
Report To:	Education & Communities Committee	Date:	5 September 2017
Report By:	Chief Financial Officer and Corporate Director Education, Communities and Organisational Development	Report No:	FIN/061/17/AP/IC
Contact Officer:	Iain Cameron	Contact No:	01475 712832
Subject:	Education 2017/18 Revenue Budget-Period 3 to 30 June 2017		

1.0 PURPOSE

- 1.1 To advise the Committee of the 2016/17 final out-turn and the 2017/18 Revenue Budget position as at Period 3 to 30 June 2017.

2.0 SUMMARY

- 2.1 In 2016/17, excluding the carry forward of Earmarked Reserves, there was an underspend of £805,000 against a budget figure of £73.217 million. This equates to 1.1% of the total budget and was £6,000 less expenditure than reported to the Committee in June 2017.

The main variances for 2016/17 were –

- (a) An underspend of £444,000 for Teachers Employee Costs. £328,000 of this was due to the number of teachers employed in Primary and Secondary schools being less than the budget and a reduction in the use of Supply Teachers. The balance of the saving related to vacant posts in other areas of the Service.
- (b) An underspend of £147,000 for Non Teacher employee costs, £30,000 of which was due to the early achievement of a budget saving within schools. The balance of £117,000 was mainly due to vacant posts within Early Years Education and Community Learning and Development.
- (c) An underspend of £34,000 for Non Domestic Rates due to Empty Relief for Kilmacolm and St Patrick's Primaries while refurbishment and construction work was carried out.
- (d) An underspend of £97,000 for Contract Cleaning within schools due to the early implementation of operational efficiencies by Environmental and Commercial Services.
- (e) £21,000 overspend for repairs to kitchen equipment within schools.
- (f) £59,000 overspend for recharges from IT Services for Line Rental, mainly for schools internet connections.
- (g) An underspend of £24,000 for Hospital Tuition, in line with previous years.
- (h) A £65,000 over recovery of School Meals Income.

- 2.2 The total Education budget for 2017/18, excluding planned carry forward for Earmarked Reserves, is £75,066,160. The School Estate Management Plan accounts for £14,693,000 of the total Education budget. The latest projection is an underspend of £272,000.
- 2.3 The main reasons for the 2017/18 projected underspend are –
- (a) Projected underspend of £104,000 for Teachers Employee Costs which is equivalent to 0.3% of the Teachers budget. Teacher numbers fluctuate throughout the year and the overall numbers are managed to stay within budget. The Teacher staffing numbers will be fully reviewed after the start of the new academic year in August 2017 to take account of any posts that remain vacant.
 - (b) Projected underspend of £55,000 for Non Teacher Employee Costs. £30,000 of this relates to the early achievement of budget savings and the balance relates to vacant posts, mainly within schools. An additional two Learning Assistant posts are required within ASN in addition to those budgeted for. This is due to increased demand within the Service.
 - (c) Projected underspend of £60,000 for Contract Cleaning due to the early achievement of 2018/19 Productivity savings.
 - (d) Projected underspend of £32,000 for Janitors due to vacant posts.
 - (e) Projected over recovery of £40,000 for Income From Other Local Authorities for ASN Placements within Inverclyde Schools.
- 2.4 Earmarked Reserves for 2017/18, excluding those for Asset Plans and Strategic Funds, total £784,000 of which £605,000 is projected to be spent in the current financial year. To date expenditure of £99,000 (16.4%) has been incurred. Spend to date per profiling was also expected to be £99,000, therefore there is no slippage at this time.

3.0 RECOMMENDATION

- 3.1 That the Committee notes the final out- turn for 2016/17.
- 3.2 That the Committee notes the current projected underspend of £272,000 for the 2017/18 Education Revenue budget as at Period 3 to 30 June 2017.
- 3.3 That the Committee approves the virements totalling £89,000 as detailed in Paragraph 8.1 and Appendix 5.

Alan Puckrin
Chief Financial Officer

Wilma Bain
Corporate Director Education,
Communities & Organisational Development

4.0 BACKGROUND

- 4.1 The purpose of this report is to advise the Committee of the current position of the 2017/18 Revenue Budget, as well as the 2016/17 final out-turn and to highlight the main issues contributing to the £805,000 underspend in 2016/17 and the projected underspend of £272,000 for 2017/18.

