
Report To:	Education & Communities Committee	Date:	1 September 2020
Report By:	Chief Financial Officer and Corporate Director Education, Communities and Organisational Development	Report No:	FIN/67/20/AP/IC
Contact Officer:	Iain Cameron	Contact No:	01475 712832
Subject:	Education 2020/21 Revenue Budget- Period 3 to 30 June 2020		

1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Committee of the 2019/20 Education Revenue budget final outturn and the 2020/21 Revenue Budget position as at Period 3 to 30 June 2020.

2.0 SUMMARY

- 2.1 In 2019/20, excluding Earmarked Reserves and the centrally funded Employee Costs, there was an overspend of £39,000 against a budget figure of £84.632 million. This equates to 0.04% of the total budget and was £10,000 less expenditure than reported to the last Committee in March 2020.

The main variances for 2019/20 were –

- (a) An underspend of £24,000 for Teachers Employee Costs, equivalent to 0.05% of the Teacher's budget.
- (b) An underspend of £16,000 for Education Non Teacher employee costs, mostly due to vacant posts within Community Learning & Development.
- (c) An underspend of £80,000 for Facilities Management Employee Costs due to vacant posts.
- (d) An underspend of £89,000 for Non Domestic Rates (NDR) due to credits received as a result of successful rateable value appeals.
- (e) An underspend of £36,000 for Electricity due to lower than expected consumption in schools.
- (f) An underspend of £31,000 for Contract Cleaning and an overspend of £39,000 for Janitors.
- (g) An overspend of £145,000 for Schools Catering contract and an overspend of £75,000 for FM Catering Supplies partially offset by an underspend of £31,000 for School Milk.
- (h) An overspend of £62,000 for Transportation Costs. Overspends of £48,000 for Pupil Consortium, £27,000 for School Buses and £21,000 for Gaelic Transport partially offset by underspend of £29,000 for ASN Transport after Earmarked

Reserve was utilised to fund £94,000 of expenditure.

- (i) An underspend of £23,000 for Administration Costs due to contribution from EMA Administration Grant.
- (j) An underspend of £29,000 for Early Years Framework expenditure.
- (k) An underspend of £39,000 due to Income from Other Local Authorities over recovering.
- (l) An overspend of £63,000 due to a shortfall in School Meal Income

2.3 The total Education budget for 2020/21, excluding planned carry forward for Earmarked Reserves, is £87,325,010. The School Estate Management Plan accounts for £14,728,000 of the total Education budget. The latest projection is an overspend of £2,455,000. Included within this projection are costs of £2,326,000 relating to the Council's response to the Covid-19 pandemic which will be fully funded by the Scottish Government. A further £546,000 of Covid-19 related costs are funded from the Early Years 1140 Hours Earmarked Reserve and £414,000 from Attainment Challenge / Pupil Equity Fund. The net projection excluding the Covid-19 costs is an overspend of £129,000.

2.4 The main reasons for the 2020/21 projected overspend are –

- (a) Projected overspend of £134,000 for Teachers Employee Costs, including costs of £243,000 for additional payments to Supply Teachers as part of the Council's response to the Covid-19 pandemic. Net of these costs the projected outturn for Teachers would be an underspend of £109,000.
- (b) Projected overspend of £110,000 for Education Non Teacher Employee Costs mainly due to the current under achievement of Turnover Savings within ASN Education. None of these costs are Covid-19 related.
- (c) Projected overspend of £602,000 for Facilities Management Employee Costs. This is due to additional employees required for Cleaning and Public Conveniences as part of the Council's response to the Covid-19 pandemic.
- (d) Projected underspend of £46,000 for Gas.
- (e) Projected underspend of £31,000 for Biomass Fuel.
- (f) Projected overspend of £380,000 for Education Cleaning Recharge as a result of the Council's response to the Covid-19 pandemic.
- (g) Projected overspend of £236,000 for IT Digital Access Technology for Schools required as part of the Council's response to the Covid-19 pandemic.
- (h) Projected underspend of £195,000 for FM Catering Supplies due to no meals being produced during the Covid-19 pandemic lockdown. This reduction also results in an underspend of £195,000 for the Education Contract Catering Recharge.
- (i) Projected overspend of £229,000 for FM Catering Resources as a result of the Council's response to the Covid-19 Pandemic. This includes payments to the Foodbank, purchase of food bags for vulnerable members of the Community and Resources for the operation of the Education Hubs.
- (j) Projected overspend of £46,000 for Pupil Consortium Travel.
- (k) Projected overspend of £120,000 for ASN Transport.

