
Report To:	Education & Communities Committee	Date:	3 September 2024
Report By:	Chief Financial Officer and Corporate Director Education, Communities & Organisational Development	Report No:	FIN/51/24/MMc/AP
Contact Officer:	Mary McCabe	Contact No:	01475 712222
Subject:	2024/25 Education Revenue Budget and 2023/24 Out-turn		

1.0 PURPOSE AND SUMMARY

- 1.1 For Decision For Information/Noting
- 1.2 The purpose of this report is to advise Committee of the Education Revenue Budget outturn for 2023/24 and the 2024/25 projected position including details of action being taken to reduce the projected overspend.
- 1.3 In 2023/24, excluding the carry forward of Earmarked Reserves, there was an overspend of £1,182,000 within the Education Committee. This was an increase in expenditure of £243,000 from the projected outturn reported to Committee in May 2024. More details are provided in section 3 and the appendices.
- 1.4 The total Education Revenue Budget for 2024/25, excluding Earmarked Reserves, is currently £112.633m. The latest projection is an overspend of £460,000 (0.4%). This overspend is mainly due to an under achievement in turnover savings target of £159,000; an overspend on Catering Provisions of £100,000; overspends in Transportation costs of £95,000; an overspend in Early Years Partner Provider payments of £230,000; partially offset by an over recovery in ASN Income from Other Local Authorities of £60,000 and an underspend in Water Charges of £51,000.
- 1.5 The transportation and Partner Provider pressures require to be addressed by the Committee and an initial proposal to address part of the Partner Provider pressure is elsewhere on the agenda with the planned process to address the remaining pressure covered in section 4 of the report.
- 1.6 On the 13 August the Policy & Resources Committee agreed that a corporate approach be taken to address projected shortfalls in pay inflation and turnover. The Corporate Director is developing proposals to offset these pressures, and these will be reported to elected members later in 2024.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Committee notes the outturn for 2023/24, that the Committee's Revenue Budget is currently projected to overspend in 2024/25 by £460,000 and the action proposed to address the projected overspend.

2.2 It is recommended that the Committee notes that the Director will present proposals to address the transportation and Partner Provider pressures to the next meeting of the Committee.

2.3 It is recommended that the Committee approves virement outlined in Section 3.7 and Appendix 5.

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 2024/25 Revenue Budget, as well as the 2023/24 final outturn and to highlight the main variances contributing to the £1.182m overspend for 2023/24 and the projected overspend of £460,000 for 2024/25.

3.2 The current Education Revenue Budget for 2023/24 is £112.633m, which is an increase of £1.909m from the Approved Budget, largely due to additional budget for increased Teachers' superannuation and Probationer Teachers. The actual amount of grant funding the Council will receive for the increased superannuation costs has yet to be confirmed. Appendix 1 provides more details of the budget movement.

3.3 2023/24 OUT-TURN (£1,182,000 Overspend – 1.12%)

The final outturn for the Education Revenue Budget in 2023/24, excluding Earmarked Reserves was an overspend of £1.182m. This was £243,000 more expenditure than reported to the last Committee in May 2024.

The main variations from budget and movements from the projected outturn position reported in May, were as follows:

Service	Revised Budget 2023/24 £000	Outturn 2023/24 £000	Variance to Budget £000	Variance to Budget %	P11 Projected Variance £000	Movement Since P11 Projection £000
Corporate Director	173	186	13	7.51%	13	0
Education Services	86,446	87,047	601	0.70%	380	221
Inclusive Education	18,595	19,163	568	3.05%	546	22
TOTAL NET EXPENDITURE	105,214	106,396	1,182	1.12%	939	243

3.4 The actual outturn excluding earmarked reserves was £106.396m which represents an overspend of £1.182m. The main variances were as follows:

- (a) An overspend on Teachers' Employee Costs of £194,000, mainly due to additional costs for supply teachers. Action has been taken within the Service to address this overspend for 2024/25.
- (b) A combined underspend in utilities costs of £295,000. This includes gas, electricity, water and biomass fuel, mainly due to lower than budgeted consumption rates. The underspend in biomass fuel (£84,000) was partially offset by an under recovery in RHI income of £48,000 due to the heating system not being used and therefore not generating a rebate.
- (c) An overspend in Transport costs of £504,000. This is mainly within ASN Transport (£305,000) and Gaelic Transport (£63,000) and Pupil Vocational and Consortium Transport (£106,000). Additional budget has been allocated to ASN Transport from earmarked reserves from 2024/25 for two years (when contracts will end). A service review is ongoing, the results of which will determine the extent of the budget pressure from 2026/27 onwards.
- (d) An overspend in Liability Insurance of £73,000, which is only allocated at the year end.
- (e) An overspend in ASN Placements and Resources totalling £147,000. This was partially offset by an over recovery in ASN Income from Other Local Authorities of £93,000.
- (f) A one-off underspend of £92,000 in CLD resources due to the use of external grants.

- (g) An overspend in Catering due to a combination of a mis-match between income and expenditure budgets in 2023/24 (£331,000) which has been corrected in 2024/25 plus increases in expenditure on provisions through both increased costs and increased volume (£283,000). The inflation element of this has been funded from the non-pay inflation reserve in 2024/25.

3.5 2024/25 Projected Outturn (£460,000 overspend 0.4%)

The main projected variances contributing to the £460,000 overspend are explained in more detail below.

- (a) Employee costs are projected to overspend by £159,000. This is mainly due to:
- i. An under achievement of turnover savings targets: £59,000 in Primary and Secondary non teachers, £331,000 in ASN and £81,000 in Other Inclusive Education.
 - ii. An over recovery of CLD turnover savings of £150,000.
 - iii. Within Facilities Management there is an over recovery of turnover savings of £79,000 which is offset by a reduction in recharge income.
 - iv. An over recovery in Early Years turnover savings of £50,000, due to a number of posts which will not be filled this financial year as a result of the mix between local authority and private provider provision, and the resultant overspend on private placements, per 3.5(f) below.
 - v. Projected over-recovery of turnover savings in the Teachers' budget of £39,000.
- (b) A projected underspend in Water Charges across the Committee totalling £51,000.
- (c) A projected underspend in the PPP Unitary Charge payment of £65,000 due to a one-off insurance rebate.
- (d) A projected overspend in Catering Provisions spend of £100,000 after the allocation of £100,000 from the non-pay inflation contingency. Officers will continue to take steps to reduce this budget pressure and proposals to undertake a review of Schools' catering are being developed as part of the corporate savings exercise, reported to the August Policy & Resources Committee.
- (e) Overspends in Transportation costs of £126,000 - £50,000 in Pupil Vocational Travel, £32,000 in Pupil Consortium Travel and £44,000 in Gaelic Transport. There is also a projected underspend of £31,000 in Early Years Transportation costs.
- (f) A projected overspend on ASN Resources of £40,000 in line with the previous year's outturn. The Corporate Director is reviewing the main factors contributing to this overspend with the intention of reducing it.
- (g) An overspend in Early Years Partner Provider payments of £230,000 due to a higher than budgeted number of placements in private nurseries. There is a £50,000 underspend in employee costs which partially offsets this, and the Corporate Director is developing proposals to alleviate this overspend for future years, one of which is subject to a report later in the agenda.
- (h) A projected under recovery in Breakfast Club income of £23,000. This is partially offset by a projected underspend in employee costs of £8,000. This is in line with 2023/24.
- (i) A projected over recovery of ASN Income from Other Local Authorities of £60,000. This over recovery partially offsets the projected overspend in ASN Employee Costs and Resources.

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 28% of the projected expenditure for 2023/24.

3.7 Virements

Committee are asked to approve the virement of £40,000 from Other Schools Hand Hygiene Materials to Catering Cleaning Materials and Disposables. The Hand Hygiene budget was a central budget created in 2022/23 as a result of the covid pandemic but was unused last financial year. The Catering budget was overspent last financial year due to an increase in usage and cost of cleaning materials and disposable items. This virement has been reflected throughout the report and is permanent in nature.

