
Report To:	Education & Communities Committee	Date:	4 September 2018
Report By:	Chief Financial Officer and Corporate Director Education, Communities and Organisational Development	Report No:	FIN/80/18/AP/IC
Contact Officer:	Iain Cameron	Contact No:	01475 712832
Subject:	Education 2018/19 Revenue Budget- Period 3 to 30 June 2018		

1.0 PURPOSE

- 1.1 To advise the Committee of the 2017/18 final outturn and the 2018/19 Revenue Budget position as at Period 3 to 30 June 2018.

2.0 SUMMARY

- 2.1 Modifications to the Committee and Senior Management structures were approved by Inverclyde Council on 22 February 2018. As a result of these changes, Facilities Management was transferred to the Education, Communities and Organisational Development Directorate. It should be noted that these changes are not reflected in the 2017/18 outturn report but are included in the 2018/19 projection report.
- 2.2 In 2017/18, excluding the carry forward of Earmarked Reserves, there was an underspend of £151,000 against a budget figure of £75.766 million. This equates to 0.2% of the total budget and was £3,000 less expenditure than reported to the last Committee.

The main variances for 2017/18 were –

- (a) An underspend of £30,000 for Teacher Employee Costs, equivalent to 0.08% of the Teachers budget.
- (b) An underspend of £86,000 for Non Teacher Employee Costs. An overspend for ASN staff (£35k) was offset by underspends for Early Years (£49k) and Education (£72k).
- (c) An overspend of £50,000 for Property Costs. Overspends for Non-Domestic Rates (£35k) and Utilities (£106k) were offset by underspends for Cleaning, Janitors and Refuse Collection (£91k).
- (d) An underspend of £34,000 for Contract Catering and Kitchen Equipment Repairs.
- (e) An overspend of £33,000 for Pupil Consortium Travel.
- (f) An underspend of £59,000 for Administration Costs, mainly Telephones.
- (g) An overspend of £45,000 for ASN Support. An overspend of £80,000 for ASN Resources was partially offset by an underspend of £35,000 for ASN Placements.

- (h) A £52,000 over recovery of income from Other Local Authorities for ASN Placements in Inverclyde schools.
- (i) A £37,000 over recovery of Early Years Wrapround Income mainly due to increased use during holiday periods.

2.3 The total Education budget for 2018/19, excluding planned carry forward for Earmarked Reserves, is £76,385,070. The School Estate Management Plan accounts for £14,629,000 of the total Education budget. The latest projection is an underspend of £82,000.

2.4 The main reasons for the 2018/19 projected underspend are –

- (a) Projected underspend of £23,000 for Teacher Employee Costs which is equivalent to 0.1% 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 2018 to take account of any posts that remain vacant.
- (b) Projected underspend of £31,000 for Education Non Teacher Employee Costs mainly due to the Corporate Director post being vacant for a number of months.
- (c) Projected underspend of £20,000 for Public Convenience Employee Costs.
- (d) Projected overspend of £40,000 for Non Domestic Rates (NDR.)
- (e) Projected overspend of £41,000 for Electricity following virement requested in paragraph 8.1 and Appendix 5.
- (f) Projected overspend of £21,000 for Biomass fuel for Port Glasgow Community Campus.
- (g) Projected underspend of £42,000 for Contract Cleaning.
- (h) Projected underspend of £46,000 for Catering Recharge.
- (i) Projected overspend of £20,000 for Kitchen Equipment Repairs.
- (j) Projected over recovery of £37,000 for Early Years Wrapround income.

2.5 Earmarked Reserves for 2018/19, excluding those for Asset Plans and Strategic Funds, total £600,000 of which £568,000 is projected to be spent in the current financial year. To date expenditure of £39,000 (6.9%) has been incurred. Spend to date per profiling was also expected to be £39,000, therefore there is no slippage at this time.

3.0 RECOMMENDATION

- 3.1 That the Committee notes the final outturn for the 2017/18 Education Revenue Budget.
- 3.2 That the Committee notes the current projected underspend of £82,000 for the 2018/19 Education Revenue budget as at Period 3 to 30 June 2018.
- 3.3 That the Committee approves the virement of £30,000 as detailed in Paragraph 8.1. and Appendix 5.

