

EDUCATION BUDGET SUB-COMMITTEE

Minutes of the meeting held at 7.00 pm on 31 January 2017

Present:

Councillor Neil Reddin FCCA (Chairman)

Councillors Kathy Bance MBE, Nicholas Bennett J.P. and
Judi Ellis

Also Present:

Councillor Peter Fortune, Education Portfolio Holder
Councillor Tom Philpott, Education Executive Assistant

40 APOLOGIES FOR ABSENCE

There were no apologies for absence.

41 DECLARATIONS OF INTEREST

Councillor Peter Fortune declared that his wife was employed by the Step Academy Trust.

There were no additional declarations of interest.

42 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING

No questions had been received from members of the public.

43 MINUTES OF THE MEETING HELD ON 1 NOVEMBER 2016 AND MATTERS OUTSTANDING

The minutes of the meeting held on 1 November 2016 were agreed, and signed as an accurate record.

In relation to Minute 34, the Chairman noted that the report on the SEN Transport Budget had not been included on the agenda of the meeting and requested that this be actioned for the next meeting.

Action Point: That a report on the SEN transport budget, including more information on children living independently, be presented to the meeting on 15th March 2017.

44 EDUCATION PORTFOLIO DRAFT BUDGET 2017/18
Report ED17035

The Sub-Committee considered a report setting out the Education Portfolio Holder's draft 2017/18 budget which incorporated the future cost pressures and initial draft budget saving options reported to Executive on 11th January 2017. The Sub-Committee noted that there were still outstanding issues and areas of uncertainty remaining and further updates would be included in the 2017/18 Council Tax report to the next meeting of the Executive on 8th February 2017.

The report anticipated that the disproportionate cuts in direct funding to local government would continue over the remainder of the four year spending review period. The impact of funding reductions translated to a reduction in the Council's Settlement Funding Assessment of 36% by 2019/20 compared with the England average of 21.6% for the period 2016/17 to 2019/20. The Budget Strategy had to be set within the context of a reducing resource base, with Government funding reductions continuing beyond 2020. This highlighted the on-going need to reduce the size and shape of the organisation to secure priority outcomes within the resources available. The overall updated strategy had to be set in the context of the national state of public finances, with austerity continuing given the level of public debt, and the high expectation from Government that services should be reformed and redesigned with devolution contributing to the transformation of local government.

Despite being a low cost authority, Bromley had achieved general savings of over £80m since 2011/12 but it was becoming more challenging to achieve further savings with a low cost base. Overspends had been identified in the 2016/17 Budget monitoring report to Executive on 30th November 2016 relating to SEN transport. In addition to the cost pressure relating to SEN transport, there were potential funding reductions of up to £1.5m per annum towards SEN placement costs arising from the introduction of a 'High Needs' funding block from 2018/19. This highlighted the need for a fundamental review of SEN services. The Government had announced one off funding of just under £139,624 in 2016/17. This related to a High Needs Strategic Planning Fund which local authorities could use to carry out a strategic review of their high needs provision. Members were being asked to agree the release of this one off monies to undertake a review working with schools, colleges and other providers, and with parents and young people.

The latest forecast indicated that despite having a balanced budget in the next two years there remained a significant budget gap in future years that needed to be addressed. The report to Executive on 11 January 2017 identified the budget gap rising to over £23m by 2020/21 with the gap rising steeply from 2019/20.

In relation to the Education Budget, additional growth pressures had been set aside in contingency of £750,000 for the additional cost pressures in SEN transport. £477,000 had been allocated to the budget to cover the loss of Education Services Grant (ESG) due to schools conversion to Academies. ESG would cease completely in 2017/18.

The Education Department continued to deliver effective services at a time when the landscape was an evolving one, presenting considerable financial challenges. The SEND reforms had brought additional funding to support change but the extension of education, health and care plans through to age 25 had yet to work its way through the system and it was anticipated that this would have associated additional funding burdens for both DSG high needs block and RSG in the case of SEN transport. The funding for the education capital programme remained uncertain and there was concern that the increased pressure to create bulge classes would create further DSG pressures.

The introduction of the National Funding Formula (NFF) in 2018/19 held risks for Education. A second consultation had been issued by DfE in December which split out the funding into different siloes: the schools, early years, high needs, and central blocks. The latest indication was that there would be a reduction in the High Needs Block of £1.5m which would have to be managed by the Department as far as possible.

In opening discussions, a Member sought assurances that, in light of the pressures facing SEN provision in September 2017, the High Needs Strategic Planning Funding that had been received from Government would be used to undertake a strategic analysis of SEN, reviewing provision and not just focusing on SEN transport. The Member stressed the need to ensure that the Local Authority offered a SEN provision that was enticing and attractive to parents. In response, the Director of SEN assured the Sub-Committee that a full strategic review of Special Educational Needs and Disability was planned. This 'root and branch' review would allow the Local Authority to develop a strategy that would enable future needs to be identified. It was clear that in order to address the challenges facing the service in the future the Local Authority would need to be proactive in ensuring that there was a planned approach to the provision of SEND services across the Borough. The strategic analysis would also look at the ways in which mainstream schools could be equipped to enable them to better support pupils with SEND in the future, ensuring that there was a longer term approach to the provision of services. The Sub-Committee requested that as the review progressed Members be provided with information concerning the level of spend that was being considered and the areas at which the funding would be targeted.

The Director of Education noted that Bromley had some high quality SEN provision in the Borough. Acknowledging that the reality was that the funding envelope was unlikely to increase in the foreseeable future, the challenge facing the Local Authority was to now work within the current levels of funding and identify how to achieve the best value for money and provide the best possible provision from within the funding that was available. The Head of ECHS Finance highlighted that there was still uncertainty surrounding the levels of funding that the Local Authority would receive as this was dependant on the National Funding Formula. The consultation on the National Funding Formula would close on 22 March 2017 and it was suggested that the next meeting of the Sub-Committee be brought forward to earlier in March to enable the Sub-Committee to consider the Local Authority's response to the consultation.

RESOLVED: That:

- (a) the update on the financial forecast for 2017/18 to 2020/21 be noted;**
- (b) the initial draft 2017/18 budget be noted as a basis for setting the 2017/18 budget.**
- (c) the Executive be recommended to consider the comments made by the Education Budget Sub-Committee in relation to the initial draft 2017/18 budget at its meeting on 8th February 2017.**

**45 DEDICATED SCHOOLS GRANT 2017/18
Report ED17034**

The Sub-Committee considered a report setting out information on the 2017/18 Dedicated Schools' Grant (DSG) and how it would be allocated.

On 20th December 2016, the DfE released the DSG allocations for 2017/18 alongside the second stage of the consultation on the National Funding Formula (NFF) and the High Needs Funding Formula to be introduced for 2019/20. The consultation was due to close on 22nd March 2017.

The DSG allocation was in line with the expectation of LA officers. For 2017/18 the blocks were not ring-fenced and therefore an overspend in one block could be offset against an underspend in another block to ensure that the DSG was balanced overall.

The Early Years Block funding had been allocated based on the New Early Years funding Formula (EYFF) consulted on earlier in the year. As anticipated, the allocation for Bromley had increased meaning that not only had the LA not needed to find any savings in this area but also that most EY providers would see an increase in their funding in 2017/18. In November 2016 the Schools' Forum was consulted about the proposed funding formula for 2017/18. The outcome of the consultation supported the LA's recommendation to only have one element (deprivation) in the new funding formula, but for this to be allocated using both IDACI (Income of Deprivation Affecting Children Index) and EY Pupil Premium entitlement as the measures of deprivation.