5.0 2016/17 OUT TURN

- 5.1 The final out turn for 2016/17, after adjustments for Earmarked Reserves, was an underspend of £805,000. The main factors contributing to this underspend were:

	Revised Budget 2016/17	Out Turn 2016/17	Variance to Budget	P12 Projected Variance	Movement Since P12 Projection
Corporate Director	142	151	9	9	0
Education Services	70,971	70,484	(487)	(480)	(7)
Inclusive Education	10,057	9,844	(213)	(213)	0
Safer Inclusive Communities	1,721	1,607	(114)	(114)	0
TOTAL NET EXPENDITURE	82,891	82,086	(805)	(798)	(7)

The main variances are explained in greater detail below.

Employee Costs:

Total underspend for Employee Costs was £591,000 (1.1%)

There was an underspend of £444,000 for Teachers. £328,000 of the underspend was due to the number of Teachers employed in Primary and Secondary schools being less than budget for the majority of the Financial Year. The balance relates to vacant posts within Psychological Services, Quality Improvement and Early Years Education.

Non Teacher Employee Costs had an underspend of £147,000, mostly due to vacancies within Early Years Education and Community Learning & Development.

Property Costs:

Total underspend for Property Costs was £173,000 (1.5%)

£34,000 underspend for Non-Domestic Rates (NDR) mainly due to empty relief for Kilmacolm and St Patrick's Primaries during refurbishment and construction work.

£97,000 underspend for Contract Cleaning due to the early implementation of operational efficiencies by Environmental and Commercial Services.

£34,000 underspend for Gas and Electricity due to consumption in schools being lower than budgeted amount.

Supplies and Services:

Total overspend for Supplies and Services was £36,000 (0.9%)

This was mainly due to overspends on Kitchen Equipment Repairs (£21,000) and School Milk (£7,000) The Kitchen Equipment Repairs overspend will be addressed by the proposed virement in 2017/18 (see paragraph 8.1.)

Transport Costs:

Total overspend for Transport Costs was £14,000 (0.6%)

A £25,000 overspend for Pupil Consortium Transport was partially offset by an underspend for Internal Transport.

Administration Costs:

Total overspend for Administration Costs was £44,000 (7.6%)

£59,000 overspend for IT Recharges for Line Rental, mainly for School internet connections, was partially offset by minor variances underspends. The IT Recharges overspend will be addressed by the proposed virement in 2017/18 (see paragraph 8.1.)

Other Expenditure:

Total underspend for Other Expenditure was £5,000 (0.04%)

This was due to a number of minor variances.

Income:

Total over recovery of Income was £132,000 (2.9%)

£65,000 over recovery of School Meal Income due to uptake being higher than expected. This will be addressed by the proposed virement in 2017/18 (see paragraph 8.1.)

£58,000 over recovery of Opportunities for All Grant income.

6.0 2017/18 PROJECTION

- 6.1 The total Education budget for 2017/18, excluding planned carry forward for Earmarked Reserves, is currently £75,066,160. This is an increase of £783,000 from the approved budget. Appendix 1 gives details of the budget movement responsible for this increase.
- 6.2 The main issues to highlight in relation to the 2017/18 projected underspend of £272,000 are:

Employee Costs - Teachers

The current budget for Teachers Employee Costs is £39,144,000 and the latest projection is an underspend of £104,000. This represents 0.3% of the Teachers budget. Teacher numbers fluctuate throughout the year and the overall numbers are managed to stay within budget. The Teacher staffing numbers will be fully reviewed after the start of the new academic year in August 2017 to take account of any posts that remain vacant.

Employee Costs – Non Teachers

The current budget for Non Teacher Employee Costs is £15,878,000 and the latest projection is an underspend of £55,000. £30,000 of this underspend relates to the early achievement of budget savings and the balance relates to vacant posts, mainly within schools.

An additional two Learning Assistant posts are required within ASN in addition to those budgeted for. This is due to increased demand within the Service.

Contract Cleaning

The current budget for Contract Cleaning is £1,287,720 and the latest projection is an underspend of £60,000 due to the early achievement of 2018/19 Productivity savings.

Janitors

The current budget for Janitors is £983,070 and the latest projection is an underspend of £32,000 due to vacant posts.

Kitchen Equipment Repairs

Following approval of the virement requested in paragraph 8.1 and Appendix 5, the budget for Kitchen Equipment Repairs will be increased to £31,000 and the latest projection is on budget.

IT Recharges Line Rental

Following approval of the virement requested in paragraph 8.1 and Appendix 5, the budget for IT Recharges Line Rental will be increased to £174,000 and the latest projection is on budget.

