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<b>Report To:</b>	<b>Education &amp; Communities Committee</b>	<b>Date:</b>	<b>7 May 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/045/19/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 11 to 28 February 2019</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 11 to 28 February 2019.

## 2.0 SUMMARY

- 2.1 The total Education budget for 2018/19, excluding planned carry forward for Earmarked Reserves, is £76,340,550. The School Estate Management Plan accounts for £14,429,000 of the total Education budget. The latest projection is an underspend of £60,000, an increase in expenditure of £107,000 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 £45,000 for Education Non Teachers Employee Costs, a decrease of £82,000 since the last Committee. The majority of the reduction in underspend is due to the one-off re-allocation of unused Early Years 1140 Hours budget to non-employee costs expenditure.
- (c) Projected underspend of £53,000 for Facilities Management Employee Costs, a reduction of £32,000 since the last Committee. This projected underspend is offset by a reduction in Facilities Management Income.
- (d) The previously reported projected underspend of £33,000 for Non Domestic Rates (NDR) has reduced to a projected underspend of £7,000. The empty relief received for the old St Ninian's Primary School building was less than expected. Officers are querying the increased charge with the Assessor.
- (e) Projected overspend of £61,000 for Electricity and a projected overspend of £43,000 for Gas, the same as reported to the last Committee.

- (f) The previously reported projected underspend of £21,000 for Biomass Fuel has

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reduced to a projected underspend of £12,000. The plant at Port Glasgow Community Campus was offline for several months and when deliveries resumed in January 2019, prices had increased by 13.2% compared to September 2018.

- (g) Projected underspend of £42,000 for Cleaning and £26,000 for Catering, the same as reported to the last Committee. This is mainly due to the underspend in Facilities Management Employee Costs reported above.
- (h) SPT School Bus Contract is projected to overspend by £22,000. A number of contracts have increased in price although the projected outcome is in line with the final out turn for the previous year.
- (i) Early Years Framework expenditure is projected to underspend by £20,000.
- (j) Projected shortfall in income of £20,000 for Facilities Management recharges. The projected shortfall in income has reduced by £45,000 since last Committee in line with the reduced Employee Costs underspend reported above.

2.3 Earmarked Reserves for 2018/19, excluding those for Asset Plans and Strategic Funds, total £600,000 of which £335,000 is projected to be spent in the current financial year. To date, expenditure of £238,000 (71%) has been incurred. Spend to date per profiling was expected to be £368,000, therefore slippage is £130,000 (35%) and is mainly due to delays in awarding funding for Autism Friendly Projects as previously reported to Committee.

### **3.0 RECOMMENDATION**

3.1 It is recommended that the Committee notes the current projected underspend of £60,000 for the 2018/19 Education Revenue Budget as at Period 11 to 28 February 2019.

**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 11, 28 February 2019 and highlight the main issues contributing to the projected underspend of £60,000 which is an increase in expenditure of £107,00 since the last Committee.

## **5.0 2018/19 PROJECTION**

- 5.1 The total Education Revenue Budget for 2018/19, excluding planned carry forward for Earmarked Reserves, is currently £76,340,550. 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 £60,000 (0.1%) 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 fluctuate 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 £45,000, a decrease of £82,000 since the last Committee. The majority of the reduction in underspend is due to the one-off re-allocation of unused Early Years 1140 Hours budget to fund non-employee costs expenditure.

### Facilities Management Employee Costs

The total budget for Facilities Management Employee Costs is £5,102,000 and the latest projection is an underspend of £53,000, a reduction of £32,000 since the last Committee. There is a corresponding loss of income from recharges as a result of this projected underspend.

### Electricity & Gas

The budget for Electricity is currently £786,320 and the latest projection is an overspend of £61,000. The budget for Gas is currently £455,170 and the latest projection is an overspend of £43,000. Both projected overspends are the same as reported to the last Committee.

### Biomass Fuel

The previously reported projected underspend of £21,000 for Biomass Fuel has reduced to a projected underspend of £12,000. The plant at Port Glasgow Community Campus was offline for several months and when deliveries resumed in January 2019, prices had increased by 13.2% compared to September 2018.

### 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 previously reported projected underspend of £33,000 for Non Domestic Rates (NDR) has reduced to a projected underspend of £7,000. The empty relief received for the old St Ninian's Primary School was less than expected. Officers are querying the increased costs with the Assessor.

### Catering Recharge

The current budget for Catering Recharge is £2,978,000 and the latest projection is an underspend of £26,000, the same as previously reported to Committee.

### SPT School Buses

The SPT School Bus Contract is currently £1,505,000 and the latest projection is an overspend of £22,000. A number of contracts have increased in price although the projected outcome is in line with the final outturn for the previous year. It should be noted that this projected overspend relates to buses funded from the Core Education budget and not those funded by SEMP.

### Early Years Framework

The budget for Early Years Framework expenditure is currently £36,690 and the latest projection is an underspend of £20,000. The underspend relates to a contingency budget held by Early Years Headquarters.

