

From: **Roger Gough, Cabinet Member for Education & Health Reform**

Patrick Leeson, Corporate Director for Education, Learning & Skills

To: **Education Cabinet Committee – 27th September 2013**

Subject: **Education, Learning & Skills Directorate Financial Monitoring 2013/14**

Classification: **Unrestricted**

Summary: The Cabinet Committee is asked to note the first quarter's full budget monitoring report for 2013/14 reported to Cabinet on 16th September 2013.

Recommendations: The Education Cabinet Committee is asked to note the revenue and capital forecast variances from budget for 2013/14 for the Education, Learning and Skills Directorate based on the first quarter's full monitoring to Cabinet.

1. Introduction:

1.1 This is a regular report to this Committee on the forecast outturn for the Education, Learning and Skills Directorate.

2. Background:

2.1 A detailed quarterly monitoring report is presented to Cabinet, usually in September, December and March and a draft final outturn report in either June or July. These reports outline the full financial position for each portfolio together with key activity indicators and will be reported to Cabinet Committees after they have been considered by Cabinet. These quarterly reports also include financial health indicators, prudential indicators, the impact on revenue reserves of the current monitoring position and staffing numbers by directorate. In the intervening months a mini report is made to Cabinet outlining the financial position for each portfolio. The first quarter's monitoring report for 2013/14 is attached.

2.2 The attached relevant annex from the Cabinet report is presented in the pre-election portfolio format. The Cabinet Member for Finance and Procurement is currently assessing the resource implications of mapping the information to the post-election portfolio structure, in light of the current change programme. An update on this position will be reported verbally at this meeting.

3. Schools

3.1 The overall position for schools shows an estimated reduction in reserves of £1.504m as a result of the closure of two schools and an expectation that 20 schools will move to academy status during 2013/14.

3.2 The position on deficit is set out in detail in paragraph 2.1 of Annex 1 but in addition to that it should be noted that, based upon the three year planning returns submitted by schools in May and June, the number of schools in deficit is forecast to rise to eight in 2014/15 (with a value of £6.3m) and up to 24 in 2015/16 (with a value of £12.6m). However, all of this is before any management action is taken. In line with existing policies, Finance staff, together with colleagues in ELS are now working on recovery plans with each of these schools in order to avoid the deficit position from arising. The position currently forecast by these schools is largely a reflection of the impact of four years of flat cash government settlements for schools and, for some, the impact of falling pupil rolls.

4. Non-Delegated Directorate Budget

4.1 The detailed position of all the Directorate budgets is set out in Annex 1. A number of issues are highlighted as they have consequences for the MTFP in 2014-17. In the case of ELS it should be noted that some DSG funded budgets such as SEN Independent/Non-Maintained Provision and Redundancy (Schools) are under significant pressure. This is a reflection both of demand rising for more complex needs SEN placements and the impact of flat cash DSG settlements (like schools). While the position can be covered in 2013/14 from the DSG reserve this option will not be available in the following year. This requires urgent action.

4.2 There will need to be some difficult decisions made in order to contain spending within the DSG allocation (as the County Council policy is that it will not 'top up' the DSG from Council Tax) and this may well require a discussion with the Schools' Funding forum about a possible change in the balance of funding between Delegated funding and Non-Delegated DSG funding, although the funding rules make this difficult.

5. Recommendation(s):

The Education Cabinet Committee is asked to note the revenue and capital forecast variances from budget for 2013/14 for the Education, Learning and Skills Directorate based on the first quarter's full monitoring to Cabinet.

6. Contact details

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