

**Report To:** Education & Communities Committee

**Report By:** Interim Service Director Corporate Services & Organisational Recovery and Corporate Director Education, Communities & Organisational Development

**Contact Officer:** Iain Cameron

**Subject:** Education Revenue & Capital Budget Report - Final Out Turn 2020/21 and 2021/22 Projected Out Turn at Period 3 to 30 June 2021

**Date:** 31 August 2021

**Report No:** FIN/46/21/AP/IC

**Contact No:** 01475 712832

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### 1.0 PURPOSE

- 1.1 To advise the Committee of the 2020/21 Education Revenue budget final out turn and the 2021/22 Revenue and Capital Budget positions as at Period 3 to 30 June 2021.

### 2.0 SUMMARY

- 2.1 In 2020/21, excluding Earmarked Reserves and costs associated with Inverclyde Council's response to the Covid-19 pandemic, which were centrally funded, there was an underspend of £721,000 against a budget figure of £87.159 million. This equates to 0.8% of the total budget and was £103,000 less expenditure than reported to last Committee in May 2021.

The main variances for the 2020/21 Revenue Budget were –

- (a) An underspend of £174,000 for Teachers Employee Costs, equivalent to 0.4% of the Teacher's budget.
- (b) An underspend of £34,000 for Education Non Teacher employee costs, mostly due to vacant posts within Community Learning & Development.
- (c) An underspend of £228,000 for Utilities – Electricity (£128,000), Gas (£46,000), Water (£37,000) and Biomass (£17,000). The underspends were a combination of lower consumption due to schools being closed, corrected meter readings and credits for previous transmission overcharges.
- (d) An underspend of £24,000 for Janitors.
- (e) An underspend of £45,000 for Refuse Collection due to schools being closed.
- (f) An underspend of £42,000 for Administration Costs, £29,000 of which was a contribution for the administration of the Scottish Government EMA Scheme.
- (g) An underspend of £150,000 for ASN Review Funding. The budget was not required in 2020/21 due to planned implementation in August 2021.

- (h) An underspend of £34,000 for ASN Placements due to budget contingency not being required.
- (i) An underspend of £112,000 for Catering. A £700,000 underspend for the Education Catering Contract was partially offset by a £588,000 shortfall in Income for Facilities Management.
- (j) An overspend of £31,000 for unrecovered DWP Access to Work Expenditure relating to a Probationer Teacher placement and an overspend of £14,000 relating to Legal Fees.
- (k) The balance relates to a number of minor overspend for various Resources budget lines.

2.2 The total Education budget for 2021/22, excluding planned carry forward for Earmarked Reserves, is £88.318 million. The School Estate Management Plan accounts for £10.694 million of the total Education budget. The latest projection at Period 3 up to end of June 2021 is an under spend of £106,000. No Covid-19 related costs are included in this projection.

2.3 The main variances relating to the 2021/22 Revenue Budget projected underspend are –

- (a) Projected underspend of £130,000 for Teachers Employee Costs mainly as a result of vacant posts within Psychological Services.
- (b) Projected underspend of £12,000 for Education Non Teacher Employee Costs. Projected overspend for Corporate Director non achievement of turnover savings is offset by an underspend for Community Learning & Development employees due to vacant posts.
- (c) Projected underspend of £75,000 for Facilities Management Employee Costs. A projected underspend of £76,000 for Cleaning is partially offset by a £1,000 overspend for Public Conveniences.
- (d) Projected underspend of £32,000 for Water Costs due to reduced consumption.
- (e) Projected underspend of £81,000 for Electricity Costs, mainly due to lower consumption.
- (f) Projected underspend of £14,000 for Gas due to lower consumption.
- (g) Projected underspend of £60,000 for Education Catering Contract as a result of the projected underspend for FM Catering Provisions.
- (h) Projected overspend of £24,000 for Pupil Consortium Travel.
- (i) Projected underspend of £11,000 for EMA Administration.
- (j) Projected underspend of £30,000 for Early Year's Framework expenditure.
- (k) Projected under recovery of £300,000 for School Meal Income due to lower uptake of meals.

2.4 The Education 2021/24 Capital Budget is £18.577 million with £5.127 million projected to be spent in the current Financial Year. Expenditure to date at 30 June 2021 is £1.403 million or 27% of the current budget for 2021/22. The costs of the overall Capital Programme are being contained within existing budgets. Appendix 4 provides more financial information by project.

- 2.5 Earmarked Reserves for 2021/22, excluding those for Asset Plans and Strategic Funds total £3.430 million of which £2.206 million is projected to be spent in the current Financial Year. To date expenditure of £30,000 (1.4%) has been incurred. Spend to date per profiling was also expected to be £30,000, therefore there is no slippage to report at this time.

