%

The PC Replacement Programme was delayed to facilitate the smooth implementation of the email project. As a result of the late starting of the leasing scheme there was an underspend of £123,000 in 1989/99 financial year. This resource was carried forward into the 1999/2000 financial year

1.4 Budgets with Unplanned Underspends

- (i) Payments to GM Schools - £254,000 or 0.4% unplanned underspend

The Funding Agency for Schools (FAS) determines the actual level of GM payments. At October Committee it was reported that as a result of funding decisions taken by FAS an underspend of £174,000 was projected. As reported at April Committee the budget included a provision of £80,000 to fund a sixth form at Hockerill School. In the event the FAS did not recoup for this provision.

- (ii) Nursery Growth - £196,000 or 79% unplanned underspend

The new nursery funding arrangements provide grant to the LEA for all nursery age children assumed to be in provision and not taken account of in the SSA pupil count. The detailed funding arrangements were finalised by the DfEE after the budget was set and were more favourable to the LEA than envisaged. The outturn projection took account of the reduction in grant income of £24,000 reported at April Committee, which reflected the adjustment to nursery pupil numbers following the January pupil count.

- (iii) Discretionary Awards - £129,000 or 15% unplanned underspend

The underspend was attributable to a number of factors. Although there were a larger number of Access students receiving awards than anticipated, there were fewer Appeals Panels in 1998/99 hence, less awards were given for what can often be the more costly areas of provision. Fewer dance/drama awards were taken up than the 30 available. While all of these contribute in part to the reduction, the majority of the underspend can be accounted for by the general reduction in the

level of support required from HCC for the 18 - 25 year old Discretionary Award holders following assessment of parental income.

(iv) Maintenance Allowances - £140,000 or 30% unplanned underspend

It was anticipated that more families would become aware of the Awards for 16-18 year olds as a result of the introduction of a single application form in 1998. It was projected that this could lead to a 25% increase in applications. The increase in application numbers was actually very small, hence the budget underspend in 1998/99.

(v) School Meals - £280,000 or 8.5% unplanned underspend

There was an 8% reduction in free meals entitlement compared to the budgeted figure. This represented a saving of £200,000 after taking into account increased take up. In addition the take up of free infant milk was lower than estimated and this has produced an underspend of £80,000.

(vi) Teachers Severance Payments - £328,000 or 11% unplanned underspend

This was the first full financial year under which the new regulations relating to the Teachers' Pension Scheme had applied. The new regulations made employers responsible for the additional cost of premature retirements. Alongside this the employers' contribution to the Teachers Pension Scheme was reduced, and the regulations relating to the number of early retirements and the level of enhancements were revised. As reported at October 1998 Committee an underspend has arisen through a lower than anticipated level of severance and retirement cases. This was partly due to the fact that the LEA has been successful in redeploying staff. In addition the level of efficiency retirements is significantly lower than estimated.

(vii) Special Units and Bases - £50,000 or 2% unplanned underspend

As reported to January Committee the underspend arose from unfilled posts and delays in the opening of secondary Speech and Language Centre at Onslow St Audrey.

(viii) SEN Opportunity Classes (Part of Other SEN)- £44,000 or 22% unplanned underspend

As reported to April Committee the underspend arose as a result of a delay in the review of grading and working hours for teachers and nursery nurses, and delays in re-locating the Hemel Hempstead Opportunity Class due to problems finding a suitable alternative location.

(ix) Section 11 / MECSS (Part of HES) - £51,000 or 1% unplanned underspend

As reported to January Committee an underspend has arisen following a small increase in the contribution of grant by the Home Office.

(x) SEN Division - £155,000 or 3% unplanned underspend

As reported to October and January Committee delays in the implementation of elements of the SEN Strategy have resulted in funding of £50,000 remaining uncommitted. This resource was intended to support pupils with Emotional Behavioural Difficulties, Autism and communications difficulties. The provision of support for pupils with these difficulties led to additional expenditure pressures on the Out County budget in 1998/99. There were several initiatives planned to commence during 1999/2000 to ensure that the Strategy funding is fully committed in the new financial year. Within SEN Support Services delays in filling posts have resulted in savings of £107,000.

1.5 Trading Units

In total Education trading units achieved surpluses of £52,000 in 1998/99. In accordance with Financial Regulations this balance has been added to accumulated trading reserves to fund business development and to provide bridging finance in event of a downturn in trading conditions. As part of the 1999/2000 budget there was a £100,000 contribution from the Financial Services for Schools accumulated surplus. Set out below are the total accumulated surpluses after this adjustment:

	Accumulated Surplus
Hertfordshire Education Service	£199,000
Financial Services For Schools	£110,000
Education Workshops	£29,000
Herts Media	£11,000
Education Personnel Trading	<u>£105,000</u>
Total	£454,000

1.6 Virements and Carry Forwards Approved

There was one technical virements From: Policy Committee To: Education Committee of £19,000 due to Other Departments Recharge relating to Asset Management savings

Five carry-forwards were approved by officers under delegated powers.