4.0 PROPOSALS

- 4.1 The Committee requires to address the transportation and increased costs of early years partner provider pressures, which total approximately £350,000. An initial proposal relating to Early Years is reported later on in the agenda and it is intended that proposals to address the balance are presented to the next meeting of the Committee.
- 4.2 On the 13 August the Policy & Resources Committee agreed that a corporate approach be taken to address projected shortfalls in pay inflation and turnover. The Corporate Director is developing proposals to offset these pressures, and these will be reported to elected members later in 2024.

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

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
Catering	Cleaning Materials and Disposables	2024/25	£40,000	Other Schools Hand Hygiene Materials	

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5.3 **Legal/Risk**

The Financial Regulations state that the responsibility for ensuring Revenue Budgets are not exceeded lies with the Committee and Chief Officer (Corporate Director). Actions are being progressed at a Committee and corporate level to bring the Committee and Council back within budget.

5.4 **Human Resources**

There are no specific human resources implications arising from this report and any proposals to reduce the overspend which have employee implications will be discussed with the Trades Unions via the Joint Budget Group prior to coming to Committee.

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 - 2024/25

Service	Approved Budget	Movements				Revised Budget
	2024/25 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	2024/25 £000
Corporate Director	155					155
Education	92,311	20	96	1,640		94,067
Inclusive Education	18,146		4	149		18,299
Facilities Management	112	136	(136)			112
Totals	110,724	156	(36)	1,789	0	112,633

Movement Detail

£000

External Resources

Probationer Teachers	594
Psychologist Probationer	15
Teachers Superannuation	1,180
	<u>1,789</u>

Virements

Water Charges budget reallocation	0
Transport Virement from ASN	0
Relocation of teacher from Primary to ASN	0
Other Schools Hand Hygiene to Cating Cleaning Materials	0
FM/Education Recharges Realignment	0
	<u>0</u>

Inflation

EY Partner Providers inflation	20
Catering Provisions inflation	100
	<u>120</u>
	<u>1,909</u>

EDUCATION**REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****PERIOD 3: 1st April 2024 - 30th June 2024**

2023/24 Actual £000	Subjective Heading	Approved Budget 2024/25 £000	Revised Budget 2024/25 £000	Projected Out-turn 2024/25 £000	Projected Over/(Under) Spend £000	Percentage Over/ (Under)
56,006	Employee Costs - Teachers	53,661	55,236	55,197	(39)	0%
33,929	Employee Costs - Non Teachers	29,033	29,480	29,678	198	1%
22,479	Property Costs	23,167	23,207	23,140	(67)	0%
7,539	Supplies & Services	6,861	7,061	7,117	56	1%
2,933	Transport Costs	2,337	2,337	2,437	100	4%
751	Administration Costs	672	672	656	(16)	-2%
7,047	Other Expenditure	5,078	5,192	5,458	266	5%
(24,289)	Income	(10,084)	(10,552)	(10,590)	(38)	0%
106,395	TOTAL NET EXPENDITURE	110,724	112,633	113,093	460	0%
	Earmarked Reserves	0	0	0	0	
	Loan Charges / DMR					
106,395	TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	110,724	112,633	113,093	460	0.4%