### **3.0 RECOMMENDATIONS**

- 3.1 That the Committee note the final out turn for the 2020/21 Education Revenue Budget.
- 3.2 That the Committee note the projected underspend of £106,000 for the 2021/22 Education Revenue budget as at Period 3 to 30 June 2021
- 3.3 The Committee note the financial position of the specific capital projects detailed in Appendix 4 and note that the cost of the current Education Capital Programme is being contained within existing budgets
- 3.4 That the Committee approve the virement for £88,550 as detailed in paragraph 9.1 and Appendix 6

**Alan Puckrin**  
Interim Service Director,  
Corporate Services &  
Organisational Recovery

**Ruth Binks**  
Corporate Director Education, Communities &  
Organisational Development

## 4.0 BACKGROUND

4.1 The purpose of this report is to advise Committee of the current position of the 2021/22 Revenue and Capital Budgets as at Period 3 to 30 June 2021. To advise Committee of the 2020/21 Revenue Budget final out turn and to highlight the main variances contributing to the £721,000 under spend in 2020/21 and the projected underspend of £106,000 for 2021/22.

## 5.0 2020/21 FINAL OUT TURN

5.1 The final out turn for 2020/21, excluding Earmarked Reserves and costs associated with Inverclyde Council's response to Covid-19, which were centrally funded, was an underspend of £721,000. This was £103,000 more expenditure than previously reported to Committee. The main factors contributing to this overspend were:

	Revised Budget 2020/21	Out Turn 2020/21	Variance to Budget	P11 Projected Variance	Movement Since P11 Projection
Corporate Director	149	160	11	10	1
Education Services	72,852	72,464	(388)	(464)	76
Inclusive Education	14,158	13,814	(344)	(164)	(180)
<b>TOTAL NET EXPENDITURE</b>	<b>87,159</b>	<b>86,438</b>	<b>(721)</b>	<b>(618)</b>	<b>(103)</b>

The main variances are explained in greater detail below.

### Employee Costs:

Total underspend for Employee Costs was £208,000 (0.3%)

There was an underspend of £174,000 for Teachers, mainly due to a reduced requirement for Supply Teachers over the course of the year.

Non Teacher Employee costs underspend by £34,000, mainly due to vacant posts within Community Learning & Development.

### Property Costs:

Total underspend for Property Costs was £324,000 (1.7%)

Utilities Costs accounted for £228,000 of the Property Costs underspend – Electricity (£128,000), Gas (£46,000), Water (£37,000) and Biomass (£17,000). In addition there were underspends of £45,000 for Refuse Collection and £24,000 for Janitors with the balance relating to a number of minor variances.

### Supplies and Services:

Total underspend for Supplies and Services was £646,000 (9.5%)

Education Catering Contract under spent by £700,000 due to reduction in number of school meals provided during the year as a result of schools being closed. This was partially offset by an overspend of £54,000 for various Supplies budgets such as IT Recharges and Early Years Resources.

### Transport Costs:

Total overspend for Transport Costs was £3,000 (0.1%)

Overspends for Pupil Consortium Travel (£24k), Glasgow Gaelic School (£16k) and ASN Transport (£61k) were offset by underspends for Internal Transport (£89k) and PE Transport (£9k)

### Administration Costs:

Total underspend for Administration Costs was £42,000 (6.3%)

The Scottish Government contribution for the administration of the Education Maintenance Allowance scheme accounts for £29,000 of the underspend with the balance of the underspend relating to Line Rental Charges.

### Other Expenditure:

Total underspend for Other Expenditure was £132,000 (1.2%)

The budget set aside for the ASN Review underspent by £150,000 due to the implementation being planned for August 2021. This was partially offset by overspends for unrecoverable DWP Access to Work expenditure and Legal Fees.

### Income:

Total under recovery of Income was £628,000 (2.8%)

Facilities Management Income under recovered by £588,000 mainly due to the reduction in Catering Recharge reported above under Supplies and Services. The balance was made up of a £25,000 shortfall for the School Milk Subsidy and various minor variances.

## **6.0 2021/22 PROJECTED OUT TURN**

6.1 The total Education budget for 2021/22, excluding planned carry forward for Earmarked Reserves, is currently £88.318 million. This is a decrease of £3.116 million from the approved budget. Appendix 1 gives details of the budget movement responsible for this decrease.

