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<b>Report To:</b>	<b>Education &amp; Communities Committee</b>	<b>Date:</b>	<b>24 January 2023</b>
<b>Report By:</b>	<b>Interim Director Finance &amp; Corporate Governance and Corporate Director Education, Communities &amp; Organisational Development</b>	<b>Report No:</b>	<b>FIN/77/22/AP/IC</b>
<b>Contact Officer:</b>	<b>Iain Cameron</b>	<b>Contact No:</b>	<b>01475 712832</b>
<b>Subject:</b>	<b>Education Revenue Budget Report - 2022/23 Projected Outturn at 31 October 2022</b>		

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## **1.0 PURPOSE AND SUMMARY**

- 1.1  For Decision  For Information/Noting
- 1.2 To advise Committee of the 2022/23 Education Revenue Budget position at 31 October 2022.
- 1.3 The total Education Revenue Budget for 2022/23, excluding Earmarked Reserves, is currently £92.354 million. The latest projection is an overspend of £92,000 (0.1%), which is an increase in expenditure of £125,000 since Period 5. More details are provided in section 3 of the report and the appendices. The projection excludes a utilities cost pressure of over £1 million which has been reported corporately at the Policy and Resources Committee.

## **2.0 RECOMMENDATIONS**

- 2.1 It is recommended that the Committee note the current projected overspend for the 2022/23 Education Revenue Budget of £92,000 as at 31 October 2022.
- 2.2 It is recommended that the Committee note that overall Education and Communities are projecting to outturn £162,000 overbudget. However, there is anticipated income as outlined at 5.2 and the Corporate Director Education, Communities and Organisational Development and Heads of Service are continuing to review areas where non-essential spend can be reduced in order to alleviate this overspend.

**Alan Puckrin**  
**Interim Director Finance**  
**& Corporate Governance**

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

### **3.0 BACKGROUND AND CONTEXT**

- 3.1 The purpose of this report is to advise Committee of the current position of the 2022/23 Education Revenue Budget and to highlight the main variances contributing to the projected overspend of £92,000.
- 3.2 The current Education Revenue Budget for 2022/23 is £92.354 million which is a decrease of £3.047 million from the Approved Budget. Appendix 1 provides more details of the budget movement.
- 3.3 **2022/23 Projected Outturn (£92,000 Overspend 0.1%)**

The main projected variances contributing to the net overspend are listed below and in Appendix 3:

- (a) Projected underspend of £192,000 for Teachers Employee Costs.
- (b) Projected overspend of £109,000 for Non teachers Employee Costs, mainly due to non achievement of turnover savings targets.
- (c) Projected underspend of £68,000 for Property Costs (Underspends of £44,000 for Non Domestic Rates, £21,000 for Water, £20,000 for Sanitary Products and £43,000 for Biomass Fuel. Overspend of £60,000 for Janitors and Cleaning).
- (d) Projected overspend of £244,000 for External Transport Costs (Underspend of £38,000 for SPT School Buses. Overspends of £8,000 for PE Transport, £47,000 for Gaelic Transport, £18,000 for Pupil Consortium Travel and £209,000 for ASN Transport).
- (e) Projected underspend on FM Catering Provisions of £41,000.
- (f) Projected underspend of £91,000 for Education Catering Charge.
- (g) Projected underspend of £37,000 for Early Years Framework.
- (h) Projected overspend of £93,000 for ASN Placements.
- (i) Projected under recovery of £46,000 due to shortfall in School Meals Income.
- (j) Projected under recovery of £32,000 due to shortfall in Breakfast Club Income.
- (k) Projected under recovery of £31,000 for Facilities Management Income (over recovery of Cleaning and Janitors income in line with increased employee costs £50,000 and £10,000 and under recovery of Catering income £91,000, in line with reduced employee costs and provisions spend).

### **3.4 VIREMENTS**

There are no virements this Committee cycle.

### **3.5 EARMARKED RESERVES**

Appendix 4 gives an update on the operational Earmarked Reserves, ie excluding strategic funding models. Spend to date on these operational Earmarked Reserves is currently £2.021 million (which is 106% of phased budget and 71% of total projected spend).

### **4.0 PROPOSALS**

- 4.1 The projected outturn has increased from an underspend of £33,000 at Period 5 to an overspend of £92,000 at Period 7. The Corporate Director and Heads of Service will continue to ensure that steps are taken to reduce expenditure where necessary and maximise income to ensure that overall Education and Communities outturns within budget.

### **5.0 IMPLICATIONS**

- 5.1 The table below shows whether risks and implications apply if the recommendations are agreed:

<b>SUBJECT</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
Financial	x		
Legal/Risk	x		
Human Resources		x	
Strategic (LOIP/Corporate Plan)		x	
Equalities & Fairer Scotland Duty			x
Children & Young People's Rights & Wellbeing			x
Environmental & Sustainability			x
Data Protection			x

## 5.2 Finance

The projected overspend of £92,000 will continue to be monitored and progress reported to the next meeting of the Committee. Officers continue to liaise with UK and Scottish Governments to maximise income for New Scots and it is anticipated that when this is finalised, the overall Committee should outturn within budget. The Corporate Director Education, Communities and Organisational Development and Heads of Service will also continue to review areas where non-essential spend can be reduced, including delaying filling vacancies.

