
Report To: Education & Lifelong Learning Committee **Date:** 2 November 2010

Report By: Chief Financial Officer & Corporate Director of Education & Communities **Report No:** FIN65\10\IC\AP

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Subject: Education & Lifelong Learning 2010/11 Revenue Budget – Period 5 to 31 August 2010

1.0 PURPOSE

- 1.1 To advise Committee of the 2010/11 Revenue Budget position at Period 5 to 31 August 2010.

2.0 SUMMARY

- 2.1 The Education & Lifelong Learning Committee of 7 September 2010 was informed that the projected out-turn for the 2010/11 revenue budget as at Period 3 was an overspend of £27,000. The latest projection as at Period 5 is an underspend of £72,000 (0.01% of the total Education Budget.) This is after the absorption of £353,410 of mid year savings and £87,000 for the 2010/11 Non-Teacher pay award.
- 2.2 The total Education & Lifelong Learning budget for 2010/11 is £72,527,980, of which £3,933,990 relates to the School Estate Management Plan. A further £4,063,000 brought forward as Earmarked Reserves relates to the School Estate Management Plan (£3,994,000) and Outdoor Education Trips (£69,000.)
- 2.3 Since the last Committee the total budget has decreased by £3,788,530. The Policy & Resources Committee of 17 August 2010 approved a revision to the 2010/11 Revenue Budget. As a result the School Estate Management Plan Earmarked Reserve was reduced by £3,500,000 and a further £353,410 was removed as part of the mid-year savings exercise. Following a Corporate review of the Non Domestic Rates and Utilities budgets there was a budget increase of £29,770. The balance relates to Grant Funding and virements to other Committees.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the current projected underspend of £72,000 for the 2010/11 revenue budget as at Period 5 to 31 August 2010.
- 3.2 That the Committee approve the virement of £23,000 as detailed in paragraph 7.1 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 Revenue Budget and to highlight the main issues arising.
- 4.2 The Policy & Resources Committee of 17 August 2010 approved a revision to the 2010/11 Revenue budget and as a result the Education & Lifelong Learning budget was reduced by £353,410. This budget reduction has been fully reflected in the Period 5 Revenue Budget projections.
- 4.3 The impact of the pay increase of 0.65% awarded to Non teacher employees from 1 April 2010 was £87,000. This has also been fully reflected in this report.

5.0 2010/11 PROJECTION

- 5.1 The main issues to highlight in relation to the £72,000 projected underspend for the 2010/11 Revenue Budget are:

(a) Employee Costs:

The latest projection for Employee Costs is an overspend of £53,000.

There is a projected overspend of £87,000 for Non-Teacher employees. This is due to the annual pay increase of 0.65% awarded from 1 April 2010

The current projection for Teachers is an underspend of £34,000. This is due to a vacancy in Psychological Services not being filled.

(b) Non Domestic Rates:

Following the Non Domestic Rates revaluation, there was a Corporate review of budgets to re-align them across Services. As a result the Education & Lifelong Learning budget increased by £268,770 to £2,146,970.

The latest projection is an underspend of £13,000 which primarily relates to back dated empty relief for school buildings closed for refurbishment or demolition.

(c) Electricity & Gas:

New contracts for electricity and gas were implemented on 1 April 2010 which resulted in significant reductions in price. In light of this reduction, there was a full Corporate review of utility budgets and as a result the Gas budget was reduced by £152,000 and the Electricity budget reduced by £87,000. The projection for both is on budget.

(d) Heating Oil:

The current budget for Heating Oil is £463,560. There are seven buildings remaining with oil fired heating. This should reduce by three in the next year as a result of work being undertaken as part of the Schools Estate Strategy. An overspend of £10,000 was reported to the last Committee for Heating Oil. Due to a further price increase of 4% the projected overspend has now increased to £26,000.

(e) Janitors:

An underspend of £92,000 is currently being reported by Property Services for the Education Janitors contract. This is due to vacancies and a change to working practices.

(f) SPT School Buses:

The current budget for SPT School Buses contract is £1,306,960 including £139,110 for decant buses for Overton Primary School and St Columba's High School. The latest projection is an underspend of £82,000 which is in line with the previous year's out-turn.

(g) Income from Other Local Authorities:

A number of children from other Local Authority areas attend at Inverclyde Special Schools. There is a budget of £294,230 for the income received for these places. Due to a reduction in the number of children attending from other Authorities, there is a projected shortfall in income of £18,000. Officers of the Council are currently reviewing the charging policy to ensure Inverclyde charges are in line with those received from other Authorities for Inverclyde children placed with them.

(h) School Meal Income:

An income shortfall of £30,000 for School Meal Income was reported to the last Education Committee as a result of the reduced uptake rate for School Meals. There has been no change to this projection. The school meals working group has been reformed under the chairmanship of the vice convener to oversee the development of strategies for improving uptake. The group comprises elected members, officers, head teachers and pupils. A meeting of the group has been arranged for 25 October.

