

Report To: Education & Communities Committee
Date: 21 January 2020

Report By: Chief Financial Officer and Corporate Director Education, Communities and Organisational Development
Report No: FIN/04/20/AP/IC

Contact Officer: Iain Cameron
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Subject: Education 2019/20 Revenue Budget-Period 7 to 31 October 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 7 to 31 October 2019.

2.0 SUMMARY

2.1 The total Education budget for 2019/20, excluding planned carry forward for Earmarked Reserves is £83,398,970. The School Estate Management Plan accounts for £14,797,000 of the total Education budget. The latest projection is an overspend of £27,000, a decrease in expenditure of £139,000 since the last Committee.

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

- (a) Projected overspend of £31,000 for Teachers Employee Costs. This is a decrease in expenditure of £8,000 since the last Committee and equivalent to 0.1% of the Teachers budget.
- (b) Projected underspend of £10,000 for Education Non-Teachers Employee Costs, a decrease in expenditure of £30,000 since the last Committee.
- (c) Projected underspend of £58,000 for Facilities Management Employee Costs, a decrease in expenditure of £13,000 since the last Committee.
- (d) Projected underspend of £87,000 for Non Domestic Rates (NDR)
- (e) Projected overspend of £29,000 for Water.
- (f) Projected underspend of £50,000 for Education Contract Cleaning.
- (g) Projected overspend of £14,000 for Facilities Management Catering Provisions.
- (h) Projected overspend of £24,000 for Internal Transport Maintenance.
- (i) Projected overspend of £49,000 for Pupil Consortium Travel.
- (j) Projected overspend of £20,000 for SPT School Buses Contract.
- (k) Projected overspend of £21,000 for SPT Gaelic Transport.

(l) Projected underspend of £30,000 for Early Years Framework.

(m) Projected over-recovery of income of £20,000 for ASN Income from Other Local Authorities.

- 2.3 Work is currently continuing to try and bring the overall budget back to a break-even position and the projected overspend has been reduced by £139,000 since last Committee. These initiatives include successful NDR appeals, reviewing the current catering provisions spend, 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 £645,000 of which £260,000 is projected to be spent in the current financial year. To date, expenditure of £167,000 (64%) has been incurred. Spend to date per profiling was expected to be £143,000, therefore expenditure is currently £24,000 ahead of plan.

3.0 RECOMMENDATION

- 3.1 That the Committee notes the current projected overspend of £27,000 for the 2019/20 Education Revenue Budget as at Period 7 to 31 October 2019.
- 3.2 That the Committee approves the virements totalling £100,750 as detailed in paragraph 7.1 and Appendix 5.
- 3.3 That the Committee notes the ongoing actions to bring the budget back to a break-even position.

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 7, 31 October 2019 and highlight the main issues contributing to the projected overspend of £27,000 which is a decrease in expenditure of £139,000 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 £83,398,970. This is an increase of £5,449,050 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 £27,000 (0.03%) are:

Education Employee Costs – Teachers (£31,000 Over)

The total budget for Teachers Employee Costs is £45,840,000 and the latest projection is an overspend of £31,000, a decrease in expenditure of £8,000 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 2019 and will continue to be reviewed on a regular basis throughout the year.

Education Employee Costs – Non-Teachers (£10,000 Under)

The total budget for Education Non-Teacher Employee Costs is £18,007,000 and the latest projection is an underspend of £10,000, a decrease in expenditure of £30,000 since the last Committee. An overspend for ASN Employees is offset by an underspend for Early Years Employees.

Employee Costs – Facilities Management (£58,000 Under)

The total budget for Facilities Management Employee Costs is £5,159,000 and the latest projection is an underspend of £58,000, a decrease in expenditure of £13,000 since the last Committee. A £19,000 overspend for Janitors due to under-achievement of Turnover Savings is offset by underspends for Cleaning Staff (£50,000), Catering Staff (£23,000) and Public Conveniences (£4,000) due to vacant posts. There is a corresponding shortfall in Facilities Management Income of £54,000 as a result of this underspend.

Non-Domestic Rates (NDR) (£87,000 Under)

The total budget for Non-Domestic Rates (NDR) is £3,393,000 and the latest projection is an underspend of £87,000. This is £146,000 less expenditure than previously reported to Committee. and is due to a credit being received following successful Rateable Values appeals.

