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DATE: 23 December 2013

To: Members of the  
**EDUCATION BUDGET SUB-COMMITTEE**

Councillor Neil Reddin FCCA (Chairman)  
Councillor Julian Benington (Vice-Chairman)  
Councillors Kathy Bance MBE, Nicholas Bennett J.P., Julian Grainger and  
David McBride

A meeting of the Education Budget Sub-Committee will be held at Bromley Civic  
Centre on **TUESDAY 7 JANUARY 2014 AT 7.00 PM**

MARK BOWEN  
Director of Corporate Services

*Copies of the documents referred to below can be obtained from*  
[www.bromley.gov.uk/meetings](http://www.bromley.gov.uk/meetings)

## **AGENDA**

**1 APOLOGIES FOR ABSENCE**

**2 DECLARATIONS OF INTEREST**

**3 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING**

In accordance with the Council's Constitution, questions to this Committee must be received in writing 4 working days before the date of the meeting. Therefore please ensure questions are received by the Democratic Services Team by 5pm on Tuesday 31<sup>st</sup> December 2013.

**4 MINUTES OF THE MEETING HELD ON 2ND OCTOBER 2013 AND MATTERS OUTSTANDING (Pages 3 - 10)**

**5 CAPITAL PROGRAMME MONITORING - 2ND QUARTER 2013/14 (Pages 11 - 16)**

**6 EDUCATION PORTFOLIO BUDGET MONITORING REPORT 2013/14 (Pages 17 - 30)**

**7 DRAFT EDUCATION BUDGET 2014/15 (VERBAL REPORT)**

**8 EDUCATION PORTFOLIO INFORMATION ITEMS**

**a NURSERY PROVISION WITHIN ADULT EDUCATION (Pages 31 - 34)**

**9 ANY OTHER BUSINESS**

**10 DATE OF NEXT MEETING**

7.00pm, 8<sup>th</sup> April 2014

# Agenda Item 4

## **EDUCATION BUDGET SUB-COMMITTEE**

Minutes of the meeting held at 7.00 pm on 2 October 2013

### **Present:**

Councillor Neil Reddin FCCA (Chairman)  
Councillors Kathy Bance MBE, Nicholas Bennett J.P.,  
Julian Grainger and David McBride

Councillor Stephen Wells, Portfolio Holder for Education

### **Also Present:**

Jane Bailey, Interim Assistant Director: Education  
David Bradshaw, Head of Education, Care and Health Services Finance  
Dr Tessa Moore, Assistant Director: Education  
James Mullender, Senior Accountant  
Amanda Russell, Head of Schools Finance Support

## **1 APOLOGIES FOR ABSENCE**

Apologies for absence had been received from Councillor Julian Benington.

The Chairman was pleased to welcome Jane Bailey to the meeting, who was the new Interim Assistant Director: Education.

## **2 DECLARATIONS OF INTEREST**

There were no declarations of interest.

## **3 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING**

No questions had been received from members of the public.

## **4 MINUTES OF THE MEETING HELD ON 23RD JULY 2013 AND MATTERS ARISING**

In considering the minutes, Members of the Sub-Committee agreed that in future a matters outstanding report would be appended to the minutes.

**RESOLVED** that the minutes of the meeting held on 23<sup>rd</sup> July 2013 be agreed.

## **5 EDUCATION PORTFOLIO BUDGET MONITORING REPORT 2013/14**

### **Report ED13102**

The Sub-Committee considered a report setting out the budget monitoring position for the Education Portfolio based on expenditure to the end of July 2013. The Schools' Budget, funded from the Dedicated Schools' Grant and specific grants was forecast to be in an underspend position of £1,135,000, which would be carried forward into the next financial year. The controllable part of the Non-Schools' Budget, funded from Council Tax, Revenue Support and specific grants, was forecasted to be in an overspend position of £3,000.

Members were advised that on 12<sup>th</sup> June 2013, the Council's Executive had been requested to approve a number of carry forward requests relating to either unspent grant income or delays in expenditure where cost pressures would follow through into 2013/14. This included a carry forward request of £297,000 by the Education Portfolio to cover the costs of urgent property works to Children's Centres within the Borough.

In considering the budget monitoring position for the Education Portfolio, the Chairman noted the underspend of £200k projected for the Referral and Assessment Children's Centres. This was due to staff vacancies within the service, and a £64k contribution from the Tackling Troubled Families Grant, and the Chairman queried whether the posts might be deleted if service levels had not been affected.

An overspend had been identified within the Adult Education service due to a drop in tuition fees as a result of the free courses which the college provided for Jobcentre Plus, as well as the 24+ funding scheme which had resulted in a fixed cut of £53k of grant allocation for student loans irrespective of take-up. There had been a large reduction in the Skills Funding Agency grant for Adult Education between the 2010/11 and 2013/14 academic years. The Head of Education, Care and Health Services Finance advised Members of the Sub-Committee that the final 2013/14 grant allocation was yet to be confirmed, but that the Adult Education Service was still required to provide free courses for Jobcentre Plus during the 2013/14 academic year. The Chairman noted that the linked nurseries in the Adult Education Service were unlikely to achieve their fee income targets. The Assistant Director: Education agreed to provide a briefing paper to Members with further details of the nurseries.

Members were pleased to note the way that the growth in demand for Special Education Needs services was being managed. The Portfolio Holder for Education confirmed that the Dedicated Schools Grant was used where appropriate to support this growth in demand, but noted that the regulations on the use of Dedicated Schools Grant had become more restrictive which would limit how these funds could be accessed into the future.

**RESOLVED that:**

- 1) The latest 2013/14 budget projection for the Education Portfolio be noted;**
- 2) The Portfolio Holder for Education be recommended to:**
  - i) Approve the draw down from central contingency of £297,000 as a carry forward request; and,**
  - ii) Approve the Education Portfolio Budget Monitoring Report 2013/14**

**6 CAPITAL PROGRAMME MONITORING - 1ST QUARTER 2013/14**

**Report RES13178**

On 24<sup>th</sup> July 2013, the Executive received the 1<sup>st</sup> quarterly capital monitoring report for 2013/14 and agreed a revised Capital Programme for the four year period 2013/14 to 2016/17. The Sub-Committee considered a report highlighting the changes agreed by the Executive in respect of the Capital Programme for the Education Portfolio.

In considering capital maintenance in schools, Councillor Julian Grainger queried how works in schools were costed and noted a recent example where windows of a high specification had been installed in a Bromley school. The Head of Education, Care and Health Services Finance confirmed that schools were required to obtain three quotes for capital maintenance work and that any additional works must be funded by the school. The Local Authority was responsible for funding capital maintenance works in Local Authority maintained schools and this was funded from a Government grant.

**RESOLVED that the revised capital programme agreed by the Executive on 24<sup>th</sup> July 2013 be recommended to the Portfolio Holder for Education for approval.**

**7 SPENDING BY PRIMARY, SECONDARY AND SPECIAL MAINTAINED SCHOOLS IN 2012/13**

**Report ED13097**

The Sub-Committee considered a report setting out all revenue and capital balances held by Primary, Secondary and Special Maintained Schools as at 31<sup>st</sup> March 2013, and providing a comparison to the balances held at the same time in the previous year.

In considering spending by Primary, Secondary and Special Maintained Schools in 2012/13, Councillor Julian Grainger noted that small schools were required to

keep a higher proportion of reserves as their budgets were smaller than larger schools, and that the proportion of funds held in reserve by small schools should not necessarily be a cause for concern. Small schools were in receipt of the small schools allowance and had benefitted from the minimum funding guarantee in recent years, but the Head of Schools Finance Support confirmed that work continued to be undertaken with small schools to ensure their future viability, including a suitable level of reserves.

The Chairman was concerned to note that the management action to reduce balances with detailed costings by some schools included revenue items, which should not normally be funded from the reserves. It was important for schools to be able to secure value for money when investing in high cost items and building projects. There was also a need to ensure that ongoing IT investment was sustainable as part of a schools revenue budget, and the Head of Schools Finance Support confirmed that schools were encouraged to look at IT replacement solutions as part of long term budget setting.