2023/24 Actual £000	Objective Heading	Approved Budget 2024/25 £000	Revised Budget 2024/25 £000	Projected Out-turn 2024/25 £000	Projected Over/(Under) Spend £000	Percentage Over/ (Under)
186	CORPORATE DIRECTOR	155	155	164	9	5.8%
75,073	Education	80,080	81,836	82,083	247	0.3%
127	Facilities Management	112	112	129	17	15.2%
11,846	School Estate Management Plan	12,231	12,231	12,167	(64)	(0.5%)
87,046	TOTAL EDUCATION SERVICES	92,422	94,179	94,379	200	0.2%
14,274	ASN	13,311	13,468	13,789	321	2.4%
2,504	Community Learning & Development	2,742	2,738	2,584	(154)	(5.6%)
2,385	Other Inclusive Education	2,093	2,093	2,177	84	4.0%
19,163	TOTAL INCLUSIVE EDUCATION	18,146	18,299	18,550	251	1.4%
106,395	TOTAL EDUCATION COMMITTEE	110,724	112,633	113,093	460	0.4%
	Earmarked Reserves	0	0	0	0	
	Loan Charges / DMR					
106,395	TOTAL EDUCATION COMMITTEE EXCLUDING EARMARKED RESERVES	110,724	112,633	113,093	460	0.4%

EDUCATION**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES**

<u>Out Turn</u> <u>2023/24</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Budget</u> <u>2024/25</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u>	<u>Actual to</u> <u>30-Jun-24</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>
56,006	Employee Costs - Teachers	55,236	13,826	13,727	55,197	(39)	(0.1%)
33,929	Employee Costs - Non Teachers	29,480	6,461	6,487	29,678	198	0.7%
191	Water	315	79	46	264	(51)	(16.2%)
11,845	PPP Unitary Charge	12,231	3,058	2,939	12,166	(65)	(0.5%)
1,495	ED Cleaning Contract	1,319	330	302	1,371	52	3.9%
4,814	ED Catering Contract	4,413	1,103	1,054	4,368	(45)	(1.0%)
1,443	FM Catering - Provisions	1,300	325	383	1,400	100	7.7%
546	Internal Transport - Drivers	459	115	114	434	(25)	(5.4%)
76	Gaelic Transport	0	0	0	44	44	-
85	Pupil Transport Consortium	53	13	4	85	32	60.4%
88	Pupil Vocational Transport	13	3	0	63	50	384.6%
96	HQ ASN Support	54	14	15	94	40	74.1%
1,486	Early Years Partner Providers	1,295	324	296	1,525	230	17.8%
(19)	Breakfast Club Income	(50)	(13)	(5)	(27)	23	(46.0%)
(531)	Income from Other Local Authorities	(452)	(113)	(195)	(512)	(60)	13.3%
(1,706)	FM Cleaning Income	(1,706)	(427)	(394)	(1,758)	(52)	3.0%
(4,977)	FM Catering Income	(4,603)	(1,151)	(1,098)	(4,558)	45	(1.0%)
Total Material Variances						484	

EARMARKED RESERVES POSITION STATEMENT

Appendix 4

COMMITTEE: Education & Communities

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding</u> <u>2024/25</u> <u>£000</u>	<u>Phased Budget</u> <u>2024/25</u> <u>2024/25</u> <u>£000</u>	<u>2024/25 Spend</u> <u>2024/25</u> <u>£000</u>	<u>Projected Spend</u> <u>2024/25</u> <u>£000</u>	<u>Amount to be Earmarked for</u> <u>2025/26</u> <u>& Beyond</u> <u>£000</u>	<u>Lead Officer Update</u>
Beacon Arts Recovery Plan	Tony McEwan	60	0	0	0	60	Contingency not allocated at this time.
New Scots Funding	Michael Roach	175	49	49	175	0	Funding additional EAL Teachers, additional new funding expected. Awaiting confirmation of further funding to cover period from April to June 2025.
Total		235	49	49	175	60	

EDUCATION COMMITTEE**VIREMENT REQUESTS**

Budget Heading	Increase Budget £	(Decrease) Budget £
Other Schools - Purchase of Hand Hygiene Materials		(40,000)
Catering - Disposables & Cleaning Materials	40,000	
	40,000	(40,000)

Note

This virement is requested to offset a recurring overspend in Catering on Cleaning Materials and Disposables, the costs and usage of which have increased since the Pandemic. The virement is from Other Schools Hand Hygiene Materials, a budget line which was agreed by P&R Committee, 16 November 2021, for the 2022/23 budget. There was no spend on this line in 2023/24.