

Education Portfolio Budget Monitoring Summary

2012/13 Actuals	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
	EDUCATION CARE & HEALTH SERVICES DEPARTMENT							
	Education Division							
	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
4,943		1,119	840	1,064	224		171	756
	Children's Social Care							
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
3,455		3,859	4,203	4,014	Cr 189		Cr 135	0
	Early Intervention Grant							
Cr 11,798	Early Intervention Grant	0	0	0	0		0	0
Cr 11,798		0	0	0	0		0	0
Cr 3,400	TOTAL CONTROLLABLE FOR EDUCATION - ECHS	4,978	5,043	5,078	35		36	756
11,787	Total Non-Controllable	5,553	5,553	5,553	0		0	0
4,731	Total Excluded Recharges	3,618	3,615	3,615	0		0	0
13,118	TOTAL EDUCATION PORTFOLIO - ECHS	14,149	14,211	14,246	35		36	756
	Memorandum Item							
	Sold Services							
	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	
	Total Sold Services	0	0	136	136		71	0

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
	Cr 155

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
	155

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
	Cr 96

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
	Cr 13

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
	328

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	Cr 1,831
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
	Cr	2,087

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.

Service Area		Latest	Variation	FYE	Comment
		Approved budget		£'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			
Education Division															
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
		1,119	840	1,064	224	171	756	Cr 2,019	Cr 2,095	Cr 4,182	Cr 2,087	Cr 1,385	0	0	0
Children's Social Care															
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
		3,859	4,203	4,014	Cr 189	Cr 135	0	0	0	0	0	0	0	0	0
TOTAL CONTROLLABLE		4,978	5,043	5,078	35	36	756	Cr 2,019	Cr 2,095	Cr 4,182	Cr 2,087	Cr 1,385	0	0	0
TOTAL NON CONTROLLABLE		5,455	5,455	5,455	0	0	0	98	98	98	0	0	0	0	0
TOTAL EXCLUDED RECHARGES		2,285	2,282	2,282	0	0	0	1,333	1,333	1,333	0	0	0	0	0
PORTFOLIO TOTAL		12,718	12,780	12,815	35	36	756	Cr 588	Cr 663	Cr 2,750	Cr 2,087	Cr 1,385	0	0	0

BUDGET VARIATIONS - ALLOCATIONS FOR 2013/14

Reconciliation of Final Budget	£'000
2013/14 Original Budget	14,149
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
Latest Approved Budget	<u>14,211</u>