

Decision Maker: EDUCATION BUDGET SUB-COMMITTEE

Date: Tuesday 20 October 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 second quarter budget monitoring position for 2015/16 for the Education Portfolio based on expenditure and activity levels up to the end of August 2015. The report also highlights any significant variations which will impact on future years.
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2. **RECOMMENDATION(S)**

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

- (i) Consider the latest 2015/16 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 2015/16 budget projection for the Education Portfolio; and
- (ii) Agree that Executive be requested to approve a supplementary estimate of £382k relating to Adult Education as detailed in para 3.11.

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: £18.9m
 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 underspend by £75k during 2015/16, which will be added to 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 A summary of the main variations is provided in the table below, with further details in Appendices 2 and 3.

	£'000
Bulge Classes	711
SEN Placements/support	234
SEN support services	Cr 307
Free Early Education	Cr 725
Other net variations	12
	Cr 75

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 £529k. A summary of the main variations is provided in the table below, and further details are contained within Appendices 1 and 2.

	£'000
SEN Transport	343
Youth Service	336
Blenheim & Community Vision	Cr 74
SEN assessment & monitoring	Cr 79
Other net variations	3
	529

3.6 The figures above and in the appendices assume that the supplement estimate requested in para 3.11 is approved. If it is not then the overspend will increase to £911k.

3.7 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.

Supplementary Estimate for Adult Education

- 3.8 As members will be aware, the Adult Education service has been subject to significant reductions in the grant received from the Skills Funding Agency over the past few years.
- 3.9 The service was restructured in 2012/13, and has since made several other changes to help contain the impact of this reduction, however the current projection is for a £382k overspend in 2015/16.
- 3.10 Officers will soon be consulting on a further proposed restructure which would be implemented from September 2016; however further grant reductions are expected for the 2016/17 and 2017/18 academic years.
- 3.11 The Portfolio Holder is therefore requested to agree that a request be made to Executive to approve a supplementary estimate of £382k. In the event that any restructure or other measures are able to reduce the need for this full amount in future years, the surplus will be returned to the Central Contingency.

Full Year Effect for 2016/17

- 3.12 The full year effect pressure of the outturn variations is £144k. 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.
- 3.13 This is 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.
- 3.14 A summary of the full year effects is provided in the table below.

	£'000
Education Services Grant	178
Youth Services	40
Blenheim & Community Vision	-74
	<u>144</u>

4. POLICY IMPLICATIONS

- 4.1 Bromley's Building a Better Bromley objective of being an Excellent Council refers to the Council's intention to provide efficient services and to have a financial strategy that focuses on stewardship and sustainability. Delivering Value for Money is one of the Corporate Operating Principles supporting Building a Better Bromley.
- 4.2 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.
- 4.3 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