Income From Other Local Authorities

The current budget for Income From Other Local Authorities for ASN Placements within Inverclyde Schools is £313,000 and the latest projection is an over recovery in income of £40,000 which is in line with the out-turn for the previous year.

School Meals Income

The budget for School Meals Income will be increased to £1,006,000 following approval of the virement requested in paragraph 8.1 and Appendix 5. The latest projection is on budget.

Appendices 2 and 3 provide more details on the projected variances.

7.0 EARMARKED RESERVES

7.1 Earmarked Reserves excluding those for Asset Plans and Strategic Funds total £784,000, of which £605,000 is projected to be spent in 2017/18. Spend to date at the end of Period 3 is £99,000 or 16.4% of the projected spend for this Financial Year. Spend to date per profiling was also expected to be £99,000, therefore there is no slippage at this time.

8.0 VIREMENTS

8.1 The Committee is asked to approve the virements totalling £89,000 as detailed in Appendix 5. The School Meals Income budget will be increased in line with the 2016/17 final out turn in order to fund a projected overspend of £69,000 for IT Line Rental Costs. The Hospital Tuition budget will be reduced in line with the historical out turn for this budget in order to increase the Kitchen Equipment Repairs budget by £20,000.

9.0 IMPLICATIONS

9.1 Finance

All financial implications are discussed in detail within the report above.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend This Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs / (Savings)

Cost Centre	Budget Heading	Budget Years	Proposed Spend This Report £000	Virement From	Other Comments
N/A					

9.2 Legal

There are no specific legal implications arising from this report

9.3 Human Resources

There are no specific human resources implications arising from this report.

9.4 Equalities

There are no equalities issues with this report.

9.5 Repopulation

There are no repopulation issues with this report.

10.0 CONSULTATION

10.1 The paper has been jointly prepared by the Chief Financial Officer and the Corporate Director Education, Communities and Organisational Development.

11.0 BACKGROUND PAPERS

11.1 There are no background papers for this report.

Education Budget Movement - 2017/18**Period 3 - 1st April 2017 to 30th June 2017**

Service	Approved Budget	Inflation £000	Virement £000	Movements	Transferred to EMR £000	Revised Budget
	2017/18 £000			Supplementary Budgets £000		2017/18 £000
Corporate Director	141					141
Education	69,630		507	269	(7,239)	63,167
Inclusive Education	9,961		7			9,968
Safer & Inclusive Communities	1,790					1,790
Totals	<u>81,522</u>	<u>0</u>	<u>514</u>	<u>269</u>	<u>(7,239)</u>	<u>75,066</u>

Movement Detail

£000

External Resources

1140 Hours Early Years Funding

269

269**Virements**

Probationer Teachers Funding

514

514**Inflation**0783

EDUCATIONREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCESPeriod 3 - 1st April to 30th June 2017

<u>Out Turn 2016/17 £000</u>	<u>Budget Heading</u>	<u>Budget 2017/18 £000</u>	<u>Proportion of Budget</u>	<u>Actual to 30-Jun-17 £000</u>	<u>Projection 2017/18 £000</u>	<u>(Under)/Over Budget £000</u>	<u>Percentage Over / (Under)</u>
38,543	Employee Costs - Teachers	39,144	9,628	9,604	39,040	(104)	(0.3%)
16,130	Employee Costs - Non Teachers	15,878	3,940	3,693	15,823	(55)	(0.3%)
1,246	Cleaning	1,288	322	0	1,228	(60)	(4.7%)
1,081	Janitors	983	246	0	951	(32)	(3.3%)
32	Kitchen Equipment Repairs	11	3	12	32	21	190.9%
(358)	Income From OLA	(313)	(78)	(95)	(353)	(40)	12.8%
Total Material Variances						(270)	

EDUCATION**REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****Period 3 - 1st April to 30th June 2017**

