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**LIFELONG LEARNING AND COMMUNITY DEVELOPMENT – BALANCING THE  
BUDGET**

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**Report of the Chief Finance Officer and the Deputy Chief Executive**

**1. Purpose of the Report**

- 1.1 The purpose of this report is to make recommendations to balance the budget of the Education Department in 2005/06, and recommend a strategy for balancing the budget in later years.

**2. Summary**

- 2.1 As members will be aware, an over-commitment of the Lifelong Learning and Community Development Division budget was identified late in 2004/05. The estimated level of this over-commitment was £2.3m in a full year. An overspend of £1.2m in 2004/05 has been paid for from underspends in the rest of the department.
- 2.2 Officers have subsequently been working on a plan to bring the budget back into balance, and a set of options was considered by the Education Scrutiny Committee on 9<sup>th</sup> June, and Cabinet on 13<sup>th</sup> June.
- 2.3 A period of consultation has subsequently been undertaken with stakeholders and trade unions, whose views are included in section 5 of the supporting information. A key theme raised in the consultation was the need to recognise other changes taking place which would affect the future of the division. These comments have been reflected in the direction now proposed.
- 2.4 The original options have been reassessed in the context of a separate report on today's agenda from the Deputy Chief Executive "Setting the Strategic Direction and Budget for Lifelong Learning Services from 2006/07", and a package put together for member consideration which would:
- a) Ensure the department does not overspend in 2005/06 (after use of its reserves);
  - b) Achieve savings which can be taken from the original 42 options without compromising the future strategic direction. These amount to £1.3m;

- c) Identify a process for achieving the balance of the sum required.
- 2.5 The full 42 options are nonetheless included in this report, and members can consider these for implementation if they wish to close the gap further at this stage.
- 2.6 Full responses to the consultation on the 42 options will be lodged in the members' area.

### **3. Recommendations**

- 3.1 The recommendations below are at this stage provisional, and will be confirmed or amended once all consultation responses have been received (including the trade unions). They do however respond to issues raised to date and attempt to find common ground. It is intended to circulate a supplementary report to members prior to your meeting, summarising the totality of the consultation and making additional/alternative recommendations as needs be.
- 3.2 The Cabinet is asked to:
- a) Approve the list of savings identified in Appendix 1 of the supporting information;
  - b) Consider whether or not they wish to achieve the remaining £0.9m of savings when planning implementation of the new integrated Children's Services and Adult Services departments; and when considering our response to the changed priorities of the Learning and Skills Council.
- 3.3 If members agree with proposal (b) above, you are recommended to:
- a) Freeze the posts of Premises Facility Manager, Senior Adult Learning Co-coordinator, 3 Curriculum Leaders and the Quality Assurance Officer pending proposals to meet the remaining balance;
  - b) Request the Deputy Chief Executive to work with 6 "out of school clubs" to submit standards fund applications, with a view to funding this activity from standards fund monies in the future as is the case for such activity at other schools (any savings arising contributing to the outstanding budget gap);
  - c) Agree to use up to £700,000 of the Education Department's earmarked reserves to bridge the budget gap in 2005/06 after allowing for any reserves needed to deal with other budget pressures in the department;
  - d) Set aside the whole of the £1.1m included in the budget for activity to improve key stage 2 achievement to bridge the remaining savings required in 2006/07; but agree that the £1.25m of monies for investment in primary school capital (which have been frozen since March) can now be released to the education capital programme;
  - e) Commission further work to review resources available in the schools block of funding, to identify what scope there is to replace the £1.1m for key stage 2;

- f) Note that discussions are taking place with the Learning and Skills Council regarding the adult learning budget, and to authorise any consequential adjustments arising from those discussions;
- g) Note that some issues will need to be addressed in the division which would have otherwise been addressed via the recovery plan (some of the options for instance secured savings in circumstances where the status quo was not sustainable, and decisions will still be required). These issues will, however, be taken without the expectation of a contribution to the budget.

3.4 If members do not agree with proposal 3.2(b) above, you are recommended to consider which options you would wish to implement in addition to those in Appendix 1.

#### 4. Financial Implications

4.1 The table below shows the savings presently recommended, how the budget would be balanced in 2005/06, and the amount to be met from future reviews:

	<b>2005/06 £000</b>	<b>Full Year £000</b>
Savings shown in Appendix One	1053	1338
Frozen posts	129	
*Use of Education reserves and monies previously set aside for key stage 2	1110	
Savings to be achieved from future reviews		954
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	2292	2292
	=====	=====

\*Total sums available amount to:

	£m
Uncommitted reserves	0.7
Key stage 2 monies	1.1
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	1.8
	=====

4.2 Whilst the formal budget monitoring process has not commenced for 2005/06, it is clear there will be other pressures within the departmental budget which will need to be responded to, including:

Transport overspending	£0.6m
Workplace nursery	£60,000

Conversely, there is an expectation of one-off resources arising from the Government's decision not to seek payment in respect of a pre-LGR liability.

Overall, it is presently expected that there will be sufficient funding available to bridge the 2005/06 budget, and provide some additional monies in 2006/07 to manage the transition to a balanced budget, although it remains an area of risk.

The adult learning service is funded in the main by grant from the Learning and Skills Council, although spent more than this sum in 2004/05. The proposals in this report have been designed to ensure that the service's eligibility for funding from the LSC is unaffected. The LSC has, however, expressed its concerns in this regard and discussions are still taking place. It is noted that there is potential for significant future change in LSC funding as a result of the LSC's own agenda for the next 3 years.

## **5. Risk Assessment**

The proposals in this report reduce the risks to services presented by the original options, in that they only present proposals which do not impede the Council's future strategic choices.

The key risk, however, remains the balance of £0.9m, and ensuring that it is delivered in this new context. The expectation is that the future balance will be met within the envelope of services broadly contained within the Lifelong Learning Division: there would be significant risk to the school improvement agenda if this aim is not achieved, and compensating reductions expected from the remainder of the Education Department.

## **6. Legal Implications**

The key legal issues which arise in respect of the report concern:

- a) The proper consideration of the responses received during the consultation.

Cabinet needs to carefully consider the responses received and weigh those comments carefully against the advice offered by officers.

- b) The Council's duty to consider the impact of the proposals under the Race Relations Act 1976.

Cabinet again needs to carefully consider the impact of the proposals on the general duty under the Act to promote race equality.

Guy Goodman (Assistant Head of Legal Services)

## 7. Other Implications

Other implications	Yes/No	Comments
Equal opportunities	Yes	The equalities impact assessment is summarised in para. 6 of the supporting information.
Policy	Yes	The links with the emerging strategic direction of the Lifelong Learning Division are made within the report.
Sustainable and environmental	No	
Crime and Disorder	No*	In the event that additional options are selected, some may have implications for crime and disorder, particularly in relation to youth work. There may similarly be crime and disorder implications of reducing times at which buildings are open.
Human Rights Act	No	
Older People/ People on low income	Yes	Policies in respect of charging could adversely impact those on low income. Other implications flow from some of the original 42 options.

\*if recommendations accepted.

## 8. REPORT/OFFICER TO CONTACT

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 30<sup>th</sup> June 2005