
Report To:	Education & Communities Committee	Date:	21 January 2025
Report By:	Chief Financial Officer and Corporate Director Education, Communities & Organisational Development	Report No:	FIN/02/25/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 £112.3m. The latest projection is an overspend of £35,000 (0.03%). This is a reduction in projected spend of £335,000 since last Committee. The major projected variances are as follows:

- (a) An underspend in Employee Costs of £380,000, £560,000 less than was reported at Period 5, mainly within Teachers.
- (b) An overspend of £240,000 for Early Years Partner Providers.
- (c) An overspend in Catering provisions of £264,000, partially offset by an over recovery in School Meals Income of £124,000, part of which is one-off in nature. Provisions spend has increased by £164,000 since last period.
- (d) An overspend in Transport Costs of £231,000.
- (e) An over recovery in Income from Other Local Authorities of £100,000.

1.4 The Corporate Director has a report elsewhere on the agenda detailing actions that will be taken to address some of these underlying pressures from 2025/26.

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 £35,000.

2.2 It is recommended that the Committee notes that proposals to address the underlying budget pressure within Partner Providers appears later in the agenda.

- 2.3 Committee is asked to approve virement of £50,000 as detailed in paragraph 3.5 and Appendix 5.
- 2.4 Committee is asked to note that the Council has received additional one-off funding of £74,000 from the Scottish Government to fund the write-off of historic school meal income debt. This income is reflected in the projected outturn figure.

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 £35,000 overspend.
- 3.2 The current Education Revenue Budget for 2024/25 is £112.3m, which is an increase of £1.576m from the Approved Budget, largely due to additional funding for Probationary Teachers and the Teachers' superannuation rate increase. 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 (£35,000 overspend 0.03%)**

The main projected variances contributing to the £35,000 overspend are explained in more detail below.

- (a) Employee costs are projected to underspend by £440,000. This is mainly due to:
- i. An underspend of £497,000 for Teachers, mainly due to a number of vacant posts from August 2024. These are unallocated teachers and were kept vacant pending the budget process.
 - ii. An overspend of £43,000 for Non Teacher staff within Primary and Secondary schools, due to not making the Turnover Savings target.
 - iii. An overspend of £304,000 for ASN Non Teacher employees due to not achieving the turnover savings target.
 - iv. An underspend in Early Years employees of £137,000, mainly 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. An underspend of £105,000 for Facilities Management employees which will predominantly be offset by a reduction in income.
 - vi. An underspend of £89,000 within CLD due to the over achievement of Turnover Savings target.
 - vii. An overspend of £41,000 for Education HQ employees due to not making the Turnover target.
- (b) A projected underspend in Water Charges across the Committee totalling £58,000.
- (c) A projected underspend in the PPP Unitary Charge payment of £65,000 due to a one-off insurance rebate.
- (d) A projected overspend of £64,000 for Education Cleaning contract, mainly due to increased employee costs within FM Cleaning.
- (e) A projected overspend of £106,000 for Education Catering contract due to an increased number of meals being prepared.
- (f) A projected overspend in Catering Provisions spend of £264,000, an increase of £164,000 since the last Committee, due to a significant increase in the number of meals prepared. It is intended to address this overspend in 2025/26 via virement from School Meal Income (see paragraph 3.5); increased P6/P7 Free School Meals funding as part of the 2025/26 Budget; and an allocation from the inflation contingency.
- (g) Overspends in Transportation costs of £231,000 mainly due to overspends of £50,000 for Pupil Vocational Travel, £32,000 for Pupil Consortium Travel, £64,000 for Gaelic Transport, £46,000 for School Buses and £39,000 for Internal Transport. There has been a movement of £102,000 since last Committee, mainly due to increases within the School Bus contract and Internal Transport.
- (h) An underspend of £20,000 for Telephone Line Rentals, in line with the previous year's outturn.

- (i) A projected overspend on ASN Resources of £30,000, as reported to the last Committee. The Corporate Director is reviewing the main factors contributing to this overspend with the intention of reducing spend in future years.
- (j) An overspend in Early Years Partner Provider payments of £240,000, an increase of £10,000 since last Committee. This is due to a higher than budgeted number of placements in private nurseries. There is an underspend of £137,000 in Early Years employee costs which partially offsets this, and a report later in the agenda outlines how it is proposed to address this pressure for future years.
- (k) A projected over recovery of ASN Income from Other Local Authorities of £100,000, as reported to last Committee. This over recovery partially offsets the projected overspend in ASN Employee Costs and Resources.
- (l) A projected over recovery of £124,000 for School Meal Income, an increase of £89,000 since last Committee. This is due to a projected over recovery of £50,000 resulting from an increase in uptake of secondary school meals since August; and a £74,000 one-off Scottish Government grant to fund the write-off of historic bad debts within Primary.
- (m) A projected shortfall of £20,000 for Breakfast Club Income.
- (n) A projected over recovery of £175,000 in Facilities Management Income, which offsets increased spend above.

