
Report To:	Education & Communities Committee	Date:	5 November 2024
Report By:	Chief Financial Officer and Corporate Director Education, Communities & Organisational Development	Report No:	FIN/63/24/AP/IC
Contact Officer:	Iain Cameron	Contact No:	01475 712832
Subject:	2024/25 Education Revenue Budget Update		

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 projected position of the 2024/25 Education Revenue Budget including details of actions being taken to reduce the projected overspend.

1.3 The total Education Revenue Budget for 2024/25, excluding Earmarked Reserves, is currently £112.300m. The latest projection is an overspend of £370,000 (0.3%). This is a reduction in projected spend of £90,000 since last Committee. This projected overspend is mainly due to a shortfall in Employee Costs turnover savings of £112,000, an overspend of £230,000 for Early Years Partner Providers, an overspend in Catering provisions of £100,000 and overspends in Transport Costs of £129,000; all partially offset by an over recovery in Income from Other Local Authorities of £100,000.

1.4 The Corporate Director has a report elsewhere on the agenda seeking to partly address these underlying pressures from 2025/26 and it is intended to report further proposals to the January meeting of the Committee.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Committee notes that the Committee's Revenue Budget is currently projected to overspend in 2024/25 by £370,000 and the action proposed to address the projected overspend.

2.2 It is recommended that the Committee notes that proposals to address the underlying budget pressure will be presented to a future 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 2024/25 Revenue Budget and to highlight the main variances contributing to the £370,000 overspend.

3.2 The current Education Revenue Budget for 2024/25 is £112.300m, which is an increase of £1.576m from the Approved Budget, largely due to additional funding for Probationary Teachers and increased Teachers' superannuation rate. The actual amount of grant funding the Council will receive for both has yet to be confirmed and estimates have been used. Appendix 1 provides more details of the budget movement.

3.3 2024/25 Projected Outturn (£370,000 overspend 0.3%)

The main projected variances contributing to the £370,000 overspend are explained in more detail below.

(a) Employee costs are projected to overspend by £112,000. This is mainly due to:

- i. An under achievement of turnover savings targets: £51,000 in Primary and Secondary non teachers, £315,000 in ASN and £87,000 in Other Education.
- ii. An over recovery of CLD turnover savings of £140,000.
- iii. Within Facilities Management there is an over recovery of turnover savings of £126,000 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.
- v. Projected over-recovery of turnover savings in the Teachers' budget of £25,000.

(b) A projected underspend in Water Charges across the Committee totalling £50,000.

(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.

(e) Overspends in Transportation costs of £129,000 mainly due to overspends of £50,000 for Pupil Vocational Travel, £32,000 for Pupil Consortium Travel and £64,000 for Gaelic Transport, partly offset by an underspend in Internal Transport of £29,000.

(f) An underspend of £20,000 for Telephone Line Rental in line with the previous year's outturn.

(g) A projected overspend on ASN Resources of £30,000, a reduction of £10,000 since last Committee. The Corporate Director is reviewing the main factors contributing to this overspend with the intention of reducing it further.

(h) 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 a report later on in the agenda will reduce this pressure by a further £70,000 from 2025/26, if approved by Committee.

(i) A projected over recovery of ASN Income from Other Local Authorities of £100,000, an increase of £40,000 since last Committee. This over recovery partially offsets the projected overspend in ASN Employee Costs and Resources.

(j) A projected over recovery of £35,000 for School Meal Income due to an increase in uptake of secondary school meals since August.

3.4 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 97.3% of phased spend and 41.1% of the projected expenditure for 2024/25.

3.5 Virements

There are no virements this Committee cycle.

4.0 PROPOSALS

- 4.1 Steps are being taken to reduce the underlying budget pressures in the medium term with a specific proposal elsewhere on the agenda and further proposals scheduled for future Committees.
- 4.2 In addition, a corporate savings exercise is progressing with decisions expected by the Council in the coming months.
- 4.3 It needs to be noted however that whilst the above will largely address the budget pressure from 2025/26, it is very likely that the Committee will overspend in 2024/25.