### 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 £20,000. This is a reduction of £45,000 since the last Committee and is in line with the reduction in Facilities Management 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 £335,000 is projected to be spent in the current financial year. To date, expenditure of £238,000 (71%) has been incurred. Spend to date per profiling was expected to be £368,000, therefore slippage is £130,000 (35.3%) and is mainly due to delays in awarding funding for Autism Friendly Projects as previously reported to Committee.

## **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 11 - 1st April 2018 to 28th February 2019**

Service	Approved Budget	Movements			Transferred to EMR £000	Revised Budget 2018/19 £000
	2018/19 £000	Inflation £000	Virement £000	Supplementary Budgets £000		
Corporate Director	146					146
Education	69,734	87	(105)	836	(6,712)	63,840
Inclusive Education	12,312		(32)		(57)	12,223
Facilities Management	120		11			131
<b>Totals</b>	<b>82,312</b>	<b>87</b>	<b>(126)</b>	<b>836</b>	<b>(6,769)</b>	<b>76,340</b>

**Movement Detail****External Resources**

Probationer Teachers 718  
 School Clothing Grants 112  
 Free Sanitary Products 6

**Virements**

Additional Turnover Management Restructure (127)  
 SEMP Write Back Gen Reserves 1

**Inflation**

Electricity 48  
 Gas 39

836  
 (126)  
 48  
 39  
 87  
 797

EDUCATIONREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCESPeriod 11 - 1st April to 28th February 2019

<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>28-Feb-19</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	36,635	36,709	39,919	(46)	(0.1%)
17,037	ED Employee Costs - Non Teachers	17,502	15,032	15,367	17,457	(45)	(0.3%)
5,002	Facilities Management Employees	5,102	4,382	4,312	5,049	(53)	(1.0%)
777	Electricity	786	678	698	847	61	7.8%
429	Gas	455	366	314	489	34	7.5%
1,218	Cleaning	1,304	1,199	1,003	1,262	(42)	(3.2%)
2,923	Catering Charge	2,978	2,746	2,421	2,952	(26)	(0.9%)
1,525	SPT School Buses	1,505	1,505	1,645	1,527	22	1.5%
36	Early Years Framework	37	34	7	17	(20)	(54.1%)
(6,184)	Facilities Management Income	(6,303)	(5,785)	(4,923)	(6,283)	20	(0.3%)
<b>Total Material Variances</b>						<b>(95)</b>	

**EDUCATION****REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****Period 11 - 1st April to 28th February 2019**

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	22,506	(98)	(0.4%)
14,168	Property Costs	7,568	7,701	7,742	41	0.5%
5,025	Supplies & Services	5,129	5,105	5,040	(65)	(1.3%)
2,557	Transport Costs	1,911	1,933	2,030	97	5.0%
684	Administration Costs	719	716	712	(4)	(0.6%)
4,699	Other Expenditure	17,778	19,798	19,805	7	0.0%
(13,107)	Income	(11,959)	(14,713)	(14,705)	8	(0.1%)
75,777	TOTAL NET EXPENDITURE	82,312	83,109	83,049	(60)	(0.1%)
	Earmarked Reserves	0	(1,941)	(1,941)	0	
	Loan Charges / DMR	0	(4,828)	(4,828)	0	
	TOTAL NET EXPENDITURE excluding Earmarked Reserves	82,312	76,340	76,280	(60)	

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	114	(32)	(21.9%)
56,129	Education	55,105	55,923	55,994	71	0.1%
162	Facilities Management	120	131	98	(33)	(25.2%)
7,341	School Estate Management Plan	14,629	14,629	14,629	0	-
63,632	TOTAL EDUCATION SERVICES	69,854	70,683	70,721	38	0.1%
8,628	ASN	8,720	8,717	8,685	(32)	(0.4%)
1,523	Community Learning & Development	1,578	1,560	1,559	(1)	(0.1%)
1,842	Other Inclusive Education	2,014	2,003	1,970	(33)	(1.6%)
11,993	TOTAL INCLUSIVE EDUCATION	12,312	12,280	12,214	(66)	(0.5%)
75,777	TOTAL EDUCATION COMMITTEE	82,312	83,109	83,049	(60)	(0.1%)
	Earmarked Reserves	0	(1,941)	(1,941)	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> £000	<u>Phased Budget To Period 11 2018/19</u> £000	<u>Actual To Period 11 2018/19</u> £000	<u>Projected Spend 2018/19</u> £000	<u>Amount to be Earmarked for 2019/20 &amp; Beyond</u> £000	<u>Lead Officer Update</u>
Autism Friendly	Grant McGovern	250	150	10	40	210	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. Projected expenditure 18/19 reduced from £170k to £40k.
Funding for 1 Youth Zone Port Glasgow, Greenock & Gourock	Grant McGovern	186	135	125	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	65	55	First instalment of £65k has been paid. Balance of £55k will form part of the proposed recovery plan.
<b>Total</b>		<b>600</b>	<b>368</b>	<b>238</b>	<b>335</b>	<b>265</b>	