

Report No.
ED13140

London Borough of Bromley

PART ONE - PUBLIC

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

Date: **7th January 2014**

Decision Type: Non-Urgent Executive Non-Key

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

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

Ward: Boroughwide

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:
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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
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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
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Legal

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

1. Estimated number of users/beneficiaries (current and projected): N/A
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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 30th 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>
Access		
- 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
Adult education - fee and income losses	155	155
SEN and Inclusion		
- Transport savings	-111	0
- SEN and Education Psychologists	-75	0
- Trading Accounts	90	0
Workforce development and governor services	-13	0
Education commissioning and business services	5	0
ESG Grant Allocation	328	601
Youth Service - staffing	-28	0
Bromley Children's Project	-161	0
TOTAL OVERALL PRESSURE FOR THE PORTFOLIO	<u>35</u>	<u>756</u>

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.

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