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<b>Report To:</b>	<b>Education &amp; Communities Committee</b>	<b>Date:</b>	<b>8 May 2018</b>
<b>Report By:</b>	<b>Chief Financial Officer and Head of Education</b>	<b>Report No:</b>	<b>FIN/45/18/AP/IC</b>
<b>Contact Officer:</b>	<b>Iain Cameron</b>	<b>Contact No:</b>	<b>01475 712832</b>
<b>Subject:</b>	<b>Education 2017/18 Revenue Budget- Period 11 to 28 February 2018</b>		

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## 1.0 PURPOSE

- 1.1 To advise the Committee of the 2017/18 Revenue Budget position as at Period 11 (28 February 2018.)

## 2.0 SUMMARY

- 2.1 The total Education budget for 2017/18, excluding planned carry forward for Earmarked Reserves, is £75,296,570. The School Estate Management Plan accounts for £14,673,000 of the total Education budget. The latest projection is an underspend of £148,000 (0.2%), an increase in expenditure of £59,000 since the last Committee.
- 2.2 The main variances to highlight for the 2017/18 Revenue Budget are –
- (a) Projected underspend of £26,000 for Teachers Employee Costs, the same as previously reported to Committee. The underspend is equivalent to 0.1% of the Teacher's budget. Teacher numbers will fluctuate throughout the academic year but the overall numbers are managed to stay within budget.
  - (b) Projected underspend of £127,000 for Non Teachers Employee Costs, an increase in expenditure of £7,000 since the last Committee. The majority of the projected underspend is due to vacant posts, mainly within Schools and Early Years establishments.
  - (c) Projected overspend in Property costs of £102,000 arising from overspends in Non Domestic Rates, Water and Biomass.
  - (d) Projected underspend of £60,000 for Contract Cleaning due to the early achievement of 2018/19 productivity savings.
  - (e) Projected overspend of £26,000 for Pupil Consortium Transport.
  - (f) Projected overspend of £36,000 arising from the Council contribution to legal fees associated with the ongoing litigation matter relating to The Beacon development. These costs have been previously reported to Committee.
  - (g) Projected over recovery of income of £50,000 for income received from other Local Authorities for placements within Garvel and Craigmarnloch.

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(h) Projected over recovery of income of £50,000 for Wrapround Income within Early Years Education.

- 2.3 It should be noted that adjustments have been agreed as part of the 2018/20 Revenue Budget process to address some of these underspends.
- 2.4 Earmarked Reserves for 2017/18, excluding those for Asset Plans and Strategic Funds, total £847,000 of which £522,000 is projected to be spent in the current financial year. To date, expenditure of £450,000 (86.2%) has been incurred. Spend to date per profiling was expected to be £413,000, therefore there is no slippage to report at this time.

### **3.0 RECOMMENDATION**

- 3.1 That the Committee notes the current projected underspend of £148,000 for the 2017/18 Education Revenue budget as at Period 11.
- 3.2 That the Committee notes that proposals have been approved as part of the 2018/19 budget process to address a number of the projected underspends.

**Alan Puckrin**  
Chief Financial Officer

**Ruth Binks**  
Head of Education Services

## 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 at Period 11 (28 February 2018) and highlight the main issues contributing to the projected underspend of £148,000.

## 5.0 2017/18 PROJECTION

5.1 The total Education budget for 2017/18, excluding planned carry forward for Earmarked Reserves, is currently £75,296,570. This is an increase of £1,068,000 from the approved budget. Appendix 1 gives details of the budget movements responsible for this increase.

5.2 The main variances to highlight for the 2017/18 Revenue Budget are -

### Employee Costs - Teachers

The total budget for Teachers Employee Costs is £38,523,000 and the latest projection is an underspend of £26,000 or 0.1% of the Teachers budget. The underspend remains the same as previously reported to Committee after £50,000 of the Curriculum for Excellence budget has been downloaded to schools to fund Supply Teachers. The Teacher numbers will fluctuate throughout the academic year but the overall numbers are managed to stay within budget.

### Employee Costs – Non Teachers

The total budget for Non Teacher Employee costs is £16,638,000 and the latest projection is an underspend of £127,000 or 0.8% of the Non Teachers budget. This is a decrease in underspend of £7,000 since the last Committee. The majority of the projected underspend relates to vacant posts, mainly within Schools and Early Years establishments.

### Non Domestic Rates

The total budget for Non Domestic Rates is £3,357,040 and the latest projection is an overspend of £35,000. An overspend of £41,630 for the Port Glasgow Community Campus is being partially offset by empty relief received for Lady Alice and Moorfoot Primary Schools during their refurbishment. There is no change to this projection since the last Committee.