This position excludes a projected overspend on electricity and gas which is currently projected to be in excess of £1 million for this Committee. This overspend is being reported within Policy & Resources Committee as a corporate overspend.

### One off Costs

<b>Cost Centre</b>	<b>Budget Heading</b>	<b>Budget Years</b>	<b>Proposed Spend this Report</b>	<b>Virement From</b>	<b>Other Comments</b>
N/A					

### Annually Recurring Costs/ (Savings)

<b>Cost Centre</b>	<b>Budget Heading</b>	<b>With Effect from</b>	<b>Annual Net Impact</b>	<b>Virement From (If Applicable)</b>	<b>Other Comments</b>
N/A					

## 5.3 Legal/Risk

The approved Governance Documents set out the roles and responsibilities of Committees and officers in ensuring budgets are not overspent and the process to be followed in the event an overspend is unavoidable.

## 5.4 Human Resources

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

## 5.5 Strategic

There are no specific strategic implications arising from this report.

## **6.0 CONSULTATION**

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

## **7.0 BACKGROUND PAPERS**

7.1 There are no background papers for this report.

**Education Budget Movement - 2022/23****Period 7 - 1st April 2022 to 31st October 2022**

Service	Approved Budget	Movements			Revised Budget 2022/23 £000
	2022/23 £000	Inflation £000	Virement £000	Supplementary Budgets £000	
Corporate Director	150		1		151
Education	79,581	344	(4,726)	1,463	76,362
Inclusive Education	15,564	18	(56)	123	15,649
Facilities Management	106	80	6		192
<b>Totals</b>	<b>95,401</b>	<b>442</b>	<b>(4,775)</b>	<b>1,586</b>	<b>92,354</b>

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

Probationer Teachers  
Teachers Pay Award 01/01/22

594  
992

1,586

**Virements**

SEMP to Loan Charges  
Funding for Whiteboards  
Insurance  
ASN to Corporate Comms

(4,656)  
(150)  
54  
(23)

(4,775)

**Inflation**

SEMP  
Internal Transport - Fuel  
Catering Provisions

344  
18  
80

442

(2,747)

**EDUCATION****REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****Period 7 - 1st April 2022 to 31st October 2022**

2021/22 Actual £000	Subjective Heading	Approved Budget 2022/23 £000	Revised Budget 2022/23 £000	Projected Out-turn 2022/23 £000	Projected Over/(Under) Spend £000	Percentage Over/ (Under)
48,707	Employee Costs - Teachers	48,911	52,086	51,894	(192)	(0.37%)
29,719	Employee Costs - Non Teachers	28,642	31,728	31,837	109	0.34%
18,509	Property Costs	14,355	14,352	14,284	(68)	(0.47%)
6,132	Supplies & Services	5,590	6,003	5,851	(152)	(2.53%)
2,163	Transport Costs	2,245	2,199	2,446	247	11.23%
675	Administration Costs	673	718	683	(35)	(4.87%)
5,029	Other Expenditure	20,131	13,076	13,130	54	0.41%
(25,264)	Income	(25,146)	(27,508)	(27,379)	129	(0.47%)
<b>85,670</b>	<b>TOTAL NET EXPENDITURE</b>	<b>95,401</b>	<b>92,654</b>	<b>92,746</b>	<b>92</b>	<b>0.10%</b>
0	Earmarked Reserves	0	0	0	0	
0	Loan Charges / DMR	0	(300)	(300)	0	
<b>85,670</b>	<b>TOTAL NET EXPENDITURE EXCLUDING EARMARKED</b>	<b>95,401</b>	<b>92,354</b>	<b>92,446</b>	<b>92</b>	<b>0.10%</b>

2021/22 Actual £000	Objective Heading	Approved Budget 2022/23 £000	Revised Budget 2022/23 £000	Projected Out-turn 2022/23 £000	Projected Over/(Under) Spend £000	Percentage Over/ (Under)
<b>167</b>	<b>Corporate Director</b>	<b>150</b>	<b>151</b>	<b>160</b>	<b>9</b>	<b>5.96%</b>
59,979	Education	64,158	65,520	65,240	(280)	(0.43%)
115	Facilities Management	106	192	189	(3)	(1.56%)
10,398	School Estate Management Plan	15,423	11,111	11,111	0	-
<b>70,492</b>	<b>TOTAL EDUCATION SERVICES</b>	<b>79,687</b>	<b>76,823</b>	<b>76,540</b>	<b>(283)</b>	<b>(0.37%)</b>
11,279	ASN	11,602	11,716	12,072	356	3.04%
1,675	Community Learning & Development	1,850	1,852	1,844	(8)	(0.43%)
2,057	Other Inclusive Education	2,112	2,112	2,130	18	0.85%
<b>15,011</b>	<b>TOTAL INCLUSIVE EDUCATION</b>	<b>15,564</b>	<b>15,680</b>	<b>16,046</b>	<b>366</b>	<b>2.33%</b>
<b>85,670</b>	<b>TOTAL EDUCATION COMMITTEE</b>	<b>95,401</b>	<b>92,654</b>	<b>92,746</b>	<b>92</b>	<b>0.10%</b>
0	Earmarked Reserves	0	0	0	0	
0	Loan Charges / DMR	0	(300)	(300)	0	
<b>85,670</b>	<b>TOTAL EDUCATION COMMITTEE EXCLUDING EARMARKED RESERVES</b>	<b>95,401</b>	<b>92,354</b>	<b>92,446</b>	<b>92</b>	<b>0.10%</b>

