

Report To: Education & Communities Committee

Date: 5 November 2019

Report By: Chief Financial Officer and Corporate Director Education, Communities and Organisational Development

Report No: FIN/096/19/AP/IC

Contact Officer: Iain Cameron

Contact No: 01475 712832

Subject: Education 2019/20 Revenue Budget-Period 5 to 31 August 2019

1.0 PURPOSE

1.1 The purpose of this report is to advise the Committee of the 2019/20 Revenue Budget position as at Period 5 to 31 August 2019.

2.0 SUMMARY

2.1 The total Education budget for 2019/20, excluding planned carry forward for Earmarked Reserves is £82,054,560. The School Estate Management Plan accounts for £14,797,000 of the total Education budget. The latest projection is an overspend of £166,000, an increase in expenditure of £3,000 since the last Committee.

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

- (a) Projected overspend of £39,000 for Teachers Employee Costs. This is an increase of £33,000 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 overspend of £20,000 for Education Non Teachers Employee Costs, a decrease of £27,000 since the last Committee.
- (c) Projected underspend of £45,000 for Facilities Management Employee Costs.
- (d) Projected overspend of £59,000 for Non Domestic Rates (NDR).
- (e) Projected underspend of £39,000 for Education Contract Cleaning.
- (f) Projected underspend of £30,000 for Early Years Framework.
- (g) Projected overspend of £21,000 for Education Catering Contract.
- (h) Projected overspend of £44,000 for Facilities Management Catering Provisions.
- (i) Projected overspend of £49,000 for Pupil Consortium Travel.
- (j) Projected overspend of £23,000 for SPT School Buses Contract.
- (k) Projected overspend of £28,000 for SPT Gaelic Transport.

(l) Projected over-recovery of income of £50,000 for ASN Income from Other Local Authorities.

2.3 Work is currently underway to review the current spend to bring the overall budget back to a break-even position. These initiatives include awaiting the outcome of the NDR appeals process, reviewing the current catering provision, delaying the filling of non-business critical posts and stopping discretionary spend.

2.4 Earmarked Reserves for 2019/20, excluding those for Asset Plans and Strategic Funds, total £615,000 of which £313,000 is projected to be spent in the current financial year. To date, expenditure of £131,000 (42%) has been incurred. Spend to date per profiling was expected to be £114,000, therefore expenditure is currently £17,000 ahead of plan.

3.0 RECOMMENDATION

3.1 It is recommended that the Committee notes the current projected overspend of £166,000 for the 2019/20 Education Revenue Budget as at Period 5 to 31 August 2019.

3.2 It is recommended that the Committee notes the current work underway to assist in the reduction of the projected overspend.

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 at Period 5, 31 August 2019 and highlight the main issues contributing to the projected overspend of £166,000 which is an increase in expenditure of £3,000 since the last Committee.

5.0 2019/20 PROJECTION

- 5.1 The total Education Revenue Budget for 2019/20, excluding planned carry forward for Earmarked Reserves, is currently £82,054,560. This is an increase of £4,105,000 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 2019/20 projected overspend of £166,000 (0.2%) are:

Education Employee Costs – Teachers (£39,000 Over)

The total budget for Teachers Employee Costs is £44,771,000 and the latest projection is an overspend of £39,000. This is an increase in expenditure of £33,000 since the last Committee. The overspend represents 0.1% of the Teachers budget. Overall teacher numbers in schools are projected to exceed budget by 1.5fte for this financial year but this is offset by a 1fte Psychological Services post being vacant for part of the year. 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 (£20,000 Over)

The total budget for Education Non-Teacher Employee costs is £17,711,000 and the latest projection is an overspend of £20,000, a decrease of £27,000 since the last Committee. The majority of the overspend relates to the under-achievement of Turnover Savings within ASN Education.

Employee Costs – Facilities Management (£45,000 Under)

The total budget for Facilities Management Employee Costs is £5,083,000 and the latest projection is an underspend of £45,000. A £17,000 overspend for Janitors due to under-achievement of Turnover Savings is offset by underspends for Cleaning Staff (£39,000) and Catering Staff (£23,000) due to vacant posts. There is a corresponding under-recovery in Facilities Management Income as a result of this underspend.

