
Report To:	Education & Communities Committee	Date:	3 November 2020
Report By:	Chief Financial Officer and Corporate Director Education, Communities and Organisational Development	Report No:	FIN/088/20/AP/IC
Contact Officer:	Iain Cameron	Contact No:	01475 712832
Subject:	Education 2020/21 Revenue Budget-Period 5 to 31 August 2020		

1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Committee of the 2020/21 Revenue Budget position as at Period 5 to 31 August 2020.

2.0 SUMMARY

- 2.1 The total Education budget for 2020/20, excluding planned carry forward for Earmarked Reserves is £87,610,650. The School Estate Management Plan accounts for £14,728,000 of the total Education budget. The latest projection is an overspend of £2,885,000. Included within this projection are costs of £2,847,000 relating to the Council's response to the Covid-19 pandemic which will be fully funded by the approved Covid-19 budget. 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 £38,000, a decrease in expenditure of £91,000 since the last Committee.

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

- (a) Projected overspend of £1,076,000 for Teachers Employee Costs. This is an increase in projected expenditure of £942,000 since the last Committee. 26.7 fte additional Teachers have been employed since August 2020 as part of the Covid-19 response. The projected overspend will be fully funded by the agreed Covid-19 budget.
- (b) Projected overspend of £442,000 for Education Non-Teachers Employee Costs, a decrease in projected expenditure of £279,000 since the last Committee. A previously reported overspend of £106,000 for ASN staff is now being funded by the Additional Support for Learning budget with the balance relating to a reduction in projected costs for Facilities Management employees. Included within the projected overspend of £442,000 are Covid-19 response costs of £541,000 which will be fully funded by the agreed Covid-19 budget. Excluding these costs, there is a projected underspend of £99,000, mainly relating to Facilities Management.
- (c) Projected underspend of £55,000 for Gas.
- (d) Projected underspend of £31,000 for Biomass Fuel at Port Glasgow Community Campus due to a price reduction and system being offline for a period of time.

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- (e) Projected overspend of £241,000 for Education Contract Cleaning Recharge. This is a decrease of £139,000 since the last Committee. These costs will be fully funded by the agreed Covid-19 budget as they are due to extra cleaners being required as part of the Council's response to the Covid-19 pandemic.
 - (f) Projected underspend of £237,000 for Facilities Management Catering Provisions, and a corresponding projected underspend of £237,000 for Education Catering Recharge. This is due to no provisions being purchased while schools were closed as part of the response to the Covid-19 pandemic.
 - (g) 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.
 - (h) Projected overspend of £150,000 for Personal Protective Equipment (PPE) and Hand Sanitiser required in schools as part of the Council's response to the Covid-19 pandemic.
 - (i) Projected overspend of £46,000 for Pupil Consortium Travel.
 - (j) Projected overspend of £120,000 for ASN Transport.
 - (k) Projected underspend of £20,000 for EMA Administration.
 - (l) Projected underspend of £30,000 for Early Years Framework.
 - (m) Projected overspend of £75,000 for School Trips Refunds.
 - (n) Projected underspend of £21,000 for ASN Placements.
 - (o) 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.
 - (p) Projected under-recovery of £350,000 for School Meal Income and under-recovery of £35,000 for Breakfast Clubs Income due to the closure of schools during the Covid-19 pandemic.
 - (q) Projected under-recovery of £96,000 for Early Year's Wraparound Income due to the closure of Nurseries during the Covid-19 pandemic.
 - (r) Projected over-recovery of £433,000 for FM Income. This is the net impact of additional employees for Cleaning and reduction in Catering Supplies.

2.3 Earmarked Reserves for 2020/21, excluding those for Asset Plans and Strategic Funds, total £2,399,000 of which £2,218,000 is projected to be spent in the current Financial Year. To date expenditure of £264,000 (11.9%) has been incurred. Spend to date per profiling was expected to be £514,000, therefore slippage to date is £250,000 or 48.6% and relates to the Early Years 1140 Hours earmarked reserve.

3.0 RECOMMENDATION

- 3.1 That the Committee notes the current projected overspend of £38,000 for the 2020/21 Education Revenue Budget net of £2.847 million of Covid-19 related costs that will be funded by the agreed Covid-19 budget.

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 Education Revenue Budget as at Period 5 to 31 August 2020 and highlight the main issues contributing to the projected overspend of £2,885,000. Excluding Covid-19 related costs, which will be fully funded by the agreed Covid-19 budget, there is a projected overspend of £38,000 which is a decrease in expenditure of £91,000 since the last Committee.

5.0 2020/21 PROJECTION

5.1 The total Education Revenue Budget for 2020/21, excluding planned carry forward for Earmarked Reserves, is currently £87,610,650. This is an increase of £1,700,450 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 2020/21 projected overspend of £2,885,000 are:

Education Employee Costs – Teachers (£1,076,000 Over)

The total budget for Teachers Employee Costs is £50,275,000 and the latest projection is an underspend of £1,076,000. The projected overspend is a result of the Council's response to the Covid-19 pandemic whereby an additional 26.7fte Teachers were employed from August 2020. These additional costs will be fully funded by the Scottish Government.