6.2 The main issues to highlight in relation to the 2021/22 projected under spend of £106,000 are:

### Education Employee Costs - Teachers

Teachers are currently projected to under spend by £130,000 due to vacant posts within Psychological Services. It should be noted that a Scottish Government grant of £951,000 and Earmarked Reserves of £1.129 million will fund an additional 32 fte Covid Recovery Teachers from August 2021. A further review of Teachers staffing will be carried out at the start of the Academic Year in August 2021.

### Education Employee Costs – Non Teachers

Education Non Teacher Employee Costs are projected to underspend by £12,000. Overspend due to a lack of turnover savings for Corporate Director is partially offset by an underspend for Community Learning & Development employees due to vacant posts.

### Facilities Management Employee Costs

Facilities Management Employee Costs are projected to underspend by £75,000. A projected underspend of £76,000 for Cleaning is partially offset by a £1,000 overspend for Public Conveniences.

### Water

The current budget for Water is £272,000 and the latest projection is an underspend of £32,000 due to reduced consumption.

A Water budget has been reduced by £48,000 and returned to the central inflation contingency as a result of billing changes by the Supplier whereby some schools no longer pay for surface water drainage charges.

### Electricity

The current budget for Electricity is £941,000 and the latest projection is an underspend of £81,000 mainly due to reduced consumption in schools.

### Gas

The current budget for Gas is £524,000 and the latest projection is an underspend of £14,000 due to reduced consumption.

### Facilities Management Catering Provisions

The current budget for Catering Provisions is £980,000 and the latest projection is an underspend of £60,000. This is due to a reduction in the number of school meals being produced and an increase in food provisions post Covid. Officers of the Council are currently carrying out a full review of this budget and the projection will be updated accordingly.

### Pupil Consortium Travel

The current budget for Pupil Consortium Travel is £60,000 and the latest projection is an overspend of £24,000. This budget is used to fund the transportation of pupils between secondary schools for curriculum classes and historically has overspent.

### EMA Administration

Education Maintenance Allowance Administration is projected to underspend by £11,000 as a result of a contribution from the Scottish Government for running the scheme on their behalf. Projected expenditure has increased since previous year due to one-off expenditure on support for payment system.

### 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 2021/22

Revenue funding of £8.705m was received in 2021/22 from the Scottish Government for the expansion of Early Years Childcare from 600 hours to 1140 hours. As in previous years, it is anticipated that not all of this funding will be required to deliver the project this financial year. The latest projection shows £1.377 million of this budget remains unallocated. It is proposed that approval will be sought at year end to create an Earmarked Reserve from any unused budget remaining and as such this budget is projected as on budget.

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

### School Meal Income

The total budget for School Meal Income is £1.022 million and the latest projection is an under recovery in income of £300,000. The uptake of school meals is much lower than in previous years.

Appendices 2 and 3 provide more details on the projected variances

## **7.0 2021/24 CAPITAL BUDGET PROJECTION**

7.1 The Education 2021/24 Capital Budget is £18.577 million with £5.127 million projected to be spent in the current Financial Year. Expenditure to date at 30 June 2021 is £1.403 million or 27% of the current budget for 2021/22. The costs of the overall Capital Programme are being contained within existing budgets. Appendix 4 provides more financial information by project.

## **8.0 EARMARKED RESERVES**

8.1 Earmarked Reserves for 2021/22, excluding those for Asset Plans and Strategic Funds total £3.430 million of which £2.206 million is projected to be spent in the current Financial Year. To date expenditure of £30,000 (1.4%) has been incurred. Spend to date per profiling was also expected to be £30,000, therefore there is no slippage to report at this time.

## **9.0 VIREMENTS**

9.1 Committee are asked to approve the virement of £88,550 from HSCP as detailed in Appendix 6. Following a review of the Alcohol & Drugs Team by HSCP it was decided that staff would transfer to Community Learning & Development. This budget will fund these staff.

## **10.0 IMPLICATIONS**

### **10.1 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					

10.2 **Legal**

There are no specific legal implications arising from this report.

10.3 **Human Resources**

There are no specific human resources implications arising from this report.

10.4 **Equalities**

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

10.5 **Repopulation**

There are no repopulation issues with this report.



## **11.0 CONSULTATION**

11.1 The paper has been jointly prepared by the Interim Service Director, Corporate Services & Organisational Recovery and the Corporate Director Education, Communities & Organisational Development.

