

Decision Maker: EDUCATION BUDGET SUB-COMMITTEE

Date: Tuesday 6 January 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

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 November 2014.
- 1.2 The Schools' Budget is funded from Dedicated Schools' Grant and other specific grants, and is forecast to be underspent by £606k. 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 underspend position of £41k. This assumes that £387k will be drawn down from contingency at the end of the financial year to offset the expected reduction 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: £13.47m
 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 £606k; 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 underspend by £41k. This is a made up of overspends relating to the secondary outreach trading account (£117k), and Adult Education (£264k), offset by underspends from the in-house nurseries (£102k), SEN services (£110k), the SEN Reform/Implementation grants (£95k) and Children's Centres (£100k). 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 £387k. 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 £881k. 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.

SEN Reform and Implementation Grants

- 3.9 As a result of the new SEN legislation there have been significant changes to the SEN & Inclusion service, with staff being seconded to work on the reforms. These staff are being funded by the SEN Reform and Implementation grants provided by the DfE for this purpose, which has contributed to the projected £82k underspend in the operational side of the service.
- 3.10 Expenditure allocated to the grants themselves is currently projected to underspend by £95k of the total £534k drawn-down for this financial year.

Secondary Outreach/Respite Service

- 3.11 The overspend for the Secondary Outreach/Respite trading account has increased from the estimated £80k reported as an early warning to this committee in September 2014 to £117k now that the outturn for the service is known. The service was terminated in July 2014, and the staff assimilated into the Pupil Referral Unit's establishment before is converted to academy status as Bromley Trust Academy. Due to the closure, the service was unable to take in more pupils in the few weeks preceding the closure, resulting in the increased overspend.

Director's Comments

- 3.12 Managers in Education continue to control their budgets effectively, and in very challenging circumstances. The appendices give further detail of how costs are being contained. Schools continue to benefit from funding changes which will see more money in schools' budgets in the coming year than ever before.
- 3.13 Grant condition changes within Adult Education make it increasingly difficult to manage cost pressures in such a way as to fulfil the grant conditions. A review remains in place to look at the best way forward for this very high quality service, but the nature of our provision may need to change in the coming year to better reflect our local priorities.
- 3.14 The implementation of the SEND reforms has gone well and the early work within the national pilot has left us well placed to respond to our new responsibilities. However, it is the case that we have high numbers of students with statements and we should see this number decline through the review process as schools accept greater responsibility for meeting individual needs. We also continue to look across to our partners at the CCG to ensure health needs are fully addressed in all new plans.

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 underspent by £41k at the year-end based on the financial information as at 30th November 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.

Non-Applicable Sections:	Legal Implications Personnel Implications
Background Documents: (Access via Contact Officer)	2014/15 Budget Monitoring files in ECHS Finance Section