- i) Budget: SEN Playgroups (Part of Other SEN)
Amount: £7,000
Reason: To provide funding for children who are making the transition from Playgroup to Nursery School while awaiting a Statement in the Summer Term 1999.

- ii) Budget: SEN Opportunity Classes (Part of Other SEN)
Amount: £40,000
Reason: To part-fund the delayed move of the Hemel Hempstead Opportunity Class, and new flooring at the Stevenage Opportunity Class.

- iii) Budget: MECSS (Part of HES)
Amount: £12,000
Reason: To fund ongoing work on mentoring which will continue into the 1999/2000 financial year, and help fund the transition to the new Ethnic Minority Achievement Grant arrangements.

- iv) Budget: SEN Support Services (Part of SEN Division)
Amount: £49,000
Reason: To fund staff training and one-off furniture and IT equipment expenditure relating to the introduction of Workwise into Area Offices.

- v) Budget: Communications / Publications (Part of Directorate)
Amount: £40,000
Reason: To meet additional costs arising from Education Development Plan consultation and publications.

Policy Committee also agreed a carry forward Computer Equipment (Part Internal Recharges) of £123,000 to deliver the PC Replacement Programme as planned and undertake essential Year 2000 expenditure.

1.7 Other Revenue Budget Monitoring Issues

With regard to 1999/2000 budget monitoring there was a compensating overspend and underspend to report at this stage. The overspend of £76,000 relates to Awards for 16-18 year olds as reported to the March Student Services Panel. The budget was based on early indications that the Authority's role would be more severely restricted. However, DfEE guidance received after setting the budget stipulates that LEAs are expected to provide support for continuing students in Further Education. In addition this budget will also have to cover changes to benefit provision relating to the introduction of the Working Families Tax Credit. It is projected that there will be a compensating underspend of £65,000 relating to Awards for 18-25 year olds.

1.8 Capital Budget Monitoring 1998/99

The Committee's estimated capital outturn position was that payments would be £2,333,000 below the latest approved budget.

The Original Budget for 1998/99 totalled £14,611,000 which is the guideline figure (£10,898,000 Externally funded and £3,713,000 County Funded) approved by Policy Committee in January 1998.

Slippage from 1997/98 totalled £1,293,000. This figure compares to £1,707,000 slippage reported to the June 1998 Education Committee and follows adjustments for the removal of the Stanborough School scheme from the County Funded programme following its inclusion in the wider package of Welwyn Garden City reorganisation schemes, offset by an increase of £169,000 in respect of Annual Provision Commitments which arose during the closure of accounts.

1.9 Capital Projected Outturn and Variances

(i) 1997/98 Basic Need Schemes

A number of Basic Need Schemes proceeded more quickly than allowed for in the standard cashflow assumptions. Consequently, expenditure in this financial year was expected to exceed this year's budget, as follows: St Andrews JMI, Stanstead Abbots (£90,000), Ward Freman Upper (£216,000) and Stevenage Secondaries (£221,000). Slippage of £680,000 was expected on the Hemel Hempstead Secondary Schemes. They were expected to be completed by September 1999. Overall expenditure on each scheme will be within the approved budget.

(ii) 1996/97 & earlier Basic Need Schemes

Consideration by the Secretary of State delayed implementation of the Fairfields and Andrews Lane Schemes. Consequently, slippage of £144,000 was expected on the Cheshunt Primary Places schemes at the end of this financial year with completion by July 1999. Slippage of £492,000 was anticipated on the replacement school scheme at Peartree Spring since the complexity of the project resulted in an extended design stage. Completion was expected in September 1999. Slippage of £125,000 on the Sir John Lawes Scheme and £85,000 on the Tring School Scheme was also expected. Both schemes were completed on site in financial year 1998/99. Expenditure in this financial year was expected to exceed the budget on the schemes at Bishops Stortford Primaries (£174,000), Garden Fields JMI (£124,000) and Shenley JMI (£139,000).

(iii) 1998/9 County Funded Major Schemes

The Additional Classroom Scheme at Simon Balle School was delayed for planning reasons and started on site in March 1999. Consequently, slippage of £311,000 was expected on Phases 1 and 2, with completion in September 1999. Slippage also occurred on the schemes at Hemel Hempstead School (£86,000), Norton School (£185,000) and The Leys JMI (£114,000) where completion was expected by September 1999.

(iv) Annual Provisions & Structural Repairs and Maintenance

The need to set aside resources for the costs of work identified as necessary in the Asbestos Survey resulted in an expectation that slippage would be £394,000 in respect of work committed but not paid for at 31 March 1999.

For the same reasons, slippage of £263,000 had occurred on the Health and Safety budget. There was slippage of £81,000 on Reorganisation schemes and £79,000 on Mobile Classrooms.

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