In response to a question from a Member, the Head of Schools Finance Support confirmed that the deficit at Clare House Primary School was historic and had been built up under the previous Head Teacher. A Notice of Concern had been issued to the school in 2012/13 and the Local Authority was now working with the school to deliver its Deficit Recovery Programme, which would support the school in recovering its deficit over 3-5 years. The expansion of the school to two forms of entry would support the future financial stability of the school. The Portfolio Holder for Education noted that the school was seeking to become part of 'Family Langley' a collaborative group of academy schools which included Unicorn Primary School and Langley Park Boys and Girls Schools.

With regards to conversion to academy status, the Head of Schools Finance Support advised Members that convertor academies retained any budget surplus or deficit and would be responsible to the Education Funding Agency to recover any deficit within one year. Schools which converted as sponsored academies did not retain any budget deficit which would become the responsibility of the Local Authority and was paid from the Dedicated Schools Grant. The Assistant Director: Education confirmed that schools with a significant budget deficit were not able to convert as standalone academies and would need to seek sponsorship.

Following consideration of the revenue and capital balances held by Primary, Secondary and Special Maintained Schools, Members requested that Clare House, St Peter and St Paul's and Chelsfield Primary Schools be included in the Schedule of Members' visits for the 2013/14 academic year. Members also requested that the level of committed and uncommitted revenue and capital balances for Local Authority maintained schools be reported against the number of schools the levels represented as well as the size of each school.

**RESOLVED that the financial position of Primary, Secondary and Special Maintained Schools at the end of the 2012/13 financial year be noted.**

## **8 OUTCOME OF CONSULTATION ON 2014/15 FUNDING REVIEW**

### **Report ED13103**

The Sub-Committee considered a report setting out proposed changes to the 2014/15 funding formula for schools in line with Department for Education requirements.

The Department for Education had recently issued further guidance to assist local authorities and Schools' Forums in planning the local implementation of the reformed funding system for 2014/15. Changes included a reduction in the upper limit of the lump sum to £175,000, the potential use of a different lump sum for primary and secondary schools, and the attainment measure for secondary schools changing to target pupils achieving Level 3 or below in either English or Maths rather than in both.

Following consideration at its meeting on 26<sup>th</sup> September 2013, the Schools' Forum had agreed to request the Local Authority to agree that the lump sum for Bromley schools would be set at £175,000 for 2014/15 for both primary and secondary schools. It was also agreed to request that the measure of attainment for secondary pupils be set at £907 for 2014/15, a level proposed and supported by the Secondary Head Teachers, to reflect the significant increase in the number of pupils who would be eligible for this funding. The Minimum Funding Guarantee would moderate the impact of this on schools' budgets to a maximum of 1.5% per year budget change in any one year.

In response to a question from the Chairman, the Head of Schools Finance Support confirmed that the attainment measure for secondary schools would be paid on a per pupil basis for those achieving Level 3 or below in either English or Maths, and that pupils achieving Level 3 or below in both subjects would receive the same funding as those achieving Level 3 or below in either subject.

Councillor Julian Grainger noted the impact of the Minimum Funding Guarantee in moderating the difference in funding levels for secondary schools under each of the proposed models, but highlighted the need to test against a range of lump sums in future years where appropriate. The Head of Schools Finance Support advised Members of the Sub-Committee that further guidance was awaited from the Department for Education around how the funding formula for schools would be delivered in future years.

**RESOLVED that the Portfolio Holder for Education be recommended to agree the proposed changes in line with the recommendations of the Schools' Forum.**

## **9 EDUCATION PORTFOLIO INFORMATION ITEMS**

The Sub-Committee considered an information briefing providing an update on the baseline review of access and admissions. The services included in the baseline review included Admissions, Education Strategic Property and Client Services,

Behaviour Service, Education Welfare Service, Early Years (PVI) and Office Services. In response to the baseline review, a new structure had been developed and, following a formal consultation process undertaken in Spring 2013, the new structure had been implemented from 1<sup>st</sup> September 2013.

In considering the new structure, Councillor Julian Grainger noted that secondary schools were receiving an increasing number of applications for their Year 12 provision, and queried if a centralised 'clearing' service could be delivered by the Admissions team. The Assistant Director: Education confirmed that the Education, Care and Health Services Department had no remit to develop additional sold services at this time, but that if it was agreed by the Council's Executive to undertake a range of market testing for education services, it was possible that a provider might consider developing such a service as part of its bid. Councillor Julian Grainger underlined the need to ensure that locally-based and third sector providers were able to bid to deliver services, if market testing was agreed. The Chairman also noted the potential to develop shared services across the education service.

**RESOLVED that the information briefing be noted.**

#### **10 ANY OTHER BUSINESS**

The Council's Executive would be considering a report at its meeting on 16<sup>th</sup> October 2013 which proposed that market testing, including that of in-house provision, be undertaken on a range of Education Services. Councillor Nicholas Bennett JP noted that, should market testing be agreed, the results of this market testing would be reported to a future meeting of Education PDS Committee. He suggested that a meeting of the Education Budget Sub-Committee be convened in advance of this meeting to allow Members to undertake an in-depth analysis of the financial implications of any commissioning of education services, and this was agreed by Members of the Sub-Committee.

**RESOLVED that the issues raised be noted.**

#### **11 DATE OF NEXT MEETING**

The next meeting of Education Budget Sub-Committee would be held at 7.00pm on Tuesday 7<sup>th</sup> January 2014.

The Meeting ended at 8.23 pm

Chairman



## Matters Outstanding from Previous Meetings

<b>Minute Number/Title</b>	<b>Decision</b>	<b>Update</b>	<b>Action</b>	<b>Completion Date</b>
<b>2<sup>nd</sup> October 2013</b>				
<b>10 Any Other Business</b>	That a meeting of the Education Budget Sub-Committee be convened to consider the results of the market testing process for commissioning of Education Services.	A meeting of the Education Budget Sub-Committee would be convened when the market testing process, agreed by the Council's Executive on 16 <sup>th</sup> October 2013, had been completed.	Democratic Services	TBC

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# Agenda Item 5

Report No.  
CSD14012

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** EDUCATION BUDGET SUB-COMMITTEE

**Date:** 7<sup>th</sup> January 2014

**Decision Type:** Non-Urgent Executive Non-Key

**Title:** CAPITAL PROGRAMME MONITORING - 2ND QUARTER 2013/14

**Contact Officer:** Martin Reeves, Principal Accountant (Technical & Control)  
Tel: 020 8313 4291 E-mail: martin.reeves@bromley.gov.uk

**Chief Officer:** Director of Finance

**Ward:** All

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1. Reason for report

On 20th November 2013, the Executive received the 2nd quarterly capital monitoring report for 2013/14 and agreed a revised Capital Programme for the four year period 2013/14 to 2016/17. This report highlights in paragraphs 3.1 to 3.5 changes agreed by the Executive in respect of the Capital Programme for the Education Portfolio. The revised programme for this portfolio is set out in Appendix A and detailed comments on scheme progress as at the end of the first half of 2013/14 are shown in Appendix B.

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2. **RECOMMENDATION(S)**

**The Portfolio Holder is asked to confirm the changes agreed by the Executive in November.**

## Corporate Policy

1. Policy Status: Existing Policy: Capital Programme monitoring and review is part of the planning and review process for all services. Capital schemes help to maintain and improve the quality of life in the borough. Affective asset management planning (AMP) is a crucial corporate activity if a local authority is to achieve its corporate and service aims and objectives and deliver its services. The Council continuously reviews its property assets and service users are regularly asked to justify their continued use of the property. For each of our portfolios and service priorities, we review our main aims and outcomes through the AMP process and identify those that require the use of capital assets. Our primary concern is to ensure that capital investment provides value for money and matches the Council's overall priorities as set out in the Community Plan and in "Building a Better Bromley".
  2. BBB Priority: Children & Young People
- 

## Financial

1. Cost of proposal: Total increase of £0.3m over the 4 years 2013/14 to 2016/17, due to the carry-forward of Children's Centre grant from 2012/13 (see para 3.2).
  2. Ongoing costs: Not Applicable
  3. Budget head/performance centre: Capital Programme
  4. Total current budget for this head: £29.1m for the Education Portfolio over four years 2013/14 to 2016/17
  5. Source of funding: Capital grants, capital receipts and earmarked revenue contributions
- 

## Staff

1. Number of staff (current and additional): 0.25 fte
  2. If from existing staff resources, number of staff hours: 9 hours per week
- 

## Legal

1. Legal Requirement: Non-Statutory - Government Guidance
  2. Call-in: Applicable
- 

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
- 

## Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A
2. Summary of Ward Councillors comments: N/A

### 3. COMMENTARY

#### Capital Monitoring – variations agreed by the Executive on 20th November 2013

3.1 A revised Capital Programme was approved by the Executive in November, following a detailed monitoring exercise carried out after the 2nd quarter of 2013/14. The base position was the revised programme approved by the Executive on 24th July 2013, as amended by variations approved at subsequent Executive meetings. All changes on schemes in the Education Programme are itemised in the table below and further details are included in paragraphs 3.2 to 3.5. The revised Programme for the Education Portfolio is attached as Appendix A and Appendix B shows actual spend against budget in the first half of 2013/14, together with detailed comments on individual schemes.