As a result of this most settings would see an increase in funding, with the exception of a small number of settings that had previously received additional funding through the SEN factor which was no longer an allowable factor. It was however anticipated that the impact of this would not be significant.

Funding for 2 year olds would remain at £6.00 per hour, however the funding received by the LA would increase from £5.28 to £5.66, reducing the amount by which this was subsidised by 3 and 4 year old funding.

The outcome from the consultation also introduced a requirement for all LAs to establish an SEN Inclusion Fund – for Bromley it had already been proposed that the expenditure relating to the SEN Support in Pre-schools (SIPS) programme

would move from the High Needs Block to the Early Years Block. That this was deemed to fulfil the new requirement.

The following additional new funding allocations for 2017/18 would also be received: (i) Disability Access Funding of £73,800 – allocated to pupils in receipt of the Disability Living Allowance; and (ii) Additional 15 hours free childcare of £2.6m which would come into effect from September 2017.

The Early Years Block had been balanced to zero as expected and was therefore neither subsidised by nor subsidising either the Schools Block or the High Needs Block. The High Needs Block had received an allocation of £46m from which the DfE deducted funding recouped for an agreed number of places at special academies, AP academies and other post 16 institutions at a total of £6.774m which then brought the High Needs Block down to £39.2m.

It was anticipated that around £2m savings needed to be identified and achieved within the High Needs Block in 2017/18. There were a number of concerns from Officers and Schools Forum members that the full scale of the savings required would not be able to be achieved as many of the proposals would not take effect until September 2017 and therefore would only achieve 7/12ths of the required saving.

The following savings had been identified and included in the proposed budget allocation for 2017/18. (i) 1.5% reduction on top up bands for special schools, AP provision and unit places from September (£86,000); (ii) 1.5% reduction on banded top up funding for statemented pupils in mainstream schools from September (£25,000); (iii) Savings to be identified within the Darrick Wood Hearing Impaired Unit/sensory support (£50,000); (iv) Additional funding target for primary and secondary schools to contribute towards the cost of non PEX (permanently excluded pupils) at the PRUs (£100,000); (v) Savings to SEN transport costs charged to the DSG (£100,000); and (vi) Savings to be identified within the Phoenix Pre School Service (£392,000). This totalled savings of £753,000, considerably short of the target that was originally identified. Even after having received approximately £460,000 for population growth, the High Needs Block remained overspent by £820,000.

As the three blocks within the DSG were not yet ring-fenced and as the EY Block had been balanced against the revised EY allocation, it was proposed that the overspend within the HN Block should be met by further savings within the Schools Block. The need to find savings of around £1.5m had previously been identified and the Schools' Forum had agreed that this should be done by reducing the lump sum and the low cost high incidence SEN factor for primary schools. This would then have the effect of not just achieving the required savings but also moving the primary:secondary ratio from 1:1.19 to 1:1.24 in preparation for the introduction of the NFF. The agreed rates were for the primary lump sum to reduce from £155,000 to £130,000 and the primary LCHI factor to reduce from £1,858 to £1,450. The additional £1m to support the shortfall of funding in the High Needs Block had been taken from the AWPU value across primary and secondary schools so there was no further impact on the ratio. Adjusted AWPU values were: Primary AWPU reduced from £2,938 to £2,930; Secondary KS3 AWPU reduced from £4,168 to £4,160; and Secondary KS4 AWPU reduced from £4,559 to

£4,550.

In 2017/18 the DfE was changing the ESG (Education Services Grant) paid to LAs. Currently this was split into two elements – General Funding rate based on the number of pupils in maintained schools and the Retained Duties element based on the number of pupil in academies and maintained schools. In 2016/17, Bromley received a combined figure of £1.2m which was made up of £543,000 for the General Fund element and £742,000 for the Retained Duties element. In 2017/18, it is anticipated that the General Fund would reduce to £181,000 for the period April to August at which point it would cease.

The DfE had introduced a new function allowing LAs to retain funding within the Schools Block to cover the cost of statutory duties for maintained schools previously funded through the General Fund element of the ESG. The proposal was that schools should be asked to agree to a notional sum of £30 to be retained for each pupil which would generate a total of £97,000. This needed to be agreed by the relevant Schools' Forum representatives and at the meeting, the representatives of the maintained schools voted against the payment. In the light of this there were two options available. The first option was to take this to the Secretary of State for a final decision. The second was to adjust the funding made available in the overall funding pot. It was recommended that the second route be taken as this was a relatively small amount in comparison to the overall funding, there was a chance that the Secretary of State would uphold the decision and as there were so few remaining maintained schools, and it was expected that they too would convert to academies, this was a short term position that was not worth pursuing further.

At its meeting on 12th January 2017, Schools' Forum members were unhappy at the level of funding reductions required in order to balance the DSG budget. Forum members stated that it was regrettable that schools were being asked to find cuts and asked the Local Authority to find additional funding from alternative sources to offset this. This proposal had not been considered by officers and it was assumed that expenditure should remain within the overall funding envelope.

In opening discussions, the Chairman noted that the additional 15 hours free childcare would benefit parents across the Borough.

Turning to the savings that had been identified, the Chairman queried whether the additional contribution towards the cost of non-permanently excluded pupils at the PRU would be voluntary contributions. In response, the Director of Education reported that there was a large piece of work within the Department which was trying to identify how to address the continuing challenges in this area. One of the main issues was that of double funding whereby schools continued to receive funding for pupils that had been excluded and had therefore been provided with additional funding to attend the PRU for a period of time. The Portfolio Holder for Education highlighted that the Government White Paper appeared to be suggesting that the responsibilities placed on Local Authorities in this area may change and the Council's Education Department were trying to establish systems that would address these future challenges. A Member suggested that if schools were to be required to pay for places at the PRU they should be afforded the

choice and responsibility as to how the services available at the PRU were used. The Member reported that on a number of occasions had teachers had suggested to her that short periods of respite in the PRU could prevent a permanent exclusion yet this option was rarely made available to head teachers. In response, the Director of Education explained that the current referral route for non-permanent exclusions was the Core Panel. As part of this process schools had to demonstrate that interventions had taken place which, the Director of Education acknowledged, Head Teachers currently found challenging. The Portfolio Holder for Education highlighted that the Education Department continued to work with schools to reduce the number of permanent exclusions across the Borough which were currently too high. It was possible that in this respect there was a role for multi academy trusts to work collaboratively to provide respite across their schools for more challenging pupils when this was required.

Turning to the savings to be identified within the Phoenix Pre-School service, a Member recalled that in the past there had been concerns about high rents and sought assurances that officers were satisfied that the current rents were competitive. The Director of Education confirmed that the rent had reduced and that other aspects of the service were now being reviewed. The Portfolio Holder reiterated that there was a fixed funding envelope and the LA needed to ensure that funding in the High Needs Block was appropriately allocated. Members stressed that the services – the health, support and nurturing ethos – were key and must be retained, the physical building was of less importance. The Portfolio Holder reminded Members that as the Local Authority assured itself that the available funding was being used in the best possible way it was clear that Members would be required to take more difficult decisions.

