
Report To:	Education & Communities Committee	Date:	5 September 2023
Report By:	Chief Financial Officer and Corporate Director Education, Communities & Organisational Development	Report No:	FIN/46/23/AP/IC
Contact Officer:	Iain Cameron	Contact No:	01475 712832
Subject:	Education Revenue Budget Report - Final Outturn 2022/23 and 2023/24 Projected Outturn at 30 June 2023		

1.0 PURPOSE AND SUMMARY

- 1.1 For Decision For Information/Noting
- 1.2 To advise Committee of the 2022/23 Education Revenue Budget final outturn and the 2023/24 Revenue Budget position at 30 June 2023.
- 1.3 In 2022/23, excluding Earmarked Reserves, there was an under spend of £697,000 against a revenue budget figure of £97.224m. This equates to 0.7% of the total budget and was £4,000 more expenditure than previously reported to Committee in May 2023. More details are provided in sections 3.3 and 3.4 of the report.
- 1.4 The total Education Revenue Budget for 2023/24, excluding Earmarked Reserves, is currently £102.223m. The latest projection is an overspend of £358,000. More details are provided in section 3.5 of the report and the appendices.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Committee note the final outturn for the 2022/23 Education Revenue Budget and note the current projected overspend for 2023/24 of £358,000 as at 30 June 2023.
- 2.2 It is recommended that the Committee note that the Corporate Director Education, Communities and Organisational Development and Heads of Service will review areas where non-essential spend can be reduced in order to bring the Education Budget back on target. Progress against this and other proposals to bring the budget back on track, if required, will be reported at the next Committee.

Alan Puckrin
Chief Financial Officer

Ruth Binks
Corporate Director
Education, Communities & ODHR

3.0 BACKGROUND AND CONTEXT

3.1 The purpose of this report is to advise Committee of the current position of the 2023/24 Revenue Budget as well as the 2022/23 final outturn and to highlight the main variances contributing to the £697,000 underspend for 2022/23 and the projected overspend of £358,000 for 2023/24.

3.2 The current Education Revenue Budget for 2023/24 is £102.223m which is an increase of £7.108m from the Approved Budget, largely due to allocations from the Inflation Contingency. Appendix 1 provides more details of the budget movement.

3.3 2022/23 Outturn

The final outturn for the Education 2022/23 Revenue Budget, excluding Earmarked Reserves was an under spend of £697,000. This was £4,000 more expenditure than reported to the last Committee in May 2023.

The outturn in specific service areas was as follows:

	Revised Budget 2022/23	Outturn 2022/23	Variance to Budget	P11 Projected Variance	Movement Since P11 Projection
Corporate Director	154	173	19	9	10
Education Services	80,352	79,333	(1,019)	(813)	(206)
Inclusive Education	16,718	17,021	303	103	200
TOTAL NET EXPENDITURE	97,224	96,527	(697)	(701)	4

3.4 The major variances making up the under spend were as follows -

- (a) Underspend of £842,000 for Employee Costs of which £681,000 relates to credits for Teacher strike days.
- (b) Underspend of £79,000 for Biomass Fuel. The system was switched off and gas heating used following a large price increase for wood pellets making it more expensive than gas.
- (c) Overspend of £58,000 for FM Cleaning Agency Workers and overspend of £44,000 for FM Cleaning Materials.
- (d) Overspend of £43,000 for FM Catering Provisions and Staff Uniforms.
- (e) Overspend of £67,000 for Education Catering Contract and Kitchen Equipment Repairs.
- (f) Underspend of £107,000 for Education HQ Resources and DMR Budget.
- (g) Overspends of £174,000 for ASN Transport, £56,000 for Gaelic Transport and £43,000 for Internal Transport. These overspends are due to a combination of historic trends and increased demand. As part of the 2023/24 budget process, £125,000 was allocated to this budget to reduce the pressure.
- (h) Underspend of £48,000 for Telephones Line Rental.

- (i) Underspend of £36,000 for Early Years Framework. This budget was replaced by 1140 Hours funding and was taken as a budget saving in 2023/24.
- (j) Overspend of £174,000 for ASN Placements out with the Authority.
- (k) Over recovery of £160,000 for Facilities Management Income, in line with increased costs.
- (l) Under recovery of £65,000 for School Meals and Breakfast Clubs Income.
- (m) Over recovery of £83,000 for ASN Income from Other Local Authorities.