Non-Domestic Rates (NDR) (£59,000 Over)

The total budget for Non-Domestic Rates (NDR) is £3,393,000 and the latest projection is an overspend of £59,000 due to a number of increased Rateable Values for school buildings. A number of rates appeals have been lodged which may reduce this overspend if successful.

Education Cleaning Contract (£39,000 Under)

The total budget for the Education Cleaning Contract is £1,203,000 and the latest projection is an underspend of £39,000. This is a result of the Facilities Management Employee Costs underspend reported above.

Facilities Management – Catering Provisions (£44,000 Over)

The current budget for Catering Provisions is £950,000 and the latest projection is an overspend of £44,000, the same as previously reported to Committee. A review of product pricing has been carried out by Scotland Excel and Facilities Management. This highlighted substantial price increases for a number of key provisions such as fish, beef mince, and cooked ham. The majority of the increases can be attributed to changing to better quality products as a result of Food For Life Accreditation. Facilities Management will continue to look at ways of decreasing this expenditure to bring budget back in line.

Education Catering Recharge (£21,000 Over)

The current budget for Catering Recharge is £3,028,000 and the latest projection is an overspend of £21,000. This is the net impact of the projected underspend of Facilities Management Employee Costs and the projected overspend on Provisions reported above.

Pupil Consortium Transport (£49,000 Over)

The current budget for Pupil Consortium Transport is £42,000 and the latest projection is an overspend of £49,000, an increase of £5,000 since the last Committee.

SPT School Buses (£23,000 Over)

The budget for SPT School Bus Contracts is £1,001,000 and the latest projection is an overspend of £23,000. A number of contracts have increased in price although the projected outcome is in line with the final out turn for the previous year. It should be noted that this projected overspend relates to buses funded from the Core Education budget and not those funded by SEMP.

SPT Gaelic Transport (£28,000 Over)

The current budget for SPT Gaelic Transport is £20,000 and the latest projection is an overspend of £28,000. These costs relate to the transportation of Secondary School pupils to the Glasgow Gaelic School. The cost of the contract has increased by 41% since last year.

Early Years Framework Resources (£30,000 Under)

The budget for Early Years Framework expenditure is currently £36,690 and the latest projection is an underspend of £30,000.

ASN Income from Other Local Authorities (£50,000 Over-recovery)

Inverclyde Council receives income from other Local Authorities for children placed within ASN Schools. The current budget for this is £416,000 and the latest projection is an over recovery in income of £50,000.

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

6.0 EARMARKED RESERVES

- 6.1 Earmarked Reserves for 2019/20, excluding those for Asset Plans and Strategic Funds, total £615,000 of which £313,000 is projected to be spent in the current financial year. To date, expenditure of £131,000 (42%) has been incurred. Spend to date per profiling was expected to be £114,000, therefore expenditure is currently £17,000 ahead of plan.

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.

Work is currently underway to review the current spend to bring the overall budget back to a break-even position. These initiatives include awaiting the outcome of the NDR appeals process, reviewing the current catering provision, delaying the filling of non-business critical posts and stopping discretionary spend.

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.

Equalities

- (a) Has an Equality Impact Assessment been carried out?

<input type="checkbox"/>	YES (see attached appendix)
<input checked="" type="checkbox"/>	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

- (b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

<input type="checkbox"/>	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
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X	NO
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(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

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 5 - 1st April 2019 to 31st August 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		4			147
Education	70,848	865	22	2,846	(5,903)	68,678
Inclusive Education	12,755	368				13,123
Facilities Management	107					107
Totals	83,853	1,233	26	2,846	(5,903)	82,055

Movement Detail

£000

External Resources

Probationer Teachers
Teachers Pay Award
Early Learning & Childcare

718

2,048

80

2,846

Virements

Biomass From E&R Committee

26

26

Inflation

SEMP
Teachers Pay Award
NDR
Biomass
Electricity
Gas
HSCP Speech & Language
Microsoft Licences
Transport