Water (£29,000 Over)

The total budget for Water is £255,000 and the latest projection is an overspend of £29,000. It should be noted that a final invoice for 2018/19 is still under dispute and could increase this projected overspend.

Education Cleaning Contract (£50,000 Under)

The total budget for the Education Cleaning Contract is £1,203,000 and the latest projection is an underspend of £50,000, a decrease in expenditure of £11,000 since the last Committee. This underspend is a result of the Facilities Management Employee Costs underspend reported above.

Facilities Management – Catering Provisions (£14,000 Over)

The budget for Catering Provisions has increased by £30,000 to £980,000 due to additional budget being received from Inflation Contingency. The latest projection is an overspend of £14,000, a decrease of £30,000 since the last 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 are continuing to look at ways of decreasing this expenditure to bring the budget back in line.

Non-Domestic Rates (NDR) (£87,000 Under)

The total budget for Non-Domestic Rates (NDR) is £3,393,000 and the latest projection is an underspend of £87,000. This is £146,000 less expenditure than previously reported to Committee. and is due to a credit being received following successful Rateable Values appeals.

Internal Transport – Maintenance (£24,000 Over)

The budget for Internal Transport Maintenance is £14,000 and the latest projection is an overspend of £24,000. The majority of these costs relate to vehicles used by ASN Education.

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, the same as reported to the last Committee.

SPT School Buses (£20,000 Over)

The budget for SPT School Bus Contracts is £1,001,000 and the latest projection is an overspend of £20,000, a reduction in expenditure of £3,000 since the last Committee. 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.

SPT Gaelic Transport (£21,000 Over)

The current budget for SPT Gaelic Transport is £19,000 and the latest projection is an overspend of £21,000, a reduction in expenditure of £7,000 since the last Committee. These costs relate to the transportation of Secondary School pupils to the Glasgow Gaelic School. The cost of the contract has increased by approximately 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. This is the same as previously reported to Committee.

ASN Income From Other Local Authorities (£20,000 Over Recovery)

The budget for ASN Income from Other Local Authorities is £416,000 and the latest projection is an over-recovery of £20,000, a reduction of £30,000 since the last Committee. This is due to a child no longer requiring the service.

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 £645,000 of which £260,000 is projected to be spent in the current financial year. To date, expenditure of £167,000 (64%) has been incurred. Spend to date per profiling was expected to be £143,000, therefore expenditure is currently £24,000 ahead of plan.

7.0 VIREMENTS

- 7.1 The Committee is asked to approve two virements totalling £100,750 as detailed in Appendix 5.

The first virement will transfer £25,750 from the Education & Communities Committee to the Environment & Regeneration Committee due to responsibility for the More Choices More Chances (MCMC) team moving Directorate. This virement reflects the part year Employee Costs budget. The full annual budget will be transferred as part of the 2020/21 budget process. The second virement transfers £75,000 from the ASN Placements budget to the ASN Transport budget and will be effective from 1 April 2020.

8.0 IMPLICATIONS

8.1 Finance

All financial implications are discussed in detail within the report above.

Work is ongoing 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?

	YES
X	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?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

- (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 7 - 1st April 2019 to 31st October 2019**

Service	Approved Budget	Movements			Transferred to EMR £000	Revised Budget
	2019/20 £000	Inflation £000	Virement £000	Supplementary Budgets £000		2019/20 £000
Corporate Director	143	4				147
Education	70,848	1,193	(81)	3,615	(5,903)	69,672
Inclusive Education	12,755	368		274		13,397
Facilities Management	107	76				183
Totals	83,853	1,641	(81)	3,889	(5,903)	83,399

Movement Detail**External Resources**

Probationer Teachers 718
 Teachers Pay Award 2,048
 Teachers Superannuation 1,043
 Early Learning & Childcare 80

Virements

RHI & FIT From E&R Committee (55)
 MCMC Team to E&R Committee (26)

Inflation

SEMP 168
 Teachers Pay Award 726
 Pay & Grading 377
 NDR 68
 Biomass 9
 Electricity 143
 Gas 64
 HSCP Speech & Language 7
 Microsoft Licences 18
 Catering Provisions 30
 Transport 31