Education Employee Costs – Non-Teachers (£442,000 Over)

The total budget for Education Non-Teacher Employee Costs is £28,811,000 and the latest projection is an overspend of £442,000. The projected overspend includes £541,000 of additional costs incurred as a result of the Covid-19 pandemic, mostly within Facilities Management for Public Conveniences and additional Cleaners. Excluding the Covid-19 costs, there is a projected underspend of £99,000 which mostly relates to additional turnover savings within Facilities Management.

Gas (£55,000 Under)

The total budget for Gas is £513,000 and the latest projection is an underspend of £55,000, a decrease in expenditure of £9,000 since the last Committee. The majority of the underspend relates to a price reduction since the previous year.

Biomass Fuel (£31,000 Under)

The total budget for Biomass Fuel for the Port Glasgow Community Campus is £84,000 and the latest projection is an underspend of £31,000, the same as reported to the last Committee. In addition to a 7% price reduction as a result of a contract re-tender, the plant was offline for a period of time.

Education Cleaning Contract (£241,000 Over)

The current budget for the Education Cleaning Contract is £1,144,000 and the latest projection is an overspend of £241,000 as a result of additional cleaning required in Schools and Nurseries as a response to the Covid-19 pandemic. The additional costs will be fully funded by the Scottish Government. The projected overspend has reduced by £139,000 since last Committee due to additional turnover savings within the core Facilities Management budget.

IT Digital Access Technology (£236,000 over)

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. This is the same as previously reported to Committee.

Facilities Management – Catering Provisions (£237,000 Under)

The current budget for Catering Provisions is £979,000 and the latest projection is an underspend of £237,000. 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 and a reduced uptake of meals since schools re-opened in August. The projected underspend has increased by £42,000 since last Committee.

Facilities Management – Catering Resources (£229,000 Over)

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. The projected overspend is the same as previously reported to Committee.

Facilities Management – PPE and Hand Sanitiser Costs (£150,000 Over)

As a result of regulations introduced for the control of Covid-19, additional Personal Protective Equipment (PPE) and Hand Sanitiser was required to be purchased in order to allow schools to fully re-open in August. These materials are projected to cost £150,000 by the end of the Financial Year with the costs being funded by the Scottish Government as part of the Covid-19 funding.

Education Catering Recharge (£237,000 Under)

The current budget for Catering Recharge is £3,249,000 and the latest projection is an underspend of £237,000. This is due to the underspend for Facilities Management Catering Supplies noted above.

Pupil Consortium Transport (£46,000 Over)

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. The projected overspend is the same as previously reported to Committee.

ASN Transport (£120,000 Over)

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. The projected overspend is the same as previously reported to Committee.

EMA Administration (£20,000 Under)

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 outturn is the same as previously reported to 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.

School Trips Refunds (£75,000 Over)

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. The projected overspend is the same as previously reported to the Committee.

ASN Placements (£21,000 Under)

The current budget for ASN Placements is £371,000. Based on the final outturn for last year, there is a projected underspend of £21,000, which is the same as previously reported to the Committee. A full review of placements is currently being carried out and the projection will be updated accordingly.

Covid-19 Food Payments (£796,000 Over)

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, the same as previously reported to the Committee. This expenditure will be fully funded by the agreed Covid-19 budget and is in addition to £66,000 of purchases funded by the Council via the budget vired from Communities Committee Playschemes.

School Meal Income (£350,00 Under-Recovered)

The total budget for School Meal Income is £981,000 and the latest projection is an under-recovery in income of £350,000, an additional shortfall in income of £56,000 since the last Committee. This is due to school closures as a result of the Covid-19 pandemic and a lower uptake of meals since schools re-opened in August.

Breakfast Club Income (£35,000 Under-Recovery)

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. The projected shortfall is the same as previously reported to the Committee.

Early Years Wraparound Income (£96,000 Under-Recovery)

The budget for Early Years Wraparound is £311,000 and the latest projection is a shortfall in income of £96,000. This is a result of all nurseries being closed during the Covid-19 lockdown. The projected shortfall is the same as previously reported to the Committee.

Facilities Management Income (£433,000 Over-Recovery)

Facilities Management Income is projected to over-recover by £433,000. 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.

6.0 EARMARKED RESERVES

6.1 Earmarked Reserves for 2020/21, excluding those for Asset Plans and Strategic Funds, total £2,399,000 of which £2,218,000 is projected to be spent in the current Financial Year. To date expenditure of £264,000 (11.9%) has been incurred. Spend to date per profiling was expected to be £514,000, therefore slippage to date is £250,000 or 48.6% and relates to the Early Years 1140 Hours earmarked reserve.

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.