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- (l) Projected underspend of £20,000 for EMA Administration.
 - (m) Projected underspend of £30,000 for Early Year's Framework expenditure.
 - (n) Projected overspend of £75,000 for School Trip refunds.
 - (o) Projected underspend of £21,000 for ASN Placements.
 - (p) Projected overspend of £796,000 for payments to families entitled to Free School Meals and other vulnerable members of the Community as a result of the Council's response to the Covid-19 pandemic.
 - (q) Projected under recovery of £294,000 for School Meal Income and under recovery of £35,000 for Breakfast Clubs due to the closure of schools during the Covid-19 pandemic.
 - (r) Projected under recovery of £96,000 for Early Year's Wrapround Income due to the closure of Nurseries during the Covid-19 pandemic.
 - (s) Projected over recovery of £355,000 for FM Income. This is the net impact of additional employees for Cleaning and reduction in Catering Supplies.

2.5 Earmarked Reserves for 2020/21, excluding those for Asset Plans and Strategic Funds, total £2,399,000 of which £2,278,000 is projected to be spent in the current Financial Year. To date expenditure of £85,000 (3.7%) has been incurred. Spend to date per profiling was also expected to be £85,000, therefore there is no slippage to report at this time.

3.0 RECOMMENDATION

- 3.1 That the Committee approves the virement for £66,000 as detailed in paragraph 8.1 and Appendix 5
- 3.2 That the Committee notes the final outturn for the 2019/20 Education Revenue Budget and the current projected overspend of £2,455,000 for the 2020/21 Education Revenue budget as at Period 3 to 30 June 2020.
- 3.3 The Committee notes the current projected overspend of £2,455,000 for 2020/21 includes costs of £2,326,000 relating to the Council's response to the Covid-19 pandemic and net of these costs there is a projected overspend of £129,000
- 3.4 The Committee notes that the 2020/21 Specific Grant for Early Years 1140 funding currently has £2.0 million unallocated. This needs to be spent by 31 March 2021 or potentially handed back to the Scottish Government.

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 2020/21 Revenue Budget, as well as the 2019/20 final out-turn and to highlight the main issues contributing to the £39,000 overspend in 2019/20 and the projected overspend of £549,000 for 2020/21.

5.0 2019/20 OUTTURN

5.1 The final outturn for 2019/20, after adjustments for Earmarked Reserves and the centrally funded Employee Costs was an overspend of £39,000. The main factors contributing to this overspend were:

	Revised Budget 2019/20	Out Turn 2019/20	Variance to Budget	P9 Projected Variance	Movement Since P9 Projection
Corporate Director	150	174	24	14	10
Education Services	67,307	67,861	554	125	429
Inclusive Education	13,575	13,036	(539)	(90)	(449)
TOTAL NET EXPENDITURE	81,032	81,071	39	49	(10)

The main variances are explained in greater detail below.

Employee Costs:

Total underspend for Employee Costs was £120,000 (0.2%)

There was an underspend of £24,000 for Teachers, an underspend of £16,000 for Education Non Teacher employees and an underspend of £80,000 for Facilities Management Employees, mainly due to additional turnover savings.

Property Costs:

Total underspend for Property Costs was £93,000 (0.6%)

Underspend of £89k for Non Domestic Rates (NDR) due to successful Rateable Value appeals. Electricity had an underspend of £36k due to lower than expected consumption in schools. An overspend of £39k for Janitors was partially offset by an underspend of £31k for Contract Cleaning.

Supplies and Services:

Total overspend for Supplies and Services was £192,000 (3.5%)

Education Catering Contract had an overspend of £145k and Facilities Management Catering Supplies had an overspend of £75k. The overspends were partially offset by an underspend of £31k for School Milk.

Transport Costs:

Total overspend for Transport Costs was £62,000 (2.4%)

Overspends for Pupil Consortium Travel (£48k), Glasgow Gaelic School (£21k), SPT School Buses (£27k)

are partially offset by an underspend of £29k for ASN Transport

Administration Costs:

Total underspend for Administration Costs was £19,000 (2.9%)

The underspend relates to contribution from the Education Maintenance Allowance (EMA) Grant.

Other Expenditure:

Total underspend for Other Expenditure was £40,000 (0.5%)

Underspends of £29k for Early Years Framework and £21k for Clothing Grants are offset by an overspend of £15k for Hospital Tuition Costs.

