

**Report To:** Education & Communities Committee

**Date:** 8 March 2022

**Report By:** Interim Director of Finance & Corporate Governance and Corporate Director Education, Communities & Organisational Development

**Report No:** FIN/13/22/AP/IC

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**Subject:** Education Revenue & Capital Budget Report - 2021/22 Projected Out Turn at Period 9 to 31 December 2021

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## 1.0 PURPOSE

- 1.1 To advise the Committee of the 2021/22 Education Revenue and Capital Budget positions as at Period 9 to 31 December 2021.

## 2.0 SUMMARY

- 2.1 The total Education revenue budget for 2021/22, excluding earmarked reserves, is £85.909 million. The School Estate Management Plan accounts for £10.635 million of the total Education revenue budget. The latest projection at Period 9, up to end of December 2021, is an underspend of £257,000, an increase in expenditure of £16,000 since last Committee.
- 2.2 The main variances relating to the 2021/22 revenue budget projected underspend are –
- (a) Within Employee Costs there is a projected underspend of £189,000 for Teachers Employee Costs mainly as a result of vacant posts within Psychological Services and Early Years Education; a projected underspend of £44,000 for Education Non Teacher Employee Costs, mainly due to vacant posts within Community Learning and Development; and a projected underspend of £84,000 for Facilities Management Employee Costs.
  - (b) Within Property Costs, there are projected underspends of £51,000 for Non Domestic Rates (NDR) and £79,000 for Utilities, due to lower consumption. (£30,000 for Biomass Fuel, £10,000 for Electricity, £22,000 for Gas and £17,000 for Water.)
  - (c) Projected underspend of £65,000 for FM Catering Provisions linked to the reduction in school meal income.
  - (d) Projected overspend of £40,000 for Education IT Charges.
  - (e) Projected underspend of £65,000 for SPT School Buses, partially offset by a projected overspend of £24,000 for Pupil Consortium Travel.
  - (f) Projected underspend of £30,000 for Early Year's Framework expenditure.
  - (g) Projected under recoveries in School Meal Income and Breakfast Club income of £300,000 and £40,000 respectively, due to lower than budgeted uptake.

(h) Projected under recovery of £166,000 for Facilities Management Income (Cleaning £75,000 under recovered, Catering £109,000 under recovered and Janitors over recovered £18,000.) The Income under recovery is due to projected underspends for FM Catering Provisions and FM Employee Costs.

- 2.3 The Education 2021/24 Capital Budget is £19.418 million with £5.408 million projected to be spent in the current Financial Year. The original budgeted expenditure was £4.280 million for current year resulting in accelerated expenditure of £1.128 million (26%). Expenditure at 31 January 2022 was £3.977million or 74% of the projected expenditure for 2021/22. The costs of the overall Capital Programme are being contained within existing budgets. Appendix 4 gives more financial information by project with updates on physical progress of projects provided elsewhere on this agenda.
- 2.4 Earmarked Reserves for 2021/22, excluding those for Asset Plans and Strategic Funds total £4.012 million of which £1.931 million is projected to be spent in the current Financial Year. To date expenditure of £1.006 million (52%) has been incurred. Spend to date per profiling was expected to be £1.112 million, therefore slippage to date is £106,000 (10%).

### **3.0 RECOMMENDATIONS**

- 3.1 That the Committee note the projected underspend of £257,000 for the 2021/22 Education Revenue budget as at Period 9 to 31 December 2021.
- 3.2 That 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.

## 4.0 BACKGROUND

- 4.1 The purpose of this report is to advise Committee of the current position of the 2021/22 Education Revenue and Capital Budgets as at Period 9 to 31 December 2021 and to highlight the main variances contributing to the projected underspend of £257,000 for the 2021/22 revenue budget.

## 5.0 2021/22 REVENUE BUDGET PROJECTED OUT TURN

- 5.1 The total Education revenue budget for 2021/22, excluding earmarked reserves, is currently £85.909 million. This is a decrease of £5.528 million from the approved budget. Appendix 1 gives details of the budget movements responsible for this decrease. The latest projection is an underspend of £257,000, an increase in expenditure of £16,000 since Period 7.
- 5.2 The main issues to highlight in relation to the 2021/22 projected underspend of £257,000 are:

### Employee Costs - Teachers

The current budget for Teachers Employee Costs is £51.029 million and the latest projection is an underspend of £189,000 which is a decrease in expenditure of £20,000 since last Committee. The majority of the projected underspend relates to vacant posts within Psychological Services. It should be noted that in addition to core staffing there are now an additional 46.8fte Covid Recovery Teachers employed using a combination of Scottish Government grant funding and Early Years 1140 underspend.