## **12.0 BACKGROUND PAPERS**

12.1 There are no background papers for this report.

**Education Budget Movement - 2021/22****Period 3 - 1st April 2021 to 30th June 2021**

Service	Approved Budget	Movements			Transferred to EMR £000	Revised Budget
	2021/22 £000	Inflation £000	Virement £000	Supplementary Budgets £000		2021/22 £000
Corporate Director	148					148
Education	76,992	56	(4,583)	1,545	(300)	73,710
Inclusive Education	14,189		116			14,305
Facilities Management	108					108
<b>Totals</b>	<b>91,437</b>	<b>56</b>	<b>(4,467)</b>	<b>1,545</b>	<b>(300)</b>	<b>88,271</b>

**Movement Detail**

£000

**External Resources**

Probationer Teachers 594  
 Recovery Teachers 951

1,545

**Virements**

SEMP to Loan Charges (4,588)  
 Alcohol Team from HSCP to CLD 88  
 Remove Music Tuition Fees Budget 35  
 Cleaning Reallocation (2)

(4,467)

**Inflation**

SEMP 104  
 Water (48)

56

(2,866)

**EDUCATION****REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****Period 3 - 1st April 2021 to 30th June 2021**

2020/21 Actual £000	Subjective Heading	Approved Budget 2021/22 £000	Revised Budget 2021/22 £000	Projected Out-turn 2021/22 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
48,031	Employee Costs - Teachers	46,468	50,753	50,623	(130)	(0.3%)
27,423	Employee Costs - Non Teachers	26,598	28,124	28,037	(87)	(0.3%)
17,921	Property Costs	14,300	14,227	14,024	(203)	(1.4%)
5,429	Supplies & Services	5,343	5,362	5,301	(61)	(1.1%)
2,137	Transport Costs	2,210	2,210	2,240	30	1.4%
633	Administration Costs	672	674	669	(5)	(0.7%)
8,150	Other Expenditure	16,302	13,238	13,194	(44)	(0.3%)
(23,292)	Income	(20,456)	(26,017)	(25,623)	394	(1.5%)
86,432	TOTAL NET EXPENDITURE	91,437	88,571	88,465	(106)	(0.1%)
0	Earmarked Reserves	0	0	0	0	
0	Loan Charges / DMR	0	(300)	(300)	0	
(2,376)	Additional Funding Covid-19	0	0	0	0	
84,056	TOTAL NET EXPENDITURE excluding Earmarked Reserves	91,437	88,271	88,165	(106)	

2020/21 Actual £000	Objective Heading	Approved Budget 2021/22 £000	Revised Budget 2021/22 £000	Projected Out-turn 2021/22 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
160	Corporate Director	148	148	156	8	5.4%
62,390	Education	61,814	63,316	63,359	43	0.1%
94	Facilities Management	108	108	109	1	0.9%
9,974	School Estate Management Plan	15,178	10,694	10,694	0	-
72,458	TOTAL EDUCATION SERVICES	77,100	74,118	74,162	44	0.1%
10,070	ASN	10,395	10,396	10,265	(131)	(1.3%)
1,656	Community Learning & Development	1,713	1,793	1,763	(30)	(1.7%)
2,088	Other Inclusive Education	2,081	2,116	2,119	3	0.1%
13,814	TOTAL INCLUSIVE EDUCATION	14,189	14,305	14,147	(158)	(1.1%)
86,432	TOTAL EDUCATION COMMITTEE	91,437	88,571	88,465	(106)	(0.1%)
0	Earmarked Reserves	0	0	0	0	
0	Loan Charges / DMR	0	(300)	(300)	0	
(2,376)	Additional Funding Covid-19	0	0	0	0	
84,056	TOTAL EDUCATION COMMITTEE excluding Earmarked Reserves	91,437	88,271	88,165	(106)	

**EDUCATION****REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****Period 3 - 1st April 2021 to 30th June 2021**

<u>Out Turn</u> <u>2020/21</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Budget</u> <u>2021/22</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u>	<u>Actual to</u> <u>30-Jun-21</u> <u>£000</u>	<u>Projection</u> <u>2021/22</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>Percentage</u> <u>Over / (Under)</u>
48,031	Employee Costs -Teachers	50,753	12,302	11,772	50,623	(130)	(0.3%)
27,423	Employee Costs - Non Teachers	28,124	6,750	6,707	28,037	(87)	(0.3%)
285	Water	272	68	56	240	(32)	(11.8%)
815	Electricity	941	235	139	860	(81)	(8.6%)
1,201	ED Cleaning Contract	1,180	295	288	1,104	(76)	(6.4%)
3,148	ED Catering Contract	3,235	809	665	3,175	(60)	(1.9%)
287	FM Catering Provisions	980	255	234	920	(60)	(6.1%)
84	Pupil Transport - Consortium	60	4	6	84	24	40.0%
20	Early Years Framework	37	9	1	7	(30)	(81.1%)
(283)	School Meal Income	(1,022)	(246)	(128)	(722)	300	(29.4%)
(5,730)	FM Income	(6,250)	(1,563)	(1,293)	(6,141)	109	(1.7%)
<b>Total Material Variances</b>						<b>(123)</b>	