	2013/14	2014/15	2015/16	2016/17	TOTAL 2013/14 to 2016/17
	£000	£000	£000	£000	£000
Programme approved by Executive 24/07/13	14,489	13,237	553	553	28,832
<u>Variations approved by Executive 20/11/13</u>					
Children's Centres (see para 3.2)	297				297
Transfer from schools maintenance to basic need (see para 3.3)	0	0	0	0	0
Realignment of short breaks capital grant to correct scheme (see para 3.4)	0	0	0	0	0
Expenditure rephased from 2013/14 into later years (see para 3.5)					
- Schools Access Initiative	-300	300			0
- Security works	-150	150			0
- Suitability/modernisation issues in schools	-367	367			0
- Basic Need	-639	639			0
- Short Breaks capital	-90	90			0
- Early Education for 2 year olds	-473	473			0
Total Amendment to the Capital Programme	-1,722	2,019	0	0	297
<b>Total Revised Education Programme</b>	<b>12,767</b>	<b>15,256</b>	<b>553</b>	<b>553</b>	<b>29,129</b>

#### 3.2 Children's Centres (£297k increase)

£297k carry forward from 2012/13 of Children's Centre funding was agreed by Executive on the 12<sup>th</sup> June 2013. The carry forward was subsequently agreed by Education PDS Committee on 2<sup>nd</sup> October 2013 for inclusion in the 2013/14 budget. The funding is to be used to support the residual Surestart capital scheme to make essential repairs to Castlecombe and Mottingham children's centres. In November, the Executive agreed the inclusion of this sum in the Capital Programme.

#### 3.3 Transfer of schools' capital grant support from capital maintenance to basic need (£1.2m)

A historic underspend in Schools' Capital Maintenance occurred on major maintenance projects (mainly windows). This was due to the policy of stopping works where schools were converting to Academy status. This resulted in an estimated £1.2m of funding that is available to be transferred to Basic Need to support the urgent expansion of primary schools to meet the growing demand for additional places. The policy surrounding Academies has since been

changed so this will not occur in the future. The November Executive agreed the transfer of £1.2m from schools' capital maintenance to basic need.

### 3.4 Realignment of capital funding from short breaks to children's centres (£224k)

£224k of government grant support for children's centres was added in error to the short breaks scheme. The funding was part of the Early Intervention Grant and would have transferred to the children's centres to support the works at Castlecombe and Mottingham. This adjustment rectifies that position and was agreed by the Executive in November.

### 3.5 Expenditure re-phased from 2013/14 into 2014/15

As part of the 2<sup>nd</sup> quarter monitoring exercise, £2,019k has been re-phased from 2013/14 into 2014/15 to reflect revised estimates of when expenditure on Education schemes is likely to be incurred. This has no overall impact on the total approved estimate for the capital programme. Further details and comments are provided in Appendix B.

## Post-Completion Reports

3.6 Under approved Capital Programme procedures, capital schemes should be subject to a post-completion review within one year of completion. After major slippage of expenditure in recent years, Members confirmed the importance of these as part of the overall capital monitoring framework. These reviews should compare actual expenditure against budget and evaluate the achievement of the scheme's non-financial objectives. A post-completion report on the following scheme should be submitted to this Sub-Committee during 2013/14:

- Priory School – Local Learning Centre.

## 4. POLICY IMPLICATIONS

4.1 Capital Programme monitoring and review is part of the planning and review process for all services.

## 5. FINANCIAL IMPLICATIONS

5.1 These were reported in full to the Executive on 20th November 2013. Changes agreed by the Executive for the Education Portfolio Capital Programme are set out in the table in paragraph 3.1.

<b>Non-Applicable Sections:</b>	Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	Departmental monitoring returns October 2013. Approved Capital Programme (Executive 24/07/13). Q2 monitoring report (Executive 20/11/13).

EDUCATION PORTFOLIO - APPROVED CAPITAL PROGRAMME 20th NOVEMBER 2013								
Capital Scheme/Project	Total Approved Estimate	Actual to 31.3.13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/06	Estimate 2016/17	Responsible Officer	Remarks
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's		
<b>SECONDARY SCHOOLS</b>								
14-19 Diploma SEN 2.3d - Secondary School Investment Strategy							Rob Bollen	DSG £3,580k, Targeted Capital Grant £7,340k, S106 £500k
Newstead Wood	2500	2500	0				Rob Bollen	
Darrick Wood	1700	1700	0				Rob Bollen	
Hayes	1500	1500	0				Rob Bollen	
Riverside	500	500	0				Rob Bollen	
Ravenswood	2500	2500	0				Rob Bollen	
St Olave's	500	500	0				Rob Bollen	
Bullers Wood	1700	1700	0				Rob Bollen	
Contingency	204	204	0				Rob Bollen	£316k t/f to cover potential spend pressures on Langley Boys
	11104	11104	0	0	0	0		
Langley Park Boys School - BSF (Building Schools for the future) 2.3b	38338	36404	1934				Rob Bollen	BSF One School Pathfinder; government grant £35,800k; LBB contribution £2,006k re: enhanced performance space; £316k t/f from Secondary Investment Strategy
<b>TOTAL SECONDARY SCHOOLS</b>	<b>49442</b>	<b>47508</b>	<b>1934</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>PRIMARY SCHOOLS</b>								
Primary Capital Programme 2.7							Rob Bollen	DCSF capital grant; £800k allocated to Riverside ASD scheme
Bickley Primary - expansion	1463	1463					Rob Bollen	£1,395k Primary Capital Programme (PCP) grant; £24k from Access initiative; £50k from extended services; £6k t/f to Highway
Princes Plain Primary - expansion	1270	1270					Rob Bollen	£1,114k PCP, £250k S106' £94k t/f to Highway
The Highway Primary - partial rebuild #	5428	5174	254				Rob Bollen	£2,620k PCP, £500k Children & Family Centre grant, £300k Early Years, £600k planned maint; £93k schools capital maint in 11/12; £140k revenue cont in 11/12, £94k from Princes Plain; £434k from other PCP schemes.
Other schemes funded by Primary Capital Programme grant	3186	3186	0				Rob Bollen	Balance of PCP grant after allocations to Bickley, Princes Plain, Highway and Riverside ASD; £100k from maintenance re Pickhurst Infants; £144k for Crofton Juniors from School kitchens funding; £428k t/f to Highway
<b>TOTAL PRIMARY SCHOOLS</b>	<b>11347</b>	<b>11093</b>	<b>254</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>SPECIAL SCHOOLS</b>								
Provision for children with social, emotional & behavioural difficulties	250	145	105				Tessa Moore	Invest-to save: reduction in out of borough placements £800k in a full year; additional costs £290k in a full year (funded from DSG)
Reconfiguration of Special Schools	5180	5063	117				Tessa Moore	Prudential borrowing (costs to be met from schools' budget); DSG contributions; £567k hydrotherapy pool approved by Executive 31/3/10
<b>TOTAL SPECIAL SCHOOLS</b>	<b>5430</b>	<b>5208</b>	<b>222</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>OTHER EDUCATION SCHEMES</b>								
Formula Devolved Capital 2.1a	5604	4032	393	393	393	393	Mandy Russell	100% government grant; reduced allocation in 2011/12 settlement
Seed Challenge Fund	1864	1272	592				Rob Bollen	£300k "suitability" funding in 2011/12; £11k for Farnborough scheme
Schools Access Initiative	1540	630	160	450	150	150	Rob Bollen	DDA requirement; £150k p.a from schools' revenue budget; £24k to Bickley PCP
Security Works	920	530	240	150			Rob Bollen	£150k "suitability" funding in 2011/12
Children and Family Centres	6662	5944	718				Tessa Moore	100% DfES grant; £500k for Highway scheme, £750k for Hawes Down Co-location, grant cut by £802k; £297k revenue cont c/f from 12/13
Suitability / Modernisation issues in schools - general 2.2	922	455	100	367			Rob Bollen	Now funded by 11/12 capital maintenance settlement; £46k from suitability surveys; £350k to Farnborough Primary
Capital maintenance in schools - 2011/12 settlement	7658	5370	2288				Rob Bollen	100% government grant - 2011/12 settlement; £300k to seed challenge; £150k to security works; £150k to suitability/modernisation settlement; £80k to Hawes Down Co-Location & £93k to The Highway in 11/12; £161k t/f from modernisation fund
Basic Need - 2011/12 settlement	20287	1864	5100	13323			Rob Bollen	100% government grant - 2011/12 settlement; additional grant £1,182k in 11/12 & £4,090k in 12/13
Extended Services 2.10	731	687	44				Tessa Moore	DCSF capital grant; £142k for Hawes Down; grant cut by £134k; £50k to Bickley PCP; £225k not required
Hawes Down Co-Location 2.16	1802	1503	299				Tessa Moore	Co-location grant £470k, Short breaks capital £220k, Children & Family Centres grant £750k, Early Years capital £70k, Extended Services £142k, school contribution £70k; £80k schools capital maint (roof) in 11/12
Short breaks capital	224	17	117	90			Hilary Rogers	100% government grant
Early Education for Two Year Olds	558	0	85	473			Nina Newell	100% government grant
Feasibility Studies	40	0	10	10	10	10	Rob Bollen	
<b>OTHER SCHEMES</b>								
Phoenix Pre-School SEN service - Council contribution	300	92	208				Rob Bollen	Prudential borrowing - costs to be met from schools' budget.
Youth centres - Capital improvements	72	69	3				Paul King	Youth Capital Fund grant £72k
<b>TOTAL OTHER EDUCATION SCHEMES</b>	<b>49184</b>	<b>22465</b>	<b>10357</b>	<b>15256</b>	<b>553</b>	<b>553</b>		
<b>TOTAL EDUCATION PORTFOLIO</b>	<b>115403</b>	<b>86274</b>	<b>12767</b>	<b>15256</b>	<b>553</b>	<b>553</b>		

