
Report To:	Education & Communities Committee	Date:	3 September 2019
Report By:	Chief Financial Officer and Corporate Director Education, Communities and Organisational Development	Report No:	FIN/72/19/AP/IC
Contact Officer:	Iain Cameron	Contact No:	01475 712832
Subject:	Education 2019/20 Revenue Budget- Period 3 to 30 June 2019		

1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Committee of the 2018/19 final outturn and the 2019/20 Revenue Budget position as at Period 3 to 30 June 2019.

2.0 SUMMARY

- 2.1 In 2018/19, excluding Earmarked Reserves and the centrally funded Employee Back Pay, there was an underspend of £58,000 against a budget figure of £77.912 million. This equates to 0.1% of the total budget and was £2,000 more expenditure than reported to the last Committee.

The main variances for 2018/19 were –

- (a) An underspend of £91,000 for Teacher Employee Costs, equivalent to 0.2% of the Teachers budget.
- (b) An underspend of £30,000 for Education Non-Teacher employee costs, mostly due to the Corporate Director post being vacant for a number of months.
- (c) An underspend of £21,000 for Public Conveniences Employee Costs due to a vacant post.
- (d) An overspend of £74,000 for Utilities Costs - £90,000 overspend for Electricity, £19,000 overspend for Gas, £18,000 underspend for Biomass and £17,000 underspend for Water.
- (e) An underspend of £46,000 for Contract Cleaning and an overspend of £26,000 for Contract Catering.
- (f) An overspend of £97,000 for Schools Transport Costs - £15,000 overspend Glasgow Gaelic School, £44,000 overspend Pupil Consortium Travel, £18,000 overspend SPT School Buses and £20,000 overspend Internal Transport.
- (g) An underspend of £39,000 for Administration Costs, mainly Telephones.
- (h) An overspend of £63,000 for Bad Debt Provision relating to Parent Pay, Early Years Wraparound and Music Tuition.
- (i) An underspend of £40,000 for Early Years Resources.

- (j) An overspend of £102,000 for ASN Resources and Personal Learning Plans partially offset by an underspend of £39,000 for ASN Placements.
- (k) An overspend of £46,000 for Hospital Tuition.
- (l) A £45,000 over-recovery of School Meal Income.
- (m) An underspend of £73,000 for Other Education Income including Active Schools and Community Learning.

2.3 The total Education budget for 2019/20, excluding planned carry forward for Earmarked Reserves, is £81,858,560. The School Estate Management Plan accounts for £14,797,000 of the total Education budget. The latest projection is an overspend of £163,000 (0.2%).

2.4 The main reasons for the 2019/20 projected overspend are –

- (a) Projected overspend of £6,000 for Teacher Employee Costs. For the new academic year starting in August 2019, it is estimated that the actual number of Teachers will exceed budget by 4.8fte (3.0fte in ASN Schools and 1.8fte in Primary & Secondary Schools.) Education Services are currently working towards reallocating these Teachers and consequently their costs have not been included in this projection. A full review of teacher staffing numbers will be completed at start of the new Academic Year and an update provided to the next Committee.
- (b) Projected overspend of £47,000 for Education Non-Teacher Employee Costs mainly due to the current under achievement of Turnover Savings within ASN Education.
- (c) Projected overspend of £43,000 for Education Contract Catering Recharge.
- (d) Projected overspend of £43,000 for Facilities Management Catering Provisions. This is offset by a corresponding over-recovery of Facilities Management Income.
- (e) Projected overspend of £44,000 for Pupil Consortium Travel.
- (f) Projected overspend of £20,000 for SPT School Buses.
- (g) Projected over-recovery of £58,000 for School Meal Income.

2.5 Earmarked Reserves for 2019/20, excluding those for Asset Plans and Strategic Funds, total £519,000 of which £439,000 is projected to be spent in the current Financial Year. To date, expenditure of £28,000 (6.4%) has been incurred. Spend to date per profiling was also expected to be £28,000, therefore there is no slippage to report at this time.

3.0 RECOMMENDATION

- 3.1 That the Committee notes the final outturn for the 2018/19 Education Revenue Budget.
- 3.2 That the Committee notes the current projected overspend of £163,000 for the 2019/20 Education Revenue budget as at Period 3 to 30 June 2019.
- 3.3 That the Committee approves the virement of £26,000 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 2019/20 Revenue Budget, as well as the 2018/19 final outturn and to highlight the main issues contributing to the £58,000 underspend in 2018/19 and the projected overspend of £163,000 for 2019/20.

5.0 2018/19 OUT TURN

5.1 The final outturn for 2018/19, after adjustments for Earmarked Reserves and the centrally funded Employee Back Pay, was an underspend of £58,000. The main factors contributing to this underspend were:

	Revised Budget 2018/19	Outturn 2019/20	Variance to Budget	P11 Projected Variance	Movement Since P11 Projection
Corporate Director	143	118	(25)	(32)	7
Education Services	65,014	65,374	360	38	322
Inclusive Education	12,755	12,362	(393)	(66)	(327)
TOTAL NET EXPENDITURE	77,912	77,854	(58)	(60)	2

The main variances are explained in greater detail below.