### Water

The total budget for Water is £255,000 and the latest projection is an overspend of £36,000. The overspend has increased by £4,000 since last Committee due to a re-alignment of Corporate Water budgets. The projected overspend is mainly due to the ongoing surface water drainage dispute at Clydeview and Notre Dame High Schools. In previous years these cost have been recovered via a reduction in the PPP Unitary Charge payments. Officers of the Council will continue working towards recovering this year's costs or having the surface water drainage charge cancelled. It should be noted that the water supplier has now removed these charges for 2018/19.

### Biomass Fuel

The current budget for Biomass Fuel within Port Glasgow Community Campus is £67,000 and the latest projection is an overspend of £31,000, an increase of £5,000 since the last Committee. The tonnage of wood chips biomass fuel delivered in the first eleven months of 2017/18 is 78% higher than the previous year. The increased consumption will be partially offset by an over recovery of Renewable Heat Incentive income reported to the Environment & Regeneration Committee.

### 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. The projection is the same as previously reported to Committee.

### Pupil Transport – Consortium

The 2017/18 Pupil Transport – Consortium budget is £41,100 and the latest projection is an overspend of £26,000 which is in line with the previous year's out turn. This budget is used to fund the cost of taxis required to transport children from their own Secondary School to another one where parts of their curriculum is delivered.

### Legal Fees

Projected overspend of £36,000 arising for the Council's contribution to the legal fees associated with the ongoing litigation matter relating to The Beacon development. As reported to the last Committee, these costs will be contained within the overall Education & Communities budget.

### Income from Other Local Authorities

The Income from Other Local Authorities budget is £313,000 and the latest projection is an over recovery of income of £50,000, an increase of £10,000 since the last Committee. This income is received for children from outwith Inverclyde who are placed within Garvel and Craigmarloch.

### Wrapround Income

The current budget for Wrapround Income within Early Years is £201,000 and the latest projection is an over recovery of income of £50,000. The majority of the over recovery relates to after school care and holiday clubs and is the same as previously reported to Committee.

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

## **6.0 EARMARKED RESERVES**

- 6.1 Earmarked Reserves for 2017/18, excluding those for Asset Plans and Strategic Funds, total £847,000 of which £522,000 is projected to be spent in the current financial year. To date, expenditure of £450,000 (86.2%) has been incurred. Spend to date per profiling was expected to be £413,000, therefore there is no slippage to report at this time.

## **7.0 VIREMENTS**

- 7.1 There are no virements this Committee cycle.

## 8.0 IMPLICATIONS

### 8.1 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					

### 8.2 Legal

There are no specific legal implications arising from this report

### 8.3 Human Resources

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

### 8.4 Equalities

There are no equalities issues with this report.

### 8.5 Repopulation

There are no repopulation issues with this report.

## 9.0 CONSULTATION

9.1 The paper has been jointly prepared by the Chief Financial Officer and the Head of Education Services.

## 10.0 BACKGROUND PAPERS

10.1 There are no background papers for this report.

**Education Budget Movement - 2017/18****Period 11 - 1st April 2017 to 28th February 2018**

Service	Approved Budget	Movements			Revised Budget	
	2017/18 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	2017/18 £000
Corporate Director	141	1	1			143
Education	69,630	154	1,038		(7,289)	63,533
Inclusive Education	9,961	71	(199)			9,833
Safer & Inclusive Communities	1,790	21	(23)			1,788
Totals	<u>81,522</u>	<u>247</u>	<u>817</u>	<u>0</u>	<u>(7,289)</u>	<u>75,297</u>

**Movement Detail**

£000

**External Resources**0**Virements**

Probationer Teachers Funding - from P&R  
 IT Information Classification Policy - to P&R  
 IT Line Rental - from E&R  
 Apprenticeship Levy - from P&R  
 Office Supplies Saving - to P&R  
 Water Saving - to P&R  
 SEMP to Contingency - to P&R  
 NDR Virement - from P&R

514  
 (1)  
 44  
 209  
 (14)  
 (4)  
 (20)  
 89

817**Inflation**

Pay Award

247

2471,064

**EDUCATION****REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****Period 11 - 1st April to 28th February 2018**

<u>Out Turn</u> <u>2016/17</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Budget</u> <u>2017/18</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u>	<u>Actual to</u> <u>28-Feb-18</u> <u>£000</u>	<u>Projection</u> <u>2017/18</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>Percentage</u> <u>Over / (Under)</u>
38,543	Employee Costs - Teachers	38,573	36,268	36,038	38,547	(26)	(0.1%)
16,130	Employee Costs - Non Teachers	16,638	14,634	14,413	16,511	(127)	(0.8%)
3,235	Non Domestic Rates	3,357	3,357	3,392	3,392	35	1.0%
285	Water	255	255	291	291	36	14.1%
59	Biomass	67	61	78	98	31	46.3%
1,246	Cleaning	1,288	751	2	1,228	(60)	(4.7%)
66	Pupil Transport - Consortium	41	31	58	67	26	63.4%
0	Legal Fees - The Beacon	0	0	0	36	36	-
(358)	Income From OLA	(313)	(227)	(95)	(363)	(50)	16.0%
(204)	Wrapround Income	(201)	(201)	(257)	(251)	(50)	24.9%
<b>Total Material Variances</b>						<b>(149)</b>	

