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<b>Report To:</b>	<b>Education &amp; Communities Committee</b>	<b>Date:</b>	<b>22 January 2019</b>
<b>Report By:</b>	<b>Chief Financial Officer and Corporate Director Education, Communities and Organisational Development</b>	<b>Report No:</b>	<b>FIN/123/18/AP/IC</b>
<b>Contact Officer:</b>	<b>Iain Cameron</b>	<b>Contact No:</b>	<b>01475 712832</b>
<b>Subject:</b>	<b>Education 2018/19 Revenue Budget- Period 7 to 31 October 2018</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Committee of the 2018/19 Revenue Budget position as at Period 7 to 31 October 2018.

## 2.0 SUMMARY

- 2.1 The total Education budget for 2018/19, excluding planned carry forward for Earmarked Reserves, is £76,150,350. The School Estate Management Plan accounts for £14,629,000 of the total Education budget. The latest projection is an underspend of £217,000, an increase of £127,000 since the last Committee.

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

- (a) Projected underspend of £46,000 for Teachers Employee Costs, an increase of £15,000 since the last Committee and equivalent to 0.1% of the Teachers budget. Teacher numbers will fluctuate throughout the academic year and the overall numbers are managed to stay within budget.
- (b) Projected underspend of £188,000 for Education Non Teachers Employee Costs, an increase of £133,000 since the last Committee. £76,000 of this increase relates to Early Years, including £66,000 due to 1140 Hours funded graduate posts remaining vacant.
- (c) Projected underspend of £85,000 for Facilities Management Employee Costs due to vacant posts, the same as reported to the last Committee. This is offset by a reduction in Facilities Management Income.
- (d) Projected overspend of £32,000 for Non Domestic Rates (NDR), a reduction of £8,000 since the last Committee.
- (e) Projected overspend of £86,000 for Electricity, an increase of £44,000 since last Committee and a projected overspend of £29,000 for Gas, an increase of £34,000 since the last Committee. The allocation of additional budget from the inflation contingency, based on contracted prices for Electricity and Gas, was £68,550 less than previously anticipated. Officers of the Council are currently investigating the differences between invoice prices and these contracted prices. The findings will be fully incorporated into the next Committee report.

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- (f) Projected underspend of £42,000 for Cleaning and £46,000 for Catering the same as reported to the last Committee. This is due to the underspend in Facilities Management employee costs reported above.
  - (g) Projected overspend of £20,000 for Kitchen Equipment Repairs, the same as previously reported to Committee.
  - (h) Projected over-recovery of Early Years Wrapround Income of £95,000, an increase of £58,000 since the last Committee. This is due to an increase in uptake in holiday periods and an increase in the number of nurseries now offering the service.
  - (i) Projected shortfall in income of £65,000 for Facilities Management recharges due to the underspend in Employee Costs reported above.

2.3 Earmarked Reserves for 2018/19, excluding those for Asset Plans and Strategic Funds, total £600,000 of which £520,000 is projected to be spent in the current financial year. To date, expenditure of £164,000 (31.5%) has been incurred. Spend to date per profiling was expected to be £280,000, therefore slippage is £116,000 (41.4%) and is due to delays in awarding funding for Autism Friendly projects. This is subject to a report elsewhere on the agenda.

### **3.0 RECOMMENDATION**

- 3.1 That the Committee notes the current projected underspend of £217,000 for the 2018/19 Education Revenue Budget as at Period 7 to 31 October 2018.
- 3.2 That the Committee notes that Officers of the Council are currently reviewing virement proposals that will address a number of the over and under-spends contained in this report. These virements will be contained in the next Committee report.

**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 at Period 7, 31 October 2018 and highlight the main issues contributing to the projected underspend of £217,000.

## 5.0 2018/19 PROJECTION

- 5.1 The total Education Revenue Budget for 2018/19, excluding planned carry forward for Earmarked Reserves, is currently £76,150,350. This is an increase of £561,000 from the approved budget. Appendix 1 gives details of the budget movements responsible for this increase.
- 5.2 The main issues to highlight in relation to the 2018/19 projected underspend of £217,000 (0.3%) are:

### Education Employee Costs - Teachers

The total budget for Teachers Employee Costs is £40,078,000 and the latest projection is an underspend of £46,000, an increase of £15,000 since the last Committee. This represents 0.1% of the Teachers budget. The number of Teachers employed fluctuates throughout the year and the overall numbers are managed to stay within budget. Teacher staffing numbers were fully reviewed at the start of the new academic year in August and will continue to be reviewed on a regular basis throughout the year.

