



Education Select Committee
28th January 2013

BUDGET MONITORING 2012/13

Purpose of the report: Scrutiny of Services and Budgets

This report sets out the current forecast position on the budget for Schools & Learning Services as at the end of November 2012.

Introduction:

1. The annex to this report sets out the latest financial forecast position for the service and some of the service volumes as at the end of November 2012.
2. An update on the achievement of the savings against the MTFP target savings is explained in the report.

Budget Headlines:

3. **Schools & Learning Services are projecting an overall - £5.4m underspend at year-end on an annual gross budget of £191m. If the net underspend on the Dedicated Schools Grant (DSG) is excluded, then the SCC related underspend is - £2.7m.** This distinction is made because Schools Forum will decide the use of the underspend on DSG. The rest of this report will discuss the significant SCC related underspends, as per the Cabinet report. However, the areas of variance relating to DSG can also be seen in **Annex 1**.
4. The Schools and Learning Service is continuing to underspend in order to off-set significant overspends in Childrens social care. The service also has significant on-going savings to find in both this financial year and in 2013/14 and is therefore gearing itself to this position ready for the start of 2013/14. The savings targets are detailed later in the report.
5. The most significant variances are:
 - Early Years -£1.8m. This is as a result of staffing vacancies (-£0.7m), the low take up of the two year old nursery provision, this being the first year (-£0.6m) and underspends on other initiatives (-£0.5m)

- School Planning & Leadership (-£0.9m). Of this underspend, (-£0.5m) relates to income for the provision of broadband in Surrey schools. At the end of the financial year a carry forward request will be made to ensure the income transfers to the financial year 2013/14 as the broadband roll-out continues. The remaining balance of the underspend relates to intended underspends as management action to balance the Directorate budget.
 - Staffing underspends in the Areas (-£0.3m). As the impact of the restructure subsides vacant posts are being filled.
 - Business support (-£0.1m)
 - Transport overspend (+£0.5m). The financial monitoring information from the Trapeze system is still not as reliable as management would like, but this overspend position is being monitored carefully.
6. The detailed Schools & Learning budget position can be seen in **Annex 1**

Progress Against In-Year Savings Targets

7. The service has a total 2012/13 MTFP savings target of £8.7m. Specific areas for savings were identified as part of the medium term financial planning process. During 2012/13, the service realised that all of the original planned savings could not be achieved. A review was undertaken and alternative savings were identified to ensure that on-going savings could be realised and the target achieved.
8. Currently, of the £8.7m savings, there is now only a shortfall of £0.1m against the target.
9. It is worth highlighting at this stage that Schools and Learning have a further savings target of £7.2m in 2013/14.

Conclusions:

10. Although Schools and Learning are underspending this financial year, these are largely one-off short-term variances or they are a gearing up to more savings in 2013/14. The service have struggled to make their planned on-going savings this financial year but have eventually achieved the target. The next financial year will continue to be a challenge.

Equalities Implications

11. Any impacts of budget monitoring actions are evaluated by the service as they implement the management actions.

Risk Management Implications

12. Risk implications are considered throughout the budget monitoring process and highlighted in the budget monitoring report and in the service risk register. All budgets are assessed as high, medium or low

risk according to their size, volatility, complexity and profile. Budget monitoring effort and resource is directed in proportion to the risk involved.

Implications for the Council's Priorities or Community Strategy/Local Area Agreement Targets

13. Any impacts on the Council's priorities are considered by the service as they implement the management actions.

Recommendation:

14. That the Select Committee consider the content of this report and attached annex.

Next steps:

Regular Budget Monitoring Reports will be presented to the Select Committee.

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Sources/background papers: November Budget Monitoring Report

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