**EDUCATION COMMITTEE**

**CAPITAL BUDGET MONITORING REPORT**

**CURRENT POSITION**

**Period 3 - 1st April 2021 to 30th June 2021**

Project Name	1	2	3	4	5	6	7	8
Est Total Cost	Actual to 31/03/21	Approved Budget 2021/22	Revised Est. 2021/22	Actual to 30/06/21	Est 2022/23	Est 2023/24	Est 2024/25	Est Future Years
£000	£000	£000	£000	£000	£000	£000	£000	£000
<b><u>SEMP Projects</u></b>								
Balance of Life Cycle Fund	7,589	0	737	650	145	2,438	3,000	1,501
Gourock PS - Extension	3,084	1,567	466	1244	0	273		
Hillend Childrens Centre - Refurbishment	1,484	883	551	551	248	50		
Kelly Street Landscaping (St Mary's PS	221	24	187	187	53	10		
Demolish Sacred Heart PS	366	1	150	150	0	215		
Complete on site	196	0	6	6	0	190		
<b>Total SEMP</b>	<b>12,940</b>	<b>2,475</b>	<b>2,097</b>	<b>2,788</b>	<b>446</b>	<b>3,176</b>	<b>3,000</b>	<b>1,501</b>
<b><u>ELC 1140 Projects</u></b>								
Larkfield Childrens Centre - New Build	2906	1415	1345	1345	652	146		
Rainbow Family Centre - Extension	2378	1572	697	697	305	109		
ELC Complete On Site	19	0	13	19	0	0		
<b>TOTAL ELC Expansion</b>	<b>5,303</b>	<b>2,987</b>	<b>2,055</b>	<b>2,061</b>	<b>957</b>	<b>255</b>	<b>0</b>	<b>0</b>
<b><u>CFCR Projects</u></b>								
Glenpark ELC Outdoors - CFCR	164	26	128	128	0	10		
Early Learning Centres Various - Direct	170	0	0	150	0	20		
	334	26	128	278	0	30	0	0
<b>TOTAL ALL PROJECTS</b>	<b>18,577</b>	<b>5,488</b>	<b>4,280</b>	<b>5,127</b>	<b>1,403</b>	<b>3,461</b>	<b>3,000</b>	<b>1,501</b>

## EARMARKED RESERVES POSITION STATEMENT

## COMMITTEE: Education &amp; Lifelong Learning

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2021/22</u> £000	<u>Phased Budget To Period 3 2021/22</u> £000	<u>Actual To Period 3 2021/22</u> £000	<u>Projected Spend 2021/22</u> £000	<u>Amount to be Earmarked for 2022/23 &amp; Beyond</u> £000	<u>Lead Officer Update</u>
Beacon Arts	Tony McEwan	87	0	0	0	87	Contingency for Beacon funding.
Year of Young People Legacy	Tony McEwan	30	0	0	30	0	Will fund two youth events later in FY, plans still being worked on
Early Years 1140 c/f	Michael Roach	2,522	30	30	1,657	865	£590k of c/f is committed, mostly on staff payments to end of Academic year with £275k uncommitted.
Covid Recovery - Extra Duke of Edinburgh Opportunities - 2	Ruth Binks	200	0	0	60	140	Additional DoE activities will be implemented for a 2 year period
Covid Recovery - Earlier Implementation of Universal P4-P7 School Meals	Ruth Binks	192	0	0	100	92	P1-P4 already operating Universal FSM with P5 being implemented from August 21
Covid Recovery - Enhanced Cleaning Buildings 2021/22	Ruth Binks	286	0	0	246	40	Additional cleaning Schools to June 2022 and Other Buildings to March 2022
Covid Recovery - Additional Cleaning Materials 2021/22	Ruth Binks	100	0	0	100	0	
Covid Recovery - Cleaning Cornales / Lunderston Bay Toilets 12 months	Ruth Binks	13	0	0	13	0	
<b>Total</b>		<b>3,430</b>	<b>30</b>	<b>30</b>	<b>2,206</b>	<b>1,224</b>	

**EDUCATION COMMITTEE****VIREMENT REQUESTS**

Budget Heading	Increase Budget		(Decrease) Budget
		£	£
CLD - Employee Costs	1	81,310	
CLD - Administration Costs		2,240	
CLD - Other Expenditure		5,000	
HSCP - Youth Alcohol Team			88,550
		<b>88,550</b>	<b>88,550</b>

## Note

1- Youth Alcohol Team and associated budgets have transferred from HSCP to Community Learning & Development