3.5 2023/24 Projected Outturn (£358,000 overspend 0.4 %)

The main projected variances contributing to the net overspend are listed below –

- (a) Employee Costs are projected to overspend by £35,000. Non achievement of turnover savings within ASN Education and Active Schools is partially offset by underspends for Teachers and Community Learning and Development.
- (b) Utilities are projected to underspend by £94,000 – Gas projected underspend of £133,000, Electricity projected overspend of £85,000 and Water projected underspend of £46,000.
- (c) Biomass fuel projected to underspend by £84,000. The system was switched off part way through 2022/23 due to large price increases making gas heating cheaper. The system is expected to remain off for 2023/24.
- (d) Education Cleaning contract is projected to overspend by £74,000 due to turnover savings not being achieved within FM Cleaning.
- (e) Education Catering contract is projected to overspend by £45,000 mainly due to expenditure on single use items replacing plastic.
- (f) FM Catering Provisions are projected to overspend by £133,000, mainly due to increased food costs.
- (g) ASN Transport is projected to overspend by £173,000 and Pupil Vocational Transport projected to overspend by £50,000.
- (h) Secondary Schools telephones projected to underspend by £31,000. This is a historical unused budget since costs were incorporated with Line Rental costs.
- (i) ASN Placements are projected to overspend by £106,000.
- (j) FM Income is projected to over recover by £119,000, in line with increased costs.
- (k) School Meal Income projected to under recover by £107,000 due to low uptake in Secondary Schools and Breakfast Club Income is projected to under recover by £32,000 due to lower demand.
- (l) Renewable Heat Incentive (RHI) Income is projected to under recover by £45,000. This is due to the Biomass system being switched off.
- (m) Income from Other Local Authorities for ASN Placements is projected to over recover by £60,000.

3.6 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 100% of phased spend and 14% of total budget.

4.0 PROPOSALS

4.1 The projected overspend of £358,000 is being examined by the Corporate Director and Heads of Service and progress will be included in a report to the next meeting of the Committee. In the meantime, the Corporate Director will ensure that steps are taken to reduce expenditure where this will not have a direct impact on service delivery.

5.0 IMPLICATIONS

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

SUBJECT	YES	NO
Financial	X	
Legal/Risk	X	
Human Resources		X
Strategic (Partnership Plan/Council Plan)		X
Equalities, Fairer Scotland Duty & Children/Young People's Rights & Wellbeing		X
Environmental & Sustainability		X
Data Protection		X

5.2 Finance

The projected overspend of £358,000 is being reviewed and the Corporate Director will ensure that steps are taken to reduce expenditure where this will not have a direct impact on service delivery.

One off Costs

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

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
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 Chief Financial Officer 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 - 2023/24

Period 3 - 1st April 2023 to 30th June 2023

Service	Approved Budget	Movements			Transferred to EMR £000	Revised Budget 2023/24 £000
	2023/24 £000	Inflation £000	Virement £000	Supplementary Budgets £000		
Corporate Director	159					159
Education	77,969	6,233	(65)	594	(300)	84,431
Inclusive Education	16,874	646				17,520
Facilities Management	113					113
Totals	95,115	6,879	(65)	594	(300)	102,223

Movement Detail

External Resources

Probationer Teachers

£000
594

Virements

School Libraries to Public Libraries

594
(65)

Inflation

SEMP Unitary Charge
Teachers Pay Award
NDR Inflation

760
5,671
448
6,879
7,408

EDUCATION**REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****Period 3 - 1st April 2023 to 30th June 2023**

2022/23 Actual £000	Subjective Heading	Approved Budget 2023/24 £000	Revised Budget 2023/24 £000	Projected Out-turn 2023/24 £000	Projected Over/(Under) Spend £000	Percentage Over/ (Under)
53,195	Employee Costs - Teachers	49,143	59,737	59,721	(16)	(0.0%)
32,482	Employee Costs - Non Teachers	30,509	31,356	31,407	51	0.2%
19,328	Property Costs	21,105	22,313	22,238	(75)	(0.3%)
6,795	Supplies & Services	6,118	6,118	6,297	179	2.9%
2,552	Transport Costs	2,331	2,331	2,403	72	3.1%
693	Administration Costs	672	672	647	(25)	(3.7%)
6,613	Other Expenditure	5,409	5,496	5,658	162	2.9%
(25,131)	Income	(20,172)	(25,500)	(25,490)	10	(0.0%)
96,527	TOTAL NET EXPENDITURE	95,115	102,523	102,881	358	0.3%
0	Earmarked Reserves	0	0	0	0	
0	Loan Charges / DMR	0	(300)	(300)	0	
96,527	TOTAL NET EXPENDITURE EXCLUDING EARMARKED	95,115	102,223	102,581	358	0.4%