### Education Employee Costs – Non-Teachers

The total budget for Education Non-Teacher Employee costs is £17,557,000 and the latest projection is an underspend of £188,000, an increase of £133,000 since the last Committee. £76,000 of the projected underspend relates to Early Years, including £66,000 due to 1140 Hours funded graduate posts remaining vacant. £30,000 of the projected underspend relates to the Corporate Director post being vacant for a number of months.

### Facilities Management Employee Costs

The total budget for Facilities Management Employee Costs is £5,384,000 and the latest projection is an underspend of £85,000, the same as previously reported to Committee. There is a projected underspend of £20,000 for Public Conveniences and a projected underspend of £65,000 for Cleaning and Catering due to vacant posts which also relates in a loss of income from recharges.

### Electricity & Gas

The budget for Electricity is currently £786,320 and the latest projection is an overspend of £86,000, an increase of £44,000 since the last Committee. The budget for Gas is currently £455,170 and the latest projection is an overspend of £29,000, an increase of £34,000 since the last Committee. The allocation of additional budget from the inflation contingency, based on contracted prices for Electricity and Gas, was £68,550 less than previously anticipated. Officers of the Council are currently investigating the differences between invoice prices and these contracted prices. The findings will be fully incorporated into the next Committee report.

### Contract Cleaning

The current budget for Contract Cleaning is £1,304,000 and the latest projection is an underspend of £42,000. This is the same as reported to the last Committee and is mainly due to the over-achievement of budget savings due to increased efficiencies.

### Non-Domestic Rates

The current budget for Non-Domestic Rates is £3,255,170 and the latest projection is an overspend of £32,000, a reduction of £8,000 since the last Committee. As previously reported to Committee, the projected overspend mainly relates to Disabled Adapted Building Relief not being awarded to Craigmarnoch. This has been reviewed by the Assessor and the cost pressure is being contained within the Education Directorate.

### Catering Recharge

The current budget for Catering is £2,998,000 and the latest projection is an underspend of £46,000, the same as reported to the last Committee. The underspend mainly relates to catering supplies and is a reduction on the £82,000 underspend for 2017/18.

### Kitchen Equipment Repairs

The Kitchen Equipment Repairs budget is £31,000 and the latest projection is an overspend of £20,000, the same as previously reported to Committee. 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 £95,000, an increase of £58,000 since the last Committee. This is due to an increase in uptake in holiday periods and an increase in the number of nurseries now offering the service. It should be noted that Early Years Wraparound Income will reduce significantly once the provision of 1140 Hours is fully implemented. Government funding will be received to offset this loss of income.

### Facilities Management Income

Facilities Management Income budget, mainly from internal recharges to various Council Services, is £6,355,000 and the latest projection is a shortfall in income of £65,000, the same as previously reported to Committee. The projected underspend is due to the projected underspend in Employee Costs reported above.

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

## **6.0 EARMARKED RESERVES**

- 6.1 Earmarked Reserves for 2018/19, excluding those for Asset Plans and Strategic Funds, total £600,000 of which £520,000 is projected to be spent in the current financial year. To date, expenditure of £164,000 (31.5%) has been incurred. Spend to date per profiling was expected to be £280,000, therefore slippage is £116,000 (41.4%) and is due to delays in awarding funding for Autism Friendly projects. This is subject to a report elsewhere on the agenda.

## **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 Corporate Director Education, Communities and Organisational Development.

## 10.0 BACKGROUND PAPERS

10.1 There are no background papers for this report.

**Education Budget Movement - 2018/19****Period 7 - 1st April 2018 to 31st October 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	87	(105)	600	(6,683)	63,633
Inclusive Education	12,312		(32)		(40)	12,240
Facilities Management	120		11			131
Totals	<u>82,312</u>	<u>87</u>	<u>(126)</u>	<u>600</u>	<u>(6,723)</u>	<u>76,150</u>