Alan Puckrin
Chief Financial Officer

Ruth Binks
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 2018/19 Revenue Budget, as well as the 2017/18 final outturn and to highlight the main issues contributing to the £151,000 underspend in 2017/18 and the projected underspend of £82,000 for 2018/19.

5.0 2017/18 OUTTURN

5.1 Modifications to the Committee and Senior Management structures were approved by Inverclyde Council on 22 February 2018. As a result of these changes, Facilities Management was transferred to the Education, Communities and Organisational Development Directorate. It should be noted that the 2017/18 outturn report does not include these changes.

5.2 The final outturn for 2017/18, after adjustments for Earmarked Reserves, was an underspend of £151,000. The main factors contributing to this underspend were:

	Revised Budget 2017/18	Outturn 2017/18	Variance to Budget	P11 Projected Variance	Movement Since P11 Projection
Corporate Director	146	152	6	10	(4)
Education Services	63,673	63,471	(202)	(183)	(19)
Inclusive Education	10,149	10,228	79	58	21
Safer Inclusive Communities	1,798	1,764	(34)	(33)	(1)
TOTAL NET EXPENDITURE	75,766	75,615	(151)	(148)	(3)

The main variances are explained in greater detail below.

Employee Costs:

Total underspend for Employee Costs was £116,000 (0.2%).

There was an underspend of £30,000 for Teachers and an underspend of £86,000 for Non Teacher employees mainly due to additional turnover savings.

Property Costs:

Total overspend for Property Costs was £50,000 (0.3%).

Overspends for Non-Domestic Rates (£35k), Water (£39k), Biomass (£21k) and Utilities (£46k) were partially offset by underspends for Refuse Collection (£12k) and (£79k) for Cleaning / Janitors due to the early achievement of budget savings.

Supplies and Services:

Total underspend for Supplies and Services was £47,000 (1.1%).

Catering Recharges and Kitchen Equipment Repairs underspent by £34,000 with the balance made up of a number of minor variances.

Transport Costs:

Total overspend for Transport Costs was £33,000 (1.3%).

Overspends for Pupil Consortium Travel (£33k), Pupil Vocational Travel (£8k), ASN Transport (£11k) and SPT School Buses (£10k) were offset by an underspend for Internal Transport (£29k).

Administration Costs:

Total underspend for Administration Costs was £53,000 (7.7%).

Telephones underspent by £31,000 and various administration budgets underspent by £22,000.

Other Expenditure:

Total overspend for Other Expenditure was £58,000 (0.7%).

Overspends for ASN Resources (£80k), Cashless Catering Implementation (£23k) and various minor variances (£35k) were offset by underspends for Clothing Grants (£30k), ASN Placements (£35k) and SEEMIS Administration (£15k).

Income:

Total over recovery of Income was £76,000 (1.1%).

Income from Early Year's Wrapround over recovered by £37,000 and income from Other Local Authorities for ASN Placements within Inverclyde Schools over recovered by £52,000.

6.0 2018/19 PROJECTION

- 6.1 The total Education budget for 2018/19, excluding planned carry forward for Earmarked Reserves, is currently £76,385,070. This is an increase of £756,000 from the approved budget. Appendix 1 gives details of the budget movement responsible for this increase.
- 6.2 Modifications to the Committee and Senior Management structures were approved by Inverclyde Council on 22 February 2018. As a result of these changes, Facilities Management was transferred to the Education, Communities and Organisational Development Directorate and is now included in the 2018/19 Projection.
- 6.3 The level of Turnover Savings allocated to the Employee Costs budget is currently being reviewed by the Corporate Management Team. An update on any impact on the Education Revenue Budget will be provided at the next Committee.
- 6.4 The main issues to highlight in relation to the 2018/19 projected underspend of £82,000 are:

Education Employee Costs - Teachers

The current budget for Teacher Employee Costs is £39,582,000 and the latest projection is an underspend of £23,000. This represents 0.1% 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 2018 to take account of any posts that remain vacant.