1,641
 5,449

EDUCATION**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****Period 7 - 1st April 2019 to 31st October 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-Oct-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	45,840	24,683	24,587	45,871	31	0.1%
5,282	FM Employee Costs	5,159	2,805	2,744	5,101	(58)	(1.1%)
3,320	Non Domestic Rates (NDR)	3,393	3,393	3,452	3,306	(87)	(2.6%)
251	Water	255	0	3	284	29	11.4%
1,318	Education Cleaning Contract	1,203	702	651	1,153	(50)	(4.2%)
34	Internal Transport - Maintenance	14	14	18	38	24	171.4%
86	Pupil Consortium Travel	42	25	12	91	49	116.7%
34	SPT Gaelic Transport	19	0	0	40	21	110.5%
998	SPT School Buses	1,001	995	989	1,021	20	2.0%
17	Early Years Framework	37	22	1	7	(30)	(81.1%)
Total Material Variances						(51)	

EDUCATION**REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****Period 7 - 1st April 2019 to 31st October 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	45,840	45,871	31	0.1%
23,822	Employee Costs - Non Teachers	21,764	23,166	23,098	(68)	(0.3%)
14,956	Property Costs	7,693	7,986	7,871	(115)	(1.4%)
5,557	Supplies & Services	5,101	5,241	5,285	44	0.8%
2,573	Transport Costs	1,947	1,988	2,125	137	6.9%
691	Administration Costs	717	714	714	0	-
5,333	Other Expenditure	17,985	21,576	21,567	(9)	(0.0%)
(16,550)	Income	(12,037)	(17,209)	(17,202)	7	(0.0%)
77,854	TOTAL NET EXPENDITURE	83,853	89,302	89,329	27	0.0%
	Earmarked Reserves	0	(971)	(971)	0	
	Loan Charges / DMR	0	(4,932)	(4,932)	0	
	TOTAL NET EXPENDITURE excluding Earmarked Reserves	83,853	83,399	83,426	27	

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	60,778	60,937	159	0.3%
111	Facilities Management	107	183	179	(4)	(2.2%)
7,726	School Estate Management Plan	14,629	14,797	14,797	0	-
65,374	TOTAL EDUCATION SERVICES	70,955	75,758	75,913	155	0.2%
8,867	ASN	9,055	9,628	9,525	(103)	(1.1%)
1,572	Community Learning & Development	1,638	1,645	1,640	(5)	(0.3%)
1,923	Other Inclusive Education	2,062	2,124	2,090	(34)	(1.6%)
12,362	TOTAL INCLUSIVE EDUCATION	12,755	13,397	13,255	(142)	(1.1%)
77,854	TOTAL EDUCATION COMMITTEE	83,853	89,302	89,329	27	0.0%
	Earmarked Reserves	0	(971)	(971)	0	

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Education & Lifelong Learning

Project	Lead Officer/ Responsible Manager	Total Funding 2019/20 £000	Phased Budget To Period 7 2019/20 £000	Actual To Period 7 2019/20 £000	Projected Spend 2019/20 £000	Amount to be Earmarked for 2020/21 & Beyond £000	Lead Officer Update
Beacon Arts	Tony McEwan	205	115	103	103	102	New Funding is £120k from Incerclyde Council and £30k from Creative Scotland. £102k of funding has not been released yet.
Autism Friendly	Tony McEwan	224	0	16	55	169	CVS Employee funded to Sept 2020 at £8k per quarter. £23k of payments to groups will also be made 19/20. £80k of the £169k cf is currently committed and £89k uncommitted.
I-Youth Zones	Tony McEwan	11	11	5	7	4	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.
Free Sanitary Products	Tony McEwan	105	12	40	75	30	£30k will be cf at year end
Total		645	143	167	260	385	

EDUCATION COMMITTEE**VIREMENT REQUESTS**

Budget Heading		Increase Budget	(Decrease) Budget
		£	£
Environment & Regeneration Employee Costs Education HQ Employee Costs	1	25,750	25,750
ASN Transport ASN Placements	2	75,000	75,000
		100,750	100,750

Note

1-MCMC team were transferred to Environment & Regeneration on 11/11/19. This virement moves Employee cost budget for remainder of year.

2-£75,000 to be vired from ASN Placements budget to ASN Transport budget. This virement will be effective from 01/04/20