In relation to the overspend in the High Needs Block, the Head of ECHS Finance explained that the Local Authority had not taken the decision to realign funding from the High Needs Block to the Schools' Block in 2016/17, this decision had been taken by the DfE in preparation for the introduction of the NFF. This meant that funding shifted from the High Needs Block to the Schools block where the actual spend was taking place. Since this time the high needs block expenditure has continued to grow. However the funding has not followed and therefore a pressure has occurred which needed addressing. A Member suggested that it would be helpful for Members to have been provided with a more detailed breakdown of the overspend in the Schools' Block. In response, the Director of Education explained that bulge classes had a significant impact on the Schools' Block as funding for equipment and an additional teacher was required, even when the class was not filled to capacity. In addition to this the opening of a Free School in the Borough also had an impact on the Schools' Block as pump prime funding placed additional pressures on the available budget. Previously the Department for Education had provided the funding for the start-up costs of Free Schools however this responsibility now fell to the Local Authority. The Head of ECHS Finance agreed to provide the Sub-Committee with a briefing note detailing the costs associated with bulge classes and single form entry schools.

Action Point: that the Sub-Committee be provided with a briefing note detailing the costs associated with bulge classes and single form entry schools. (Head of ECHS Finance)

The Head of ECHS Finance provided the Sub-Committee with details of the discussion held at the meeting of the Schools' Forum on 12th February 2017, reporting that the Schools' Forum had been unhappy about the level of cuts being proposed. Members of the Sub-Committee noted that the level of cuts to the schools' budgets were mirrored those currently confronting the Local Authority.

In response to a question from the Chairman, the Head of ECHS Finance reported that the Local Authority had known about the ring-fencing of the blocks in Summer 2016. Local Authority Officers had been in consultation with schools since then, especially primary schools. The Head of ECHS Finance reported that at the meeting of the Schools' Forum a Secondary Head Teacher Representative had reported that secondary heads were unhappy with the proposals and wanted the primary/secondary funding ratio to be brought in line with NFF proposals.

A Member noted that within the information provided to the Sub-Committee, there were six or seven schools where there was no caveat that pupil numbers were changing and where decreases in funding were in excess of 4%. The Member requested that the Head of ECHS Finance provide an explanation of any reductions in funding greater than 3% that did not already have an explanation.

Action Point: That an explanation be provided for any reductions in funding greater than 3% that do not already have an explanation. (Head of ECHS Finance)

RESOLVED: That:

- (a) the DSG allocation for 2017/18 be noted;**
- (b) the Portfolio Holder for Education be invited to consider the comments made by the Education Budget Sub-Committee; and**
- (c) the Portfolio Holder for Education be recommended to approve the DSG allocation for 2017/18.**

**46 CAPITAL PROGRAMME MONITORING - 2ND QUARTER 2016/17
Report FSD17015**

The Sub-Committee considered a report highlighting changes agreed by the Executive in respect of the Capital Programme for the Education Portfolio.

A revised Capital Programme was approved by Executive on 30th November 2016, following a detailed monitoring exercise carried out after the 2nd quarter of 2016/17. All changes on schemes in the Education Programme were itemised and detailed in the report considered by the Sub-Committee. As part of the 2nd quarter monitoring exercise, £3257,000 had been re-phased from 2016/17 into 2017/18 to reflect revised estimates of when expenditure on the Education schemes was likely to be incurred.

The Government had announced Bromley's allocation of £6,895,846 Basic Need

Capital Grant to cover the period 2018/19. This bought the total Basic Need Capital Grant received by the Council for the period 2011-19 to £77,773,224.

A Member noted that it appeared that the London Borough of Bromley had been more successful in maintaining its schools than some other London Boroughs. It was noted that whilst a number of Bromley Schools benefitted from extensive grounds, maintenance of the facilities was costly. In response the Director of Education confirmed that the Basic Needs funding that Bromley had received had helped provide the high levels of maintenance in schools across the Borough.

The Sub-Committee noted that a number of the schools listed in the appendix had changed their name in recent years and requested that the names be reviewed updated for future reports.

RESOLVED: That the Portfolio Holder for Education be recommended to:

(a) note and confirm the changes to the Capital Programme agreed by Executive on 30th November 2016; and

(b) note the additional £6.9m Basic Need Capital Grant received by the Council for 2018/19.

47 CONSTITUTION OF THE SCHOOLS FORUM Report ED17033

The Sub-Committee considered a report providing an overview of the representation on the Schools' Forum. The Constitution was last fundamentally reviewed in September 2012 when the DfE introduced new Schools' Forum Regulations. Since then there have been no further major DfE regulation affecting Schools' Forums.

As a result of a number of LA maintained primary schools converting to academy status there needed to be a shift in membership with an increase of two primary academy members and a decrease of two primary maintained members of the Forum.

It was proposed that:

- a) there was a reduction of one maintained primary governor representative (down to zero), the position was currently vacant.
- b) there was a reduction of one maintained primary head representative (down to one), there were currently two maintained primary head representatives.
- c) there was an increase of one academy primary head representative (up to two).
- d) there was an increase of one academy primary governor representative (up to three).

It had also come to light that there were currently two representatives from one school on the Forum, in breach of paragraph 1.10 of the Constitution. It was

recommended that the Member with the shortest length of membership should be removed from office and an alternate member sought.

It was recommended that no changes to the Non-Schools Membership be made at this time.

The Sub-Committee noted that there would be three vacancies on the Forum. The relevant group would be asked to nominate a representative using a democratic process. Where this would not be possible the Council would approach the relevant group for nominations.

The Schools' Forum had considered the proposals on 12th January 2017. One area highlighted by a forum member was the different number of head teachers represented in the Primary and Secondary sectors. Their view was that there should be equal representation. It was pointed out that the membership was determined by pupil numbers and that there was proportionally more pupils in primary settings than secondary. It was not proposed to amend the constitution to reflect this. Following a vote, the Schools' Forum, by majority, agreed with the changes being proposed by the Council.

RESOLVED: that the Education Portfolio Holder be recommended to agree the constitution of the Schools' Forum.

48 ANY OTHER BUSINESS

There was no other business.

49 DATE OF NEXT MEETING

Following discussions amongst Members, it was agreed that the next meeting of Education Budget Sub-Committee would be rescheduled to 5.30pm on Wednesday 15th March 2017.

The Meeting ended at 8.00 pm

Chairman

Agenda Item 6

Report No
ED17040

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EDUCATION BUDGET SUB-COMMITTEE

Date: 15th March 2017

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

Title: SPECIAL EDUCATION NEEDS (SEN) TRANSPORT BUDGET

Contact Officer: Julia Cavalli, Head of Special Educational Needs, Education, Care & Health Services
020 8313 4169, E-mail: julia.cavalli@bromley.gov.uk

Maya Vadgama Project Manager SEN Transport, Education Care & Health Services. [Tel:0208 461 4046](tel:02084614046) E-Mail: maya.vadgama@bromley.gov.uk

Chief Officer: Jane Bailey, Director of Education Services

Ward: (All Wards);

1. Reason for report

- 1.1 The report provides an update to the Education Budget Sub-Committee on the 2016/17 SEN Transport budget, including information on children travelling independently.
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2. RECOMMENDATION(S)

2.1 The Education Budget Sub-Committee is requested to:

- i) note the contents of the report;
- ii) provide any comments for consideration by the Portfolio Holder for Education and the Director of Education.

