

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

Date: **24th June 2014**

Decision Type: Non-Urgent Executive Non-Key

**TITLE: EDUCATION PORTFOLIO BUDGET MONITORING REPORT
2014/15**

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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 May 2014.
- 1.2 The Schools' Budget is funded from Dedicated Schools' and specific grants and is forecast to be underspent by £1,285,000. 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 £320,000. This assumes that £422,000 will be drawn down from contingency to offset the shortfall in Education Services Grant (ESG).
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2. RECOMMENDATIONS

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

- (i) Consider the latest 2014/15 budget projection for the Education Portfolio;**
- (ii) Refer the report to the Portfolio Holder for approval**

2.2 The Portfolio Holder for Education is requested to:

- (i) Agree to the release of £297,000 of the Children's Centre carry forward currently being held in contingency**

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: £13,131k
 5. Source of funding: RSG, Council Tax, DSG, other grants
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Staff

1. Number of staff (current and additional): 2,065 Full Time Equivalent, of which 1,777 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

- 3.1 The 2014/15 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

- 3.2 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); this is projected to underspend by £1,285,000. 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

- 3.3 An element of the Education budget within ECHS is classed as Non Schools Budget and this is projected to overspend by £320,000. This is in two main areas, Adult Education and the Youth Service. Details of the variations are contained within Appendix 2 and 4.
- 3.4 The Education Services Grant is overspent by £422,000. However for monitoring purposes it is assumed that the funding will be drawn down from a contingency amount available and held centrally. Therefore the position will be net zero.
- 3.5 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 2015/16

- 3.6 The full year effect pressure currently stands at £396k. 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.
- 3.7 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. 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.
- 3.8 The full year effect pressures will need to be contained in 2015/16 and actions will have to be taken by the Department to offset these pressures.

Release of carry forward amounts held in contingency

- 3.9 On the 10th June the Executive agreed a series of carry forward requests of funding to be transferred into contingency for 2014/15. It was agreed that this funding could only be released with the Portfolio Holder's approval.

Children's Centres

- 3.10 The service requested a carry forward from the 2013/14 Bromley Children's Project underspends of £297k as approved by the Executive on the 2nd April 2014. The money is to be used along with the balance of £421k in the Sure Start Capital Programme to make essential repairs to Castlecoombe and Mottingham children's centres.
- 3.11 It is requested that the Portfolio agree to the release of this carry forward from the contingency.

Directors Comments

- 3.12 The outturn is broadly in-line with the predictions made in the previous monitoring report. 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.
- 3.13 Members of the PDS will want to note that the controllable element of the education budget is £1.1m and that this value will reduce further as more schools enter the academy programme. This makes offsetting budget pressures within the education very difficult. Centrally retained DSG is used appropriately to support schools but we are very limited as to how we can utilise it and so an underspend in the DSG element of the education budget cannot be used to support the non-DSG spend.

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 2014/15 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 2014/15 budget for the Education Portfolio is projected to be overspent by £320,000 at the year end based on the financial information as at 31st May 2014.
- 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)	2014/15 Budget Monitoring files in ECHS Finance Section