**EDUCATION****REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****Period 11 - 1st April to 28th February 2018**

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	38,573	38,547	(26)	(0.1%)
16,130	Employee Costs - Non Teachers	15,063	16,638	16,511	(127)	(0.8%)
11,582	Property Costs	7,404	7,497	7,544	47	0.6%
3,924	Supplies & Services	3,971	3,945	3,965	20	0.5%
2,383	Transport Costs	1,955	1,955	1,977	22	1.1%
621	Administration Costs	444	662	662	0	-
4,206	Other Expenditure	17,770	18,803	18,812	9	0.0%
(4,744)	Income	(2,477)	(5,487)	(5,580)	(93)	1.7%
72,645	TOTAL NET EXPENDITURE	81,522	82,586	82,438	(148)	(0.2%)
	Earmarked Reserves	0	(2,796)	(2,796)	0	
	Loan Charges / DMR	0	(4,493)	(4,493)	0	
	TOTAL NET EXPENDITURE excluding Earmarked Reserves	81,522	75,297	75,149	(148)	

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	143	153	10	7.0%
55,879	Education	54,937	56,142	55,959	(183)	(0.3%)
5,199	School Estate Management Plan	14,693	14,673	14,673	0	-
61,078	TOTAL EDUCATION SERVICES	69,630	70,815	70,632	(183)	(0.3%)
8,263	ASN	8,349	8,470	8,520	50	0.6%
1,538	Other Inclusive Education	1,612	1,367	1,375	8	0.6%
9,801	TOTAL INCLUSIVE EDUCATION	9,961	9,837	9,895	58	0.6%
1,446	Community Learning & Development	1,534	1,557	1,526	(31)	(2.0%)
169	Other Safer & Inclusive	256	234	232	(2)	(0.9%)
1,615	TOTAL SAFER & INCLUSIVE	1,790	1,791	1,758	(33)	(1.8%)
72,645	TOTAL EDUCATION COMMITTEE	81,522	82,586	82,438	(148)	(0.2%)
	Earmarked Reserves	0	(2,796)	(2,796)	0	

## EARMARKED RESERVES POSITION STATEMENT

## COMMITTEE: Education &amp; Lifelong Learning

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2017/18</u>	<u>Phased Budget To Period 11 2017/18</u>	<u>Actual To Period 11 2017/18</u>	<u>Projected Spend 2017/18</u>	<u>Amount to be Earmarked for 2018/19 &amp; 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	208	235	235	24	£255k spend for 2017/18 = £75k Retention Payment + £130k funding + £50k contingency. £20k of Contingency now remains and £4k not required. Further resources have been added as part of the 2018/19 Budget.
Autism Friendly	Grant McGovern	150	0	0	0	150	Full amount will be c/f following Committee approval 13/03/18. Further resources have been added as part of the 2018/19 Budget.
Funding for I Youth Zone Port Glasgow, Greenock & Gourock	Martin McNab	256	169	142	176	80	Funding to 31/03/18 for 3 x I-Youth Zones. £80k underspend being projected due to vacant posts and slippage of expenditure until 2018/19. Further resources have been added as part of the 2018/19 Budget.
School Clothing Grants	Grant McGovern	50	25	25	25	25	£25k has now been spent for 2017/18. Following the budget process for 2018/19 the remaining £25k will be written back to General Reserves and replaced by an increase in Core Budget.
Rankin Park Bike Trail - School Use	Martin McNab	15	0	15	15	0	P&R Committee 08/08/17 agreed to use up to £15k of this EMR to fund IL extending the opening of Gourock Pool for Sept 2017. Invoice received from IL is £16.5k due to income being lower than expected. Sports core budget will fund the difference.
Primary School Swimming - P6 to P4 Move	Martin McNab	25	0	8	20	5	Payment for Swimming Teachers and transport will be made at Financial Year end as part of the DMR process. SPT bus charges now received.
PG Community Campus Apprenticeships	Ruth Binks	50	2	15	15	35	Head Teachers have purchased STEM subject resources. Plans to spend the balance will be completed by June 2018.
Developing Young Person's Workforce	Ruth Binks	30	0	1	24	6	Payment will be made to West College for Vocational Programme in March 2018. £6k required to be c/f as contribution to inter-Authority event held during the April to June academic term.
Secondary Schools Credit Union	Ruth Binks	12	9	9	12	0	£9k payment made to Tail O' The Bank Credit Union for staff costs and resources. Balance of £3k will fund the deposits to S1 pupils accounts. Uptake is low again this year.
<b>Total</b>		<b>847</b>	<b>413</b>	<b>450</b>	<b>522</b>	<b>325</b>	