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<b>Report To:</b>	<b>Education &amp; Lifelong Learning Committee</b>	<b>Date:</b>	<b>8 September 2009</b>
<b>Report By:</b>	<b>Chief Financial Officer &amp; Acting Director of Education</b>	<b>Report No:</b>	<b>FIN/43/09/AP/CB</b>
<b>Contact Officer:</b>	<b>Lesley Bairden</b>	<b>Contact No:</b>	<b>01475 712257</b>
<b>Subject:</b>	<b>2009/10 Education Revenue Budget – Period 30 June 2009</b>		

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## 1.0 PURPOSE

- 1.1 To advise Committee of the 2008/09 out-turn and the 2009/10 Revenue Budget position at Period 3 to 30 June 2009.

## 2.0 SUMMARY

- 2.1 In 2008/09, excluding the planned carry forward of Earmarked Reserves of £1,786,000 for School Estates Management Plan, Single Status backdated costs of £308,000 and Utility Inflation of £291,000, ( both funded centrally not by Education,) there was an underspend of £111,000 against a budget figure of £71,577,200. This equates to an underspend of 0.16% and was £111,000 less spend than reported to Committee in March 2009.
- 2.2 The total Education & Lifelong Learning budget for 2009/10 is £76,170,410. The School Estates Management Plan accounts for £6,218,000 of the total Education Services budget with a further £1,786,000 brought forward as Earmarked Reserves. The latest projection is on budget.

## 3.0 RECOMMENDATIONS

- 3.1 The Committee note the final out-turn for 2008/09 and the current projected out-turn of on-budget for 2009/10 as at 30 June 2009.
- 3.2 That the Committee approve the virements of £120,000 as detailed in paragraph 8.1 and Appendix 3.

Alan Puckrin  
Chief Financial Officer

Albert Henderson  
Acting Director Education

## **4.0 BACKGROUND**

- 4.1 The purpose of this report is to advise Committee of the current position of the 2009/10 budget as well as the 2008/09 out-turn and to highlight the main issues contributing to the £111,000 underspend in 2008/09 and the projected on budget position for 2009/10.

## **5.0 2008/09 OUT-TURN**

- 5.1 The underspend for Core Education was £48,000 with an additional underspend of £63,000 for the School Estate Management Plan. The main factors contributing to the £111,000 underspend in 2008/09 were:

### Employee Costs:

Overspend for Employee Costs was £180,000. Single Status Implementation costs of £308,000 are included but funded from a centrally held budget not by Education. After adjusting Employee Costs for Single Status, the out-turn was an underspend of £128,000 which was due to lower than anticipated Teacher costs in the last quarter of the financial year. Employee Costs had been projected to the last Committee as on budget.

### Property Costs:

Overspend for Property Costs was £340,000. Utility Inflation costs of £291,000 are included here but funded from a centrally held budget not by Education. After adjusting Property Costs for Utilities Inflation, the out-turn was an overspend of £49,000. This is £89,000 more than the underspend of £40,000 projected to the last Education Committee. Increased electricity consumption accounts for £30,000 of this and the balance relates to increased oil consumption. The reduction in consumption anticipated at the former Highholm Primary and former Greenock High buildings did not materialise.

### Transport Costs:

Overspend for Transport Costs was £57,000. This is £30,000 more than the overspend of £27,000 reported to the March Committee. Internal Transport charges were previously reported to be on budget but had an overspend of £13,000, mainly relating to unplanned maintenance of Invernet Buses within Community Learning & Development. £17,000 relates to the projected overspend for ASN Transport being higher than anticipated.

### Other Expenditure:

An overspend of £15,000 for ASN Placements was projected to the last Committee. Due to a delay in the start dates for some placements, the actual out-turn was a £7,000 underspend.

### Income:

Income over-recovered by £37,000. This was reported to the last Committee as on budget. The majority of the additional income was received by Community Learning & Development for adult literacy classes.

