

Education Portfolio Budget Monitoring Summary

2012/13 Actuals £'000	Division Service Areas	2013/14 Original Budget £'000	2013/14 Latest Approved £'000	2013/14 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
EDUCATION CARE & HEALTH SERVICES DEPARTMENT								
Education Division								
1,879	Access	1,469	1,147	831	Cr 316	1	Cr 155	0
Cr 511	Adult Education Centres	Cr 618	Cr 630	Cr 409	221	2	155	221
148	School Standards	115	168	147	Cr 21	3	0	0
4,099	SEN and Inclusion	4,718	4,751	4,574	Cr 177	4	Cr 96	0
0	Workforce Development & Governor Services	0	1	Cr 23	Cr 24	5	Cr 13	0
0	Education Services Grant	Cr 3,282	Cr 3,282	Cr 2,949	333	6	328	656
74	Schools Budgets	Cr 1,431	Cr 1,485	Cr 1,485	0	7	0	0
158	Other Strategic Functions	148	170	161	Cr 9	8	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	Cr 2	Cr 2	9	5	0
131	School Improvement	0	0	0	0		0	0
4,943		1,119	840	845	5		224	877
Children's Social Care								
2,002	Bromley Youth Support Programme - (Youth Svce)	1,773	1,802	1,774	Cr 28	10	Cr 28	0
1,453	Referral and Assessment Children's Centres	2,086	2,401	2,240	Cr 161	11	Cr 161	0
3,455		3,859	4,203	4,014	Cr 189		Cr 189	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	4,859	Cr 184		35	877
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	14,027	Cr 184		35	877
Memorandum Item								
Sold Services								
	Education Psychology Service (RSG Funded)	0	0	35	35	} 12	90	0
	Education Welfare Service (RSG Funded)	0	0	Cr 46	Cr 46		Cr 46	0
	Behaviour Support (Secondary) (RSG Funded)	0	0	126	126		146	0
	Workforce Development (DSG/RSG Funded)	0	0	9	9		9	0
	Governor Services (DSG/RSG Funded)	0	0	2	2		2	0
	Community Vision Nursery (RSG Funded)	0	0	Cr 21	Cr 21		Cr 45	0
	Blenheim Nursery (RSG Funded)	0	0	Cr 58	Cr 58		Cr 52	0
	Catering & Cleaning (RSG Funded)	0	0	32	32		32	0
	Business Partnerships (RSG Funded)	0	0	0	0	0	0	
	Total Sold Services	0	0	79	79		136	0

REASONS FOR VARIATIONS**1. Access Cr £316k**

There is a projected underspend of £97k within the Education Welfare Service as a 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, and was set up as a trading account. There is a projected shortfall of income of £126k 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 £8k expected for capital and facilities management. This is made up of an overspend of £32k relating to the catering and cleaning sold service which was terminated on 31st July, with just a strategic element remaining until 31st October, partly offset by an underspend on capital management due a vacant post following the restructure of Access and Admissions.

Also within Access, there are underspends of £27k in Admissions due to a reduction in hours (early implementation of 2014/15 savings), £20k on statutory transport grant payments, and £144k on Early Years staffing (of which £111k is a saving for 2014/15).

The council's two in-house nurseries, which were moved onto trading accounts this year, are currently expected to generate surplus income of £79k. 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. In addition, there remains £80k of creditor provisions made at the end of 2012/13 which is no longer required.

	Projected Variations £'000
Education Welfare Service	Cr 51
Trading Account	Cr 46
Capital & Facilities Management	Cr 24
Trading Account	32
Access & Admission	Cr 27
Early Years Support	Cr 144
Transport Grants	Cr 20
Business Support	Cr 3
Secondary Outreach Trading Account	126
Blenheim Nursery Trading Account	Cr 58
Effect of prior year provisions	Cr 23
Community Vision Trading Account	Cr 21
Effect of prior year provisions	Cr 57
	Cr 316

2. Adult Education - Dr £221k

An overspend of £221k 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.

The SFA grant allocation for 2013/14 academic year is less than anticipated, with a shortfall of £61k. 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 should be mitigated by a reduction in staffing costs and running expenses. Unfortunately this hasn't been achieved to the extent that the income has been fallen, with the latest projections showing an underspend of £19k.

Current forecasts for the attached nurseries show overspends of £16k overspend for Kentwood which is not achieving the fee income budget, and £6k for Poverest, and an underspend of £35k for Widmore. There is also a £22k overachievement of income for room bookings.

	Projected Variations £'000
Reduction in grant income	61
Reduction in fee income	214
Officers & support staff pay	Cr 19
Teachers & assistants pay	15
Supplies and services	Cr 33
Premises costs	18
Kentwood nursery	16
Widmore nursery	Cr 35
Poverest nursery	6
Room lettings	Cr 22
	221

3. School Standards - Cr £21k

Due to delays in recruiting to the new School Standards team following the restructure of the EDC, there is a total non-recurrent underspend of £21k on staffing related budgets.

	Projected Variations	
	£'000	
School Standards	Cr	17
Primary Support Advisory Team	Cr	4
	Cr	21

4. SEN and Inclusion Cr £177k

SEN Transport is currently expected to underspend by £199k as a result of increased route efficiency and sharing of routes with 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 £35k on the trading account, due to a shortfall of anticipated income, and a higher than budget level of staff time allocated to it. There is also a £22k overspend on the statutory element of the service.

