

Decision Maker: EDUCATION BUDGET SUB-COMMITTEE

Date: 1st November 2016

Decision Type: Non-Urgent Executive Non-Key

Title: EDUCATION PORTFOLIO BUDGET MONITORING 2016/17

Contact Officer: David Bradshaw, Head of Education, Care & Health Services Finance
Tel: 020 8313 4807 E-mail: David.Bradshaw@bromley.gov.uk

Chief Officer: Chief Executive

Ward: (All Wards);

1. Reason for report

- 1.1 This report details the second quarter budget monitoring position for 2016/17 for the Education Portfolio based on activity levels up to the end of August 2016. 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 2016/17 budget projection for the Education Portfolio; and,**
- (ii) **Refer the report to the Portfolio Holder for approval.**

2.2 **The Portfolio Holder is asked to:**

- (i) **Endorse the 2016/17 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: £12.700m
 5. Source of funding: Existing revenue budgets 2016/17
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Staff

1. Number of staff (current and additional): 341 Full time equivalent
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory Requirement
 2. Call-in: Applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2016/17 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services
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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 2016/17 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.

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 require that any over- or under- spend should be carried forward to the next financial year.
- 3.3 The schools budget is predicted to underspend by £104k during 2016/17, which will be added to the £3.7m carried forward in 2015/16. Much of this carry forward is being used to fund the costs of the refurbishment of Beacon House and to contain growth.
- 3.4 A summary of the main variations is provided in the table below, with further details in appendices 2 and 3.

	Variations £'000
Bulge Classes	100
Modular classroom rentals	192
Special Schools/units	55
Free Early Education - 2 year olds	Cr 111
Free Early Education - 3 & 4 year olds	53
Standards Fund Grant	Cr 745
SEN:	
- Placements	434
- Support in FE colleges	68
- Transport	Cr 144
- Other Small Balances	Cr 6
	<u>Cr 104</u>

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 £1,087k. A summary of the main variations is provided in the table below, and further details are contained within Appendices 1 and 2.

	Variations £'000
Schools and Early Years Commissioning	Cr 12
SEN Transport	1,233
Youth Service	12
Early intervention Services	Cr 146
	<u>1,087</u>

3.6 SEN transport is the main area of concern, the overspend has increased from £600k overspent when the monitoring was last reported. This is due to a number of factors including:-

- 1) the new route schedule for September not realising any further efficiencies

- 2) There have been further increases in numbers as the financial year has progressed especially in primary age children
- 3) There has been a shift from placing children at Independent boarding placements to Independent day placements. Whilst this generally helps ease pressures in the Dedicated Schools Grant (DSG), this does mean an increased number of journeys which have an impact on the Councils core funding
- 4) Increased levels of need of children using the SEN transport service especially at the early age groups.

3.7 Action is being taken by the department including:-

- 1) Continuing travel training
- 2) Route review and rationalisation
- 3) Sharing routes with other boroughs
- 4) Supporting parents to take up reimbursement of parental mileage.

3.8 However these actions are unlikely to mitigate the issue in the short term and further action would need to be taken to bring the budget back into balance.

3.9 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 2017/18

3.10 There is a full year effect pressure of £552k 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 the transfer of duties and responsibilities from the Authority to the Academy.

3.11 However as the impact of the ESG has been known about for some time, there is a budget in the contingency to offset any impact. It is assumed at this point that the appropriate funding will be drawn down to negate this position.

Carry forwards from 2015/16 and drawdowns from Contingency

3.12 At its meeting on the 23rd March 2016 Executive approved the carry forward and draw down of the following grants:-

- 1) SEN Implementation (New Burdens) Grant 2015/16 £28,000
- 2) SEN Implementation (New Burdens) Grant 2016/17 £180,000

3.13 At its meeting on the 18th October 2016 Executive approved the drawdown of the following grant:-

- 1) SEND Regional lead Grant 2016/17 £27,522

- 3.14 These grants are being utilised to continue to work in partnership with regional partners, with Bromley as the lead, on a programme for the transition of statements into Education Health and Care Plans (EHCP)
- 3.15 There remains in contingency £115k of funding that will be drawn down at a later date subject to Member approval.

4. POLICY IMPLICATIONS

- 4.1 Bromley’s Building a Better Bromley objective of being an excellent Council refers to the intention to provide efficient services and to have a financial strategy that focusses 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 projected outturn by service shown in Appendix 1 including an analysis of the 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 Customer Implications
Background Documents: (Access via Contact Officer)	2016/17 Budget Monitoring files in ECHS Finance Section