## 6.0 2009/10 PROJECTION

6.1 The main issues to highlight in relation to the 2009/10 on budget projected out-turn are:

### Employee Costs:

The 2009/10 budget for Employee Costs is £54,391,380.

The budget for Teachers is currently £39,495,090. This will be increased once the funding for the 2009 intake of Probationer Teachers has been announced by the Scottish Government. The current projection for Teachers is on budget.

The budget for non-teacher employees is £14,896,290 and the current projection is on budget.

Included within the non-teacher budget is the £80,000 virement requested in paragraph 8.1 and Appendix 3. £90,000 was added to the Payments to Other Bodies budget in 2009/10 to fund the Play4All facility at Lilybank School. The employees of Play4All have now become Council employees and the virement is required to re-align the budget to the correct subjective heading.

### Non Domestic Rates :

NDR budget for 2009/10 is £1,764,830. Current projection is an overspend of £27,000. This is mainly as a result of the Rateable Value of Inverclyde Academy being 10% higher than in 2008/09. This overspend will be contained within the overall Education budget.

### Refuse Collection:

Latest projection for Refuse Collection is an overspend of £106,542. This compares with an overspend of £73,648 for 2008/09. Charges from Environmental Services have increased by 12% since the previous year with no equivalent increase to the Education Services budget. Officers are currently working to reduce these charges through more efficient use of bins.

### Heating Oil:

Oil consumption for 2009/10 is projected to be 25% lower than the consumption for 2008/09. Fewer school buildings use oil fired heating as a result of closures and the School Estate Management Plan project to convert heating systems to gas.

£140,000 was added to the 2009/10 Oil budget as a contingency for the high prices being experienced at the time the budget was produced. However, the current price per litre is 40% lower than it was at time budget was set and as a result the projected out-turn for heating oil is an underspend of £149,000.

### Water:

Water budget for 2009/10 is £373,830. Latest projection is an overspend of £20,000.

Major burst pipes have been experienced at St Stephen's High School and the former Greenock High School building. The majority of the costs associated with this additional consumption should be recovered as a discretionary relief from Scottish Water Business Stream.

### School Milk:

The current budget for School Milk is £92,980. The current projected out-turn is £108,980 and as a result authorisation of a virement for £16,000 from Nutrition In Schools is requested in paragraph 8.1 and Appendix 3.

### School Meal Income:

2009/10 budget for School Meal Income is £954,830. Latest projection is an income shortfall of £24,000. This is a result of income collected for Secondary Schools being 10% less for the first quarter of the financial year compared to the corresponding period in 2008/09. Education are currently working on increasing the school meal uptake rates. The shortfall will be contained by the virement from Nutrition in Schools requested in paragraph 8.1 and Appendix 3.

## 7.0 PROPOSALS

- 7.1 The Committee is currently reporting the out-turn for 2009/10 is on budget.
- 7.2 The Acting Director of Education, in conjunction with Finance Services, will continue to review the budget and ensure that the projected spend remains within budget.

## 8.0 VIREMENTS

- 8.1 Committee is asked to approve virements of £120,000 as detailed in Appendix 3.

## 9.0 IMPLICATIONS

- 9.1 The current projected out-turn per Service is:

2008/09 Actual £000	Service	Approved Budget 2009/10 £000	Revised Budget 2008/09 £000	Projected Out-turn 2008/09 £000	Projected over/(under) spend £000
70,727	Education	69,952	69,952	69,952	0
1,422	SEMP	6,218	6,218	6,218	0
72,149	Total	76,170	76,170	76,170	0

See Appendix 2 for additional detail.

- 9.2 Appendix 4 shows the latest position of the Committee's earmarked reserves.

## 10.0 EQUALITIES

- 10.1 There are no Equalities issues.

## 11.0 CONSULTATIONS

- 11.1 The report is jointly prepared by the Acting Director of Education and the Chief Financial Officer.

EDUCATIONREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCESPERIOD 3 : 1st April 2009 - 30th June 2009

<u>Out Turn 2008/09 £000</u>	<u>Budget Heading</u>	<u>Budget 2009/10 £000</u>	<u>Proportion of Budget</u>	<u>Actual to 30-Jun-09 £000</u>	<u>Projection 2009/10 £000</u>	<u>(Under)/Over Budget £000</u>	<u>Percentage Over / (Under)</u>
1,658	Rates	1,765	1,765	1,796	1,792	27	1.5%
136	Refuse Collection	43	0	0	150	107	248.8%
762	Heating Oil	626	115	87	477	(149)	-23.8%
557	Admin Costs	530	44	44	580	50	9.4%
<b>Total Material Variances</b>						<b>35</b>	

**EDUCATION****REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****PERIOD 3 : 1st April 2009 - 30th June 2009**

2008/09 Actual £000	Subjective Heading	Approved Budget 2009/10 £000	Revised Budget	Projected Out-turn 2009/10 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
40,424	Employee Costs - Teachers	39,593	39,495	39,495	0	0.0%
14,703	Employee Costs - Non Teachers	14,350	14,896	14,896	0	0.0%
8,235	Property Costs	7,717	7,584	7,578	(6)	-0.1%
3,843	Supplies & Services	3,623	3,653	3,653	0	0.0%
2,190	Transport Costs	2,017	2,034	2,034	0	0.0%
557	Administration Costs	529	530	580	50	9.4%
6,286	Other Expenditure	11,560	11,889	11,845	(44)	-0.4%
(4,089)	Income	(3,219)	(3,911)	(3,911)	0	0.0%
72,149	TOTAL NET EXPENDITURE	76,170	76,170	76,170	0	0.0%

2008/09 Actual £000	Objective Heading	Approved Budget 2009/10 £000	Revised Budget	Projected Out-turn 2009/10 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
1,866	Central Admin	1,616	1,639	1,651	12	0.7%
6,040	Early Years	5,867	5,915	5,901	(14)	-0.2%
23,381	Primary Schools	22,721	22,997	23,024	27	0.1%
29,417	Secondary Schools	27,759	28,977	29,036	59	0.2%
5,087	Special Schools	5,241	5,099	5,101	2	0.0%
1,422	SEMP	6,218	6,218	6,218	0	0.0%
4,936	Other Education	6,748	5,325	5,239	(86)	-1.6%
72,149	TOTAL NET EXPENDITURE	76,170	76,170	76,170	0	0.0%

**EDUCATION COMMITTEE****VIREMENT REQUESTS**

<b>Budget Heading</b>		<b>Increase Budget</b>	<b>(Decrease) Budget</b>
		£	£
Non Teacher Employees Basic (Special Schools)	1	80,000	
Payments to Other Bodies (Play4All)			80,000
School Milk	2	16,000	
School Meal Income		24,000	
Other Expenditure (Nutrition In Schools)			40,000
		<b>120,000</b>	<b>120,000</b>

## Note

1 - Budget assumed Play4All would continue to be an external organisation but their employees are now employed by Inverclyde Council and service is provided by Education Services.

2 - Nutrition in Schools budget being used to fund overspend in School Milk and shortfall in School Meal Income

## EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Education &amp; Lifelong Learning

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>C/f Funding 2008/09</u> £000	<u>New Funding 2009/10</u> £000	<u>Total Funding 2009/10</u> £000	<u>Actual Spend 2009/10 As at 30/06/09</u> £000	<u>Projected Spend 2009/10</u> £000	<u>Amount to be Earmarked for 2009/10</u> £000	<u>Lead Officer Update</u>
School Estate M P	Tom Reid	1,786	3,832	5,618	0	3514	2,104	£2.6m of the projected spend relates to year end transactions for loan charges. No spend is anticipated against this reserve until later in the financial year.
<b>Total</b>		1,786	3,832	5,618	0	3,514	2,104	