### Employee Costs – Non Teachers

The current budget for Non Teacher Employee Costs is £28.924 million and the latest projection is an underspend of £128,000, the same as reported to last Committee. Facilities Management employees are projected to underspend by £84,000. An over spend of £19,000 for Janitors and Public Convenience Employees is offset by under spends of £75,000 for Cleaning and £28,000 for Catering. Education Non Teacher Employee Costs are currently projected to underspend by £44,000. An overspend of £62,000 within Schools and Education Headquarters is offset by an underspend of £107,000 within Community Learning and Development.

### Non Domestic Rates (NDR)

The current budget for Non Domestic Rates is £3.353 million and the latest projection is an underspend of £51,000 which is due to successful Rateable Value appeals. The projected underspend is the same as reported to last Committee.

### Utilities

The current projected underspend for Utilities is £79,000. This is made up of £30,000 for Biomass Fuel, £10,000 for Electricity, £22,000 for Gas and £17,000 for Water. The Biomass plant at Port Glasgow Community Campus has been offline for several months and there has been lower than expected consumption in school buildings.

### Education Contract Cleaning

The current budget for Education Contract Cleaning is £1.230 million and the latest projection is an underspend of £75,000, an increase in expenditure of £10,000 since last Committee. The projected underspend is due to vacant posts within Facilities Management. There is a corresponding underspend in Employee Costs and shortfall in Income within Facilities Management.

### Facilities Management Catering Provisions

The current budget for Catering Provisions is £980,000 and the latest projection is an underspend of £65,000, the same as reported to last Committee. A saving due to a reduction in the number of school meals being produced is partially offset by an increase in food provisions costs post Covid. There is a corresponding under recovery of Facilities Management Income as a result of this underspend.

### Education Catering Contract

The current budget for Education Catering Contract is £3.435 million and the latest projection is an underspend of £93,000, an increase of £3,000 since last Committee. This projected underspend is due to the underspends for Facilities Management Employee Costs and Provisions noted above.

### Education IT Charges

The current budget for Education IT Charges is £98,000 and the latest projection is an overspend of £40,000, the same as previously reported to Committee.

### SPT School Buses

The current budget for SPT School Buses is £1.190 million and the latest projection, based on information supplied by SPT, is an underspend of £65,000, an increase in expenditure of £35,000 since last Committee.

### Pupil Consortium Travel

The current budget for Pupil Consortium Travel is £60,000 and the latest projection is an overspend of £24,000, the same as previously reported to Committee.

### Early Years Framework

Early Years Framework is projected to underspend by £30,000, the same as previously reported to Committee.

### 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 same as previously reported to Committee.

### Breakfast Clubs Income

The budget for Breakfast Clubs Income is £50,000 and the latest projection is a shortfall in income of £40,000. This is the same as previously reported to Committee and is due to fewer pupils using the service.

### Facilities Management Income

The current budget for Facilities Management Income is £6.250 million and the latest projection is an under recovery of £166,000 - £109,000 relates to Catering and £75,000 to Cleaning due to the projected underspends reported above. The balance relates to Janitors.

Appendices 2 and 3 provide more details on the projected variances

## 6.0 2021/24 CAPITAL BUDGET PROJECTION

6.1 The Education 2021/24 Capital Budget is £19.418 million with £5.408 million projected to be spent in the current Financial Year. The original budgeted expenditure was £4.280 million for current year resulting in accelerated expenditure of £1.128 million (26%). Expenditure at 31 January 2022 was £3.977million or 74% of the projected expenditure for 2021/22. The costs of the overall Capital Programme are being contained within existing budgets. Appendix 4 gives more financial information by project with updates on physical progress of projects provided elsewhere on this agenda.

## 7.0 EARMARKED RESERVES

7.1 Earmarked Reserves for 2021/22, excluding those for Asset Plans and Strategic Funds total £4.012 million of which £1.931 million is projected to be spent in the current Financial Year. To date expenditure of £1.006 million (52%) has been incurred. Spend to date per profiling was expected to be £1.112 million, therefore slippage to date is £106,000 (10%).

## 8.0 VIREMENTS

8.1 There are no virements this Committee cycle.

## 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

- (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

## 9.5 Repopulation

There are no repopulation issues with this report.

## 10.0 CONSULTATION

- 10.1 The paper has been jointly prepared by the Interim Director of Finance & Corporate Governance and the Corporate Director Education, Communities & Organisational Development.

## 11.0 BACKGROUND PAPERS

- 11.1 There are no background papers for this report.

