

## Appendix 2

### Audit and Governance Detailed Risk Report – Education

#### Background

There are a number of conditions across the Education portfolio that present possible risks for the Local Authority.

Key risks include:

- i. The potential impact on school pyramids as a result of school organisation changes outside our control e.g. changes of age range. The result in the short term could be under recruiting in first and middle schools leading to a financial shortfall in school budgets. This may make certain schools unsustainable. The uncoordinated age range changes could also result in demand for additional Capital spend.
- ii. If schools are placed in special measures they automatically a sponsor and are transferred to Academy status. At this point the Local Authority becomes responsible for any deficit budget. The number of schools with significant deficit budgets continues to increase (As at last March 26 schools had set deficit budgets with a total value of £5.4m).
- iii. Significant proportion of expenditure is accounted for by externally commissioned services. There is a risk if not monitored, of poor value, inadequate service provision and data security and/or failure of externally delivered services, which could lead to disruption of service delivery and cost of mitigating strategies.
- iv. There is a risk of overspend in the Home to School transport budget.
- v. The High Needs block DSG is forecast to overspend by £9.015m, this overspend is offset by an additional grant (£1.232m) in 2018/19 and all DSG reserves (£5.232m) which leaves an overspend of £2.551m that cannot be met from DSG reserves. At this stage it is assumed that this can be met corporately.

The overall ratings which have led to this area being identified as a Red risk are as follows:

Probability	60% (possible)
Service Impact	15 (moderate)
Health & Welfare	5 (moderate)
Reputation	25 (severe)
Financial Impact	25 (severe)

#### Mitigation

- i. The Local Authority will continue to robustly present its case to the Regional Schools Commissioner to highlight the potential risks of uncoordinated changes to school pyramids.
- ii. Schools with significant deficit budgets are monitored and challenged by the School Finance Team reporting to the Chief Finance Officer. A whole school review is commissioned when appropriate.

- iii. Tight controls have been put in place to monitor service provision by commissioned services. This includes regular structure review meetings. Review meetings are reported to the senior leadership team and the commission and commercial board.
- iv. Corporate Transport Board in place chaired by AD Education & Skills to provide the strategic direction for the Demand Management element of home to school transport provision, ensuring key decision makers are linked and impacts of decisions are understood across Directorates. The key task is to have a high degree of confidence in demand forecasts and spend.
- v. SEND Improvement Action Plan has been agreed and Improvement Board established. There are five workstreams including:
  - The local offer
  - Embedding the graduated response
  - Assessment and planning
  - Joint commissioning and leadership
  - Workforce and engagement

The school forum has established a task and finish group to review the high needs scheme. An external specialist has been commissioned to work with the group to redesign the scheme within existing resources; however, this is a demand-based budget to meet statutory duties.

## Evidence of Mitigation

- i. Unfortunately despite robustly presenting the issues to the Regional Schools Commissioner a proposal to make changes in the Pershore area was upheld. There may be a knock-on effect from this judgement. There has however been a change of Personnel at the RSC and we will continue to push our case. We will also continue to lobby Head teachers forums to highlight the related issues.
- ii. Two school curriculum reviews have taken place to validate and redesign the curriculum to optimise teaching hours and class sizes.
- iii. Performance indicators have been set and are being monitored. Performance has improved and can be demonstrated.
 

Transport Managers continue to work with SEND officers to identify the in-year demand and future profile of transport needs. The reduction in overspend has increased by a further £66k this month. With the total forecast for 2018/19 now £381k down from £447k.
- iv. The SEND improvement plan is subject to external monitoring by the Department for Education and NHS England. The most recent evaluation demonstrated progress against the plan. The Children's scrutiny panel will scrutinise the SEND improvement plan on the 6<sup>th</sup> March.

## Update on Q2 risk report and future planned activity

- i. Remains a significant risk.
- ii. Continue to increase. Ultimately the deficit is the responsibility of the Council.
- iii. The adoption of a One Worcestershire approach and the introduction of tighter monitoring procedures has created greater visibility of service provision. This has led to a significant reduction in the level of risk in this area.

iv. Reducing risk.

v. Increasing risk.