2016/17 Actual £000	Subjective Heading	Approved Budget 2017/18 £000	Revised Budget 2017/18 £000	Projected Out-turn 2017/18 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
38,543	Employee Costs - Teachers	37,392	39,144	39,040	(104)	(0.3%)
16,130	Employee Costs - Non Teachers	15,063	15,878	15,823	(55)	(0.3%)
11,582	Property Costs	7,404	7,399	7,298	(101)	(1.4%)
3,924	Supplies & Services	3,971	4,048	4,074	26	0.6%
2,383	Transport Costs	1,955	1,926	1,926	0	-
621	Administration Costs	444	437	437	0	-
4,206	Other Expenditure	17,770	18,981	18,983	2	0.0%
(4,744)	Income	(2,477)	(5,508)	(5,548)	(40)	0.7%
72,645	TOTAL NET EXPENDITURE	81,522	82,305	82,033	(272)	(0.3%)
	Earmarked Reserves	0	(2,687)	(2,687)	0	
	Loan Charges / DMR	0	(4,552)	(4,552)	0	
	TOTAL NET EXPENDITURE excluding Earmarked Reserves	81,522	75,066	74,794	(272)	

2016/17 Actual £000	Objective Heading	Approved Budget 2017/18 £000	Revised Budget 2017/18 £000	Projected Out-turn 2017/18 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
151	Corporate Director	141	141	151	10	7.1%
55,879	Education	54,937	55,713	55,450	(263)	(0.5%)
5,199	School Estate Management Plan	14,693	14,693	14,693	0	-
61,078	TOTAL EDUCATION SERVICES	69,630	70,406	70,143	(263)	(0.4%)
8,263	ASN	8,349	8,356	8,339	(17)	(0.2%)
1,538	Other Inclusive Education	1,612	1,612	1,613	1	0.1%
9,801	TOTAL INCLUSIVE EDUCATION	9,961	9,968	9,952	(16)	(0.2%)
1,446	Community Learning & Development	1,534	1,534	1,530	(4)	(0.3%)
169	Other Safer & Inclusive	256	256	257	1	0.4%
1,615	TOTAL SAFER & INCLUSIVE	1,790	1,790	1,787	(3)	(0.2%)
72,645	TOTAL EDUCATION COMMITTEE	81,522	82,305	82,033	(272)	(0.3%)
	Earmarked Reserves	0	(2,687)	(2,687)	0	

EARMARKED RESERVES POSITION STATEMENT

Appendix 4

COMMITTEE: Education & Lifelong Learning

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2017/18</u>	<u>Phased Budget To Period 3 2017/18</u>	<u>Actual To Period 3 2017/18</u>	<u>Projected Spend 2017/18</u>	<u>Amount to be Earmarked for 2018/19 & Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Beacon Contract and Core Funding	Grant McGovern	259	53	53	208	51	Projected Spend for 2017/18 is £75k retention Payment + £130k Funding + £3k for Director. £51k contingency remains at end of 2017/18
Funding for I Youth Zone Port Glasgow, Greenock & Gourock	Martin McNab	256	37	37	256	0	Funding to 31/03/18 of 2018 for 3 x I-Youth Zones
School Clothing Grants	Grant McGovern	50	0	0	25	25	£25k will be spent in 2017/18 with £25k c/f for Year 4. This EMR funds an additional £10 per claim.
Rankin Park Bike Trail - School Use	Martin McNab	58	0	0	15	43	£15k of the EMR will be used to fund the extended opening of Gourock Pool. Unlikely to be any expenditure on Bike Trail activities in 2017/18.
Primary School Swimming - P6 to P4 Move	Martin McNab	40	0	0	40	0	Payment for Swimming Teachers and transport will be made at Financial Year end as part of the DMR process.
PG Community Campus Apprenticeships	Ruth Binks	50	0	0	12	38	Assumes Head Teachers will allocate some awards this Financial Year
Developing Young Person's Workforce	Ruth Binks	52	0	0	30	22	Payment will be made to West College for Vocational Programme in March 2018. Balance will be c/f to 2018/19.
Secondary Schools Credit Union	Ruth Binks	19	9	9	19	0	£9k invoice from Tail O The Bank Credit Union for Staff Costs and Publicity was paid P3. Balance relates to deposits to be paid in to S1 Pupil accounts.
Total		784	99	99	605	179	

EDUCATION COMMITTEE**VIREMENT REQUESTS**

Budget Heading		Increase Budget	(Decrease) Budget
		£	£
IT Line Rental Charges	1	69,000	
School Meal Income			69,000
Kitchen Equipment Repairs	2	20,000	
Hospital Tuition			20,000
		89,000	89,000

Note

1 - School Meal Income budget to be increased by £69,000 to fund overspend on IT Line Rentals.
The virement is based on the out turn of both budget lines in 2016/17.

2 - Hospital Tuition budget to be reduced by £20,000 to fund overspend on Kitchen Equipment Repairs.
The virement is based on the out turn of both budget lines in 2016/17.