Education Employee Costs – Non Teachers

The current budget for Education Non Teacher Employee Costs is £16,757,000 and the latest projection is an underspend of £31,000. This mainly relates to the Corporate Director post being vacant for a number of months.

Public Conveniences Employee Costs

The current budget for Public Conveniences Employee Costs is £100,000 and the latest projection is an underspend of £20,000 due to the over recovery of Turnover Savings.

Non Domestic Rates

The current budget for Non Domestic Rates is £3,225,170 and the latest projection is an overspend of £40,000 which is in line with the outturn for the previous year and relates mainly to Disabled Adapted Building Relief not being awarded for Craigmarloch. This has been reviewed by the Assessor and the cost pressure will need to be contained within the Education Directorate.

Gas

Following the allocation of an additional £68,000 from Inflation Contingency and the virement of £30,000 requested in paragraph 8.1 and appendix 5, the budget for Gas will be £483,680. The latest projection is on budget.

Electricity

Following the allocation of an additional £88,000 from Inflation Contingency and the virement requested in paragraph 8.1 and appendix 5, the budget for Electricity will be £826,360 and the latest projection is an overspend of £41,000.

Biomass Fuel

The current budget for Biomass Fuel is £66,750 and the latest projection is an overspend of £21,000 which is in line with the outturn for the previous year.

Contract Cleaning

The current budget for Contract Cleaning is £1,316,000 and the latest projection is an underspend of £42,000. This is mainly due to the over achievement of budget savings due to increased efficiencies.

Catering Recharge

The current budget for Catering Recharge is £3,010,000 and the latest projection is an underspend of £46,000. The underspend mainly relates to catering supplies.

Kitchen Equipment Repairs

The current budget for Kitchen Equipment Repairs is £31,000 and the latest projection is an overspend of £20,000. This is in line with the level of expenditure in previous years.

Early Years Wraparound Income

The current budget for Early Years Wraparound income is £201,000 and the latest projection is an over recovery of income of £37,000. This is in line with the outturn for the previous year.

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

7.0 EARMARKED RESERVES

7.1 Earmarked Reserves for 2018/19, excluding those for Asset Plans and Strategic Funds, total £600,000 of which £568,000 is projected to be spent in the current financial year. To date expenditure of £39,000 (6.9%) has been incurred. Spend to date per profiling was also expected to be £39,000, therefore there is no slippage at this time.

8.0 VIREMENTS

8.1 The Committee is asked to approve the virement of £30,000 as detailed in Appendix 5. The Gas budget will be reduced by £30,000 and the electricity budget will be increased by £30,000 to reflect current spend patterns.

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 - 2018/19**Period 3 - 1st April 2018 to 30th June 2018**

Service	Approved Budget	Movements			Revised Budget	
	2018/19 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	2017/18 £000
Corporate Director	146					146
Education	69,734	156		600	(6,683)	63,807
Inclusive Education	12,312					12,312
Facilities Management	120					120
Totals	<u>82,312</u>	<u>156</u>	<u>0</u>	<u>600</u>	<u>(6,683)</u>	<u>76,385</u>

Movement Detail

£000

External ResourcesProbationer Teachers
Period Poverty594
6600VirementsDecrease Gas budget
Increase Electricity budget(30)
300InflationElectricity
Gas88
68156756

EDUCATION**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****Period 3 - 1st April to 30th June 2018**

<u>Out Turn</u> <u>2017/18</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Budget</u> <u>2018/19</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u>	<u>Actual to</u> <u>30-Jun-18</u> <u>£000</u>	<u>Projection</u> <u>2018/19</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>Percentage</u> <u>Over / (Under)</u>
39,712	ED Employee Costs - Teachers	39,582	10,050	10,035	39,559	(23)	(0.1%)
17,037	ED Employee Costs - Non Teachers	16,757	3,912	4,224	16,726	(31)	(0.2%)
96	Public Conveniences Employees	100	24	23	80	(20)	(20.0%)
3,235	Non Domestic Rates	3,255	3,255	3,388	3,295	40	1.2%
803	Electricity	826	206	76	867	41	5.0%
88	Biomass	67	8	19	88	21	31.3%
1,218	Cleaning	1,316	329	3	1,274	(42)	(3.2%)
2,923	Catering Charge	3,010	752	3	2,964	(46)	(1.5%)
46	Kitchen Equipment Repairs	31	0	0	51	20	64.5%
(238)	Wrapround Income	(201)	(51)	(112)	(238)	(37)	18.4%
Total Material Variances						(77)	