**Education Budget Movement - 2021/22****Period 9 - 1st April 2021 to 31st December 2021**

Service	Approved Budget	Movements			Transferred to EMR £000	Revised Budget 2021/22 £000
	2021/22 £000	Inflation £000	Virement £000	Supplementary Budgets £000		
Corporate Director	148					148
Education	76,992	(3)	(4,567)	594	(1,678)	71,338
Inclusive Education	14,189	10	116			14,315
Facilities Management	108					108
<b>Totals</b>	<b>91,437</b>	<b>7</b>	<b>(4,451)</b>	<b>594</b>	<b>(1,678)</b>	<b>85,909</b>

**Movement Detail****External Resources**

Probationer Teachers

£000

594

594

**Virements**

SEMP to Loan Charges  
 Alcohol Team from HSCP to CLD  
 Remove Music Tuition Fees Budget  
 From Communities for Swim Lessons  
 Cleaning Reallocation

(4,588)

88

35

16

(2)

(4,451)

**Inflation**

SEMP  
 Water  
 Speech & Language Therapy

45

(48)

10

7

(3,850)

**EDUCATION****REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****Period 9 - 1st April 2021 to 31st December 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	51,029	50,840	(189)	(0.4%)
27,423	Employee Costs - Non Teachers	26,598	28,924	28,796	(128)	(0.4%)
17,921	Property Costs	14,300	14,277	14,090	(187)	(1.3%)
5,429	Supplies & Services	5,343	5,802	5,652	(150)	(2.6%)
2,137	Transport Costs	2,210	2,150	2,082	(68)	(3.2%)
633	Administration Costs	672	668	657	(11)	(1.6%)
8,150	Other Expenditure	16,302	12,095	12,065	(30)	(0.2%)
(23,292)	Income	(20,456)	(28,736)	(28,230)	506	(1.8%)
86,432	TOTAL NET EXPENDITURE	91,437	86,209	85,952	(257)	(0.3%)
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	85,909	85,652	(257)	

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	60,460	60,443	(17)	(0.0%)
94	Facilities Management	108	108	109	1	0.9%
9,974	School Estate Management Plan	15,178	10,635	10,635	0	-
72,458	TOTAL EDUCATION SERVICES	77,100	71,203	71,187	(16)	(0.0%)
10,070	ASN	10,395	10,910	10,753	(157)	(1.4%)
1,656	Community Learning & Development	1,713	1,749	1,641	(108)	(6.2%)
2,088	Other Inclusive Education	2,081	2,199	2,215	16	0.7%
13,814	TOTAL INCLUSIVE EDUCATION	14,189	14,858	14,609	(249)	(1.7%)
86,432	TOTAL EDUCATION COMMITTEE	91,437	86,209	85,952	(257)	(0.3%)
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	85,909	85,652	(257)	



**EDUCATION****REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****Period 9 - 1st April 2021 to 31st December 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>31-Dec-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	51,029	41,486	41,310	50,840	(189)	(0.4%)
27,423	Employee Costs - Non Teachers	28,924	21,981	21,836	28,796	(128)	(0.4%)
3,292	Non Domestic Rates (NDR)	3,353	3,353	3,302	3,302	(51)	(1.5%)
481	Gas	525	350	256	503	(22)	(4.2%)
67	Biomass	84	63	10	54	(30)	(35.7%)
1,201	ED Cleaning Contract	1,230	923	858	1,155	(75)	(6.1%)
3,148	ED Catering Contract	3,435	1,431	1,209	3,342	(93)	(2.7%)
120	ED IT Charges	98	74	125	138	40	40.8%
287	FM Catering Provisions	980	735	686	915	(65)	(6.6%)
1,021	SPT School Buses	1,190	893	791	1,125	(65)	(5.5%)
84	Pupil Transport - Consortium	60	35	37	84	24	40.0%
20	Early Years Framework	37	28	7	7	(30)	(81.1%)
(283)	School Meal Income	(1,022)	(707)	(430)	(722)	300	(29.4%)
(2)	Breakfast Club Income	(50)	(35)	(6)	(10)	40	(80.0%)
(5,730)	FM Income	(6,250)	(4,688)	(4,268)	(6,084)	166	(2.7%)
<b>Total Material Variances</b>						<b>(178)</b>	



## EARMARKED RESERVES POSITION STATEMENT

## COMMITTEE: EDUCATION

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2021/22</u> £000	<u>Phased Budget To Period 9 2021/22</u> £000	<u>Actual To Period 9 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	Funding not required in 2021/22
Year of Young People Legacy	Tony McEwan	30	0	0	30	0	Has been on hold due to COVID restrictions. Projected expenditure is for Clyde Conversation event at end of Feb 22.
Early Years 1140 c/f	Michael Roach	3,895	1,112	1,006	1,901	1,994	£452k of c/f is committed, mostly on staff payments to end of Academic year with £1542k uncommitted. £1,373k is projected underspend for 2021/22 budget now transferred to EMR for use in future years when funding cut.
<b>Total</b>		<b>4,012</b>	<b>1,112</b>	<b>1,006</b>	<b>1,931</b>	<b>2,081</b>	