
Report To:	Education & Communities Committee	Date:	12 March 2019
Report By:	Chief Financial Officer and Corporate Director Education, Communities and Organisational Development	Report No:	FIN/21/19/AP/IC
Contact Officer:	Iain Cameron	Contact No:	01475 712832
Subject:	Education 2018/19 Revenue Budget- Period 9 to 31 December 2018		

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 9 to 31 December 2018.

2.0 SUMMARY

- 2.1 The total Education budget for 2018/19, excluding planned carry forward for Earmarked Reserves, is £76,386,350. The School Estate Management Plan accounts for £14,629,000 of the total Education budget. The latest projection is an underspend of £167,000, a decrease of £50,000 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, the same as reported to 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 £127,000 for Education Non Teacher Employee Costs, a decrease of £61,000 since the last Committee. £106,000 of the projected underspend 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 projected underspend is offset by a reduction in Facilities Management Income.
- (d) Projected underspend of £33,000 for Non Domestic Rates (NDR) This compares to a projected overspend of £32,000 reported to the last Committee. The projected underspend is a one-off for 2018/19 Empty Relief for St Mary's Primary School. Following approval of the virement requested in paragraph 7.1 and Appendix 5, the NDR budget will be increased by £95,000.
- (e) Projected overspend of £61,000 for Electricity, a decrease of £25,000 since the last Committee and a projected overspend of £43,000 for Gas, an increase of £14,000 since the last Committee.

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- (f) Projected underspend of £21,000 for Biomass Fuel. The plant at Port Glasgow Community Campus has been offline for several months awaiting spare parts and this has resulted in no deliveries being made.
 - (g) 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.
 - (h) 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 £210,000 (40.4%) has been incurred. Spend to date per profiling was expected to be £344,000, therefore slippage is £134,000 (39.0%) and is mainly due to delays in awarding funding for Autism Friendly Projects as reported to the last Committee.

3.0 RECOMMENDATION

- 3.1 That the Committee notes the current projected underspend of £167,000 for the 2018/19 Education Committee Revenue Budget as at Period 9 to 31 December 2018.
- 3.2 That the Committee approves the virements totalling £115,000 detailed in Paragraph 7.1 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 at Period 9, 31 December 2018 and highlight the main issues contributing to the projected underspend of £167,000.

5.0 2018/19 PROJECTION

- 5.1 The total Education Revenue Budget for 2018/19, excluding planned carry forward for Earmarked Reserves, is currently £76,386,350. This is an increase of £797,000 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 £167,000 (0.2%) are:

Education Employee Costs - Teachers

The total budget for Teachers Employee Costs is £39,965,000 and the latest projection is an underspend of £46,000, the same as reported to 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 £17,502,000 and the latest projection is an underspend of £127,000, a decrease of £61,000 since the last Committee. £106,000 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 £5,102,000 and the latest projection is an underspend of £85,000, the same as previously reported to the Committee. There is a projected underspend of £20,000 for Public Conveniences and a projected underspend of £65,000 for Cleaning and Catering vacant posts which also has a corresponding loss of income from recharges.

Electricity & Gas

The budget for Electricity is currently £786,320 and the latest projection is an overspend of £61,000, a decrease of £25,000 since the last Committee due to updated actual meeting readings. The budget for Gas is currently £455,170 and the latest projection is an overspend of £43,000, an increase of £14,000 since the last Committee, mainly due to increased consumption at Port Glasgow Community Campus.

Biomass Fuel

The current budget for Biomass Fuel is £67,000 and the latest projection is an underspend of £21,000. The Biomass Fuel plant at Port Glasgow Community Campus has been offline for several months for spare parts resulting in no deliveries being made. The increase in gas consumption at the Port Glasgow Community Campus site should be viewed in conjunction with the Biomass Fuel plant being offline.

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

Following approval of the £95,000 virement requested in paragraph 7.1 and appendix 5, the budget for Non Domestic Rates is £3,350,170 and the latest projection is an underspend of £33,000. The increased budget will fund the previously reported £32k overspend for Craigmarloch and increased costs resulting from the Rateable Value for the new St Ninian's Primary School building being more than double that of the old building. The projected underspend of £33,000 is a one-off for 2018/19 due to Empty Relief being applied to St Mary's Primary School during decant.

Catering Recharge

Following approval of the virement requested in paragraph 7.1 and appendix 5, the budget for Catering Recharge will be reduced by £20,000 to £2,978,000 and the latest projection is an underspend of £26,000. The underspend mainly relates to catering supplies.

Kitchen Equipment Repairs

Following approval of the virement requested in paragraph 7.1 and appendix 5, the Kitchen Equipment Repairs budget will be increased by £20,000 to £51,000 and the latest projection is on budget. The virement will fund the previously reported overspend of £20,000.