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Supporting Children & Young people to achieve their potential ,Supporting independence
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Financial

1. Cost of proposal: Nil
 2. Ongoing costs: Nil
 3. Budget head/performance centre: 136586 /87 1350
 4. Total current budget for this head: £3,989K
 5. Source of funding: (DSG £330K , RSG £3,659K)
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Personnel

1. Number of staff : N/A
 2. If from existing staff resources, number of staff hours: N/A
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Legal

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

Procurement

1. Summary of Procurement Implications N/A
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Current 863 , Projected (900
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Ward Councillor Views

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

3. COMMENTARY

- 3.1 At the Education Budget Sub-Committee of 1 November 2016, Members requested a report on the Special Educational Needs (SEN) Transport budget which, at that time, was forecast to be over spent against budget by £1.23m.
- 3.2 The previously reported budget forecast position was significantly overstated and has subsequently been revised. The current forecast out turn position for the 2016/17 financial year is an over spend against budget of £653k.
- 3.3 The previously reported forecast of £1.23m over spend was derived from a basic extrapolation of recurring cost for the remainder of the year for the volume and cost of the SEN Transport delivery costs as at July 2016. However, this methodology did not take into account the academic year delivery of SEN Transport, in which volume is typically at its highest at the end of the academic year but will then reduce from the commencement of the new academic year in September 2016 (rising throughout the year).
- 3.4 Future forecasts will be based on closer working between officers in the SEN Transport Operations Team and the Education Finance team to establish a suitable methodology for future forecasting that takes into account the academic year effect.
- 3.5 SEN Transport budget over spend is in relation to the direct support costs to pupils for transport and so this report is focused on this area. This includes: the costs of providing SEN Transport to eligible pupils, provided through its current Transport Framework contract, which commenced from the 2015/16 academic year; the costs of parental mileage payments; and the recoupment income from other services and local authorities purchasing transport through our framework contract.
- 3.6 **Table 1** provides an overview of the budget and out turn position for the budget lines specifically related to the transport contract, mileage and recoupment against the contract. The full detailed budget position for the overall SEN Transport cost centre is provided in the financial implications section.
- 3.7 The latest forecast over spend against the 2016/17 transport support costs is a continuation of an existing level of over spend that developed in the 2015/16 financial year. 2016/17 expenditure also includes the full year effect of the impact of higher volume and cost for SEN Transport that commenced from 2015/16 academic year.

Table 1: SEN Transport Support Contract / Mileage Costs and Out Turn Position

Transport Contract, Mileage & Recoupment	2014/15 (£000)	2015/16 (£000)	2016/17 Forecast (£000)
Final Budget	3,406	3,417	3,406
Out Turn	3,326	3,937	4,122
Difference	-80	520	716

3.8 As can be seen in Table 1, SEN Transport support costs show the service moving from an under spend position to an over spend from 2015/16 onwards. Key factors for the over spend in 2015/16 and 2016/17 are:

- increased volume;
- increased contract costs;
- increased support costs.

Increased Volume

- 3.9 Overall numbers of SEN children have increased from 2014/15 to 2016/17 (to date) by 47 pupils, a 2% increase.
- 3.10 Following the increase in the age of statutory support from an Education, Health & Care Plan to the age of 25 as a result of the SEND reforms and Children & Families Act 2014, the number of SEN children aged 16-25 supported through statutory plans has increased by 227 over the last three years, an increase of 111%. This has a knock on effect on SEN Transport as pupils may access transport support for longer.
- 3.11 Table 2 gives an overview of participation figures:

Table 2: SEN and SEN Transport Volumes

	2014/15	2015/16	2016/17 (to date)	Volume and % Difference 2014/15 to 2016/17
All SEN Children	1917	1871	1964	47 (2%)
SEN Transport Pupils	806	845	863	57 (7%)
Proportion of SEN Pupils on SEN Transport	42%	45%	44%	2%

- 3.12 As can be seen from Table 2, the volume of pupils supported by SEN Transport has increased over a three year period by 7% linked to the overall increase in SEN pupils. The proportion of SEN pupils supported by transport has risen by 2% which is likely to be as a result of the increased number of pupils eligible for SEN transport as a result of the rise in statutory support age (19-23 year old pupils supported by SEN transport has nearly doubled in this time period).

Increased Cost and Support Costs

- 3.13 From the 2015/16 academic year, a new framework contract for SEN Transport was put in place, replacing the previous framework that had been in place for four years. The impact of the new framework contract has been an increase in transport costs across the board, greater than anticipated when setting up the framework. The increased costs are in part due to inflationary uplifts being frontloaded into the new contract costs. The average annual cost per pupil increased by 7% in 2015/16, as illustrated in Table 3:

Table 3: Average Annual Cost Per Pupil

	2014/15	2015/16	2016/17
SEN Transport Contract Expenditure	£3,577,239	£4,024,437	£4,292,478
Volume of SEN Transport Pupils	806	845	863
Average Annual Cost Per Pupil	£4,438	£4,763	£4,973
Increase in Average Cost	n/a	7%	4%

- 3.14 The new framework contract has not delivered a sufficiently broad range of providers to reduce contract costs through competition. Increasingly, fewer providers from the framework are competing for routes leading to higher prices as a result. Lower cost providers appear less likely to bid for routes, suggesting that they are focusing their market and income generation elsewhere.

- 3.15 Different route permutations have cost implications. For example, the number of pupils travelling daily has increased from 734 in 2014/15 to 784 to date in 2016/17. A decrease in pupils travelling weekly or termly suggests this is a result of a successful increase in the volume of SEN pupils accessing local provision (instead of higher cost out of borough placements) – but at a cost to SEN transport.
- 3.16 The mix of additional support costs will also have an impact on expenditure – for example, passenger assistance or the use of higher cost specialised vehicles. The number of pupils aged 3 to 5 increased from 3 in 2014/15 to 62 in 2016/17 (again linked to the broadening of scope of SEN eligible pupils). Pupils in this age range will always require passenger assistance.
- 3.17 The previous framework was a joint framework with Bexley but this arrangement came to an end in 2015/16. While routes are still shared cross borough where possible, recoupment income fell by £159k in 2015/16 to £129k. Current predictions of recoupment income suggest that this will rise again in 2016/17 to £225k.

Actions and Options to Manage SEN Transport Costs

- 3.18 **Route Management:** The SEN Transport Team constantly review and rationalise routes as pupils join and leave the service. For example, the total number of routes has decreased from 254 at the start of the 2016/17 academic year to 231 currently, with an increase in the average number of pupils per route. This is a pro-active ongoing process which is vital to containing costs as far as possible.
- 3.19 **Transport Framework:** The SEN Team is in the process of tendering for a new framework of transport providers, to run in parallel with the existing framework. The aim of this is to broaden the provider base and increase competition for routes. This will be implemented from September 2017.
- 3.20 **Independent Travel Training:** A pilot Independent Travel Training programme was introduced in 2013/14 and then rolled out for a three year period from 2014/15 to 2016/17 (academic years) focused on pupils at the Glebe Special School. The SEN Transport team is currently preparing to retender this provision, subject to authorisation to proceed. However, in retendering the provision funding for the contract is expected to be funded from the SEN Transport budget – it has previously been funded through Invest To Save funding. This will add to budget pressure in the short term.
- 3.21 The programme is funded to support 40 pupils per year that are in receipt of SEN transport assistance, the expected outcome being that upon completion of travel training they no longer access SEN transport assistance. The SEN transport team reports that the programme has met its target of 40 funded pupils per academic year in full to date, with the provider over delivering in participation to ensure the success rate is achieved. The service confirms that the majority of pupils completing the programme no longer access transport support. A minority may revert back to transport assistance, but with further travel training support, this is usually temporary. A small minority were found to be too vulnerable to continue the training.
- 3.22 The programme is carefully targeted to ensure, as far as possible, a successful outcome, considering the age and capability of the pupil. Participation was originally targeted at 15 year olds, as parent, schools and the provider report that participation at an earlier age is less likely to succeed. This assumption is being tested with some current year participants aged 12 years plus with a view to expansion of the participant targets. In retendering for the provision, the scope of the programme will be considered.

