

**Decision Maker:** EDUCATION BUDGET SUB-COMMITTEE

**Date:** Tuesday 9 September 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, Care & Health Services

**Ward:** All Wards

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1. Reason for report and summary of budget position

- 1.1 This report provides an update of the latest budget monitoring position for 2014/15 for the Education Portfolio, based on expenditure and activity levels up to the end of July 2014.
- 1.2 The Schools' Budget is funded from Dedicated Schools' Grant and other specific grants, and is forecast to be underspent by £1,308k. 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 Grant and other specific grants, and the controllable part of it is forecast to be in an overspend position of £369k. This assumes that £519k will be drawn down from contingency at the end of the financial year to offset the shortfall in Education Services Grant (ESG).
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2. RECOMMENDATION(S)

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) Endorse the latest 2014/15 budget projection for the Education Portfolio

### Corporate Policy

1. Policy Status: Existing Policy: Sound financial management
  2. BBB Priority: Children and Young People; Excellent Council
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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: £13.45m
  5. Source of funding: Existing revenue budgets 2014/15
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### Staff

1. Number of staff (current and additional):
  2. If from existing staff resources, number of staff hours: N/A
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### Legal

1. Legal Requirement: Statutory Requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Accounts and Audit Regulations 1996; the Local Government Act 2000 and the Local Government Act 2002
  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 service area. Appendix 2 gives explanatory notes on the variations in each service area.

#### **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). Grant conditions requires that any over- or under- spend should be carried forward to the next financial year. The Schools' Budget is currently projected to underspend by £1,308k; details are contained within Appendices 2 and 4.

#### **The Non-Schools' Budget**

- 3.3 The rest of the Education budget within ECHS is classed as Non Schools' Budget, and this is projected to overspend by £369k. This is a result of a £90k overspend in Youth Service due to delayed implementation of savings, and a £299k overspend in Adult Education. The Adult Education overspend is a continuation of the overspend which had been projected throughout 2013/14, and action is required to address this. Details of the variations are contained within Appendices 2 and 4.
- 3.4 The Education Services Grant is forecast to be overspent by £519k. However for monitoring purposes it is assumed that the funding will be drawn down from the central contingency at the end of the financial year and therefore no variation is reported.
- 3.5 Costs attributable to individual services have been classified as "controllable" and "non-controllable" in Appendices 1 and 4. 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 in considering financial performance.

#### **Full Year Effect for 2015/16**

- 3.6 The full year effect pressure of the projected variations currently stands at £974k. 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 should in part be mitigated by a reduction in staffing costs and running expenses, and the service has made some efficiency savings; however this has not achieved the same level that income has reduced by. The service is currently investigating the potential for further service streamlining/reduction.
- 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.

## Children's Centres

- 3.9 At the last meeting of this committee, the Portfolio Holder approved the release from contingency of a carry forward from the 2013/14 Bromley Children's Project underspends of £297k. The money was added to the £290k remaining in the Sure Start Capital Programme to fund essential repairs to Castlecombe and Mottingham children's centres.
- 3.10 The work at Castlecombe was recently completed, on schedule (29<sup>th</sup> July) and within budget, and at time of writing, the centre is expected to open on 1<sup>st</sup> September 2014.

## Early Warning

- 3.11 Behaviour Service funding was delegated to schools in April 2013, and as a result the Secondary Outreach service was set up as a trading account. The service has unable to meet the budgeted income targets, and it is estimated that an overspend of approximately £80k is likely for the period to the end of July 2014, when the service was terminated and the staff assimilated into the Pupil Referral Unit's establishment.

## Directors Comments

- 3.12 The Education budget is projecting a small overspend as a result of the pressures on Adult Education. Changes in funding from central government has left some of its courses very exposed and staff will be looking at how costs might be controlled in the planning of the coming term's programmes.

## 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 £369k at the year-end based on the financial information as at 31<sup>st</sup> July 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' Budget and Non-Schools'/Local Authority Budget, 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)	2014/15 Budget Monitoring files in ECHS Finance Section