Early Years Wraparound Income

Following approval of the virement requested in paragraph 7.1 and appendix 5, the budget for Early Years Wraparound income will increase by £95,000 to £296,000 and the latest projection is on budget. 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 £6,303,000 and the latest projection is a shortfall in income of £65,000, the same as previously reported to Committee. The projected under recovery in Income 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 £210,000 (40.4%) has been incurred. Spend to date per profiling was expected to be £344,000, therefore slippage is £134,000 (39.0%) and is mainly due to delays in awarding funding for Autism Friendly Projects as reported to the last Committee.

7.0 VIREMENTS

- 7.1 Committee are asked to approve virements totalling £115,000 as detailed in appendix 5. The Early Years Wrapround Income budget will be increased by £95,000 and vired to the Non Domestic Rates budget to fund overspends for Craigmarloch and St Ninian's Primary School. The Catering Recharge budget will be reduced by £20,000 and vired to fund the Kitchen Equipment Repairs overspend.

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 9 - 1st April 2018 to 31st December 2018**

Service	Approved Budget	Inflation £000	Virement £000	Movements	Transferred to EMR £000	Revised Budget
	2018/19 £000			Supplementary Budgets £000		2017/18 £000
Corporate Director	146					146
Education	69,734	87	(105)	836	(6,683)	63,869
Inclusive Education	12,312		(32)		(40)	12,240
Facilities Management	120		11			131
Totals	82,312	87	(126)	836	(6,723)	76,386

Movement Detail

£000

External Resources

Probationer Teachers
School Clothing Grants
Free Sanitary Products

718
112
6

836

Virements

Additional Turnover
Management Restructure

(127)
1

(126)

Inflation

Electricity
Gas

48
39

87

797

EDUCATION**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****Period 9 - 1st April to 31st December 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-Dec-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	39,965	29,974	30,023	39,919	(46)	(0.1%)
17,037	ED Employee Costs - Non Teachers	17,502	12,343	12,560	17,375	(127)	(0.7%)
5,002	Facilities Management Employees	5,102	3,598	3,521	5,017	(85)	(1.7%)
3,235	Non Domestic Rates	3,320	3,320	3,431	3,287	(33)	(1.0%)
777	Electricity	786	524	496	847	61	7.8%
429	Gas	455	303	258	498	43	9.5%
88	Biomass	67	50	26	46	(21)	(31.3%)
1,218	Cleaning	1,304	978	1	1,262	(42)	(3.2%)
2,923	Catering Charge	2,978	2,234	8	2,952	(26)	(0.9%)
(6,184)	Facilities Management Income	(6,303)	(4,740)	(686)	(6,238)	65	(1.0%)
Total Material Variances						(211)	

EDUCATION**REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****Period 9 - 1st April to 31st December 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	39,965	39,919	(46)	(0.1%)
22,039	Employee Costs - Non Teachers	21,036	22,604	22,392	(212)	(0.9%)
14,168	Property Costs	7,568	7,701	7,718	17	0.2%
5,025	Supplies & Services	5,129	5,105	5,079	(26)	(0.5%)
2,557	Transport Costs	1,911	1,933	1,973	40	2.1%
684	Administration Costs	719	716	711	(5)	(0.7%)
4,699	Other Expenditure	17,778	19,798	19,813	15	0.1%
(13,107)	Income	(11,959)	(14,713)	(14,663)	50	(0.3%)
75,777	TOTAL NET EXPENDITURE	82,312	83,109	82,942	(167)	(0.2%)
	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	76,386	76,219	(167)	

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	115	(31)	(21.2%)
56,129	Education	55,105	55,921	55,891	(30)	(0.1%)
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	70,681	70,631	(50)	(0.1%)
8,628	ASN	8,720	8,717	8,644	(73)	(0.8%)
1,523	Community Learning & Development	1,578	1,560	1,568	8	0.5%
1,842	Other Inclusive Education	2,014	2,005	1,984	(21)	(1.0%)
11,993	TOTAL INCLUSIVE EDUCATION	12,312	12,282	12,196	(86)	(0.7%)
75,777	TOTAL EDUCATION COMMITTEE	82,312	83,109	82,942	(167)	(0.2%)
	Earmarked Reserves	0	(1,895)	(1,895)	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 9 2018/19</u>	<u>Actual To Period 9 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	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	111	107	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	35	35	0	Spending now complete.
Developing Young Person's Workforce	Ruth Binks	3	3	3	3	0	Spending Now Complete
Beacon Repairs & Renewals	Grant McGovern	120	80	65	120	0	First instalment of £65k has been paid. Balance of £55k will be spent by 31 March 2018.
Total		600	344	210	520	80	

EDUCATION COMMITTEE**VIREMENT REQUESTS**

Budget Heading	Increase Budget		(Decrease) Budget
		£	£
Early Years Wrapround Income Non Domestic Rates	1	95,000	(95,000)
Kitchen Equipment Repairs Catering Charge (Supplies)	2	20,000	(20,000)
		115,000	(115,000)

Note

- 1- £95k over recovery of Early Years Wrapround Income being used to increase NDR budget to correct shortfall in budget.
2- £20k of Catering Recharge (Supplies) budget being used to fund historical Kitchen Equipment Repairs overspend.