EDUCATION PORTFOLIO - APPROVED CAPITAL PROGRAMME 2013/14 - 2ND QUARTER MONITORING					
Capital Scheme/Project	2nd QUARTER 2013/14				Responsible Officer Comments
	Actual to 31.3.13	Approved Estimate July 2013	Actual to 24/9/13	Revised Estimate Nov 2013	
	£'000's	£'000's	£'000's	£'000's	
<b>SECONDARY SCHOOLS</b>					
14-19 Diploma SEN - Secondary School Investment Strategy					
Newstead Wood	2500	0	0	0	
Darrick Wood	1700	0	0	0	
Hayes	1500	0	0	0	
Riverside	500	0	0	0	
Ravenswood	2500	0	0	0	
St Olave's	500	0	0	0	
Bullers Wood	1700	0	0	0	
Contingency	204	0	0	0	
	11104	0	0	0	
Langley Park Boys School - BSF (Building Schools for the future)	36404	1934	796	1934	Moving into the final stages, final account being agreed with contractor. May be an element of retention that may need to move into 2014/15
<b>TOTAL SECONDARY SCHOOLS</b>	<b>47508</b>	<b>1934</b>	<b>796</b>	<b>1934</b>	
<b>PRIMARY SCHOOLS</b>					
Primary Capital Programme					
Bickley Primary - expansion	1463	0	0	0	
Princes Plain Primary - expansion	1270	0	0	0	
The Highway Primary - partial rebuild #	5174	254	119	254	Scheme completed. Final account discussions/final payments being made. Any funding that may remain can be returned to Basic Need as allocations were made from this funding source to underpin this scheme
Other schemes funded by Primary Capital Programme grant	3186	0	0	0	
<b>TOTAL PRIMARY SCHOOLS</b>	<b>11093</b>	<b>254</b>	<b>119</b>	<b>254</b>	
<b>SPECIAL SCHOOLS</b>					
Provision for children with social, emotional & behavioural difficulties	145	105	2	105	Work ongoing. Linked with the Grovelands site/field study centre
Reconfiguration of Special Schools	5063	117	0	117	Works completed, residual amounts could be used for the new Riverside scheme
<b>TOTAL SPECIAL SCHOOLS</b>	<b>5208</b>	<b>222</b>	<b>2</b>	<b>222</b>	
<b>OTHER EDUCATION SCHEMES</b>					
Formula Devolved Capital	4032	393	368	393	Grant received from DfE and "passported" to schools.
Seed Challenge Fund	1272	592	6	592	£300k transferred from maintenance to support programmes as per previous years. Schools have to contribute to projects
Schools Access Initiative	630	460	10	160	Ongoing discussions with schools. Funding often ad hoc as needs arise as schools take particular cohorts of children. Can also be linked to larger schemes and integrated into those. Funded through DSG. £300k rephased into 2014/15
Security Works	530	390	17	240	Ad hoc security works for schools. Additional £150k transferred from maintenance to support schemes as per previous years. £150k rephased into 2014/15 due to delays in starting projects
Children and Family Centres	5944	197	0	718	Potential funding for issues arising out of Castlecombe and Mottingham
Suitability / Modernisation issues in schools - general	455	467	-1	100	Additional £150k transferred from maintenance budget as per previous years. £367k rephased into 2014/15
Capital maintenance in schools	5370	3488	649	2288	Various programmes as per the reports. Transfer of £1.2m of the historic underspend to basic need to cover increasing pressures.
Basic Need	1864	4539	778	5100	Various projects as per PDS reports. £639k phased into next year as not all will be needed in year. £1.2m of underspend from Capital Maintenance transferred to Basic Need to underpin expansion programme
Outsourced Services	687	44	0	44	May not be required
Hawes Down Co-Location	1503	299	1	299	May not be required
Short breaks capital	17	431	0	117	Used on various expenditure such as equipment and adaptations. £314k rephased into 2014/15
Early Education for Two Year Olds	0	558	9	85	one off funding to assist in the capital expenditure of two year old care in nurseries. £473k rephased into 2014/15
Feasibility Studies	0	10	0	10	Feasibility studies
Phoenix Pre-School SEN service - Council contribution	92	208	0	208	Ongoing discussion with the PCT. Payment being deferred until agreement to terms are met
Youth centres - Capital improvements	69	3	0	3	Likely to complete this year
<b>TOTAL OTHER SCHEMES</b>	<b>22465</b>	<b>12079</b>	<b>1837</b>	<b>10357</b>	
<b>TOTAL EDUCATION PORTFOLIO</b>	<b>86274</b>	<b>14489</b>	<b>2754</b>	<b>12767</b>	



Report No.  
ED13140

## London Borough of Bromley

### PART ONE - PUBLIC

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Decision Maker: **Education Budget Sub-Committee**

Date: **7<sup>th</sup> January 2014**

Decision Type: Non-Urgent Executive Non-Key

**TITLE: EDUCATION PORTFOLIO BUDGET MONITORING REPORT  
2013/14**

Contact Officer: David Bradshaw, Head of Education and Care Services Finance  
Tel: 020 8313 4807 E-mail: david.bradshaw@bromley.gov.uk

Chief Officer: Terry Parkin, Executive Director of Education and Care Services

Ward: Boroughwide

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#### **1. REASON FOR REPORT AND SUMMARY OF BUDGET POSITION**

- 1.1 This report reviews budget monitoring based on spending to the end of November 2013.
- 1.2 The Schools' Budget is funded from Dedicated Schools' and specific grants and is forecast to be underspent by £2,087,000. Any over or underspends on this budget are carried forward into the next financial year.
- 1.3 The Non-Schools' Budget is funded from Council Tax, Revenue Support and specific grants and the controllable part of it is forecast to be in an overspend position of £35,000.