3.4 Earmarked Reserves

Appendix 4 gives an update on the operational Earmarked Reserves, i.e. excluding strategic funding models. Spend to date on these operational Earmarked Reserves is 97.0% of phased spend and 56.0% of the projected expenditure for 2024/25.

3.5 Virements

Committee is asked to approve virement of £50,000 from School Meal Income to Catering Provisions. This virement is requested as there is an increase in Provisions spend due to an increase in the number of meals consumed. This has in turn led to an over recovery of income within Secondary. This virement is permanent in nature.

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.

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
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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	57,053	56,556	(497)	(0.9%)
33,928	Employee Costs - Non Teachers	29,032	30,333	30,390	57	0.2%
22,479	Property Costs	23,167	23,192	23,143	(49)	(0.2%)
7,539	Supplies & Services	6,861	7,198	7,586	388	5.4%
2,933	Transport Costs	2,337	2,340	2,571	231	9.9%
752	Administration Costs	672	665	648	(17)	(2.6%)
7,044	Other Expenditure	5,078	6,409	6,702	293	4.6%
(24,289)	Income	(10,084)	(14,590)	(14,961)	(371)	2.5%
106,393	TOTAL NET EXPENDITURE	110,724	112,600	112,635	35	0.0%
0	Earmarked Reserves	0	0	0	0	
0	DMR	0	(300)	(300)	0	
106,393	TOTAL NET EXPENDITURE EXCLUDING EARMARKED	110,724	112,300	112,335	35	0.0%

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	161	6	3.87%
75,073	Education	80,080	81,837	81,436	(401)	(0.49%)
127	Facilities Management	112	112	126	14	12.50%
11,846	School Estate Management Plan	12,231	12,231	12,167	(64)	(0.52%)
87,046	TOTAL EDUCATION SERVICES	92,423	94,180	93,729	(451)	(0.48%)
14,274	ASN	13,311	13,453	13,989	536	3.98%
2,503	Community Learning & Development	2,742	2,739	2,617	(122)	(4.45%)
2,384	Other Inclusive Education	2,093	2,073	2,139	66	3.18%
19,161	TOTAL INCLUSIVE EDUCATION	18,146	18,265	18,745	480	2.63%
106,393	TOTAL EDUCATION COMMITTEE	110,724	112,600	112,635	35	0.03%
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	112,335	35	0.03%

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-Oct-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	57,052	33,280	33,072	56,555	(497)	(0.9%)
33,928	Employee Costs - Non Teachers	30,332	16,035	16,083	30,389	57	0.2%
191	Water	315	184	147	257	(58)	(18.4%)
1,495	ED Cleaning Contract	1,319	660	607	1,383	64	4.9%
11,845	PPP Unitary Charge	12,231	7,135	7,064	12,166	(65)	(0.5%)
4,814	ED Catering Contract	4,553	2,277	1,971	4,659	106	2.3%
1,231	FM Catering - Provisions	1,300	758	799	1,564	264	20.3%
1,169	School Buses	1,203	602	625	1,249	46	3.8%
76	Gaelic Transport	0	0	0	64	64	-
85	Pupil Transport Consortium	53	26	32	85	32	60.4%
88	Pupil Vocational Transport	13	0	0	63	50	384.6%
711	Internal Transport	604	352	380	643	39	6.5%
6	Telephones (Secondary)	31	18	11	11	(20)	(64.5%)
1,403	Early Years Partner Providers	1,295	755	917	1,535	240	18.5%
96	HQ ASN Resources	54	32	26	84	30	55.6%
(532)	Income from Other Local Authorities	(468)	(273)	(298)	(568)	(100)	21.4%
(19)	Breakfast Club Income	(50)	(29)	(14)	(30)	20	(40.0%)
(599)	School Meal Income	(639)	(299)	(325)	(763)	(124)	19.4%
(8,303)	FM Income	(7,627)	(3,178)	(3,348)	(7,802)	(175)	2.3%
Total Material Variances						(27)	

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-Oct-24 2024/25</u> <u>£000</u>	<u>Actual 31-Oct-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 not allocated at this time
New to Scotland Funding	Michael Roach	300	101	98	175	125	Funding additional EAL Teachers up to 31/03/25. £59k of new funding is ASN Support Income c/f from 23/24 and £66k is new funding for 24/25 now confirmed by HSCP. EAL teachers will be funded to end of June 25 with approximately £60k not allocated yet.
Total		360	101	98	175	185	

EDUCATION COMMITTEE

VIREMENT REQUESTS

Budget Heading	Increase Budget £	(Decrease) Budget £
School Meals Income Catering Provisions	50,000	(50,000)
	50,000	(50,000)

Note:

This virement is requested as there is a pressure on Catering provisions spend due to an increase in the number of meals consumed. This increase has in turn led to an over recovery of income within Secondary. This virement is permanent in nature.