	Projected Variations	
	£'000	
SEN Transport	Cr	199
SEN assessment and monitoring	Cr	35
Education Psychology Service		22
Trading Account		35
	Cr	177

5. Workforce Development & Governor Services - Cr £24k

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	27
Workforce Development Trading Account		5
Governor Services Trading Account	Cr	2
	Cr	24

6. Education Services Grant - Dr £333k

The ESG grant allocation is currently expected to be £333k 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 the 13 completed conversions to date, with no more expected before the end of the financial year. The full year effect of this is £656k.

In addition, 9 further applications have been approved by DfE and are expected to convert on 1st April 2014, along with the Pupil Referral unit on 1st September 2014. This will result in a projected shortfall for 2014/15 of £942k (less the £550k grant reduction allocated to the 2014/15 budget).

A further 31 schools are either committed to converting or exploring options. If these all convert during 2014/15, then Bromley will be left with just £1.2m for 2015/16 to cover the statutory 'LACSEG' duties plus those relating to the remaining 10 maintained schools.

7. 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 £3,774k is currently projected on DSG funded services as outlined below.

With effect from September 2013, the EFA became responsible for directly providing the first £6k of SEN funding for academies, and would recoup the figure from the authorities DSG allocation. The final amount to be recouped was less than anticipated when setting the 2014/15 budget, resulting in a £1m underspend.

As a result of the funding changes for 2013/14, the SEN placements budget was built from a zero base. Current figures suggest that there will be an underspend of £570k, mainly due to a lower than budgeted number of placements and matrix support, which is partly offset by higher than budgeted average costs, plus creditor provisions made at the end of 2012/13 which will not be fully realised.

As part of the 2013/14 DSG allocation, £3.1m funding for SEN support in Further Education transferred from the EFA to the council. These placements were negotiated at the start of the academic year, resulting in underspends of £110k at Bromley College and other FE colleges, £522k with all other Independent Specialist Providers, and £113k on the social care element.

The Sensory Support and Inclusion services are projected to underspend by a total of £191k, 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 an amount of £183k relating to funding to support non-statemented children which, due to changes to the schools funding regulations, cannot be delegated to schools in year.

There is also a projected underspend of £31k for assessment and support of children with complex medical needs in mainstream schools, and an underspend of £210k 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 Early Intervention Service due to a staff vacancy, £183k for Progression Courses due to overachievement of income and a reduction in demand, and £70k relating to the part-year vacancy in the head of service post. There is a projected overspend of £69k on supply staff in the Home and Hospital service and rent payable relating to the Nightingale Centre, and £31k 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 partly offset by a projected overspend of £570k on FEE for 3 & 4 year olds.

There is a projected underspend of £353k on Carbon Reduction Commitments. Schools are to be excluded from the CRC scheme with effect from 1st April 2014, so this budget has been removed for future years.

Although the council has excellent information on the number of children in each school year, there is an element of uncertainty on the geographic distribution. As a result, although many bulge classes are fully anticipated, some may have to be created to accommodate potentially only a couple of additional children, and has resulted in an overspend of £175k on the £1m budget.

Finally, there is a cost of £54k relating to the old School Improvement team as a result of the restructure not being completed until 31st April, as teachers' contracts can only be terminated at the end of April, August or December. There have also been a few post-closure transactions for the EDC trading account, totalling £15k, and a £59k underspend relating to security and utility costs for the old EDC site.

	Projected Variations	
	£'000	£'000
SEN		
Placements	Cr 331	
Effect of prior year creditors	Cr 239	
Equipment	Cr 60	
Ex-EFA SEN FE Support	Cr 745	
Transport	Cr 144	
Deaf centres & sensory support	Cr 152	
Support in mainstream	Cr 222	
Specialist Support & Disability Services	Cr 31	
Pre-school service	Cr 210	Cr 2,134
Behaviour service		Cr 168
Free Early Education - 2 year olds		Cr 870
Free Early Education - 3 & 4 year olds		570
Early Years Support		54
Access & Admissions		10
EDC trading account		15
School Improvement		54
School Standards	Cr 47	
Workforce Development & Governor Services	Cr 21	
SEN funding for academies	Cr 1,000	
Carbon reduction commitments	Cr 353	
Bulge classes		175
Ex-EDC site costs	Cr 59	
	Cr 2,134	Cr 3,774

8. Other Strategic Functions - Cr £9k

A minor underspend of £9k is expected on consultancy costs. This budget has been reduced for 2014/15 as part of the Baseline Review savings.

9. Education Commissioning and Business Services- Cr £2k

A few minor post-closure transactions relating to the EDC trading account have resulted in an underspend of £2k.

10. 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.

11. Referral and Assessment Childrens 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	£'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	
	Cr 252	Cr 161

12. 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. No waivers have been approved since the last report to the Executive.

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 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.

FULL YEAR EFFECTS

Service Area	Latest Approved Budget	Variation	FYE	Comment
	£'000	£'000	£'000	
Education Services Grant	Cr 3,282	333	656	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 £656k for 2014/15.
Adult Education	Cr 630	221	221	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.

BUDGET VARIATIONS - ALLOCATIONS FOR 2013/14

Reconciliation of Final Budget	£'000
Original Budget 2013/14	14,149
Allocation of Localisation & Conditions Pay Awards	69
Short Breaks Post Transfer from Care Services	21
Centralisation of training budgets	Cr 8
Transfer 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 for 2013/14	<u>14,211</u>