
Report To: Education & Lifelong Learning Committee **Date:** 7 September 2010

Report By: Chief Financial Officer & Corporate Director of Education & Communities **Report No:** FIN/50/10/AP/CM

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Subject: Education & Lifelong Learning 2010/11 Revenue Budget-Period 3 to 30 June 2010

1.0 PURPOSE

- 1.1 To advise Committee of the 2009/10 final out-turn and the 2010/11 Revenue Budget position at Period 3 to 30 June 2010.

2.0 SUMMARY

- 2.1 In 2009/10, excluding the planned carry forward of Reserves of £4,063,000 for the School Estates Management Plan and Outdoor Education trips, a write-back of £481,000 to General Reserves from School Estates Management Plan and £322,000 Janitor's terms and conditions buy out costs (funded centrally not by Education,) there was an underspend of £163,000 against a budget figure of £76,836,630. This equates to 0.21% of the total budget and was £4,000 more spend than reported to Committee in March 2010.
- 2.2 The total Education & Lifelong Learning budget for 2010/11 is £76,316,510. The School Estates Management Plan accounts for £7,413,990 of the total Education Services budget with a further £3,994,000 brought forward as Earmarked Reserves. The latest projection is an overspend of £27,000.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the final out-turn for 2009/10 and the current projected out-turn of a £27,000 overspend for 2010/11 as at 30 June 2010.
- 3.2 That the Committee approve the virements of £50,000 as detailed in paragraph 8.1 and Appendix 4.

Alan Puckrin
Chief Financial Officer

Albert Henderson
Corporate Director Education & Communities

4.0 BACKGROUND

4.1 The purpose of this report is to advise Committee of the current position of the 2010/11 budget as well as the 2009/10 out-turn and to highlight the main issues contributing to the £163,000 underspend in 2009/10 and the projected over spend of £27,000 for 2010/11.

5.0 2009/10 OUT-TURN

5.1 The underspend after adjustments for Reserves and centrally funded janitor's costs was £163,000. The main factors contributing to this underspend in 2009/10 were:

Employee Costs:

Underspend for Employee Costs was £53,000. Teachers accounted for £24,000 of the underspend, primarily due to expenditure on Daily Rate Teachers being lower than anticipated. A £29,000 underspend on non-teacher employees was due to no Corporate Director being in post for a portion of 2009/10. The underspend was £114,000 less than the projection to the March Education. A provision of £124,000 for changes to Teacher maternity conditions was made at Year End and this was not known about at time of the Committee.

Property Costs:

Overspend for Property Costs was £440,000. Janitors terms and conditions buy out costs of £322,000 are included here but funded from a centrally held budget not by Education. After adjusting Property Costs for this, the out-turn was an overspend of £118,000. This is £58,000 more than projected to the last Education Committee, £49,000 of this increased expenditure relates to the Property Insurance allocation being more than budget.

Transport Costs:

Overspend for Transport Costs was £67,000. This is £60,000 more than projected to the March Committee. Internal Transport charges were previously projected to overspend by £7,000. Actual out-turn was an overspend of £37,000, the additional costs relating to additional fuel and maintenance costs.

ASN Transport had an overspend of £35,000 due to increased useage which had not been previously detected.

Administration Costs:

Overspend for Administration Costs was £48,000. Employer's Liability Insurance allocation accounts for £39,000 of this. A projection of on-budget was reported to the last Committee.

Other Expenditure:

Underspend of £163,000 for Other Expenditure. This was £95,000 more than projected to the last Committee. The underspend for ASN Placements was £120,000 which was £66,000 more than projected to March Committee. A number of children projected to start in 2009/10 were delayed until 2010/11.

SQA Examination Fees were projected to out-turn on budget but underspent by £16,000 as a result of the number of exams sat being lower than budgeted.

Income:

Income over-recovered by £178,000. This was projected to the last Committee as on budget. The majority of the additional income was received from Sportscotland.

6.0 2010/11 PROJECTION

6.1 The main issues to highlight in relation to the 2010/11 projected overspend of £27,000 are:

Employee Costs:

The 2010/11 budget for Employee Costs is £53,206,260.

The budget for Teachers is currently £39,828,000. Included within this budget is £566,000 for Probationer Teachers required to fund the August 2010 Probationers up to the end of the Financial Year. The exact amount of this funding has still to be confirmed by the Scottish Government. Also included in the budget is the £40,000 virement requested in paragraph 8.1 and Appendix 4 for the additional teacher at the Mearns Centre. The current projection for Teachers is on budget.

The budget for non-teacher employees is £13,378,260 and the current projection is also on budget.

Heating Oil:

Oil consumption for 2010/11 is projected to be 6% lower than the consumption was for 2009/10. The consumption has been falling year-on-year due to fewer school buildings using oil fired heating as a result of closures and the School Estate Management Plan project to convert heating systems to gas. However, as a result of the continuing high oil prices there is a projected overspend of £10,000.

School Meal Income:

2010/11 budget for School Meal Income is £959,280. Latest projection is an income shortfall of £30,000. There continues to be a problem with the uptake level of School Meals in Inverclyde. Based on income collected to end of June 2010, there has been a reduction of 5% compared to end of June 2009. Education Services continue to work on increasing the school meal uptake rates.

ASN Placements:

The budget for 2010/11 is £880,550. This budget has been reduced by £140,000.

The Education contribution to the saving required for the refurbished Mearns Centre was £100,000 and the virement requested in paragraph 8.1 and Appendix 4 for additional teacher funding reduced it by a further £40,000. Based on the current list of placements for August 2010 this budget will out-turn on budget. However, it should be noted that any additional placements in the coming months as a result of Tribunal decisions or Children's Panel requests will put this budget in to an overspend position.