Employee Costs:

Total underspend for Employee Costs was £142,000 (0.2%).

There was an underspend of £91,000 for Teachers, an underspend of £31,000 for Education Non-Teacher employees and an underspend of £21,000 for Public Convenience Employees, mainly due to additional turnover savings.

Property Costs:

Total overspend for Property Costs was £36,000 (0.2%).

Overspends for Electricity (£90k) and Gas (£19k) were partially offset by underspends for Water (£17k) Biomass (£18k) and (£46k) for Cleaning.

Supplies and Services:

Total underspend for Supplies and Services was £42,000 (0.8%).

The majority of the underspend relates to Catering Supplies within Facilities Management.

Transport Costs:

Total overspend for Transport Costs was £97,000 (3.9%).

Overspends for Pupil Consortium Travel (£44k), Glasgow Gaelic School (£15k), Internal Transport (£20k) and SPT School Buses (£18k).

Administration Costs:

Total underspend for Administration Costs was £39,000 (5.3%).

The majority of the underspend relates to Telephones.

Other Expenditure:

Total overspend for Other Expenditure was £150,000 (2.0%).

Overspends for ASN Resources / Personal Learning Plans (£102k), Hospital Tuition (£23k) and Bad Debt Provisions (£63k) were offset by an underspend for ASN Placements (£39k).

Income:

Total over-recovery of Income was £118,000 (0.7%).

Over-recoveries for School Meal Income (£45k), Active Schools / CLD Income (£93k) was offset by a shortfall in School Milk Subsidy Income (£16k).

6.0 2019/20 PROJECTION

- 6.1 The total Education budget for 2019/20, excluding planned carry forward for Earmarked Reserves, is currently £81,858,560. This is an increase of £3,909,000 from the approved budget. Appendix 1 gives details of the budget movement responsible for this increase.
- 6.2 The main issues to highlight in relation to the 2019/20 projected overspend of £163,000 are:

Education Employee Costs - Teachers

Teachers are currently projected to overspend by £6,000. For the new academic year starting in August 2019, it is estimated that the actual number of Teachers will exceed budget by 4.8fte (3.0fte in ASN Schools and 1.8fte in Primary & Secondary Schools.) Education Services are currently working towards reallocating these Teachers and consequently their costs have not been included in this projection. A full review of teacher staffing numbers will be completed at start of new Academic Year and an update provided to the next Committee.

Education Employee Costs – Non-Teachers

Education Non Teacher Employee Costs are projected to overspend by £47,000. This is mainly due to the current under-achievement of Turnover Savings within ASN Education.

Biomass Fuel

Following approval of the virement requested in paragraph 8.1 and Appendix 5, the budget for Biomass Fuel will be £101,560 and the latest projection is on budget. The projected outturn for 2019/20 is £53,000 more than the previous year due to the heating system at Port Glasgow Community Campus being offline for several months in 2018/19.

Education Catering Recharge

The current budget for Catering Recharge is £3,029,000 and the latest projection is an overspend of £43,000. This is due to the Facilities Management increased expenditure on Catering Provisions reported below.

Facilities Management Catering Provisions

The current budget for Catering Provisions is £950,000 and the latest projection is an overspend of £43,000. Scotland Excel are currently investigating a number of price increases on behalf of Inverclyde Council and an update will be provided to the next Committee. This projected overspend is offset by a corresponding over-recovery of Catering Income.

Pupil Consortium Travel

The current budget for Pupil Consortium Travel is £60,000 and the latest projection is an overspend of £44,000. This budget is used to fund the transportation of pupils between secondary schools for curriculum classes.

SPT School Buses

The current budget for SPT School Buses is £980,000 and the latest projection is an overspend of £20,000 based on the outturn for 2018/19. This overspend is in addition to buses funded by the School Estate Management Plan (SEMP). A full review of all bus contracts will take place at the start of the new Academic Year once the information has been received from SPT.

School Meal Income

The total budget for School Meal Income is £963,480 and the latest projection is an over recovery of £58,000. The projected outturn for 2019/20 is £50,000 less than the previous year due to the introduction of Free School Meals for all Primary 4 children this year.

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

7.0 EARMARKED RESERVES

- 7.1 Earmarked Reserves for 2019/20, excluding those for Asset Plans and Strategic Funds, total £519,000 of which £439,000 is projected to be spent in the current Financial Year. To date, expenditure of £28,000 (6.4%) has been incurred. Spend to date per profiling was also expected to be £28,000, therefore there is no slippage to report at this time.

8.0 VIREMENTS

- 8.1 The Committee is asked to approve the virement of £26,000 as detailed in Appendix 5. The Biomass Fuel budget will be increased by £26,000 and the Environment & Regeneration Committee Renewable Heat Incentive Income Budget will increase by the same amount.