- 3.23 The monitoring data for the Travel Training programme is currently being collated as part of the Gateway Review for the retendering of the programme. Potential cost reduction per pupil is significant, given the expected lifetime of learning of up to age 19 or beyond for which transport assistance would otherwise have been provided. This has helped to reduce the level of over spend that may otherwise have occurred had travel training not been in place.
- 3.24 The average annual expenditure for specialist transport assistance (in borough) is estimated at £4,300 per pupil per annum. For each learner that successfully moves to independent travel training from the age of 15 and continues in learning to the age of 19, this will be a cumulative four year saving per pupil of £17k per pupil.
- 3.25 **Parental Mileage:** an increased take up of the parental mileage offer could reduce specialist transport support costs. However, the mileage rate was increased in the 2015/16 academic year to above the HMRC approved mileage rate and take up continues to be small. In a 2015 consultation on SEN Transport policy, only 12% of respondents agreed that parents should be encouraged to transport their children to and from school. Parents cite conflicting domestic arrangements for children at different schools and/or work commitments preventing them from accepting this offer.
- 3.26 The payments for parental mileage have increased from £35k in 2014/15 to £55k in 2016/17 (estimated). The service will continue to proactively promote this option to parents – parental consent is required for mileage to be agreed as a transport solution.
- 3.27 **Muster Points:** muster points are an option within the existing SEN Transport policy but have not been introduced, except on a small scale basis in relation to one specific school.
- 3.28 Muster points require eligible pupils to be taken to, and collected from, an established central point by their parents or carers. Council funded specialist transport then undertake the journey from the muster point to the place of learning, and back again.
- 3.29 As part of the previous review, the logistics of muster points were investigated and a business case developed. The business case identified potential savings of an estimated £45k per annum; however, it was recognised that the implementation of this policy would generate significant stakeholder opposition and was not taken forward at that time. However, the policy and business case could be revisited for further Member consideration.
- 3.30 **Shared Service:** currently, the Children and Adults transport arrangements are managed separately. A previous review considered a joint service but this was not taken forward.
- 3.31 Additionally, the Adult Transport operates a fleet of vehicles and further investigation as to whether shared use of the fleet is viable will be made. However, due to the fixed transport times for children (which must adhere to school attendance times), this may result in Adult Services having to be reconfigured to allow sharing of vehicles to take place. This may present its own logistical problems or issues in relation to the practicality and reasonableness of such changes for Adult service users.
- 3.32 The SEN Transport team will work with its counterparts within Adult Services to consider the pros and cons of a business case in this area.
- 3.33 **Managed Service Transport Contract:** when retendering for the SEN Transport contract in 2015/16, an option was available for transport to be delivered as a managed service, i.e. that an external provider take control of all SEN transport operations, including the delivery of specialist transport provision either directly or through sub-contracts.

- 3.34 Only one provider responded to the invitation to tender for that option at that time and so it was not taken forward.
- 3.35 Subsequently, a transport provider has contacted the Council expressing a potential interest in a managed transport solution. This may afford an opportunity to retender for a managed solution, subject to the ability of the Council to implement such a solution prior to the expiration of the current framework contracts for specialist transport assistance. Advice will be sought from colleagues in Legal and Procurement, and a Gateway Review conducted on this option.
- 3.36 **SEN Review:** the ability of SEN Transport to manage demand for its services is limited; SEN transport eligibility criteria is laid down within national statutory duties and legislation in terms of the eligibility of all pupils with a ECH plan beyond the minimum home to school distance to travel for their age.
- 3.37 Demand management sits within the Special Educational Needs team, firstly in terms of the assessment and placement process when considering eligibility for a statutory ECH plan; and secondly, in terms of the decision making process for those pupils who do not immediately meet the SEN Transport eligibility requirements but are awarded travel assistance following an appeal review, assessment and panel process.
- 3.38 The SEN Service is intending to conduct a 'root and branch' service review with a focus on ensuring that its assessment and decision making process is robust at a time of increasing pressures on the High Needs Block. The outcome of this review will have a direct impact upon future demand on the SEN Transport budget.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 The service supports eligible children and young people with SEND to access their special provision and develop skills for independence in adulthood

5. FINANCIAL IMPLICATIONS

- 5.1 The current budget position is as follows:-

	Latest 2016/17 Budget (£000)	Forecast Out Turn (£000)	Difference (£000)
Employee Costs	158	107	-51
SEN Transport & Mileage Costs	3,510	4,347	837
Recoupment and Other Income	-119	-243	-124
Travel Training Contract	186	75	-111
Contribution from Reserves	-186	-75	111
Contribution to Reserves	143	120	-23
Supplies and Services	0	10	10
Other	6	10	4
TOTAL	3,698	4,351	653

- 5.2 From the table it can be seen that there is a current overspend position of £653k. Actions are being taken to mitigate this position as far as possible and are detailed in the body of the report. However the pressure has been recognised by Members and £750k was added to the budget for 2017/18 to offset the full year effect pressures of the growth

- 5.3 The current contract costs are fixed over the next few years so this should help alleviate cost pressures moving forward although this will not impact on pressures due to volumes.
- 5.4 Detailed monitoring will continue to take place and will be reported back to Members in due course

Non-Applicable Sections:	Policy Implications, Personnel Implications, Legal Implications, Procurement Implications
Background Documents: (Access via Contact Officer)	

Report No.
ED17041

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EDUCATION BUDGET SUB-COMMITTEE

Date: 15th March 2017

Decision Type: Non-Urgent Executive Non-Key

Title: EDUCATION PORTFOLIO BUDGET MONITORING 2016/17

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

Chief Officer: Executive Director of Education, Care and Health Services

Ward: (All Wards);

1. Reason for report

- 1.1 This report details the third quarter budget monitoring position for 2016/17 for the Education Portfolio based on activity levels up to the end of December 2016. The report also highlights any significant variations which will impact on future years.

2. **RECOMMENDATION(S)**

2.1 **The Education PDS Budget Sub-Committee is requested to:**

- (i) **Consider the latest 2016/17 budget projection for the Education Portfolio; and,**
- (ii) **Refer the report to the Portfolio Holder for approval.**

2.2 **The Portfolio Holder is asked to:**

- (i) **Endorse the 2016/17 budget projection for the Education Portfolio.**
- (ii) **Agree the release of the £15k SEN Regional Lead grant which was carried forward into 2016/17 as per paragraph 3.14**
- (iii) **Agree the release of £80k SEN implementation grant which was carried forward into 2016/17 as per paragraph 3.15**
- (iv) **Agree the release of £40k Place Planning Support which was carried forward into 2016/17 as per paragraph 3.17**

Corporate Policy

1. Policy Status: Existing policy: sound financial management
 2. BBB Priority: Children and Young People Excellent Council
-

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: £12.884m
 5. Source of funding: Existing revenue budgets 2016/17
-

Staff

1. Number of staff (current and additional): 341 Full time equivalent
 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): The 2016/17 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services
-

Ward Councillor Views

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

3. COMMENTARY

- 3.1 The 2016/17 projected outturn for the Education Portfolio is detailed in Appendix 1, broken down over each service area. Appendix 2 gives explanatory notes on the variations in each service area.

