
Report To:	Education & Communities Committee	Date:	10 March 2020
Report By:	Chief Financial Officer and Corporate Director Education, Communities and Organisational Development	Report No:	FIN/22/20/AP/IC
Contact Officer:	Iain Cameron	Contact No:	01475 712832
Subject:	Education 2019/20 Revenue Budget- Period 9 to 31 December 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 9 to 31 December 2019.

2.0 SUMMARY

2.1 The total Education budget for 2019/20, excluding planned carry forward for Earmarked Reserves is £82,434,110. The School Estate Management Plan accounts for £14,797,000 of the total Education budget. The latest projection is an overspend of £49,000, an increase in expenditure of £22,000 since the last Committee.

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

- (a) Projected underspend of £1,000 for Teachers Employee Costs. This is a decrease in projected expenditure of £30,000 since the last Committee and equivalent to 0.02% of the Teachers budget.
- (b) Projected overspend of £51,000 for Education Non-Teachers Employee Costs, an increase in projected expenditure of £61,000 since the last Committee, mostly within ASN Education.
- (c) Projected underspend of £52,000 for Facilities Management Employee Costs, an increase in expenditure of £6,000 since the last Committee.
- (d) Projected underspend of £87,000 for Non Domestic Rates (NDR.) the same as previously reported to Committee.
- (e) Projected overspend of £29,000 for Water, the same as previously reported to Committee.
- (f) Projected underspend of £50,000 for Education Contract Cleaning, the same as previously reported to Committee.
- (g) Projected overspend of £19,000 for Contract Janitors, the same as previously reported to Committee
- (h) Projected overspend of £14,000 for Facilities Management Catering Provisions, the same as previously reported to Committee.

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- (i) Projected overspend of £24,000 for Internal Transport Maintenance, the same as previously reported to Committee.
 - (j) Projected overspend of £49,000 for Pupil Consortium Travel, the same as previously reported to Committee.
 - (k) Projected overspend of £38,000 for SPT School Buses Contract, an increase of £18,000 since the last Committee.
 - (l) Projected overspend of £21,000 for SPT Gaelic Transport, the same as previously reported to Committee.
 - (m) Projected overspend of £15,000 for ASN Transport, the same as previously reported to Committee.
 - (n) Projected underspend of £30,000 for Early Years Framework, the same as previously reported to Committee.
 - (o) Projected shortfall in Facilities Management Income of £34,000, a reduction of £6,000 since the last Committee.
 - (p) Projected over-recovery of income of £20,000 for ASN Income from Other Local Authorities, the same as previously reported to Committee.

2.3 Work is currently continuing to try and bring the overall budget back to a break-even position although the projected overspend has increased by £22,000 since the last Committee, mainly due to increased Transport costs from SPT.

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 £189,000 (73%) has been incurred. Spend to date per profiling was expected to be £223,000, therefore slippage is currently £34,000 or 15.2%.

3.0 RECOMMENDATION

3.1 It is recommended that the Committee notes the current projected overspend of £49,000 for the 2019/20 Education Revenue Budget as at Period 9 to 31 December 2019.

3.2 It is recommended that the Committee notes that there are ongoing actions to bring the budget back to a break-even position.

3.3 It is recommended that the Committee supports the creation of the following earmarked reserves and agree to remit these requests to the Policy & Resources Committee for approval – Early Learning & Childcare Expansion, Support for Additional Support for Learning Implementation.

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 9 to 31 December 2019 and highlight the main issues contributing to the projected overspend of £49,000 which is an increase in expenditure of £22,000 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 £82,434,110. This is an increase of £5,295,190 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 £49,000 (0.06%) are:

Education Employee Costs – Teachers (£1,000 Under)

The total budget for Teachers Employee Costs is £46,410,000 and the latest projection is an underspend of £1,000, a decrease in expenditure of £30,000 since the last Committee. 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 (£51,000 Over)

The total budget for Education Non-Teacher Employee Costs is £17,453,000 and the latest projection is an overspend of £51,000, an increase in projected expenditure of £61,000 since the last Committee. The increased expenditure relates mainly to ASN Employees.

Employee Costs – Facilities Management (£52,000 Under)

The total budget for Facilities Management Employee Costs is £5,087,000 and the latest projection is an underspend of £52,000, an increase in expenditure of £6,000 since 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 (£17,000) and Public Conveniences (£4,000) due to vacant posts. There is a corresponding shortfall in Facilities Management Income of £34,000 (Shortfall of £48,000 for Employee Costs partially offset by £14,000 over recovery for Supplies.)

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, the same as previously reported to Committee. The underspend is due to credits 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, the same as previously reported to Committee. It should be noted that final invoices for 2018/19 and 2019/20 are still being reviewed by officers 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, the same as previously reported to 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 is £980,000 and the latest projection is an overspend of £14,000, the same as reported to last Committee. A review of product pricing was carried out by Scotland Excel and Facilities Management. The review 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. As previously reported to Committee, the budget was increased by £30,000 as a result of this inflation. Facilities Management are continuing to look at ways of decreasing this expenditure to bring the budget back in line.