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
N/A					

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	120	(4)	1,640	(300)	93,767
Inclusive Education	18,146		(14)	134		18,266
Facilities Management	112					112
Totals	110,724	120	(18)	1,774	(300)	112,300

Movement Detail

£000

External Resources

Probationer Teacher Funding
Teachers Superannuation

594
1,180

1,774

Virements

Procurement Officer Funding

(18)

(18)

Inflation

Partner Providers
Catering Provisions

20
100

120

1,876

EDUCATION**REVENUE BUDGET MONITORING REPORT****CURRENT POSITION**

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)
56,007	Employee Costs - Teachers	53,661	57,133	57,108	(25)	(0.0%)
33,928	Employee Costs - Non Teachers	29,032	30,290	30,427	137	0.5%
22,479	Property Costs	23,167	23,224	23,126	(98)	(0.4%)
7,539	Supplies & Services	6,861	7,061	7,151	90	1.3%
2,933	Transport Costs	2,337	2,337	2,466	129	5.5%
752	Administration Costs	672	672	656	(16)	(2.4%)
7,044	Other Expenditure	5,078	6,378	6,635	257	4.0%
(24,289)	Income	(10,084)	(14,495)	(14,599)	(104)	0.7%
106,393	TOTAL NET EXPENDITURE	110,724	112,600	112,970	370	0.3%
0	Earmarked Reserves	0	0	0	0	
0	DMR	0	(300)	(300)	0	
106,393	TOTAL NET EXPENDITURE EXCLUDING EARMARKED	110,724	112,300	112,670	370	0.3%

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	160	5	3.2%
75,073	Education	80,080	81,836	81,980	144	0.2%
127	Facilities Management	112	112	127	15	13.4%
11,846	School Estate Management Plan	12,231	12,231	12,167	(64)	(0.5%)
87,046	TOTAL EDUCATION SERVICES	92,423	94,179	94,274	95	0.1%
14,274	ASN	13,311	13,453	13,784	331	2.5%
2,503	Community Learning & Development	2,742	2,739	2,599	(140)	(5.1%)
2,384	Other Inclusive Education	2,093	2,074	2,153	79	3.8%
19,161	TOTAL INCLUSIVE EDUCATION	18,146	18,266	18,536	270	1.5%
106,393	TOTAL EDUCATION COMMITTEE	110,724	112,600	112,970	370	0.3%
0	Earmarked Reserves	0	0	0	0	
0	DMR	0	(300)	(300)	0	
106,393	TOTAL EDUCATION COMMITTEE EXCLUDING EARMARKED RESERVES	110,724	112,300	112,670	370	0.3%

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>31-Aug-24</u> <u>£000</u>	<u>Projection</u> <u>2024/25</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>Percentage</u> <u>Over / (Under)</u>
56,007	Employee Costs - Teachers	57,133	23,805	23,690	57,108	(25)	(0.0%)
33,928	Employee Costs - Non Teachers	30,290	11,618	11,600	30,427	137	0.5%
191	Water	315	105	94	265	(50)	(15.9%)
11,845	PPP Unitary Charge	12,231	5,096	4,999	12,166	(65)	(0.5%)
1,231	FM Catering - Provisions	1,300	417	509	1,400	100	7.7%
76	Gaelic Transport	0	0	0	64	64	-
546	Internal Transport Drivers	459	191	242	438	(21)	(4.6%)
85	Pupil Transport Consortium	53	13	13	85	32	60.4%
88	Pupil Vocational Transport	13	0	0	63	50	384.6%
6	Telephones (Secondary)	31	13	3	11	(20)	(64.5%)
1,403	Early Years Partner Providers	1,295	432	542	1,525	230	17.8%
96	HQ ASN Resources	54	23	20	84	30	55.6%
(532)	Income from Other Local Authorities	(452)	(113)	(198)	(552)	(100)	22.1%
(599)	School Meal Income	(639)	(168)	(153)	(674)	(35)	5.5%
Total Material Variances						327	

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: EDUCATION

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2024/25</u> <u>£000</u>	<u>Phased Budget 31-Aug-24 2024/25</u> <u>£000</u>	<u>Actual 31-Aug-24 2024/25</u> <u>£000</u>	<u>Projected Spend 2024/25</u> <u>£000</u>	<u>Amount to be Earmarked for 2025/26 & Beyond</u> <u>£000</u>	<u>Lead Officer Update</u>
Beacon Arts	Tony McEwan	60	0	0	0	60	Contingency Balance not required in 2023/24, balance c/f.
New to Scotland Funding	Michael Roach	233	74	72	175	58	Funding EAL Teachers until June 25
Total		293	74	72	175	118	