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 - 2020/21Period 5 - 1st April 2020 to 31st August 2020

Service	Approved Budget	Movements			Revised Budget 2020/21 £000	
	2020/21 £000	Inflation £000	Virement £000	Supplementary Budgets £000		Transferred to EMR £000
Corporate Director	149				149	
Education	76,421	110	65	1,458	(4,881)	73,173
Inclusive Education	14,111	68				14,179
Facilities Management	110					110
Totals	90,791	178	65	1,458	(4,881)	87,611

Movement DetailExternal Resources

Probationer Teachers 594
Additional Teachers - Covid-19 864

1,458

Virements

From Communities - Food Payments 66
NDR Inflation Removed (67)
Water from Inflation Contingency 66

65

Inflation

SEMP 171
HSCP Speech & Language 7

178

1,701

EDUCATION**REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****Period 5 - 1st April 2020 to 31st August 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	50,275	51,351	1,076	2.1%
25,031	Employee Costs - Non Teachers	22,739	27,811	28,253	442	1.6%
16,598	Property Costs	8,091	8,082	8,235	153	1.9%
5,420	Supplies & Services	5,349	5,489	5,631	142	2.6%
2,638	Transport Costs	2,033	2,033	2,218	185	9.1%
645	Administration Costs	689	678	660	(18)	(2.7%)
5,292	Other Expenditure	18,147	23,276	24,089	813	3.5%
(19,673)	Income	(12,353)	(25,152)	(25,060)	92	(0.4%)
81,071	TOTAL NET EXPENDITURE	90,791	92,492	95,377	2,885	3.1%
	Earmarked Reserves	0	(73)	(73)	0	
	Loan Charges / DMR	0	(4,808)	(4,808)	0	
	Additional Funding Covid-19			(2,847)	(2,847)	
	TOTAL NET EXPENDITURE excluding Earmarked Reserves	90,791	87,611	87,649	38	

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	63,326	65,699	2,373	3.7%
95	Facilities Management	110	110	488	378	343.6%
9,237	School Estate Management Plan	14,557	14,728	14,728	0	-
67,861	TOTAL EDUCATION SERVICES	76,531	78,164	80,915	2,751	3.5%
9,402	ASN	10,337	10,344	10,443	99	1.0%
1,614	Community Learning & Development	1,685	1,745	1,760	15	0.9%
2,020	Other Inclusive Education	2,089	2,090	2,102	12	0.6%
13,036	TOTAL INCLUSIVE EDUCATION	14,111	14,179	14,305	126	0.9%
81,071	TOTAL EDUCATION COMMITTEE	90,791	92,492	95,377	2,885	3.1%
	Earmarked Reserves	0	(73)	(73)	0	

EDUCATION**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****Period 5 - 1st April 2020 to 31st August 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>31-Aug-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	50,275	18,853	19,471	51,351	1,076	2.1%
25,031	Employee Costs - Non Teachers	27,811	10,697	10,026	28,253	442	1.6%
897	Gas	513	128	87	458	(55)	(10.7%)
81	Biomass	84	35	5	53	(31)	(36.9%)
1,190	ED Cleaning Contract	1,144	477	423	1,385	241	21.1%
0	IT Digital Access Equipment	0	0	215	236	236	-
1,053	FM Catering Supplies	979	408	0	742	(237)	(24.2%)
3,253	ED Catering Recharge	3,249	1,354	859	3,012	(237)	(7.3%)
0	FM Catering Supplies - Covid-19	0	0	218	229	229	-
0	FM PPE / Hans Sanitiser - Covid 19	0	0	71	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	10	1	5	(20)	(80.0%)
8	Early Years Framework	37	15	1	7	(30)	(81.1%)
0	School Trips Refunds	0	0	56	75	75	-
350	ASN Placements	371	155	55	350	(21)	(5.7%)
0	Food Payments - Covid-19	0	0	458	796	796	-
(900)	School Meal Income	(981)	(306)	(5)	(631)	350	(35.7%)
(32)	Breakfast Club Income	(50)	(16)	0	(15)	35	(70.0%)
(309)	Early Years Wrapround Income	(311)	(130)	(30)	(215)	96	(30.9%)
(6,442)	FM Income	(6,448)	(2,149)	(1,882)	(6,881)	(433)	6.7%
	Total Covid-19 Material Variances					2,847	
	Total Material Variances					2,828	

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Education & Lifelong Learning

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2020/21</u> £000	<u>Phased Budget To Period 5 2020/21</u> £000	<u>Actual To Period 5 2020/21</u> £000	<u>Projected Spend 2020/21</u> £000	<u>Amount to be Earmarked for 2020/21 & Beyond</u> £000	<u>Lead Officer Update</u>
Beacon Arts	Tony McEwan	87	0	0	27	60	Contingency for Beacon funding.
Autism Friendly	Tony McEwan	189	8	6	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	506	258	1,982	61	£61k is uncommitted amount per P&R report 16 June
Total		2,399	514	264	2,218	181	