#### **2. RECOMMENDATIONS**

##### **2.1 The Education Budget Sub-Committee is invited to:**

- (i) **Consider the latest 2013/14 budget projection for the Education Portfolio;**
- (ii) **Refer the report to the Portfolio Holder for approval**

### Corporate Policy

1. Policy Status: Not Applicable:
  2. BBB Priority: Children and Young People:
- 

### Financial

1. Cost of proposal: Not Applicable:
  2. Ongoing costs: Not Applicable:
  3. Budget head/performance centre: Education Portfolio budgets
  4. Total current budget for this head: £14,211k
  5. Source of funding: RSG, Council Tax, DSG, other grants
- 

### Staff

1. Number of staff (current and additional): 2,074 Full Time Equivalent, of which 1,760 are based in schools.
  2. If from existing staff resources, number of staff hours: N/A
- 

### Legal

1. Legal Requirement: Statutory Requirement:
  2. Call-in: Applicable
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
- 

### Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

### **3. COMMENTARY**

The 2012/13 projected outturn for the Education Portfolio is detailed in Appendix 1, broken down over each division within the service. Appendix 2 gives explanatory notes on the movements in each service.

#### **The Schools' Budget**

- 3.1 An element of the Education budget within Education Care and Health Services (ECHS) department is classed as Schools budget and is funded by the Dedicated schools Grant (DSG); this is projected to underspend by £2,087,000. Legislation requires that any variance should be carried forward to the next financial year. Details are contained within Appendices 2 and 4.

#### **The Non-Schools' Budget**

- 3.2 An element of the Education budget within ECHS is classed as Non Schools Budget and this is projected to overspend by £35,000. This has stayed broadly in line with the last monitoring reported to Executive of £36,000 overspend but there have been some variations within this. Details are contained within Appendix 2 and 4.
- 3.3 Costs attributable to individual services have been classified as “controllable” and “non-controllable” in Appendix 1. Budget holders have full responsibility for those budgets classified as “controllable” as any variations relate to those factors over which the budget holder has influence and control. “Non-controllable” budgets are those which are managed outside of individual budget holder’s service and, as such, cannot be directly influenced by the budget holder in the shorter term. These include for example cross departmental recharges and capital financing costs. This ensures clear accountability by identifying variations within the service that controls financial performance. Members should specifically refer to the “controllable” budget variations relating to portfolios in considering financial performance.
- 3.4 The full year effect pressure currently stands at £756k. This is in part due to the impact of the Education Services Grant (ESG), formerly known as LA LACSEG. As Schools convert to Academy status, DfE reduce the grant given to authorities to reflect a transfer of duties and responsibilities from the Authority to the Academy. The impact will continue as schools continue to convert. There are also full year effects of pressures arising from the Adult Education Service which is in the main due to income and grant reductions not being offset totally by corresponding reductions in expenditure.
- 3.5 The full year effect pressures will need to be contained in 2014/15 and actions will have to be taken by the Department to offset these pressures.

#### **Directors Comments**

- 3.6 The education budget continues to show an outturn broadly in-line with the planned budget. The Revenue Support Grant (RSG) element of the Education budget is a relatively small component of our overall spend, with Dedicated Schools Grant (DSG) making-up the majority when one considers school funding. The DSG element reported in appendix 1 will show a significant projected underspend. For example, we are beginning to see significant savings in SEN expenditure but set against DSG, not RSG funding. However, the regulations as to how we might use DSG have also been tightened making it increasingly difficult to charge further central costs to this grant. The particular challenge for this budget is that as more schools convert to academies, significant loses in grant funding will be experienced by the Council.

- 3.7 Wherever possible, we have made in-year savings to cover-off these losses so, for instance in-year restructuring of Access and Admissions Teams with some related savings, but Members will see that losses to the Education budget mainly arising from the academies programme are not insignificant with £82k grant lost in the first quarter which was not budgeted for.
- 3.8 The Education Services Grant (ESG) is currently expected to be £328k less than budget. The ESG allocation is re-calculated on a quarterly basis, so the grant will reduce in-year as schools convert to academies. The current projection is based on 12 completed conversions until December, and a further 2 before the end of the financial year. The challenge as we move through the year will be to continue to examine spend and look for opportunities to reduce it in-line with the loss of grant. However, as we see an increasing clarity from central government about the de minimis in terms of functions we must offer our community, we also see an expectation that we use RSG funding for our statutory functions. There is, unfortunately, little evidence that these statutory functions decline in proportion to the number of schools maintained by the local authority.
- 3.9 Adult Education is proving challenging to bring-in on budget. Changes to its funding regime by central government in which courses that were previously chargeable are now free to the user. Aspects of the recharging arrangements are also impacting on both the budget outturn and any future arrangements for developing the delivery model for this service.

#### **4. POLICY IMPLICATIONS**

- 4.1 The Resources Portfolio Plan includes the aim of effective monitoring and control of expenditure within budget and includes the target that each service department will spend within its own budget.
- 4.2 Bromley's Best Value Performance Plan "Making a Difference" refers to the Council's intention to remain amongst the lowest Council Tax levels in Outer London and the importance of greater focus on priorities.
- 4.3 The four year financial forecast report highlights the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised in 2013/14 to minimise the risk of compounding financial pressures in future years.
- 4.4 Chief Officers and Departmental Heads of Finance are continuing to place emphasis on the need for strict compliance with the Council's budgetary control and monitoring arrangements.

#### **5. FINANCIAL IMPLICATIONS**

- 5.1 The 2013/14 budget for the Education Portfolio is projected to be overspent by £35,000 at the year end based on the financial information as at 30<sup>th</sup> November 2013. The main reasons are listed below in table 1.

**Table 1****Breakdown of pressures in 2013/14 and the impact on 2014/15**

	<u>2013/14</u> <u>£'000</u>	<u>2014/15</u> <u>£'000</u>
<b>Access</b>		
- Trading Accounts	35	0
- Education welfare service	-49	0
- Capital & Facilities Management	-1	0
- Access & Admission	-26	0
- Early Years Support	-94	0
- Transport Grants	-20	0
<b>Adult education - fee and income losses</b>	155	155
<b>SEN and Inclusion</b>		
- Transport savings	-111	0
- SEN and Education Psychologists	-75	0
- Trading Accounts	90	0
<b>Workforce development and governor services</b>	-13	0
<b>Education commissioning and business services</b>	5	0
<b>ESG Grant Allocation</b>	328	601
<b>Youth Service - staffing</b>	-28	0
<b>Bromley Children's Project</b>	-161	0
<b>TOTAL OVERALL PRESSURE FOR THE PORTFOLIO</b>	<b><u>35</u></b>	<b><u>756</u></b>

5.2 A detailed breakdown of the projected outturn by service is shown in Appendix 1 with explanatory notes in Appendix 2. Appendix 3 shows the full year effect of any pressures and savings. Appendix 4 shows the split between Schools Block and Local Authority Block and Appendix 5 gives the analysis of the latest approved budget.