Income:

Total under recovery of Income was £36,000 (0.2%)

Income from Other Local Authorities over recovered by £39k and Early Years Wraparound Income over recovered by £7k. This was offset by a shortfall in income of £63k for School Meal Income and a shortfall of £16k for the School Milk Subsidy.

6.0 2020/21 PROJECTION

6.1 The total Education budget for 2020/21, excluding planned carry forward for Earmarked Reserves, is currently £87,325,010. This is an increase of £1,414,810 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 2020/21 projected overspend of £2,455,000 are:

Education Employee Costs - Teachers

Teachers are currently projected to overspend by £134,000. This includes costs of £243,000 for additional payments to Supply Teachers as part of the Council's response to the Covid-19 pandemic. Net of these costs Teachers have a projected underspend of £109,000. It should be noted that additional Scottish Government funding of £539,860 has been allocated to Inverclyde Council to employ additional Teachers from the start of the new academic year. It is assumed that this will be fully spend in the current Financial Year. A full review of staffing will be carried out in September 2020 and the projection updated appropriately.

Education Employee Costs – Non Teachers

Education Non Teacher Employee Costs are projected to overspend by £110,000. This is mainly due to the current under achievement of Turnover Savings within ASN Education.

Facilities Management Employee Costs

Facilities Management Employee Costs are projected to overspend by £602,000 as a result of additional employees required for Cleaning and Public Conveniences as part of the Council's response to the Covid-19 pandemic.

Gas

The current budget for Gas is £513,000 and the latest projection is an underspend of £46,000, mainly due to a price reduction since last year.

Biomass Fuel

The current budget for Biomass Fuel is £84,000 and the latest projection is an underspend of £31,000. Following a re-tender of the contract there has been a 7% reduction in price per tonne.

Education Cleaning Contract

The current budget for the Education Cleaning Contract is £1,144,000 and the latest projection is an overspend of £380,000 as a result of additional cleaning required in Schools and Nurseries as a response to the Covid-19 pandemic.

IT Digital Access Technology

As part of the Council's response to the Covid-19 pandemic, there will be an overspend of £236,000 on equipment required to improve Digital Access Technology within Schools. An additional £414,000 of IT costs will be funded by the Attainment Challenge / Pupil Equity Fund.

Facilities Management Catering Provisions

The current budget for Catering Provisions is £979,000 and the latest projection is an underspend of £195,000. This is due to a reduction in the number of school meals being produced as a result of school closures as part of the Council's response to the Covid-19 pandemic.

Facilities Management Catering Resources

As a result of the Council's response to the Covid-19 pandemic there is a projected overspend of £229,000 for Facilities Management Catering Resources. This expenditure includes payments to the Foodbank, purchase of food bags for vulnerable members of the Community and Resources for the operation of the Education Hubs.

Facilities Management Cleaning Resources

As a result of the Council's response to the Covid-19 pandemic, it is projected that additional expenditure of £150,000 will be required for Personal Protective Equipment and Hand Sanitiser.

Education Catering Recharge

The current budget for Catering Recharge is £3,249,000 and the latest projection is an underspend of £195,000. This is due to the underspend for Facilities Management Catering Supplies noted above.

Pupil Consortium Travel

The current budget for Pupil Consortium Travel is £93,000 and the latest projection is an overspend of £46,000. This budget is used to fund the transportation of pupils between secondary schools for curriculum classes and historically has overspent.

ASN Transport

The current budget for ASN Transport is £371,000 and the latest projection is an overspend of £120,000. This is mainly due to the Earmarked Reserve used to fund some of these costs in previous years no longer being available.

EMA Administration

Education Maintenance Allowance Administration is projected to underspend by £20,000 as a result of a contribution from the Scottish Government for running the scheme on their behalf. Projected out turn is in line with previous year.

Early Years Framework

Early Years Framework is projected to underspend by £30,000. This is in line with the out turn for the previous year.

Early Years 1140 Specific Grant Funding 2020/21

Revenue funding of £7,765,000 was received from the Scottish Government for the expansion of Early Years Childcare from 600 hours to 1140 hours. As a result of delays in staff recruitment and construction of new nurseries, it is projected that only £5,765,000 of this funding will be required in 2020/21 resulting in £2,000,000 currently being unallocated. This funding requires to be fully spent by 31 March 2021 or potentially handed back to the Scottish Government.