2022/23 Actual £000	Objective Heading	Approved Budget 2023/24 £000	Revised Budget 2023/24 £000	Projected Out-turn 2023/24 £000	Projected Over/(Under) Spend £000	Percentage Over/ (Under)
173	Corporate Director	159	159	170	11	6.9%
68,420	Education	66,917	72,919	73,123	204	0.3%
114	Facilities Management	113	113	115	2	1.8%
10,799	School Estate Management Plan	11,052	11,812	11,812	0	-
79,333	TOTAL EDUCATION SERVICES	78,082	84,844	85,050	206	0.2%
12,766	ASN	12,225	12,796	12,907	111	0.9%
2,028	Community Learning & Development	2,602	2,597	2,559	(38)	(1.5%)
2,227	Other Inclusive Education	2,047	2,127	2,195	68	3.2%
17,021	TOTAL INCLUSIVE EDUCATION	16,874	17,520	17,661	141	0.8%
96,527	TOTAL EDUCATION COMMITTEE	95,115	102,523	102,881	358	0.3%
0	Earmarked Reserves	0	0	0	0	
0	Loan Charges / DMR	0	(300)	(300)	0	
96,527	TOTAL EDUCATION COMMITTEE EXCLUDING EARMARKED RESERVES	95,115	102,223	102,581	358	0.4%

EDUCATION**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****Period 3 - 1st April 2023 to 30th June 2023**

<u>Out Turn</u> <u>2022/23</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Budget</u> <u>2023/24</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u>	<u>Actual to</u> <u>30-Jun-23</u> <u>£000</u>	<u>Projection</u> <u>2023/24</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>Percentage</u> <u>Over / (Under)</u>
32,482	Employee Costs - Non Teachers	31,356	7,178	7,275	31,407	51	0.2%
1,421	Gas	1,315	192	62	1,182	(133)	(10.1%)
1,108	Electricity	1,723	217	229	1,808	85	4.9%
252	Water	289	48	31	243	(46)	(15.9%)
6	Biomass	84	21	0	0	(84)	(100.0%)
1,531	ED Cleaning Contract	1,344	336	342	1,418	74	5.5%
4,089	ED Catering Contract	3,770	943	955	3,815	45	1.2%
1,096	FM Catering Provisions	1,192	272	306	1,325	133	11.2%
646	ASN Transport	477	0	0	650	173	36.3%
25	Pupil Vocational Transport	13	3	21	63	50	384.6%
0	Telephones (Secondary)	31	8	0	0	(31)	(100.0%)
541	ASN Placements	371	93	28	477	106	28.6%
(7,672)	FM Income	(7,497)	(1,649)	(1,689)	(7,616)	(119)	1.6%
(613)	School Meal Income	(608)	(156)	(112)	(501)	107	(17.6%)
(18)	Breakfast Club Income	(50)	(13)	(4)	(18)	32	(64.0%)
(57)	Renewable Heat Incentive Income	(55)	(14)	(1)	(10)	45	(81.8%)
(481)	Income from Other Local Authorities	(434)	(109)	0	(494)	(60)	13.8%
Total Material Variances						428	

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: EDUCATION

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2023/24</u> £000	<u>Phased Budget To Period 3 2023/24</u> £000	<u>Actual To Period 3 2023/24</u> £000	<u>Projected Spend 2023/24</u> £000	<u>Amount to be Earmarked for 2024/25 & Beyond</u> £000	<u>Lead Officer Update</u>
Beacon Arts	Tony McEwan	60	0	0	0	60	Contingency Balance currently unallocated
Early Years 1140	Michael Roach	635	128	128	635	0	Funding staff to mid August 23 (£604k) with balance being used for Resources
Covid Recovery - Extra Duke of Edinburgh Opportunities - 2 years	Ruth Binks	62	19	19	62	0	Funding for 2 fte posts up to November 2023
New Scots Funding	Michael Roach	287	0	0	121	166	Funding 0.6fte EAL Teacher from Apr 23 to Jul 24 and 2fte EAL Teachers from Aug 23 to Jul 24 with £180k allocated for this. Balance is unallocated at this time.
Total		1,044	147	147	818	226	