<b>Non-Applicable Sections:</b>	Legal Implications Personnel Implications
Background Documents: (Access via Contact Officer)	2013/14 Budget Monitoring files in ECHS Finance Section

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## Education Portfolio Budget Monitoring Summary

2012/13 Actuals £'000	Division Service Areas	2013/14 Original Budget £'000	2013/14 Latest Approved £'000	2013/14 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
<b>EDUCATION CARE &amp; HEALTH SERVICES DEPARTMENT</b>								
<b>Education Division</b>								
	Access	1,469	1,147	992	Cr 155	1	Cr 132	0
Cr 511	Adult Education Centres	Cr 618	Cr 630	Cr 475	155	2	168	155
148	School Standards	115	168	168	0		0	0
4,099	SEN and Inclusion	4,718	4,751	4,655	Cr 96	3	Cr 132	0
0	Workforce Development & Governor Services	0	1	Cr 12	Cr 13	4	Cr 15	0
0	Education Services Grant	Cr 3,282	Cr 3,282	Cr 2,954	328	5	280	601
74	Schools Budgets	Cr 1,431	Cr 1,485	Cr 1,485	0	6	0	0
158	Other Strategic Functions	148	170	170	0		0	0
0	Early Years	0	0	0	0		0	0
Cr 50	Primary Schools	0	0	0	0		0	0
Cr 1,368	Secondary Schools	0	0	0	0		0	0
Cr 17	Special Schools	0	0	0	0		0	0
400	Education Commissioning and Business Services	0	0	5	5	7	2	0
131	School Improvement	0	0	0	0		0	0
<b>4,943</b>		<b>1,119</b>	<b>840</b>	<b>1,064</b>	<b>224</b>		<b>171</b>	<b>756</b>
<b>Children's Social Care</b>								
2,002	Bromley Youth Support Programme - (Youth Service)	1,773	1,802	1,774	Cr 28	8	0	0
1,453	Referral and Assessment Childrens Centres	2,086	2,401	2,240	Cr 161	9	Cr 135	0
<b>3,455</b>		<b>3,859</b>	<b>4,203</b>	<b>4,014</b>	<b>Cr 189</b>		<b>Cr 135</b>	<b>0</b>
<b>Early Intervention Grant</b>								
Cr 11,798	Early Intervention Grant	0	0	0	0		0	0
<b>Cr 11,798</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>
<b>Cr 3,400</b>	<b>TOTAL CONTROLLABLE FOR EDUCATION - ECHS</b>	<b>4,978</b>	<b>5,043</b>	<b>5,078</b>	<b>35</b>		<b>36</b>	<b>756</b>
11,787	<b>Total Non-Controllable</b>	5,553	5,553	5,553	0		0	0
4,731	<b>Total Excluded Recharges</b>	3,618	3,615	3,615	0		0	0
<b>13,118</b>	<b>TOTAL EDUCATION PORTFOLIO - ECHS</b>	<b>14,149</b>	<b>14,211</b>	<b>14,246</b>	<b>35</b>		<b>36</b>	<b>756</b>
<b>Memorandum Item</b>								
<b>Sold Services</b>								
	Education Psychology Service (RSG Funded)	0	0	90	90	} 10	25	0
	Education Welfare Service (RSG Funded)	0	0	Cr 46	Cr 46		Cr 46	0
	Behaviour Support (Secondary) (RSG Funded)	0	0	146	146		59	0
	Workforce Development (DSG/RSG Funded)	0	0	9	9		9	0
	Governor Services (DSG/RSG Funded)	0	0	2	2		0	0
	Community Vision Nursery (RSG Funded)	0	0	Cr 45	Cr 45		0	0
	Blenheim Nursery (RSG Funded)	0	0	Cr 52	Cr 52		0	0
	Catering & Cleaning (RSG Funded)	0	0	32	32		24	0
	Business Partnerships (RSG Funded)	0	0	0	0	0	0	
	<b>Total Sold Services</b>	<b>0</b>	<b>0</b>	<b>136</b>	<b>136</b>		<b>71</b>	<b>0</b>

**REASONS FOR VARIATIONS****1. Access - Cr £155k**

A projected underspend of £95k within the Education Welfare Service is the result of an overachievement of trading account income which is also requiring fewer resources to generate, and a vacancy within the statutory element of the team.

The budget for behaviour services was delegated to schools for 2013/14, so the secondary outreach budget is no longer funded through the Dedicated Schools Grant. There is a projected shortfall of income of £146k on the trading account due to lower than anticipated uptake of respite placements, a fall in income generated from packages due to long term sickness, and higher than budgeted resources required to generate this income.

There is a projected overspend of £31k expected for capital and facilities management, as the catering and cleaning sold service was terminated on 31st July, with just a strategic element remaining until 31st October.

Also within Access, there are underspends of £26k in Admissions due to a reduction in hours as part of the restructure (early implementation of proposed 2014/15 savings), £20k on expected statutory transport grant payments, and £94k on Early Years staffing (of which £54k is a proposed saving for 2014/15).

The council's two in-house nurseries, which were moved onto a trading account this year, are currently expected to generate surplus income of £97k. These trading accounts weren't set up as full-cost recovery, so this surplus is only covering part of the £155k corporate recharges currently allocated to the nurseries.

	Projected Variations £'000
Education Welfare Service	Cr 49
Trading Account	Cr 46
Capital & Facilities Management	Cr 1
Trading Account	32
Access & Admission	Cr 26
Early Years Support	Cr 94
Transport Grants	Cr 20
Secondary Outreach Trading Account	146
Blenheim Nursery Trading Account	Cr 52
Community Vision Trading Account	Cr 45
	<b>Cr 155</b>

**2. Adult Education - Dr £155k**

An overspend of £155k is currently projected for Adult Education Centres. This is mainly a result of both lower levels of disposable income amongst some of the target audience and an increase in the number of students claiming full fee remission as they are unemployed. Many of these are enrolling on the courses BAEC provides in response to the Job Centre requests.

In addition, the SFA grant for 2013/14 academic year has now been finalised, resulting in a shortfall of £67k. This is partly due to the 24+ funding scheme, which has been converted into a ring-fenced student loan allocation, irrespective of take-up, and has resulted in a fixed cut of £53K from the main grant allocation.

The reduction in the two main income streams above is partly offset by a projected reduction in staffing costs of £70k and supplies and services of £54k

Current projections for the attached nurseries show a £45k overspend for Kentwood, which is not achieving the fee income budget, an underspend of £20k for Widmore, and an underspend of £25k for Poverest. There is also a £15k overachievement of income for room bookings.

	Projected Variations £'000
Reduction in grant income	67
Reduction in fee income	213
Officers & support staff pay	Cr 25
Teachers & assistants pay	Cr 45
Supplies and services	Cr 54
Premises costs	14
Kentwood nursery	45
Widmore nursery	Cr 20
Poverest nursery	Cr 25
Room lettings	Cr 15
	<b>155</b>

**3. SEN and Inclusion - Cr £96k**

SEN Transport is currently expected to underspend by £111k now that the changes to the routes have been finalised for the 2013/14 academic year.

An underspend of £35k is projected for the SEN assessment and monitoring team, mainly due to a 3 month vacancy, which has now been filled at a lower grade, as well as an adjustment of management time allocated to the SEND Pathfinder Grant.

The Education Psychology service is projected to overspend by £90k on the trading account, due to a shortfall of anticipated income, and a higher than budget level of staff time allocated to it. This is partly offset by a £40k underspend on the statutory element of the service.

	Projected Variations £'000
SEN Transport	Cr 111
SEN assessment and monitoring	Cr 35
Education Psychology Service	Cr 40
Trading Account	90
	<b>Cr 96</b>



**4. Workforce Development & Governor Services - Cr £13k**

There is an expected underspend on salaries budgets due to two vacancies, one of which the service has been unable to fill. This is partly offset by an underachievement of income on the workforce development trading account.

	Projected Variations	
	£'000	
Workforce Development & Governor Services	Cr	24
Workforce Development Trading Account		9
Governor Services Trading Account		2
	<b>Cr</b>	<b>13</b>

**5. Education Services Grant - Dr £328k**

The ESG grant allocation is currently expected to be £328k less than budget. The ESG allocation is re-calculated on a quarterly basis, so the grant will reduce in-year as schools convert to academies. The current projection is based on 12 completed conversions between August and December, and a further 2 before the end of the financial year. The full year effect of this is £601k.

In addition, 6 further applications have been received by DfE (5 of which have been approved). If these are approved and convert on 1st April 2014, then the projected shortfall for 2014/15 will be £815k (less the £500k grant reduction allocated to the 2014/15 budget).

A further 12 schools are committed to converting or are currently out to consultation. If these are assumed to convert in September 2014, then the shortfall will increase to £1.08m with a full year effect for 2015/16 of £1.27m.

	Projected Variations	
	£'000	
ESG Grant Allocation		328
		<b>328</b>

**6. Schools Budgets (no impact on General Fund)**

Expenditure on Schools is funded through the Dedicated Schools Grant (DSG) provided for by the Department for Education (DfE). DSG is ring fenced and can only be applied to meet expenditure properly included in the schools budget. Any overspend or underspend must be carried forward to the following years Schools Budget. A total net underspend of £2,087k is currently projected on DSG funded services as outlined below.

As a result of the funding changes for 2013/14, the SEN placement budget was built from a zero base. Current figures suggest that there will be an underspend of £532k, mainly due to a lower than budgeted number of placements and matrix support, which is partly offset by higher than budgeted average costs.