Schools Budget

- 3.2 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). Grant conditions require that any over- or under- spend should be carried forward to the next financial year.
- 3.3 The schools budget is predicted to underspend by £101k during 2016/17, which will be added to the £3.7m carried forward in 2015/16. Much of this carry forward is being used to fund the costs of the refurbishment of Beacon House and to contain growth.
- 3.4 A summary of the main variations is provided in the table below, with further details in appendices 2 and 3.

	Variations £'000
Bulge Classes	240
Modular classroom rentals	166
Special Schools/units	55
Secondary Schools	8
Free Early Education - 2 year olds	3
Free Early Education - 3 & 4 year olds	72
Primary Support Team	Cr 54
FAP Payments	82
Standards Fund Grant	Cr 745
Other Small Balances	4
SEN:	
- Placements	214
- Support in FE colleges	29
- Home & Hospital	Cr 17
- SIPS	Cr 22
- Pupil Support Services	Cr 47
- Sensory Support	Cr 30
- High Needs Pre-school Service	Cr 49
- Complex Needs Team	Cr 15
- Transport	10
- Other Small Balances	Cr 5
	<u>Cr 101</u>

The Non Schools Budget

- 3.5 The rest of the Education budget within ECHS is classed as Non Schools' budget, and this is projected to overspend by £75k. A summary of the main variations is provided in the table below, and further details are contained within Appendices 1 and 2.

**Variations
£'000**

Adult Education Centres	83
Alternative Education and Welfare Service	8
Schools and Early Years Commissioning & QA	140
SEN and Inclusion	512
Bromley Youth Support Programme	-96
Early Intervention Services	-572
	75

3.6 SEN transport is still the main area of concern, although the predicted overspend has reduced to £656k overspent. This is due to a number of factors including:-

- 1) Continuing travel training
- 2) Route review and rationalisation
- 3) Sharing routes with other boroughs
- 4) Supporting parents to take up reimbursement of parental mileage.

3.7 These pressures have been acknowledged by Members who have agreed a £750k full year effect addition to the 2017/18 budget to cover this pressure. This is covered in more detail in a separate report on the agenda.

3.8 The overall overspend has been offset in year by using one off surplus Public Health funds to support 0-5 children’s centre expenditure. This has resulted in a £500k reduction in budgeted spend in this area and reduced the overspend in the portfolio to £75k overall.

3.9 Costs attributable to individual services have been classified as “controllable” and “non-controllable” in Appendices 1 and 3. 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 in considering financial performance

Full year effect for 2017/18

3.10 There is a full year effect pressure of £552k due to the impact of the Education Services Grant (ESG). As Schools convert to Academy Status, DfE reduce the grant given to Authorities to reflect the transfer of duties and responsibilities from the Authority to the Academy.

3.11 However as the impact of the ESG has been known about for some time, there is a budget in the contingency to offset any impact. It is assumed at this point that the appropriate funding will be drawn down to negate this position.

3.12 There is also a full year effect pressure of SEN Transport of £755k going into 2017/18. Members have acknowledged this pressure and have agreed £750k be included in the budget for the portfolio for 2017/18.

Release of Carry forwards amounts held in contingency

- 3.13 Executive agreed a series of carry forward requests of funding to be transferred to the contingency for 2016/17. It was agreed that this funding could only be released with the Portfolio Holders approval.
- 3.14 SEN Regional Lead Grant 2015/16 - £15,000
- Due to the late announcement of this grant in 2015/16, it was agreed that £15k would be carried forward to 2016/17 to fund future expenditure
- 3.15 SEN Implementation (new burdens) grant 2015/16 - £80,000
- Due to the late announcement of this grant in 2015/16, it was agreed that £80k would be carried forward to 2016/17 to fund future expenditure
- 3.16 Both funding streams will be used to continue the extra capacity to deliver the transition to statements to EHC plans or pupil resource agreements, review current SEND services and provisions, embed the new policies and practises and develop robust systems for recording and monitoring the EHC process. The majority of the expenditure will be used for temporary staff.
- 3.17 Support to improve the information held on place planning - £40,000
- Work was to be carried out on place planning and future demand for schools places including detailed analysis of the school census, live births and GLA predictions.

4. DIRECTORS COMMENTS

- 4.1 SEN transport is the main cost pressure area. A thorough review of the budget and reasons for the increase in the anticipated overspend is underway. This will identify:
- (i) the degree to which the change in contract has affected costs;
 - (ii) the degree to which the increase of the age range (0-25 years) for children and young people with SEN to receive support has impacted on transport costs.
- 4.2 The department will also revisit cost saving measures that include:
- (i) reviewing route planning methodology;
 - (ii) reviewing the provider framework in order to encourage more companies to offer their services and so create a more competitive environment;
 - (iii) reviewing the SEN strategy to increase in-borough provision and so reduce costly out of borough placements that also impact significantly on the transport budget - this will take some years to have a measurable impact;
 - (iv) reassessing whether the introduction of muster points would significantly impact on the transport budget. This may require an 'invest to save' proposal to Members.
- 4.3 A review of SEN services delivered directly by the Council is currently underway with the ambition of reducing costs within the DSG budget area. The high cost of out of borough placements needs to be brought down significantly and currently a comprehensive SEN place planning exercise is underway, forecasting need over time and looking at whether in-borough provision can be increased. Government have acknowledged that this is a pressure area for Councils and have awarded Bromley a grant of £140k to carry out this strategic review

5. POLICY IMPLICATIONS

- 5.1 Bromley's Building a Better Bromley objective of being an excellent Council refers to the intention to provide efficient services and to have a financial strategy that focusses on stewardship and sustainability. Delivering value for money is one of the Corporate Operating Principles supporting Building a Better Bromley.
- 5.2 The four year financial forecast report highlights the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised to minimise the risk of compounding financial pressures in future years.
- 5.3 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.

6. FINANCIAL IMPLICATIONS

- 6.1 These are contained within the body of the report with a detailed breakdown of the projected outturn by service shown in Appendix 1 including an analysis of the budget and explanatory notes in Appendix 2. Appendix 3 shows the split between Schools' Budget and Non Schools'/Local Authority Budget.