Other Items:

The impact of the mid-year savings review is not included in this report but will be factored in to future reports to Committee.

A Council wide review of budgets for Property Insurance, Non Domestic Rates and Utilities is currently underway and will be included in the next report to Committee.

7.0 CONCLUSIONS

7.1 The Committee is currently reporting a projected over-spend of £27,000 for the 2010/11 revenue budget.

7.2 The Corporate Director of Education & Communities, in conjunction with Finance Services, will continue to review the budget and ensure action is taken to bring the projected over-spend of £27,000 back within budget.

8.0 VIREMENTS

8.1 Committee is asked to approve virements of £50,000 as detailed in Appendix 4.

9.0 IMPLICATIONS

9.1 The current projected out-turn per Service is:

2009/10 Actual £000	Service	Approved Budget 2010/11 £000	Revised Budget 2010/11 £000	Projected Out-turn 2010/11 £000	Projected over/(under) spend £000
70,785	Education	68,675	68,902	68,929	27
1,669	SEMP	7,414	7,414	7,414	0
72,454	Total	76,089	76,316	76,343	27

See Appendix 2 for additional detail.

10.0 EARMARKED RESERVES

10.1 There is a planned contribution to Earmarked Reserves of £1,908,000 in the current Financial Year as detailed in Appendix 3. Following changes to the funding arrangements for the School Estates Management Plan £3,500,000 will also be written back to General Reserves. Spend to date is 14.1% of the projected spend for 2010/11. The majority of expenditure will be incurred at the year end.

11.0 EQUALITIES

11.1 There are no Equalities issues.

11.0 CONSULTATIONS

11.1 The report is jointly prepared by the Corporate Director of Education & Communities and the Chief Financial Officer.

EDUCATIONREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCESPERIOD 3 : 1st April 2010 - 30th June 2010

<u>Out Turn</u> <u>2009/10</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Budget</u> <u>2010/11</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u>	<u>Actual to</u> <u>30-Jun-10</u> <u>£000</u>	<u>Projection</u> <u>2010/11</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>Percentage</u> <u>Over / (Under)</u>
1,105	SPT Contract	1,192	298	298	1,183	(9)	(0.8%)
457	Heating Oil	463	85	89	473	10	2.2%
31	Childminders	44	11	5	34	(10)	(22.7%)
(930)	School Meal Income	(959)	(240)	(186)	(939)	20	(2.1%)
Total Material Variances						11	

EDUCATION**REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****PERIOD 3 : 1st April 2010 - 30th June 2010**

2009/10 Actual £000	Subjective Heading	Approved Budget 2010/11 £000	Revised Budget 2010/11 £000	Projected Out-turn 2010/11 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
40,477	Employee Costs - Teachers	39,531	39,828	39,828	0	-
14,803	Employee Costs - Non Teachers	13,147	13,378	13,378	0	-
9,039	Property Costs	7,517	9,179	9,189	10	0.1%
4,069	Supplies & Services	3,992	4,039	4,039	0	0.0%
2,283	Transport Costs	2,191	2,225	2,224	(1)	0.0%
611	Administration Costs	494	500	500	0	0.0%
5,519	Other Expenditure	12,026	10,411	10,399	(12)	(0.1%)
(4,347)	Income	(2,809)	(3,244)	(3,214)	30	-0.9%
72,454	TOTAL NET EXPENDITURE	76,089	76,316	76,343	27	0.0%

2009/10 Actual £000	Objective Heading	Approved Budget 2010/11 £000	Revised Budget 2010/11 £000	Projected Out-turn 2010/11 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
1,679	Central Admin	1,347	844	844	0	-
5,814	Early Years	5,430	5,646	5,636	(10)	(0.2%)
23,686	Primary Schools	22,948	22,233	22,235	2	0.0%
29,887	Secondary Schools	27,891	27,077	27,104	27	0.1%
5,414	Special Schools	5,568	5,178	5,186	8	0.2%
1,669	SEMP	7,414	7,414	7,414	0	0.0%
4,305	Other Education	5,491	7,924	7,924	0	-
72,454	TOTAL NET EXPENDITURE	76,089	76,316	76,343	27	0.0%

Appendix 3

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Education & Lifelong Learning

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2009/10</u> £000	<u>New Funding 2010/11</u> £000	<u>Total Funding 2010/11</u> £000	<u>Actual To Period 3 2010/11</u> £000	<u>Projected Spend 2010/11</u> £000	<u>Amount to be Earmarked for 2011/12 & Beyond</u> £000	<u>Lead Officer Update</u>
School Estate M P	Andrew Gerrard	3,994	7,320	11,314	829	5,906	1,908	Figures have been updated following the June 2010 review of the SEMP Funding Model - the main difference being the write-back of £3.5million to the General Fund. As in previous years, the majority of the expenditure will be at Year End.
Outdoor Education Trips	Albert Henderson	69	0	69	12	69	0	The Council awarded £80k on going per year to Education to fund Outdoor Education residential trips for all Primary 6 children in Inverclyde. As a result of Health & Safety issues at the centre used only a few schools were able to participate in 09/10. All outstanding schools completed their trips by end of June 2010.
Total		4,063	7,320	11,383	841	5,975	1,908	

EDUCATION COMMITTEE**VIREMENT REQUESTS**

Budget Heading		Increase Budget	(Decrease) Budget
		£	£
Recruitment Costs (Central Admin)	1	30,000	
Other Expenditure (Central Admin)			30,000
Kitchen Equipment Repairs (Various Schools)	2	20,000	
Nutrition In Schools (Education HQ)			20,000
		50,000	50,000

Note

- 1- Recruitment Costs relate to employment of two Education Heads of Service.
- 2- Allocation of HQ held budget to various schools to pay for repairs to kitchen equipment.