As part of the 2013/14 DSG allocation, £3.1m funding for SEN support in Further Education transferred from the EFA to the council. Most, if not all of these placements were re-negotiated upon transfer resulting in a saving of £116k at Bromley College, £500k with all other FE providers, plus £77k on the social care element.

The Sensory Support and Inclusion services are projected to underspend by a total of £181k, mainly on staffing budgets as a result of staff working less hours than budgeted, employers pension contributions for staff not in the pension scheme, and staff time recharged to the SEND Pathfinder grant.

There is also a projected underspend of £39k for assessment and support of children with complex medical needs in mainstream schools, and an underspend of £180k within the pre-school SEN service, primarily due to staff vacancies, and staff working reduced hours.

Within the Behaviour Service, underspends are expected of £15k for the new Early Intervention Service due to a staff vacancy, £138k for Progression Courses due to overachievement of income, and £70k relating to the part-year vacancy in the head of service post. There is a projected overspend of £35k on supply staff in the Home and Hospital service and rent payable relating to the Nightingale Centre, and £35k of 2012/13 costs relating to the Pupil Referral Service.

Free Early Education (FEE) for 2 years olds, which for 2013/14 onwards is now funded through DSG, is expected to underspend by £870k of the £2.8m budget. This is mostly offset by a projected overspend of £658k on FEE for 3 & 4 year olds.

Finally, there is a cost of £54k relating to the old School Improvement team as a result of the restructure not taking effect until 31st April. This was an anticipated cost, as teachers' contracts can only be terminated in April, August or December. There have also been a few post-closure transactions for the EDC trading account, totalling £15k.

	Projected Variations	
	£'000	£'000
SEN		
Placements	Cr	532
Effect of prior year creditors	Cr	37
Equipment	Cr	25
Ex-EFA SEN FE Support	Cr	693
Transport	Cr	144
Deaf centres & sensory support	Cr	145
Support in mainstream	Cr	36
Specialist Support & Disability Services	Cr	39
Pre-school service	Cr	180
		<b>1,831</b>
Behaviour service	Cr	153
Free Early Education - 2 year olds	Cr	870
Free Early Education - 3 & 4 year olds		658
Early Years Support		54
Access & Admissions	Cr	5
EDC trading account		15
School Improvement		54
Workforce Development & Governor Services	Cr	9
	<b>Cr</b>	<b>2,087</b>

**7. Education Commissioning and Business Services- Dr £5k**

A few minor post-closure transactions relating to the EDC trading account have resulted in an overspend of £5k.

	Projected Variations £'000
EDC trading account	5
	<u>5</u>

**8. Youth Service - Cr £28k**

There is a projected underspend of £28k for the Youth Service, due to an overspend in the youth centre services of £77k relating to summer activities and project expenses, which is offset by a contribution from other departments towards the cost of the summer activities, and an underspend in the running expenses of £105k.

	Projected Variations £'000
Youth Service	Cr 28
	<u>Cr 28</u>

**9. Referral and Assessment Children's Centres - Cr £161k**

A total under spend of £161k is projected for the service, mainly due to staff vacancies and further delays in recruitment, plus a contribution from the Tackling Troubled Families grant for management time. This is partly offset by a projected overspend on Crèche Worker costs, some of which will be recharged to the two council run nurseries and other private providers.

	Projected Variations £'000
Officers' pay	Cr 140
Tackling Troubled Families Grant	Cr 65
Crèche workers	101
Recharge to nurseries	Cr 43
Recharge to private providers	Cr 14
	<u>Cr 161</u>

**10. Sold Services (net budgets)**

Services sold to schools are separately identified in this report to provide clarity in terms of what is being provided. These accounts are shown as memorandum items as the figures are included in the appropriate Service Area in the main report.

**Waiver of Financial Regulations:**

The Council's Contract Procedure Rules state that where the value of a contract exceeds £50k and is to be exempted from the normal requirement to obtain competitive quotations, the Chief Officer has to obtain the agreement of the Director of Resources and Finance Director and (where over £100,000) approval of the Portfolio Holder, and report use of this exemption to Audit Sub committee bi-annually. Since the last report to the Executive the following waivers have been approved:

- An exemption for asbestos removal and the demolition of modular buildings with a value of £33k
- An exemption for a training course for social workers, psychologists and other professionals with a value of £7k
- An exemption for an interim head teacher with a value of £49k
- An exemption for support to the SEND Pathfinder & Short Breaks review with a value of £23k
- An exemption for CPD and PCF briefing workshops with a value of £5k
- An exemption for CDM consultancy with a value of £6k
- An exemption for QS/cost consultancy for school expansion works with a value of £29k
- An exemption for project management and employer's agent for the installation of a modular budge classroom with a value of £26k

**Virements Approved to date under Director's Delegated Powers**

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in financial monitoring reports to the Portfolio Holder. Since the last report to Executive, no virements have been approved.

**Director's Comments**

The education budget continues to show an outturn broadly in-line with the planned budget. The Revenue Support Grant (RSG) element of the Education budget is a relatively small component of our overall spend, with Dedicated Schools Grant (DSG) making-up the majority when one considers school funding. The DSG element reported in appendix 1 continues to show a significant projected underspend.

For example, we are beginning to see significant savings in SEN expenditure but set against DSG, not RSG funding. However, the regulations as to how we might use DSG have also been tightened making it increasingly difficult to charge further central costs to this grant. The particular challenge for this budget is that as more schools convert to academies, significant losses in grant funding will be experienced by the Council.

Wherever possible, we have made in-year savings to cover-off these losses so, for instance in-year restructuring of Access and Admissions Teams with some related savings, but Members will see that losses to the Education budget mainly arising from the academies programme are not insignificant with £82k grant lost in the first quarter which was not budgeted for.

The Education Services Grant (ESG) is currently expected to be £328k less than budget. The ESG allocation is re-calculated on a quarterly basis, so the grant will reduce in-year as schools convert to academies. The current projection is based on 12 completed conversions until December, and a further 2 before the end of the financial year. The challenge as we move through the year will be to continue to examine spend and look for opportunities to reduce it in-line with the loss of grant. However, as we see an increasing clarity from central government about the de minimis in terms of functions we must offer our community, we also see an expectation that we use RSG funding for our statutory functions. There is, unfortunately, little evidence that these statutory functions decline in proportion to the number of schools maintained by the local authority.

Adult Education is proving challenging to bring-in on budget. Changes to its funding regime by central government in which courses that were previously chargeable are now free to the user. Aspects of the recharging arrangements are also impacting on both the budget outturn and any future arrangements for developing the delivery model for this service.

<b>Service Area</b>		<b>Latest Approved budget</b>	<b>Variation</b>	<b>FYE</b>	<b>Comment</b>
		£'000	£'000	£'000	
Education Services Grant	Cr	3,282	191	601	The Education Services Grant (previously Local Authority Block LACSEG) is allocated on the basis of pupil numbers, and reduces as schools convert to academies. Based on current projections of 14 academy conversions in 2013/14, ESG will reduce by £601k for 2014/15.
Adult Education	Cr	630	155	155	The current projected overspend for the Adult Education Service is expected to continue into 2014/15. The service has indicated that they will plan for further efficiency savings, however it is likely that at least one of the grant funding streams will be further reduced, as well as a continued decline in tuition fee income.