**EDUCATION****REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****Period 7 - 1st April 2022 to 31st October 2022**

<u>Out Turn</u> <u>2021/22</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Budget</u> <u>2022/23</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u>	<u>Actual to</u> <u>31-Oct-22</u> <u>£000</u>	<u>Projection</u> <u>2022/23</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>Percentage</u> <u>Over / (Under)</u>
48,707	Employee Costs -Teachers	52,086	30,210	29,897	51,894	(192)	(0.4%)
30,782	Employee Costs - Non Teachers	31,728	16,452	16,636	31,837	109	0.3%
3,303	Non Domestic Rates (NDR)	3,352	3,352	3,308	3,308	(44)	(1.3%)
243	Water	276	138	127	255	(21)	(7.6%)
26	Biomass	84	49	0	41	(43)	(51.2%)
86	Free Sanitary Products	89	52	0	69	(20)	(22.5%)
1,332	ED Cleaning Contract	1,240	517	612	1,290	50	4.0%
3,728	ED Catering Contract	3,414	1,707	1,645	3,323	(91)	(2.7%)
939	FM Catering Provisions	1,060	619	546	1,019	(41)	(3.9%)
1,038	SPT School Buses	1,160	580	556	1,122	(38)	(3.3%)
42	Gaelic Transport	40	20	45	87	47	117.5%
502	ASN Transport	352	176	268	561	209	59.4%
361	ASN Placements	367	214	212	460	93	25.3%
9	Early Years Framework	37	22	0	0	(37)	(100.0%)
(665)	School Meal Income	(646)	(314)	(279)	(600)	46	(7.1%)
(11)	Breakfast Club Income	(50)	(24)	(8)	(18)	32	(64.0%)
(6,806)	FM Income	(6,877)	(3,439)	(2,994)	(6,846)	31	(0.5%)
<b>Total Material Variances</b>						<b>90</b>	

Appendix 4

**EARMARKED RESERVES POSITION STATEMENT**

**COMMITTEE: EDUCATION**

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2022/23 £000</u>	<u>Phased Budget To Period 7 2022/23 £000</u>	<u>Actual To Period 7 2022/23 £000</u>	<u>Projected Spend 2022/23 £000</u>	<u>Amount to be Earmarked for 2023/24 &amp; Beyond £000</u>	<u>Lead Officer Update</u>
Beacon Arts	Tony McEwan	87	0	0	27	60	Beacon emergency contingency of £60k, currently no requirement for this funding in 2022/23. It is anticipated that the remaining £27k spend to save funding will be drawn down this financial year.
Year of Young People Legacy	Tony McEwan	30	20	23	30	0	£20k was used as contribution to Free Summer Playschemes and £10k will be used to fund Clyde Conversations event scheduled for Feb 2023.
Early Years 1140	Michael Roach	1,992	992	1,087	1,705	287	Funding additional Teachers in Primary Schools as well as Early Years staff plus core budget shortfall in 2022/23. £287k is required to fund staffing up to June 2023.
ASN Review	Tony McEwan	184	75	58	184	0	Funding for additional PSA staff up to August 2022 (then funded from 1140 EMR) Service will start 2 x new EYECO posts for current academic year pupil support. Balance remaining at end of 2022/23 will be used to offset ASN Transport overspend (projected to be £96k of EMR to offset overspend).
Covid Recovery - Enhanced Cleaning Buildings 2021/22	Ruth Binks	54	54	54	54	0	Spending complete, posts have ended.
Covid Recovery - Additional Cleaning Materials/ Sanitiser/Wipes 2021/22	Ruth Binks	110	0	30	30	80	Per FM there is no longer a requirement for majority of this budget as core budget is now sufficient. £80k will be written back.
Covid Recovery - Extra Duke of Edinburgh Opportunities - 2 years	Ruth Binks	198	49	52	87	111	Paying for 2 additional staff members to November 23 and Resources. £50k will be written back.
Covid - Level 4 2nd Phase	Tony McEwan	158	158	155	158	0	Contribution to FSM payments over summer holidays. Spending almost complete.
Covid - Teachers	Michael Roach	562	562	562	562	0	Funding for Covid Recovery teachers up to July 2022. From August 2022 these teachers have been funded from core budget. Spend now complete.
<b>Total</b>		<b>3,375</b>	<b>1,910</b>	<b>2,021</b>	<b>2,837</b>	<b>538</b>	