Non-Applicable Sections:	Legal Implications Personnel Implications Customer Implications
Background Documents: (Access via Contact Officer)	2016/17 Budget Monitoring files in ECHS Finance Section

2015/16 Actuals £'000	Service Areas	2016/17 Original Budget £'000	2016/17 Latest Approved £'000	2016/17 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
EDUCATION CARE & HEALTH SERVICES DEPARTMENT								
Education Division								
Cr 233	Adult Education Centres	Cr 288	Cr 288	Cr 205	83	1	0	0
231	Alternative Education and Welfare Service	250	250	258	8		0	0
264	Schools and Early Years Commissioning & QA	391	391	531	140	2	Cr 12	0
5,141	SEN and Inclusion	4,869	5,084	5,596	512	3	1,233	755
207	Strategic Place Planning	205	245	245	0		0	0
Cr 15	Workforce Development & Governor Services	18	18	18	0		0	0
Cr 1,650	Education Services Grant	Cr 1,728	Cr 1,728	Cr 1,257	471	4	471	552
	Education Funds Held in Contingency		0	Cr 471	Cr 471	4	Cr 471	Cr 552
Cr 1,395	Schools Budgets	Cr 1,219	Cr 1,219	Cr 1,219	0	5	0	0
1,757	Bromley Youth Support Programme	1,438	1,535	1,439	Cr 96	6	12	0
175	Other Strategic Functions	179	260	260	0		0	0
4,482		4,115	4,548	5,195	647		1,233	755
Children's Social Care								
1,872	Early Intervention Services	1,130	1,130	558	Cr 572	7	Cr 146	0
8,286		1,130	1,130	558	Cr 572		Cr 146	0
12,768	TOTAL CONTROLLABLE FOR EDUCATION - ECHS	5,245	5,678	5,753	75		1,087	755
11,061	Total Non-Controllable	4,198	4,198	4,198	0		0	0
3,396	Total Excluded Recharges	3,240	3,008	3,008	0		0	0
27,225	TOTAL EDUCATION PORTFOLIO - ECHS	12,683	12,884	12,959	75		1,087	755
Memorandum Item								
Sold Services								
Cr 62	Education Psychology Service (RSG Funded)	Cr 18	Cr 18	Cr 188	Cr 170	8	0	0
Cr 43	Education Welfare Service (RSG Funded)	Cr 33	Cr 32	Cr 13	19		0	0
Cr 33	Workforce Development (DSG/RSG Funded)	Cr 11	Cr 11	Cr 11	0		Cr 22	0
0	Governor Services (DSG/RSG Funded)	Cr 6	Cr 6	Cr 6	0		0	0
Cr 66	Community Vision Nursery (RSG Funded)	0	0	113	113		0	113
Cr 23	Blenheim Nursery (RSG Funded)	0	0	54	54		0	54
0	Business Partnerships (RSG Funded)	0	0	0	0	0	0	
	Total Sold Services	Cr 68	Cr 67	Cr 51	16		Cr 22	167

Reconciliation of Latest Approved Budget**£'000****Original Budget 2016/17****12,683****Carry forwards:**

SEN Implementation Grant 2015/16

- expenditure 28
- income Cr 28

YOS Service Strategy Review

97

Contingency:

SEN Implementation Grant 2016/17

- expenditure 180
- income Cr 180

SEN Regional Lead Grant 2016/17

- expenditure 28
- income Cr 28

High Needs Strategic Planning Fund

- expenditure 140
- income Cr 140

Other:

Transfer of SEN Transport staffing post 20

Transfer of staff as part of the Commissioning Restructure 12

LSSG - Extended Rights to Free Travel Grant Cr 15

Transfer of Education Transport Staff to SEN 47

Items Requested this Cycle:

SEN Regional Lead Grant 2015/16 (Carried Forward)

- expenditure 15
- income Cr 15

SEN Implementation Grant 2015/16

- expenditure 80
- income Cr 80

Consultancy Support (Place Planning & Schools) 40

Latest Approved Budget for 2016/17**12,884**

REASONS FOR VARIATIONS**1. Adult Education Centres - Dr £83k**

The restructure that took place in Adult Education at the start of the Academic year has now started to settle down and is producing an overspend of £83k for this year. The pressure is being caused by a reduction in income (mainly from the SFA grant) and unexpected payments to staff for Lieu of notice. These pressures are being offset by under spending in running costs. We are currently in the process of trying to set a balanced budget for next year that will take into account these issues.

As part of the restructuring of the Adult Education Service, they vacated one of the properties they occupied. This property was then to be used by the EFA to provide extra schooling in Bromley. This has not yet progressed. The property has now passed its exemption period and Business Rates totalling £28k are now due on it.

2. Schools and Early Years Commissioning & QA - Dr £140k

£38k underspend in this area is due to vacant posts being held vacant for the remainder of the year.

The overspend is being caused by an under collection of recharge income from Children Social Care (CSC) in relation to the in-house nurseries (£172k). This overspend is offset by an underspend in CSC, and therefore has a £0 effect across the council.

A report recently went to the Commissioning Board relating to the two in-house nurseries within this area. The Commissioning Board has requested that a management action plan be drawn up to put the nurseries on a break even position going forward. As the management action is likely to include some sort of staffing reorganisation it is likely that the plan will not be fully implemented until the start of the new Financial Year.

3. SEN and Inclusion - Dr £512k

To help authorities with the amount of work required to convert existing Statements of SEN to the new Education Health and Care (EHC) plans, and to implement the changes to working practices required, the Department for Education has created the SEN Implementation (New Burdens) Grant. LBB's allocation of this grant for 2016/17 is £201k, of which £180k was approved for drawdown by Executive in March 2016, in addition to the carry forward of £108k of the 2015/16 grant that was not used.

Additionally the Department for Education has provided us with a SEND Regional Lead Grant in 2016/17 that is used in partnership with Enfield to support the role of regional lead for the implementation of the Special Educational Needs reforms. LBB's allocation of this grant for 2016/17 is £28k, along with a carry forward of £15k of the 2015/16 grant that was not used.

Although the travel training programme continues with success and has contributed to improved outcomes and helps address annual volume increases, SEN transport is currently projected to overspend by £656k. A significant part of this relates to the cost of the new contracts which commenced on 01/09/2015 with a revised pricing framework, which, with no provision for inflation over the life of the contracts, are assumed to have front-loaded inflationary increases. The remainder of the overspend is due to the increased number of routes required during the year and the complexity of the clients using them (i.e. the need to have assistants on the transport due to the young age of the client).

Central Government pay the Council the Extended Rights to Free Travel grant (funding for children to get to school) directly to us instead of as part of a number of grants. Due to this change the grant now sits in the Education Portfolio instead of within Corporate. This has resulted in a £4k underspend as the budget was less than the actual income we are now receiving.

The Education Psychologists Trading Account has collected income over its budget by £188k this year. This is offset by the overspend of £40k the work the Education Psychologists are required to do with the schools in Bromley. This results in a total underspend of £147k.

4. Education Services Grant - Dr £471k

Current projections for the Education Services Grant (ESG) allocation is £471k less than budget. The ESG allocation is re-calculated on a quarterly basis, so the grant reduces in-year as schools convert to academies. The current projection is based on the 8 conversions that have already happened this year, and a further school that will be converting during the remainder of the year. The full year effect of these conversions is £552k. It is currently assumed that the shortfall will be drawn-down from contingency to cover this, so no variation is being reported.

5. Schools Budgets (no impact on General Fund)

Expenditure on Schools is funded through the Dedicated Schools Grant (DSG) provided 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.

The total projected net underspend of £101k will therefore add to the £3.7m carried forward from 2015/16. Along with £3m for the Beacon House refurbishment (of which £1.4m remains), £2.3m has been agreed for growth in 2016/17 to balance the budget, so the brought forward balance has now been fully spent / allocated.

Bulge class are currently expected to overspend by £240k for this financial year. Additionally we are currently expecting to spend £166k on modular classroom rentals during the year. Both of these figures may increase once the requirements for the new academic year have been established from the October school census.

The underspends above are offset by a continued increase in the requirement for bulge classes at both primary and secondary schools. The current budget for bulge classes is £2.5m (an increase of £1m from 2015/16) that was agreed by the School Forum, and funded from the DSG carry forward. Schools Forum reviewed the future funding of bulge classes and decided not to make any changes for 2016/17, however this will be reviewed again for 2017/18, especially in light of the projected pressures across DSG as a whole.