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 same as previously reported to Committee. 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 (£38,000 Over)

The budget for SPT School Bus Contracts is £1,001,000 and the latest projection is an overspend of £38,000, an increase in expenditure of £18,000 since the last Committee. A number of contracts have increased in price although the projected outcome is still 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, the same as reported to 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 Learning & Childcare Expansion Programme (On Budget)

As previously reported to Committee in September 2019, the budget for Early Learning & Childcare Expansion is £4,885,000 for 2019/20. It is currently projected that £600,000 of this funding will be unallocated at year-end due mainly to delays in recruitment of new staff and the roll out of resources. This will not have an impact on the delivery of the Expansion Programme. The Policy & Resources Committee will be asked to approve the creation of an Earmarked Reserve of £600,000 which will be used to fund capital work required as part of the expansion in 2020/21.

Support for Additional Support for Learning Implementation (On Budget)

The Scottish Government confirmed in January 2020 that Inverclyde Council would receive funding of £211,000 for Support for Additional Support for Learning Implementation in 2019/20. The Committee is asked to approve the creation of an Earmarked Reserve of £211,000 at year-end to allow this funding to be used in 2020/21. This will also require approval by the Policy & Resources Committee.

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, the same as reported to the last Committee.

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 £189,000 (73%) has been incurred. Spend to date per profiling was expected to be £223,000, therefore slippage is currently £34,000 or 15.2%.

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 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 9 - 1st April 2019 to 31st December 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	1,155	(81)	3,549	(6,503)	68,968
Inclusive Education	12,755	260		408	(211)	13,212
Facilities Management	107					107
Totals	<u>83,853</u>	<u>1,419</u>	<u>(81)</u>	<u>3,957</u>	<u>(6,714)</u>	<u>82,434</u>

Movement Detail

£000

External Resources

Probationer Teachers
 Teachers Pay Award
 Teachers Superannuation
 Additional Support for Learning (ASL)
 Early Learning & Childcare

600
 2,048
 1,042
 211
 56

3,957Virements

RHI & FIT From E&R Committee
 MCMC Team to E&R Committee

(55)
 (26)

(81)Inflation

SEMP
 Teachers Pay Award
 NDR
 Biomass
 Electricity
 Gas
 HSCP Speech & Language
 Microsoft Licences
 Clothing Grant
 Catering Provisions
 Transport

168
 851
 68
 9
 143
 64
 7
 18
 30
 30
 31

1,4195,295

EDUCATION**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****Period 9 - 1st April 2019 to 31st December 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-Dec-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>
3,320	Non Domestic Rates (NDR)	3,393	3,393	3,452	3,306	(87)	(2.6%)
251	Water	255	255	268	284	29	11.4%
1,318	Education Cleaning Contract	1,203	902	838	1,153	(50)	(4.2%)
34	Internal Transport - Maintenance	14	11	21	38	24	171.4%
86	Pupil Consortium Travel	42	32	21	91	49	116.7%
34	SPT Gaelic Transport	19	0	0	40	21	110.5%
998	SPT School Buses	1,001	995	989	1,039	38	3.8%
17	Early Years Framework	37	28	2	7	(30)	(81.1%)
(6,498)	Facilities Management Income	(6,327)	(4,745)	(4,598)	(6,293)	34	(0.5%)
Total Material Variances						28	

EDUCATION**REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****Period 9 - 1st April 2019 to 31st December 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	46,410	46,409	(1)	(0.0%)
23,822	Employee Costs - Non Teachers	21,764	22,540	22,539	(1)	(0.0%)
14,956	Property Costs	7,693	7,989	7,875	(114)	(1.4%)
5,557	Supplies & Services	5,101	5,241	5,255	14	0.3%
2,573	Transport Costs	1,947	2,004	2,155	151	7.5%
691	Administration Costs	717	689	689	0	-
5,333	Other Expenditure	17,985	21,375	21,356	(19)	(0.1%)
(16,550)	Income	(12,037)	(17,100)	(17,081)	19	(0.1%)
77,854	TOTAL NET EXPENDITURE	83,853	89,148	89,197	49	0.1%
	Earmarked Reserves	0	(1,782)	(1,782)	0	
	Loan Charges / DMR	0	(4,932)	(4,932)	0	
	TOTAL NET EXPENDITURE excluding Earmarked Reserves	83,853	82,434	82,483	49	

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	60,674	60,803	129	0.2%
111	Facilities Management	107	107	103	(4)	(3.7%)
7,726	School Estate Management Plan	14,629	14,797	14,797	0	-
65,374	TOTAL EDUCATION SERVICES	70,955	75,578	75,703	125	0.2%
8,867	ASN	9,055	9,693	9,625	(68)	(0.7%)
1,572	Community Learning & Development	1,638	1,639	1,635	(4)	(0.2%)
1,923	Other Inclusive Education	2,062	2,091	2,073	(18)	(0.9%)
12,362	TOTAL INCLUSIVE EDUCATION	12,755	13,423	13,333	(90)	(0.7%)
77,854	TOTAL EDUCATION COMMITTEE	83,853	89,148	89,197	49	0.1%
	Earmarked Reserves	0	(1,782)	(1,782)	0	

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 9 2019/20</u>	<u>Actual To Period 9 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	205	175	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	24	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 c/f is currently committed and £89k uncommitted.
I-Youth Zones	Tony McEwan	11	11	6	7	4	Legacy costs for Gourrock I-Youth Zone closure. Water bill still to be paid.
Year of Young People Legacy	Tony McEwan	100	15	8	20	80	Funding is £20k per year for 5 years. First event took place in Summer 2019.
Free Sanitary Products	Tony McEwan	105	22	48	75	30	£30k will be c/f at year end
Total		645	223	189	260	385	