**Movement Detail**

£000

**External Resources**

Probationer Teachers  
Free Sanitary Products

594  
6

600**Virements**

Additional Turnover  
Management Restructure

(127)  
1

(126)**Inflation**

Electricity  
Gas

48  
39

87561

**EDUCATION****REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****Period 7 - 1st April to 31st October 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>31-Oct-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	40,078	23,646	23,205	40,032	(46)	(0.1%)
16,871	ED Employee Costs - Non Teachers	16,853	9,884	9,540	16,731	(122)	(0.7%)
166	ED Employee Costs - 1140 Hours	704	239	221	638	(66)	(9.4%)
5,002	Facilities Management Employees	5,102	2,814	2,899	5,017	(85)	(1.7%)
3,235	Non Domestic Rates	3,225	3,225	3,351	3,257	32	1.0%
777	Electricity	786	314	298	872	86	10.9%
429	Gas	455	147	158	484	29	6.4%
1,218	Cleaning	1,304	768	3	1,262	(42)	(3.2%)
2,923	Catering Charge	2,998	1,752	5	2,952	(46)	(1.5%)
46	Kitchen Equipment Repairs	31	0	0	51	20	64.5%
(238)	Wrapround Income	(201)	(201)	(296)	(296)	(95)	47.3%
(6,184)	Facilities Management Income	(6,303)	(3,695)	(631)	(6,238)	65	(1.0%)
<b>Total Material Variances</b>						<b>(270)</b>	

**EDUCATION****REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****Period 7 - 1st April to 31st October 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	40,078	40,032	(46)	(0.1%)
22,039	Employee Costs - Non Teachers	21,036	22,659	22,386	(273)	(1.2%)
14,168	Property Costs	7,568	7,606	7,729	123	1.6%
5,025	Supplies & Services	5,129	5,380	5,354	(26)	(0.5%)
2,557	Transport Costs	1,911	1,927	1,967	40	2.1%
684	Administration Costs	719	710	705	(5)	(0.7%)
4,699	Other Expenditure	17,778	22,782	22,797	15	0.1%
(13,107)	Income	(11,959)	(18,269)	(18,314)	(45)	0.2%
75,777	TOTAL NET EXPENDITURE	82,312	82,873	82,656	(217)	(0.3%)
	Earmarked Reserves	0	(1,895)	(1,895)	0	
	Loan Charges / DMR	0	(4,828)	(4,828)	0	
	TOTAL NET EXPENDITURE excluding Earmarked Reserves	82,312	76,150	75,933	(217)	

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	55,687	55,562	(125)	(0.2%)
162	Facilities Management	120	131	111	(20)	(15.3%)
7,341	School Estate Management Plan	14,629	14,629	14,629	0	-
63,632	TOTAL EDUCATION SERVICES	69,854	70,447	70,302	(145)	(0.2%)
8,628	ASN	8,720	8,715	8,706	(9)	(0.1%)
1,523	Community Learning & Development	1,578	1,560	1,560	0	-
1,842	Other Inclusive Education	2,014	2,005	1,965	(40)	(2.0%)
11,993	TOTAL INCLUSIVE EDUCATION	12,312	12,280	12,231	(49)	(0.4%)
75,777	TOTAL EDUCATION COMMITTEE	82,312	82,873	82,656	(217)	(0.3%)
	Earmarked Reserves	0	(1,895)	(1,895)	0	



## EARMARKED RESERVES POSITION STATEMENT

## COMMITTEE: Education &amp; Lifelong Learning

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2018/19</u>	<u>Phased Budget To Period 7 2018/19</u>	<u>Actual To Period 7 2018/19</u>	<u>Projected Spend 2018/19</u>	<u>Amount to be Earmarked for 2019/20 &amp; 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	150	0	170	80	Previously reported £206k allocation to groups in P7 did not happen due to poor quality of bids. CVS Inverclyde post being funded from P6 but not yet invoiced. Now expected that £170k will be spent this FY with balance c/f to fund posts for remainder of contract.
Funding for 1 Youth Zone Port Glasgow, Greenock & Gourock	Grant McGovern	186	87	87	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	9	35	0	Balance of the funding being used to purchase laptops, software and secure storage facilities. IT Services have now successfully tested a pilot version and orders are expected to be completed in next few months.
Developing Young Person's Workforce	Ruth Binks	3	3	3	3	0	Spending Now Complete
Beacon Repairs & Renewals	Grant McGovern	120	40	65	120	0	Beacon have supplied a list of appropriate proposals. Process for paying funding being finalised.
<b>Total</b>		<b>600</b>	<b>280</b>	<b>164</b>	<b>520</b>	<b>80</b>	

**EDUCATION COMMITTEE****VIREMENT REQUESTS**

<b>Budget Heading</b>	<b>Increase Budget</b> £	<b>(Decrease) Budget</b> £
	0	0

Note