

Decision Maker: EDUCATION PORTFOLIO HOLDER

Date: For pre-decision scrutiny by the Education Budget Sub-Committee on Tuesday 30 June 2015

Decision Type: Non-Urgent Executive Non-Key

Title: EDUCATION PORTFOLIO BUDGET MONITORING 2015/16

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Chief Officer: Doug Patterson, Chief Executive

Ward: All Wards

1. Reason for report

- 1.1 This report provides details of the projected outturn position for 2015/16 for the Education Portfolio. There is an overall overspend of £468k projected for the Non-Schools Budget, and an overspend of £774k for the Schools' Budget.
- 1.2 The report also considers the full year effect impact for 2016/17, and requests the drawdown of various amounts carried forward from 2014/15.
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2. **RECOMMENDATION(S)**

2.2 **The Education PDS Budget Sub-Committee is requested to:**

- (i) Consider the first 2015/16 budget projection for the Education Portfolio; and,
- (ii) Refer the report to the Portfolio Holder for approval.

2.3 **The Portfolio Holder for Education is requested to:**

- (i) Endorse the 2015/16 budget projection for the Education Portfolio;
- (ii) Agree the release of £19k grant funding for Early Years carried forward from 2014/15 as detailed in para 3.12;
- (iii) Agree the release of £46k grant funding for SEN carried forward from 2014/15 as detailed in para 3.13;
- (iv) Agree the release of £11k carried forward from 2014/15 for a review of school place planning as detailed in para 3.15; and
- (v) Agree the release of £77k carried forward from 2014/15 for a review of the Youth Offending Team as detailed in para 3.14;

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: £18.5m
 5. Source of funding: Existing revenue budgets 2015/16
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Staff

1. Number of staff (current and additional): 378 FTE currently in Education Portfolio
 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 2015/16 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.
- 3.3 The Schools' Budget is projected to overspend by £774k during 2015/16, which will be set against the £9.9m DSG carried forward from previous years. Much of this carry forward will be spent during 2015/16, with £3m agreed for the refurbishment of Beacon House, £3.5m as a one-off distribution to schools and £2m to contain growth for two years.
- 3.4 Details of the variations can be found within Appendices 2 and 3.

The Non-Schools' Budget

3.5 The rest of the Education budget within ECHS is classed as Non Schools' Budget, and this is projected to overspend by £468k. A summary of the main variations is provided in the table below, and further details are contained within Appendices 1 and 2.

	£'000
Adult Education	382
Youth Service	282
Blenheim & Community Vision	-120
SEN assessment & monitoring	-69
Other net variations	-7
	<hr/> 468 <hr/>

3.6 Costs attributable to individual services have been classified as "controllable" and "non-controllable" in Appendices 1 and 3. 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 2016/17

- 3.7 The full year effect pressure of the outturn variations is £421k. This is in part due to the impact of the Education Services Grant (ESG). 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. In addition to reductions in grants levels in the past few years, 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.

3.9 These are partly offset by surpluses on the Community Vision and Blenheim nursery trading accounts. The trading accounts aren't on a full cost recovery basis, so this only covers some of the recharges allocated.

3.10 A summary of the full year effects is provided in the table below.

	£'000
Adult Education	382
Education Services Grant	159
Blenheim & Community Vision	-120
	<u>421</u>

Carry forwards from 2014/15

3.11 At its meeting on 10th June 2015, Executive approved the carry forward of various underspends from 2014/15 to 2015/16 to be allocated to Central Contingency and drawn down on the approval of the relevant Portfolio Holder. Two grants and two general carry forwards of unspent budget have been carried forward relating to Education Portfolio, and are requested for drawdown. A summary is provided in the table below.

	£'000	£'000
Grants with no explicit right of repayment		
Early Years Grant	19	
SEN Preparing for Employment	<u>46</u>	
		65
Contribution from Government Grants Reserves		-65
Other carry forwards		
Review of Place Planning	11	
YOT Service Strategic Review	<u>77</u>	
		88
Total carried forward from 2014/15		<u><u>88</u></u>

3.12 **Early Years Grant (£19k):** This grant was announced in February 2015 to support the early education of disadvantaged children, in particular by preparing for the implementation of the Early Years Pupil Premium. It is requested to be carried forward to purchase the Capita Provider Portal. Officers believe this portal will enable the service to provide accurate information responsively to parents, carers, health and social professionals. The portal will support the effective implementation of the Early Years Pupil Premium as well as the continued successful delivery of 2 year old funding.

3.13 **SEN Preparation for Employment Grant (£46k):** Notification of this grant was received on 12th March 2015 intended to promote internships and other essential preparation for employment activity for young people with special educational needs and disabilities, (SEND), which is a critical aspect of the SEND reforms.

A request is made to carry forward this grant to increase the number of education providers offering supported internships, resulting in more young people with complex SEND getting work placements and ultimately entering paid employment. It will also be used to build relationships with employers to agree work placements for young people with SEND on supported internships and other programmes, to coordinate allocation of placements, and to support and challenge education providers to improve preparation for employment in study programmes for young people with SEND, including high quality work experience, resulting in more young people finding paid employment.

- 3.14 **YOT Service Strategic Review (£77k):** This carry forward request has been made as part closing the 2014-15 accounts from underspends within the wider EC&HS department to fund the work required to evaluate and address issues raised by the recent Ofsted inspection of the Youth Offending Services.
- 3.15 **Review of Place Planning (£11k):** A carry forward of £11k is requested from the underspend in Education to fund a one-off review of place planning for schools, focussing on some of the recent issues that have arisen relating to school expansions/relocations. This funding will be supplemented by a total of £30k from DSG and Capital funding.

The Youth Offending Service

- 3.16 From 2015/16, strategic management responsibility for the Youth Offending Service has transferred from Care Services to Education Portfolio.
- 3.17 A brief outline of the service, and a summary of the 2014/15 outturn and 2015/16 projection is provided in appendix 4.

Comments from the Assistant Director for Education

- 3.18 It must be noted that the projected overspend of £468k includes the sum of £382k for adult education. A report is due to go to the July PDS which focuses on the council's core responsibilities in this area and proposes a solution to the overspend. In the meantime a request for a supplementary estimate is to be made and, if agreed, will significantly reduce the overspend within education as a whole.
- 3.19 Managers of statutory services continue to oversee their budgets very effectively and indeed these areas are predicting a slight underspend rather than overspend.

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 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 These are contained within the body of the report with a detailed breakdown of the final outturn by service shown in Appendix 1 including an analysis of the final budget, and explanatory notes in Appendix 2. Appendix 3 shows the split between Schools' Budget and Non-Schools'/Local Authority Budget.

Non-Applicable Sections:	Legal Implications Personnel Implications
Background Documents: (Access via Contact Officer)	2015/16 Budget Monitoring files in ECHS Finance Section