168

726

68

9

143

64

7

18

30

1,233

4,105

EDUCATION**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****Period 5 - 1st April 2019 to 31st August 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>31-Aug-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>
41,472	ED Employee Costs - Teachers	44,771	17,189	17,328	44,810	39	0.1%
17,037	ED Employee Costs - Non Teachers	17,711	6,955	4,303	17,731	20	0.1%
5,282	FM Employee Costs	5,083	1,996	1,957	5,038	(45)	(0.9%)
3,320	Non Domestic Rates (NDR)	3,393	3,393	3,452	3,452	59	1.7%
944	FM Catering Provisions	950	267	315	994	44	4.6%
1,318	Education Cleaning Contract	1,203	501	483	1,164	(39)	(3.2%)
3,112	Education Catering Recharge	3,028	1,024	1,047	3,049	21	0.7%
86	Pupil Consortium Travel	42	0	0	91	49	116.7%
34	SPT Gaelic Transport	20	0	0	48	28	140.0%
998	SPT School Buses	1,001	501	512	1,024	23	2.3%
17	Early Years Framework	37	15	1	7	(30)	(81.1%)
(369)	ASN - Income from OLA	(416)	(139)	(105)	(466)	(50)	12.0%
Total Material Variances						119	

EDUCATION**REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****Period 5 - 1st April 2019 to 31st August 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	44,771	44,810	39	0.1%
23,822	Employee Costs - Non Teachers	21,764	22,794	22,769	(25)	(0.1%)
14,956	Property Costs	7,693	8,013	8,032	19	0.2%
5,557	Supplies & Services	5,101	5,187	5,241	54	1.0%
2,573	Transport Costs	1,947	1,977	2,095	118	6.0%
691	Administration Costs	717	717	717	0	-
5,333	Other Expenditure	17,985	21,612	21,601	(11)	(0.1%)
(16,550)	Income	(12,037)	(17,113)	(17,141)	(28)	0.2%
77,854	TOTAL NET EXPENDITURE	83,853	87,958	88,124	166	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	82,055	82,221	166	

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	147	161	14	9.5%
57,537	Education	56,219	59,784	60,144	360	0.6%
111	Facilities Management	107	107	107	0	-
7,726	School Estate Management Plan	14,629	14,797	14,797	0	-
65,374	TOTAL EDUCATION SERVICES	70,955	74,688	75,048	360	0.5%
8,867	ASN	9,055	9,368	9,200	(168)	(1.8%)
1,572	Community Learning & Development	1,638	1,639	1,639	0	-
1,923	Other Inclusive Education	2,062	2,116	2,076	(40)	(1.9%)
12,362	TOTAL INCLUSIVE EDUCATION	12,755	13,123	12,915	(208)	(1.6%)
77,854	TOTAL EDUCATION COMMITTEE	83,853	87,958	88,124	166	0.2%
	Earmarked Reserves	0	(971)	(971)	0	
	Loan Charges / DMR	0	(4,932)	(4,932)	0	
	TOTAL EDUCATION COMMITTEE excluding Earmarked Reserves	83,853	82,055	82,221	166	

	Earmarked Reserves	Approved Reserves 2019/20 £000	Revised Reserves 2019/20 £000	Approved Budget 2019/20 £000	Projected Spend 2019/20 £000	Projected Carry Forward 2019/20 £000
	Earmarked Reserves	2,348	17,438	16,165	16,165	1,273
	CFCR	0	0	0	0	0
	TOTAL	2,348	17,438	16,165	16,165	1,273

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Education & Lifelong Learning

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2019/20</u>	<u>Phased Budget To Period 5 2019/20</u>	<u>Actual To Period 5 2019/20</u>	<u>Projected Spend 2019/20</u>	<u>Amount to be Earmarked for 2020/21 & Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Beacon Arts	Tony McEwan	175	86	88	175	0	Will be fully spent in 2019/20.
Autism Friendly	Tony McEwan	224	0	8	32	192	Projected expenditure for CVS Inverclyde
I-Youth Zones	Tony McEwan	11	11	3	11	0	Legacy costs for Gourrock I-Youth Zone closure
Year of Young People Legacy	Tony McEwan	100	5	3	20	80	Funding is £20k per year for 5 years. First event took place in Summer 2019.
Period Poverty	Tony McEwan	105	12	29	75	30	£30k will be c/f for use in 2020/21
Total		615	114	131	313	302	

EDUCATION COMMITTEE**VIREMENT REQUESTS**

Budget Heading	Increase Budget £	(Decrease) Budget £
	0	0

Note