There is currently an expected overspend of £55k on Special Schools. This relates to a payment that needed to be made this year relating to 2015/16.

The Primary Support Team is in the process of being re-organised that has resulted in a number of posts currently being vacant (and remaining so for the rest of the year). This has resulted in an under spend of £54k for the year.

The FAP budget is overspent by £82k due to the payment for 2015/16 Secondary FAP being paid in 2016/17 in error.

Phoenix Pre School Services are currently in negotiations regarding a new rental agreement for the centre they currently occupy. The new agreement is expected to lead to an above inflation increase in their rent. Ways of covering this rental income with additional income elsewhere is currently being finalised. The additional income is expected to cover the whole of the rental increase and not lead to a pressure on this budget.

Free Early Years Education is forecast to overspend by £75k this year. This is down to the £3k overspend in the summer term for the 2 year old age and an overspend £72k for the year in the 3 & 4 years age.

SEN placements are projected to overspend by a total of £214k. This overspend is mainly due to higher than expect number of children attending Independent Day Schools (£705k) and Maintained Day Schools (£330k). There is also an increased use of Alternative support (£275k). These overspends are then offset with underspends on children being places in Independent Boarding schools (£819k), Maintained Boarding schools (£59k) and higher than expected income to be collected (£82k).

SEN Support for clients in Further Education Colleges is expected to over spending by £29k this year. The reason for this is due to the overspend in the cost of placing clients in colleges (mainly Bromley). This is being offset by the cost of placements at Independent providers.

There is a Strategic Review of the SEN service (as per Government guidance) that will review the current vacant posts that are the main reason behind the underspends in the following headings:-

Home & Hospital
SIPS
Pupil Support Service
Sensory Support
High Needs Pre-school Service
Complex Need Team

The funding regulations do not permit this budget to be increased from the previous year, so it is kept at the current level in anticipation of further increased take up of lower cost in-borough placements in future years. This figure is likely to change once the routes for the new academic year have been finalised.

	Variations	
	£'000	
Bulge Classes		240
Modular classroom rentals		166
Special Schools/units		55
Secondary Schools		8
Free Early Education - 2 year olds		3
Free Early Education - 3 & 4 year olds		72
Primary Support Team	Cr	54
FAP Payments		82
Standards Fund Grant	Cr	745
Other Small Balances		4
SEN:		
- Placements		214
- Support in FE colleges		29
- Home & Hospital	Cr	17
- SIPS	Cr	22
- Pupil Support Services	Cr	47
- Sensory Support	Cr	30
- High Needs Pre-school Service	Cr	49
- Complex Needs Team	Cr	15
- Transport		10
- Other Small Balances	Cr	5
	Cr	<u>101</u>

6. Bromley Youth Support Programme - Cr £96k

Previously the Youth Service has been projecting to overspend in year on salaries and some running costs whilst the restructure required to reconfigure the service to achieve the 2015-16 saving was completed. However staffing underspends during a period of recruitment will result in an in-year underspend during which the service has continued to provide both universal and targeted youth support.

The pressure in the Youth Offending Team is due to the funding they receive from the Youth Justice Board being further reduced in April by £22k. A review of their existing services will be carried out to address this short fall in future years, however during 2016-17 there have been in year turnover savings during a period of recruitment.

The Bromley Education Business Partnership has seen an in-year underspend (£71k) relating to salary costs during a period recruitment which has occurred whilst the service has been waiting for final confirmation of funding from Members and external bodies.

	Variations	
	£'000	
Youth Services	Cr	30
Youth Offending Team		5
Bromley Education Business Partnership	Cr	71

Cr	96
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7. Early Intervention Services - Cr £572k

Two services within the area have in year salary savings during a period of recruitment which has now been completed.

	Variations £'000	
Bromley Children's Project	Cr	53
Parent Partnership	Cr	19
	<u>Cr</u>	<u>72</u>

In addition Public Health funding has been allocated to Children's Centres for 2016/17 resulting in an underspend in year

8. 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 £100k) approval of the Portfolio Holder, and report use of this exemption to Audit Sub committee bi-annually. Since the last report to the Executive, four waivers have been actioned and they all have an annual value of less than £20k each.

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, three virements have been actioned. These relate to adjustments to realign the SEN budgets that include the rental income received from the EFA.

EDUCATION PORTFOLIO BUDGET MONITORING SUMMARY

Division	Service Areas	Non-Schools' Budget (RSG)						Schools' Budget (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			
Education Division																
	Adult Education Centres	1	Cr 288	Cr 288	Cr 205	83		0	0	0	0	0	0	0	0	0
	Alternative Education and Welfare Service		250	250	258	8		0	0	376	376	458	82	0	0	0
	Schools and Early Years Commissioning & QA	2	391	391	531	140	Cr 12		0	14,984	14,984	15,005	21	Cr 58		0
	SEN and Inclusion	3	4,869	5,084	5,596	512	1,233		755	23,660	23,759	23,827	68	350		0
	Strategic Place Planning		205	245	245	0		0	0	337	337	337	0	0		0
	Workforce Development & Governor Services		18	18	18	0		0	0	35	35	35	0	0		0
	Education Services Grant	4	Cr 1,728	Cr 1,728	Cr 1,257	471	471		552	0	0	0	0	0		0
	Education Funds Held in Contingency	4	0	0	Cr 471	Cr 471	Cr 471	Cr	552	0	0	0	0	0		0
	Schools Budgets	5	Cr 1,219	Cr 1,219	Cr 1,219	0		0	0	Cr 86,901	Cr 86,901	Cr 87,476	Cr 575	Cr 551		0
	Bromley Youth Support Programme - (Youth Services)	6	1,438	1,535	1,439	Cr 96	12		0	0	0	0	0	0		0
	Other Strategic Functions		179	260	260	0		0	0	0	0	0	0	0		0
	Early Years		0	0	0	0		0	0	0	0	0	0	0		0
	Primary Schools		0	0	0	0		0	0	30,365	30,365	30,605	240	100		0
	Secondary schools		0	0	0	0		0	0	3,120	3,120	3,128	8	0		0
	Special Schools & Alternative Provision		0	0	0	0		0	0	12,127	12,127	12,182	55	55		0
	Post-16 Provision		0	0	0	0		0	0	0	0	0	0	0		0
			4,115	4,548	5,195	647	1,233		755	Cr 1,897	Cr 1,798	Cr 1,899	Cr 101	Cr 104		0
Children's Social Care																
	Early Intervention Services	7	1,130	1,130	558	Cr 572	Cr 146		0	0	0	0	0	0		0
			1,130	1,130	558	Cr 572	Cr 146		0	0	0	0	0	0		0
	TOTAL CONTROLLABLE		5,245	5,678	5,753	75	1,087		755	Cr 1,897	Cr 1,798	Cr 1,899	Cr 101	Cr 104		0
	TOTAL NON CONTROLLABLE		4,127	4,127	4,127	0		0	0	71	71	71	0	0		0
	TOTAL EXCLUDED RECHARGES		2,096	1,864	1,864	0		0	0	1,144	1,144	1,144	0	0		0
	PORTFOLIO TOTAL		11,468	11,669	11,744	75	1,087		755	Cr 682	Cr 583	Cr 684	Cr 101	Cr 104		0

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