

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

Date: **8<sup>th</sup> April 2014**

Decision Type: Non-Urgent Executive Non-Key

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

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

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

Ward: Boroughwide

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

- 1.1 This report reviews budget monitoring based on spending to the end of January 2014.
- 1.2 The Schools' Budget is funded from Dedicated Schools' and specific grants and is forecast to be underspent by £3,774,000. 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 underspend position of £184,000.

## **2. RECOMMENDATIONS**

### **2.1 The Education PDS Budget Sub committee are 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 2013/14 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 £3,774,000. 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 underspend by £184,000. This has improved since the last monitoring reported to the Education Budget Sub Committee of £35,000 overspend. Details of the variations 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.

#### **Full Year effect for 2014/15**

- 3.4 The full year effect pressure currently stands at £877k. 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. Growth of £550k for 2014/15 will broadly deal with this issue. However the impact will continue as schools continue to convert.
- 3.5 There are also full year effects of pressures arising from the Adult Education Service. There have been changes to the funding regime by central government in which courses that were previously chargeable are now free to the user. This has resulted in 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. Moreover the SFA grant allocation for 2013/14 academic year was less than anticipated, 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. This will in part be mitigated by a reduction in staffing costs and running expenses. The service has plans 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.
- 3.6 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**

- 3.7 The outturn is broadly in-line with the predictions made in the previous monitoring report, although our savings have accelerated. The significant underspend on DSG will need to be addressed with the guidance of schools' forum and the actions taken to control vacancies to ensure that overspends across the portfolio, such as those seen in the Adult Education Service, could be offset.

## **4. POLICY IMPLICATIONS**

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

## **5. FINANCIAL IMPLICATIONS**

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

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

	<u>2013/14</u> <u>£'000</u>	<u>2014/15</u> <u>£'000</u>
<b>Access</b>		
- Trading Accounts	33	0
- Education welfare service	-51	0
- Capital & Facilities Management	-24	0
- Access & Admission	-27	0
- Early Years Support	-144	0
- Transport Grants	-20	0
- Nurseries	-80	0
- Business Support	-3	0
<b>Adult education - fee and income losses</b>	221	221
<b>School Standards - staff savings</b>	-21	0
<b>SEN and Inclusion</b>		
- Transport savings	-199	0
- SEN and Education Psychologists	-13	0
- Trading Accounts	35	0
<b>Workforce development and governor services - vacancies</b>	-24	0
<b>Education commissioning and business services</b>	-2	0
<b>Other strategic functions</b>	-9	0
<b>ESG Grant Allocation</b>	333	656
<b>Youth Service - staffing</b>	-28	0
<b>Bromley Children's Project - vacancies and use of TTF grant</b>	-161	0
<b>TOTAL OVERALL PRESSURE FOR THE PORTFOLIO</b>	<u><b>-184</b></u>	<u><b>877</b></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.

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