A report elsewhere on this agenda gives an update on the progress made by Inverclyde Council in implementing 1140 Hours.

School Trip Refunds

As a result of the Covid-19 pandemic, a number of school trips were cancelled. £75,000 has been set aside to refund parents for any shortfall in refunds. It should be noted that this is a worst case scenario and the overspend may reduce as a result of refunds from suppliers and insurance claims.

ASN Placements

The current budget for ASN Placements is £371,000. Based on the final out turn for last year there is a projected underspend of £21,000. A full review of placements will be carried out at the start of the new academic year and the projection updated accordingly.

Covid-19 Food Payments

As part of the Council's response to the Covid-19 pandemic, families in receipt of Free School Meals continued to be supported when schools were closed and over the summer holidays period. In addition support was provided to vulnerable members of the Community. An overspend of £796,000 is projected for this expenditure. This expenditure is in addition to £66,000 of purchases funded by the budget vired from Communities Playschemes.

School Meal Income

The total budget for School Meal Income is £981,000 and the latest projection is an under recovery in income of £294,000. This is because of school closures as a result of the Covid-19 pandemic.

Breakfast Club Income

The budget for Breakfast Club Income is £50,000 and the latest projection is an under recovery in income of £35,000 due to schools being closed as a result of the Covid-19 pandemic.

Early Years Wraparound Income

Early Years Wraparound Income is projected to under recover by £96,000 as a result of Nurseries being closed due to the Covid-19 pandemic.

Facilities Management Income

Facilities Management Income is projected to over recover by £355,000. This is the net impact of additional employees required for Cleaning and the reduction in Catering Supplies as a result of the Covid-19 pandemic.

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

7.0 EARMARKED RESERVES

7.1 Earmarked Reserves for 2020/21, excluding those for Asset Plans and Strategic Funds, total £2,399,000 of which £2,278,000 is projected to be spent in the current Financial Year. To date expenditure of £85,000 (3.7%) has been incurred. Spend to date per profiling was also expected to be £85,000, therefore there is no slippage to report at this time.

8.0 VIREMENTS

8.1 Committee are asked to approve the virement of £66,000 from the Communities Committee as detailed in appendix 5. This budget will be used to fund food payments to vulnerable members of the Community.

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

Equalities

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

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

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

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 - 2020/21**Period 3 - 1st April 2020 to 30th June 2020**

Service	Approved Budget	Movements			Transferred to EMR £000	Revised Budget
	2020/21 £000	Inflation £000	Virement £000	Supplementary Budgets £000		2020/21 £000
Corporate Director	149					149
Education	76,421	178	103	1,134	(4,881)	72,955
Inclusive Education	14,111					14,111
Facilities Management	110					110
Totals	90,791	178	103	1,134	(4,881)	87,325

Movement Detail

£000

External Resources

Probationer Teachers
Additional Teachers

594
540

1,134

Virements

From Communities - Food Payments
Water from Inflation Contingency

66
37

103

Inflation

SEMP
HSCP Speech & Language

171
7

178

1,415

EDUCATION**REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****Period 3 - 1st April 2020 to 30th June 2020**

2019/20 Actual £000	Subjective Heading	Approved Budget 2020/21 £000	Revised Budget 2020/21 £000	Projected Out-turn 2020/21 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
45,120	Employee Costs - Teachers	46,096	50,013	50,147	134	0.3%
25,031	Employee Costs - Non Teachers	22,739	27,593	28,314	721	2.6%
16,598	Property Costs	8,091	8,128	8,418	290	3.6%
5,420	Supplies & Services	5,349	5,390	5,615	225	4.2%
2,638	Transport Costs	2,033	2,033	2,218	185	9.1%
645	Administration Costs	689	689	671	(18)	(2.6%)
5,292	Other Expenditure	18,147	23,509	24,332	823	3.5%
(19,673)	Income	(12,353)	(25,149)	(25,054)	95	(0.4%)
81,071	TOTAL NET EXPENDITURE	90,791	92,206	94,661	2,455	2.7%
	Earmarked Reserves	0	(73)	(73)	0	
	Loan Charges / DMR	0	(4,808)	(4,808)	0	
	Additional Funding Covid-19			(2,326)	(2,326)	
	TOTAL NET EXPENDITURE excluding Earmarked Reserves	90,791	87,325	87,454	129	