EDUCATION**REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****Period 3 - 1st April to 30th June 2018**

2017/18 Actual £000	Subjective Heading	Approved Budget 2018/19 £000	Revised Budget 2018/19 £000	Projected Out-turn 2018/19 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
39,712	Employee Costs - Teachers	40,130	39,582	39,559	(23)	(0.1%)
22,039	Employee Costs - Non Teachers	21,036	22,267	22,216	(51)	(0.2%)
14,168	Property Costs	7,568	7,694	7,756	62	0.8%
5,025	Supplies & Services	5,129	5,132	5,106	(26)	(0.5%)
2,557	Transport Costs	1,911	1,917	1,939	22	1.1%
684	Administration Costs	719	722	712	(10)	(1.4%)
4,642	Other Expenditure	17,778	20,499	20,485	(14)	(0.1%)
(13,107)	Income	(11,959)	(14,745)	(14,787)	(42)	0.3%
75,720	TOTAL NET EXPENDITURE	82,312	83,068	82,986	(82)	(0.1%)
	Earmarked Reserves	0	(1,855)	(1,855)	0	
	Loan Charges / DMR	0	(4,828)	(4,828)	0	
	TOTAL NET EXPENDITURE excluding Earmarked Reserves	82,312	76,385	76,303	(82)	

2017/18 Actual £000	Objective Heading	Approved Budget 2018/19 £000	Revised Budget 2018/19 £000	Projected Out-turn 2018/19 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
152	Corporate Director	146	146	123	(23)	(15.8%)
56,129	Education	55,105	55,861	55,847	(14)	(0.0%)
105	Facilities Management	120	120	100	(20)	(16.7%)
7,341	School Estate Management Plan	14,629	14,629	14,629	0	-
63,575	TOTAL EDUCATION SERVICES	69,854	70,610	70,576	(34)	(0.0%)
8,628	ASN	8,720	8,720	8,687	(33)	(0.4%)
1,523	Community Learning & Development	1,578	1,578	1,578	0	-
1,842	Other Inclusive Education	2,014	2,014	2,022	8	0.4%
11,993	TOTAL INCLUSIVE EDUCATION	12,312	12,312	12,287	(25)	(0.2%)
75,720	TOTAL EDUCATION COMMITTEE	82,312	83,068	82,986	(82)	(0.1%)
	Earmarked Reserves	0	(1,855)	(1,855)	0	

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Education & Lifelong Learning

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2018/19</u>	<u>Phased Budget To Period 3 2018/19</u>	<u>Actual To Period 3 2018/19</u>	<u>Projected Spend 2018/19</u>	<u>Amount to be Earmarked for 2019/20 & Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Autism Friendly	Grant McGovern	250	0	0	218	32	£206k allocated to groups in P7, post funded from P6, balance of £32k remains at year end
Funding for 1 Youth Zone Port Glasgow, Greenock & Gourock	Grant McGovern	186	39	39	186	0	Funding to run 3 x 1-Youth Zones until 31/03/19
Primary School Swimming - P6 to P4 Move	Grant McGovern	6	0	0	6	0	Completed by end of June 2018, accounting entries as part of DMR year end
PG Community Campus Apprenticeships	Ruth Binks	35	0	0	35	0	Schools informed must be spent ASAP.
Developing Young Person's Workforce	Ruth Binks	3	0	0	3	0	Will be fully spent Period 4
Beacon Repairs & Renewals	Grant McGovern	120	0	0	120	0	Beacon will submit list of proposals before funding is released
Total		600	39	39	568	32	

EDUCATION COMMITTEE**VIREMENT REQUESTS**

Budget Heading	Increase Budget		(Decrease) Budget
	£		£
Gas Charges Electricity Charges	1	30,000	30,000
		30,000	30,000

Note

1 - Virement to re-align utilities budgets based on spend