Division Service Areas	RSG							DSG							
	Original Budget	Revised Budget	Projection	Variation	Last Reported Variation	FYE	Original Budget	Revised Budget	Projection	Variation	Last Reported Variation	FYE			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
<b>Education Division</b>															
Access	1	1,469	1,147	992	Cr 155	Cr 132	0	14,491	14,487	14,171	Cr 316	Cr 231	0	0	0
Adult Education Centres	2	Cr 618	Cr 630	Cr 475	155	168	155	0	0	0	0	0	0	0	0
School Standards		115	168	168	0	0	0	415	405	405	0	0	0	0	0
SEN and Inclusion	3	4,718	4,751	4,655	Cr 96	Cr 132	0	23,855	23,480	21,649	Cr 1,831	Cr 1,213	0	0	0
Workforce Development & Governor Services	4	0	1	Cr 12	Cr 13	Cr 15	0	189	190	181	Cr 9	Cr 10	0	0	0
Education Services Grant	5	Cr 3,282	Cr 3,282	Cr 2,954	328	280	601	0	0	0	0	0	0	0	0
Schools Budgets	6	Cr 1,431	Cr 1,485	Cr 1,485	0	0	0	Cr 131,773	Cr 124,122	Cr 124,122	0	0	0	0	0
Other Strategic Functions		148	170	170	0	0	0	0	0	0	0	0	0	0	0
Early Years		0	0	0	0	0	0	1,231	1,231	1,231	0	0	0	0	0
Primary Schools		0	0	0	0	0	0	68,808	62,828	62,828	0	0	0	0	0
Secondary Schools		0	0	0	0	0	0	2,793	2,793	2,793	0	0	0	0	0
Special Schools		0	0	0	0	0	0	17,972	16,613	16,613	0	0	0	0	0
Education Commissioning & Business Services	7	0	0	5	5	2	0	0	0	15	15	15	0	0	0
School Improvement		0	0	0	0	0	0	0	0	54	54	54	0	0	0
		<b>1,119</b>	<b>840</b>	<b>1,064</b>	<b>224</b>	<b>171</b>	<b>756</b>	<b>Cr 2,019</b>	<b>Cr 2,095</b>	<b>Cr 4,182</b>	<b>Cr 2,087</b>	<b>Cr 1,385</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Children's Social Care</b>															
Bromley Youth Support Programme - (Youth Referral and Assessment Childrens Centres	8	1,773	1,802	1,774	Cr 28	0	0	0	0	0	0	0	0	0	0
	9	2,086	2,401	2,240	Cr 161	Cr 135	0	0	0	0	0	0	0	0	0
		<b>3,859</b>	<b>4,203</b>	<b>4,014</b>	<b>Cr 189</b>	<b>Cr 135</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL CONTROLLABLE</b>		<b>4,978</b>	<b>5,043</b>	<b>5,078</b>	<b>35</b>	<b>36</b>	<b>756</b>	<b>Cr 2,019</b>	<b>Cr 2,095</b>	<b>Cr 4,182</b>	<b>Cr 2,087</b>	<b>Cr 1,385</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL NON CONTROLLABLE</b>		5,455	5,455	5,455	0	0	0	98	98	98	0	0	0	0	0
<b>TOTAL EXCLUDED RECHARGES</b>		2,285	2,282	2,282	0	0	0	1,333	1,333	1,333	0	0	0	0	0
<b>PORTFOLIO TOTAL</b>		<b>12,718</b>	<b>12,780</b>	<b>12,815</b>	<b>35</b>	<b>36</b>	<b>756</b>	<b>Cr 588</b>	<b>Cr 663</b>	<b>Cr 2,750</b>	<b>Cr 2,087</b>	<b>Cr 1,385</b>	<b>0</b>	<b>0</b>	<b>0</b>

**BUDGET VARIATIONS - ALLOCATIONS FOR 2013/14**

<b>Reconciliation of Final Budget</b>	<b>£'000</b>
<b>2013/14 Original Budget</b>	<b>14,149</b>
Allocation of Localisation & Conditions Pay Awards	69
Short Breaks Post Transfer from Care Services	21
Centralisation of training budgets	Cr 8
Transfet of IT post to Resources	Cr 8
Transfer of Commissioning Post to Care Services	Cr 45
Transfer for data cleansing work to Care Services	Cr 10
Children's Centre Carry Forward from 2012/13	297
Recharge of Nursery costs to Care Services	Cr 254
<b>Latest Approved Budget</b>	<b><u>14,211</u></b>

## London Borough of Bromley

### PART 1 - PUBLIC

## Education Budget Sub Committee Briefing

### NURSERY PROVISION WITHIN ADULT EDUCATION

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#### 1. SUMMARY

This briefing provides additional information on the nursery provision within the Adult Education Service. The information was requested by Members at the Education Budget Sub Committee of 2<sup>nd</sup> October 2013.

#### 2. THE BRIEFING

##### 2.1 Background

2.2 BAEC operates three Ofsted registered day nurseries at the Widmore, Kentwood and Poverest Centres. They operate term time only.

2.3 The nurseries were set up, with support from the Skills Funding Agency (then known as the Learning and Skills Council), to provide childcare for learners attending classes and staff at BAEC. When it became clear that there was insufficient demand from learners alone to maintain the nurseries operating at a level that would generate sufficient income, the nurseries were opened to local residents as well as students and staff.

2.4 In June 2012 the College acquired the use of the former Family and Children's Centre, which was built on the front side of the Widmore site. Following the closure of the Family and Children's Centre it was agreed that an appropriate use of this unit would be to allow the adult education service to add the facility to that of its existing nursery space, which is adjoining the unit.

##### 2.5 Current usage for 2013/14 academic year (current as of 07/10/2013)

**Table 1**

Centre	Kentwood	Poverest	Widmore
Users			
Children of students	15	4	18
Children of staff	0	0	8
Non staff/students	12	23	27
<b>Total</b>	<b>27</b>	<b>27</b>	<b>46</b>

2.6 **Fees** are payable termly in advance, charges as follows:

**Table 2**

	Hourly rates	Per session (3.5hrs)	Per day
0-2 years	£7.06	£24.72	£53.00
2 years and over	£6.00	£21.00	£45.00

**2.7 Income and expenditure**

Table 3 below shows the income and expenditure for the previous academic year (2012/13).

2.8 As can be seen from the table, the nurseries generated a small operating surplus of £11,482.78 overall. However, the expenditure only shows direct costs, so the nurseries generate insufficient income to make a proportional contribution to the running of the three sites in which they are located.

2.9 The majority of staff working in the nurseries are employed on sessional contracts. This allows the College to adjust the number of nursery workers present during each session to meet the needs of the number of bookings in place.

2.10 Although all three nurseries accept children from outside the College community, the market to which they appeal is restricted as they operate term time only and during the operating time of the adult education service they were set up to serve. To open the sites outside of these hours and to allow increased opening hours for the childcare is not financially viable for the adult education service, particularly at the Poverest and Kentwood sites.

2.11 Recent discussions with the Early Years Team have indicated that converting the facilities at the Kentwood and Widmore sites into pre-schools or crèche settings may improve the financial viability of the early years offer at the College whilst retaining the flexibility needed to provide childcare for students on arrange of courses and modes of study.

2.12 At this stage, no decision has been made regarding the inclusion of the nurseries as part of the market testing process for the adult education service.

**Table 3**

		<b>117407 - Ad Educ - Widmore Nursery</b>	<b>117429 - Ad Educ - Kentwood Nursery</b>	<b>117453 - Ad Educ - Poverest Nursery</b>
<b>Employees</b>				
	0180 - Officers' Pay - Grant Funded	65,263.43	45,637.37	44,734.62
	0206 - FRS17 Adjustments	4,064.00	2,709.00	2,474.00
	0241 - Training Expenses	80		133.34
	0263 - Cycle 2 Work		-599.97	
		<b>69,407.43</b>	<b>47,746.40</b>	<b>47,341.96</b>



<b>Premises</b>				
	1271 - Cleaning Materials	396.29	240.12	247.04
		<b>396.29</b>	<b>240.12</b>	<b>247.04</b>
<b>Transport</b>				
	1321 - Staff Travelling Expenses	10.6		
		<b>10.6</b>	<b>0</b>	<b>0</b>
<b>Supplies and Services</b>				
	1506 - Materials			14.21
	1507 - Educational Equipment	1,887.29	457.66	1,352.30
		<b>1,887.29</b>	<b>457.66</b>	<b>1,352.30</b>
<b>Income</b>				
	Learner Support Funds	-16,258.00	-26793	-870.00
	8204 - Meals & Refreshments	155	84.72	
	8354 - Nursery Fees	-88,151.93	-11,763.01	-36,973.65
		<b>-104,254.93</b>	<b>-38,471.29</b>	<b>-37,843.65</b>
<b>Grand Total</b>		<b>-32,553.32</b>	<b>9,972.89</b>	<b>11,097.65</b>

### 3. SUPPORTING DOCUMENTS

- 3.1 Education Portfolio Budget Monitoring Report 2013/14 - Education Budget Sub Committee 2<sup>nd</sup> October 2013.

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