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 2019 to 30th June 2019**

Service	Approved Budget	Inflation £000	Virement £000	Movements	Transferred to EMR £000	Revised Budget
	2019/20 £000			Supplementary Budgets £000		2019/20 £000
Corporate Director	143					143
Education	70,848	1,117	2,792		(5,903)	68,854
Inclusive Education	12,755					12,755
Facilities Management	107					107
Totals	83,853	1,117	2,792	0	(5,903)	81,859

Movement Detail

£000

External ResourcesProbationer Teachers
Teachers Pay Award718
2,0482,766**Virements**

Biomass From E&R Committee

26

26**Inflation**SEMP
Teachers Pay Award
Biomass
Electricity
Gas168
726
9
150
641,1173,909

EDUCATION**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****Period 3 - 1st April 2019 to 30th June 2019**

<u>Out Turn</u> <u>2018/19</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Budget</u> <u>2019/20</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u>	<u>Actual to</u> <u>30-Jun-19</u> <u>£000</u>	<u>Projection</u> <u>2019/20</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>Percentage</u> <u>Over / (Under)</u>
17,037	ED Employee Costs - Non Teachers	17,694	4,219	4,303	17,741	47	0.3%
3,112	ED Catering Charge	3,029	505	547	3,072	43	1.4%
944	FM Catering Provisions	950	238	253	993	43	4.5%
86	Pupil Consortium Travel	60	0	0	104	44	73.3%
998	SPT School Buses	980	245	534	1,000	20	2.0%
(1,071)	School Meal Income	(963)	(202)	(231)	(1,021)	(58)	6.0%
(5,078)	FM Income - Catering	(4,716)	(1,179)	(1,031)	(4,764)	(48)	1.0%
Total Material Variances						91	

EDUCATION**REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****Period 3 - 1st April 2019 to 30th June 2019**

2018/19 Actual £000	Subjective Heading	Approved Budget 2019/20 £000	Revised Budget 2019/20 £000	Projected Out-turn 2019/20 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
41,472	Employee Costs - Teachers	40,683	44,905	44,911	6	0.0%
23,822	Employee Costs - Non Teachers	21,764	21,814	21,869	55	0.3%
14,956	Property Costs	7,693	7,958	7,953	(5)	(0.1%)
5,557	Supplies & Services	5,101	5,105	5,208	103	2.0%
2,573	Transport Costs	1,947	1,947	2,033	86	4.4%
691	Administration Costs	717	724	724	0	-
5,333	Other Expenditure	17,985	18,210	18,224	14	0.1%
(16,550)	Income	(12,037)	(12,901)	(12,997)	(96)	0.7%
77,854	TOTAL NET EXPENDITURE	83,853	87,762	87,925	163	0.2%
	Earmarked Reserves	0	(971)	(971)	0	
	Loan Charges / DMR	0	(4,932)	(4,932)	0	
	TOTAL NET EXPENDITURE excluding Earmarked Reserves	83,853	81,859	82,022	163	

2018/19 Actual £000	Objective Heading	Approved Budget 2019/20 £000	Revised Budget 2019/20 £000	Projected Out-turn 2019/20 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
118	Corporate Director	143	143	157	14	9.8%
57,537	Education	56,219	59,960	60,064	104	0.2%
111	Facilities Management	107	107	110	3	2.8%
7,726	School Estate Management Plan	14,629	14,797	14,797	0	-
65,374	TOTAL EDUCATION SERVICES	70,955	74,864	74,971	107	0.1%
8,867	ASN	9,055	9,055	9,122	67	0.7%
1,572	Community Learning & Development	1,638	1,638	1,638	0	-
1,923	Other Inclusive Education	2,062	2,062	2,037	(25)	(1.2%)
12,362	TOTAL INCLUSIVE EDUCATION	12,755	12,755	12,797	42	0.3%
77,854	TOTAL EDUCATION COMMITTEE	83,853	87,762	87,925	163	0.2%
	Earmarked Reserves	0	(971)	(971)	0	

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Education & Lifelong Learning

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2019/20</u> £000	<u>Phased Budget To Period 3 2019/20</u> £000	<u>Actual To Period 3 2019/20</u> £000	<u>Projected Spend 2019/20</u> £000	<u>Amount to be Earmarked for 2020/21 & Beyond</u> £000	<u>Lead Officer Update</u>
Beacon Arts	Tony McEwan	55	26	26	55	0	Will be fully spent in 2019/20.
Autism Friendly	Tony McEwan	224	0	0	224	0	Proposals currently being developed.
I-Youth Zones	Tony McEwan	11	2	2	11	0	Will be fully spend by end of P5 - legacy costs for Gourrock I-Youth Zone closure
Year of Young People Legacy	Tony McEwan	100	0	0	20	80	Funding is £20k per year for 5 years. First event planned for Summer 2019.
Period Poverty	Tony McEwan	129	0	0	129	0	Will be fully spent in 2019/20.
Total		519	28	28	439	80	

EDUCATION COMMITTEE**VIREMENT REQUESTS**

Budget Heading		Increase Budget £	(Decrease) Budget £
Biomass Fuel RHI Income (Environment & Regen Committee)	1	26,000	(26,000)
		26,000	(26,000)

Note

1-£26,000 to be vired from E&R Committee Renewable Heat Incentive budget line to increase the Biomass budget.