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

**Date:** Tuesday 3 March 2015

**Decision Type:** Non-Urgent Executive Non-Key

**Title:** EDUCATION PORTFOLIO BUDGET MONITORING 2014/15

**Contact Officer:** James Mullender, Finance Manager  
Tel: 020 8313 E-mail: James.Mullender@bromley.gov.uk

**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 January 2015.
- 1.2 The Schools' Budget is funded from Dedicated Schools' Grant and other specific grants, and is forecast to be overspent by £257k. This will be set against the underspend carried forward from previous years.
- 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 £99k. This assumes that £360k will be drawn down from contingency to offset the expected reduction in Education Services Grant (ESG), and that grant related carry forwards totalling £219k will be approved as detailed in paragraphs 3.10 and 3.11.

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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; and,  
(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:
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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 Further Details
  2. Call-in: Applicable:
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected):
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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 overspend by £257k, mainly due to one-off expenditure such as the purchase of Beacon House and contributions to other capital schemes.
- 3.3 This overspend will be set against the DSG carried forward from previous years, which totals £8.9m. Much of this carry forward will be spent in 2015/16, with £3m agreed for the refurbishment of Beacon House, £3.5m as a one-off distribution to schools, and £1m growth fund for two years, as scrutinised by this committee on 6<sup>th</sup> January 2015. Details of the variations are contained within Appendices 2 and 4.

#### The Non-Schools' Budget

- 3.4 The rest of the Education budget within ECHS is classed as Non Schools' Budget, and this is projected to overspend by £99k. A summary of the variations is provided in the table below, and further details are contained within Appendices 2 and 4.

	£000's
Adult Education	269
Secondary Outreach trading account	122
SEN Transport	110
Nurseries & Early Years Support	Cr 137
Children's Centres	Cr 137
SEN services	Cr 65
Other minor variations	Cr 63
	<u>99</u>

- 3.5 The Education Services Grant is forecast to be overspent by £360k. 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.
- 3.6 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

- 3.7 The full year effect pressure of the projected variations currently stands at £1,189k. 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.

- 3.8 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.

### **Carry forwards of unspent grant funding**

- 3.9 To help authorities with the amount of work required to convert existing Statements of SEN to the new EHC plans, and to implement the changes to working practices required, the DfE has created the SEN Reform Grant. LBB's allocation of this grant for 2014/15 is £382k. DfE later announced the SEND Implementation (New Burdens) Grant, with £259k allocated to LBB, of which £152k was drawn-down for 2014/15, with the remaining £107k ring-fenced for drawdown in 2015/16.
- 3.10 Expenditure allocated to the grants is currently projected to underspend by £200k of the total £534k drawn-down for this financial year. A separate report on the agenda is requesting the carry forward of this underspend in addition to the drawdown of the 2015/16 allocation and remaining 2014/15 allocation of SEND Implementation (New Burdens) Grant. The underspend is therefore not being reported on the assumption that the carry forward will be approved.
- 3.11 Additionally a £19k grant from DfE to help implement Early Years Pupil Premium was announced on 17th February. Due to the late announcement of the grant, this will not be spent in this financial year; however the service would like to request a carry forward of this funding to enable them to implement the changes required. This underspend is also not being reported on the assumption that the carry forward will be approved.

### **Director's Comments**

- 3.12 Managers in Education have continued to control their budgets effectively, and in very challenging circumstances. The appendices give further detail of how costs have been contained across the year. 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. Market testing did not find any particular solution and officers will need to return to the PDS later in the year with further options for the Portfolio Holder.
- 3.14 The implementation of the SEND reforms continues to go well. 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 and have had some very good support. Nonetheless, Members will want to be aware that several very high cost placements have been required in the latter half of the year, increasing pressures of budgets resulting in a small projected overspend. Management continue to monitor these provisions.

#### **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 £9k at the year-end based on the financial information as at 31<sup>st</sup> January 2015.
- 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