2019/20 Actual £000	Objective Heading	Approved Budget 2020/21 £000	Revised Budget 2020/21 £000	Projected Out-turn 2020/21 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
174	Corporate Director	149	149	157	8	5.4%
58,529	Education	61,864	63,046	64,935	1,889	3.0%
95	Facilities Management	110	110	541	431	391.8%
9,237	School Estate Management Plan	14,557	14,728	14,728	0	-
67,861	TOTAL EDUCATION SERVICES	76,531	77,884	80,204	2,320	3.0%
9,402	ASN	10,337	10,337	10,470	133	1.3%
1,614	Community Learning & Development	1,685	1,747	1,747	0	-
2,020	Other Inclusive Education	2,089	2,089	2,083	(6)	(0.3%)
13,036	TOTAL INCLUSIVE EDUCATION	14,111	14,173	14,300	127	0.9%
81,071	TOTAL EDUCATION COMMITTEE	90,791	92,206	94,661	2,455	2.7%
	Earmarked Reserves	0	(73)	(73)	0	

EDUCATIONREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCESPeriod 3 - 1st April 2020 to 30th June 2020

<u>Out Turn</u> <u>2019/20</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Budget</u> <u>2020/21</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u>	<u>Actual to</u> <u>30-Jun-20</u> <u>£000</u>	<u>Projection</u> <u>2020/21</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>Percentage</u> <u>Over / (Under)</u>
45,120	ED Employee Costs -Teachers	50,013	11,626	11,829	50,147	134	0.3%
25,031	Employee Costs - Non Teachers	27,593	5,913	6,108	28,314	721	2.6%
897	Gas	513	86	66	467	(46)	(9.0%)
81	Biomass	84	14	5	53	(31)	(36.9%)
1,190	ED Cleaning Contract	1,144	286	256	1,524	380	33.2%
0	IT Digital Access Equipment	0	0	0	236	236	-
1,053	FM Catering Supplies	979	255	0	784	(195)	(19.9%)
3,253	ED Catering Recharge	3,249	812	642	3,054	(195)	(6.0%)
0	FM Catering Supplies - Covid-19	0	0	164	229	229	-
0	FM PPE / Hans Sanitiser - Covid 19	0	0	40	150	150	-
90	Pupil Consortium Travel	93	23	35	139	46	49.5%
416	ASN Transport	352	88	118	472	120	34.1%
3	EMA Administration	25	6	1	5	(20)	(80.0%)
8	Early Years Framework	37	9	1	7	(30)	(81.1%)
0	School Trips Refunds	0	0	0	75	75	-
350	ASN Placements	371	93	36	350	(21)	(5.7%)
0	Food Payments - Covid-19	0	0	458	796	796	-
(900)	School Meal Income	(981)	(255)	0	(687)	294	(30.0%)
(32)	Breakfast Club Income	(50)	(13)	0	(15)	35	(70.0%)
(309)	Early Years Wrapround Income	(311)	(78)	0	(215)	96	(30.9%)
(6,442)	FM Income	(6,448)	(1,230)	(1,190)	(6,803)	(355)	5.5%
	Total Covid-19 Material Variances					2,326	
	Total Material Variances					2,419	

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Education & Lifelong Learning

Project	Lead Officer/ Responsible Manager	Total Funding 2020/21 £000	Phased Budget To Period 3 2020/21 £000	Actual To Period 3 2020/21 £000	Projected Spend 2020/21 £000	Amount to be Earmarked for 2020/21 & Beyond £000	Lead Officer Update
Beacon Arts	Tony McEwan	87	0	0	87	0	Contingency for Beacon funding.
Autism Friendly	Tony McEwan	189	0	0	189	0	CVS post funded until end of Sept 2020. assumes balance spent by year end
Year of Young People Legacy	Tony McEwan	80	0	0	20	60	Funding was £20k per year for 5 years. Now is Year 2 with next event expected to be held late 2020. £60k will be c/f to fund next 3 years activities.
Early Years 1140 c/f	Michael Roach	2,043	85	85	1,982	61	£85k expenditure YTD is ELC FSM payments, £61k is uncommitted amount per P&R report 16 June
Total		2,399	85	85	2,278	121	

EDUCATION COMMITTEE**VIREMENT REQUESTS**

Budget Heading		Increase Budget	(Decrease) Budget
		£	£
Food Payments - Covid 19 Communities Committee	1	66,000	(66,000)
		66,000	(66,000)

Note

1- £66,000 vired from Communities Committee to Education Committee to fund FSM Payments.