

Decision Maker: EDUCATION BUDGET SUB-COMMITTEE

Date: 15th March 2017

Decision Type: Non-Urgent Executive Non-Key

Title: EDUCATION PORTFOLIO BUDGET MONITORING 2016/17

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Chief Officer: Executive Director of Education, Care and Health Services

Ward: (All Wards);

1. Reason for report

- 1.1 This report details the third quarter budget monitoring position for 2016/17 for the Education Portfolio based on activity levels up to the end of December 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.**
- (ii) **Agree the release of the £15k SEN Regional Lead grant which was carried forward into 2016/17 as per paragraph 3.14**
- (iii) **Agree the release of £80k SEN implementation grant which was carried forward into 2016/17 as per paragraph 3.15**
- (iv) **Agree the release of £40k Place Planning Support which was carried forward into 2016/17 as per paragraph 3.17**

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: £12.884m
 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 £101k 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		240
Modular classroom rentals		166
Special Schools/units		55
Secondary Schools		8
Free Early Education - 2 year olds		3
Free Early Education - 3 & 4 year olds		72
Primary Support Team	Cr	54
FAP Payments		82
Standards Fund Grant	Cr	745
Other Small Balances		4
SEN:		
- Placements		214
- Support in FE colleges		29
- Home & Hospital	Cr	17
- SIPS	Cr	22
- Pupil Support Services	Cr	47
- Sensory Support	Cr	30
- High Needs Pre-school Service	Cr	49
- Complex Needs Team	Cr	15
- Transport		10
- Other Small Balances	Cr	5
	Cr	<u>101</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 £75k. A summary of the main variations is provided in the table below, and further details are contained within Appendices 1 and 2.

Variations
£'000

Adult Education Centres	83
Alternative Education and Welfare Service	8
Schools and Early Years Commissioning & QA	140
SEN and Inclusion	512
Bromley Youth Support Programme	-96
Early Intervention Services	-572
	75

3.6 SEN transport is still the main area of concern, although the predicted overspend has reduced to £656k overspent. This is due to a number of factors 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.

3.7 These pressures have been acknowledged by Members who have agreed a £750k full year effect addition to the 2017/18 budget to cover this pressure. This is covered in more detail in a separate report on the agenda.

3.8 The overall overspend has been offset in year by using one off surplus Public Health funds to support 0-5 children's centre expenditure. This has resulted in a £500k reduction in budgeted spend in this area and reduced the overspend in the portfolio to £75k overall.

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.

3.12 There is also a full year effect pressure of SEN Transport of £755k going into 2017/18. Members have acknowledged this pressure and have agreed £750k be included in the budget for the portfolio for 2017/18.

Release of Carry forwards amounts held in contingency

- 3.13 Executive agreed a series of carry forward requests of funding to be transferred to the contingency for 2016/17. It was agreed that this funding could only be released with the Portfolio Holders approval.
- 3.14 SEN Regional Lead Grant 2015/16 - £15,000
- Due to the late announcement of this grant in 2015/16, it was agreed that £15k would be carried forward to 2016/17 to fund future expenditure
- 3.15 SEN Implementation (new burdens) grant 2015/16 - £80,000
- Due to the late announcement of this grant in 2015/16, it was agreed that £80k would be carried forward to 2016/17 to fund future expenditure
- 3.16 Both funding streams will be used to continue the extra capacity to deliver the transition to statements to EHC plans or pupil resource agreements, review current SEND services and provisions, embed the new policies and practises and develop robust systems for recording and monitoring the EHC process. The majority of the expenditure will be used for temporary staff.
- 3.17 Support to improve the information held on place planning - £40,000
- Work was to be carried out on place planning and future demand for schools places including detailed analysis of the school census, live births and GLA predictions.

4. DIRECTORS COMMENTS

- 4.1 SEN transport is the main cost pressure area. A thorough review of the budget and reasons for the increase in the anticipated overspend is underway. This will identify:
- (i) the degree to which the change in contract has affected costs;
 - (ii) the degree to which the increase of the age range (0-25 years) for children and young people with SEN to receive support has impacted on transport costs.
- 4.2 The department will also revisit cost saving measures that include:
- (i) reviewing route planning methodology;
 - (ii) reviewing the provider framework in order to encourage more companies to offer their services and so create a more competitive environment;
 - (iii) reviewing the SEN strategy to increase in-borough provision and so reduce costly out of borough placements that also impact significantly on the transport budget - this will take some years to have a measurable impact;
 - (iv) reassessing whether the introduction of muster points would significantly impact on the transport budget. This may require an 'invest to save' proposal to Members.
- 4.3 A review of SEN services delivered directly by the Council is currently underway with the ambition of reducing costs within the DSG budget area. The high cost of out of borough placements needs to be brought down significantly and currently a comprehensive SEN place planning exercise is underway, forecasting need over time and looking at whether in-borough provision can be increased. Government have acknowledged that this is a pressure area for Councils and have awarded Bromley a grant of £140k to carry out this strategic review

5. POLICY IMPLICATIONS

- 5.1 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.
- 5.2 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.
- 5.3 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.

6. FINANCIAL IMPLICATIONS

- 6.1 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