6.0 CONCLUSIONS

- 6.1 The Committee is currently reporting a projected underspend of £72,000 for the 2010/11 Revenue Budget.
- 6.2 The Corporate Director of Education & Communities, in conjunction with Finance Services, will continue to review the budget and ensure that the projected expenditure remains within budget.

7.0 VIREMENTS

- 7.1 Committee is asked to approve the virement of £23,000 as detailed in Appendix 4.

8.0 IMPLICATIONS

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

2009/10 Actual £000	Service	Approved Budget 2009/10 £000	Revised Budget 2008/09 £000	Projected Out-turn 2008/09 £000	Projected over/(under) spend £000
70,785	Education	68,675	68,594	68,522	(72)
1,669	SEMP	7,414	3,934	3,934	0
72,454	Total	76,089	72,528	72,456	(72)

See Appendix 2 for additional detail.

9.0 EARMARKED RESERVES

9.1 There is a planned contribution to Earmarked Reserves of £1,908,000 at the end of the current Financial Year as detailed in Appendix 3. Spend to date is 19.1% of the projected spend for 2010/11. The majority of expenditure will be incurred at the year end as planned.

See Appendix 3 for additional details.

10.0 EQUALITIES

10.1 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 5: 1st April 2010 - 31st August 2010

<u>Out Turn</u> 2009/10 £000	<u>Budget</u> <u>Heading</u>	<u>Budget</u> 2010/11 £000	<u>Proportion</u> <u>of Budget</u>	<u>Actual to</u> 31-Aug-10 £000	<u>Projection</u> 2010/11 £000	<u>(Under)/Over</u> <u>Budget</u> £000	<u>Percentage</u> <u>Over / (Under)</u>
40,340	Employee Costs - Teacher	39,591	16,660	16,643	39,557	(34)	(0.1%)
14,454	Employee Costs - Non Teacher	13,618	5,880	6,020	13,705	87	0.6%
1,945	Janitors	1,455	485	435	1,363	(92)	(6.3%)
1,772	Non Domestic Rates	2,147	2,147	2,131	2,134	(13)	(0.6%)
457	Heating Oil	464	135	144	490	26	5.6%
1,105	SPT Contract	1,307	654	643	1,225	(82)	(6.3%)
31	Childminders	44	18	9	34	(10)	(22.7%)
(245)	Income Other Local Auth	(294)	0	0	(276)	18	(6.1%)
(930)	School Meal Income	(959)	(226)	(217)	(929)	30	(3.1%)
Total Material Variances						(70)	

EDUCATION**REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****PERIOD 5 : 1st April 2010 - 31st August 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	39,591	39,557	(34)	(0.1%)
14,803	Employee Costs - Non Teachers	13,147	13,618	13,705	87	0.6%
9,039	Property Costs	7,517	9,197	9,118	(79)	(0.9%)
4,069	Supplies & Services	3,992	3,980	3,980	0	0.0%
2,283	Transport Costs	2,191	2,333	2,251	(82)	(3.5%)
611	Administration Costs	494	516	516	0	0.0%
5,519	Other Expenditure	12,026	7,167	7,155	(12)	(0.2%)
(4,347)	Income	(2,809)	(3,874)	(3,826)	48	(1.2%)
72,454	TOTAL NET EXPENDITURE	76,089	72,528	72,456	(72)	(0.1%)

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	862	862	0	0.0%
5,814	Early Years	5,430	5,628	5,642	14	0.2%
23,686	Primary Schools	22,948	23,376	23,344	(32)	(0.1%)
29,887	Secondary Schools	27,891	28,052	28,001	(51)	(0.2%)
5,414	Special Schools	5,568	4,097	4,121	24	0.6%
1,669	SEMP	7,414	3,934	3,934	0	0.0%
4,305	Other Education	5,491	6,579	6,552	(27)	(0.4%)
72,454	TOTAL NET EXPENDITURE	76,089	72,528	72,456	(72)	(0.1%)

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 5 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	3,934	7,928	1,117	6,020	1,908	Figures have been updated following the June 2010 review of the SEMP Funding Model. New Funding has been reduced by £3.5m for write-back to General Reserve. As in previous years, the majority of the expenditure will be at Year End.
Outdoor Education Trips	Albert Henderson	69	0	69	43	69	0	Administration 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 schools completed their trips in the first quarter of 10/11. Likely to be £24k of the Reserve available for use to fund other aspects of Outdoor Education.
Total		4,063	3,934	7,997	1,160	6,089	1,908	

EDUCATION COMMITTEE**VIREMENT REQUESTS**

Budget Heading	Increase Budget		(Decrease) Budget
		£	£
Sessional Salaries (Community, Learning & Development)	1	23,000	
Other Expenditure (Community, Learning & Development)			23,000
		23,000	23,000

Note

1- Re-allocation of CLD core budget to fund increased Sessional Salaries