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**Report To:** Education & Lifelong Learning Committee      **Date:** 24 January 2012

**Report By:** Chief Financial Officer & Corporate Director Education & Communities      **Report No:** FIN/127/11/AP/IC

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**Subject:** Education & Lifelong Learning 2011/12 Revenue Budget - Period 7 to 31 October 2011

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### 1.0 PURPOSE

1.1 To advise Committee of the 2011/12 Revenue Budget position at Period 7 to 31 October 2011.

### 2.0 SUMMARY

2.1 The Education & Lifelong Learning Committee of 1 November 2011 was informed that the projected out-turn for the 2011/12 Revenue Budget as at Period 5 was an underspend of £109,000. The latest projection as at Period 7 is an underspend of £87,000 (0.11% of the total Education & Lifelong Learning Budget). This represents a reduction in the underspend of £22,000 since the last report.

2.2 The total Education & Lifelong Learning budget for 2011/12 is £78,265,840 of which £12,015,000 relates to the School Estate Management Plan. A further £2,022,000 brought forward as Earmarked Reserves relates to the School Estate Management Plan (£1,964,000) and Early Years Education (£58,000).

2.3 There has been an £82,300 reduction in the budget since last Committee due to confirmed funding for Probationer Teachers being £70,000 less than the previously estimated amount and a £12,300 saving for ICT data lines.

2.4 Education and Lifelong Learning had Earmarked Reserves of £2,022,000 brought forward from 2010/11, the majority relating to the School Estate Management Plan. There is a planned carry forward of £2,472,000 at the end of 2011/12. This is an increase of £481,000 since last Committee and is due to the updated School Funding Model approved at that Committee. At the end of Period 7 up to October 2011 expenditure was £5,380,000, 46% of the planned expenditure for 2011/12.

### 3.0 RECOMMENDATIONS

3.1 The Committee note the current projected underspend of £87,000 for the 2011/12 revenue budget as at Period 7 to 31 October 2011.

3.2 That the Committee approve the virement of £40,000 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 2011/12 budget and to highlight the main issues arising.

## **5.0 2011/12 PROJECTION**

- 5.1 The main issues to highlight in relation to the 2011/12 projected underspend of £87,000 are:

### Employee Costs:

The 2011/12 budget for Employee Costs is £51,592,010.

The budget for Teachers is currently £37,760,170 and the latest projection is on budget. Funding of £506,000 for the August 2011 intake of Probationer Teachers is included in the budget. This funding has now been confirmed by the Scottish Government although it is £70,000 less than previously estimated. There has been an increase in the number of Probationer posts receiving no funding because they have been used to fill Permanent Teacher vacancies.

The budget for Non-Teacher employees is £13,831,840 and the latest projection is an overspend of £87,000. This is £23,000 more expenditure than reported to the last Committee. The overspend is mainly due to increased costs within Early Years Nurseries as a result of continuing high levels of sickness cover. There is a legal requirement to maintain staff to children ratios in these facilities. The overspend will be contained within the overall Education Services budget.

### Non Domestic Rates:

The budget for Non Domestic Rates is £2,533,240. The latest projection is an underspend of £42,000. This is due to a reduction in the Rateable Value of the former Greenock Academy building following its closure in June 2011.

### Breakfast Clubs Supplies:

A budget of £30,000 has been set aside to provide Supplies for Breakfast Clubs. A projected underspend of £10,000 was reported to the last Committee. The latest projection has increased the underspend to £15,000. It had previously been assumed that the introduction of better quality food products would lead to an increase in uptake. However, these products have been on offer for several months with no increase in uptake levels.

### Scottish Qualifications Authority (SQA):

The SQA budget for 2011/12 is £397,740. This is used to fund the examination costs for Secondary School pupils. An underspend of £129,000 was reported to last Committee. There is no change to this projection.

### ASN Placements:

The total 2011/12 budget for ASN Placements is £800,550. The latest projection is an overspend of £33,000. This is an increase of £11,000 since last Committee and is due to an additional child being added to ASN Placements. The overspend will be contained within the overall Education Services budget.

### Early Years Wrapround Income:

An income budget of £213,000 exists for Early Years Wrapround provision. This is income received from parents for nursery care in addition to the statutory 12.5 hours free care per week given to every child aged three and four.

A shortfall in income of £46,000 was reported to last Committee. The shortfall has now reduced by £4,000 as a result of uptake during the October school holiday week being higher than anticipated. The shortfall can be contained within the overall Education Income budget.

### School Meal Income:

The budget for school meal income is £945,000 having been reduced by £15,000 following a virement approved at the September 2011 Committee. It was anticipated that the amount of money collected in 2011/12 would be similar to the amount collected in the previous year. However, as a result of a substantially increased uptake rate in the three newly opened schools - St Andrew's Primary up by 12%, Clydeview Academy up by 5% and Notre Dame up by 53%, the latest projection is an over recovery of £50,000.

## **6.0 CONCLUSIONS**

6.1 The Committee is currently reporting a projected underspend of £87,000 for the 2011/12 revenue budget.

## **7.0 VIREMENTS**

7.1 Committee is asked to approve the virement of £40,000 as detailed in Appendix 4. The budget is being transferred from ASN Support to Employee Costs to allow children to remain within Inverclyde Schools rather than being sent to external establishments.

## **8.0 IMPLICATIONS**

8.1 The current projected out-turn per Service is:

2010/11 Actual £000	Service	Approved Budget 2011/12 £000	Revised Budget 2011/12 £000	Projected Out-turn 2011/12 £000	Projected over/(under) spend £000
161	Corporate Director	134	134	137	3
61,957	Education Services	57,780	57,935	57,814	(121)
4,396	Planning And Culture	6,512	6,390	6,411	21
1,500	Safer Inclusive	1,718	1,792	1,802	10
3,830	SEMP	11,913	12,015	12,015	0
71,844	Total Education	78,057	78,266	78,179	(87)

See Appendix 2 for additional detail.

## **9.0 EARMARKED RESERVES**

- 9.1 There is a planned contribution to Earmarked Reserves of £2,472,000 at the end of the current Financial Year as detailed in Appendix 3. Spend to date is 46% of the projected spend for 2011/12. The majority of expenditure relates to payments for the PPP Unitary Charge with a further £2.2 million relating to Loan Charges paid at the year end.

## **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.

**EDUCATION****REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****PERIOD 7 : 1st April 2011 - 31st October 2011**

<u>Out Turn</u> <u>2010/11</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Budget</u> <u>2011/12</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u>	<u>Actual to</u> <u>31-Oct-11</u> <u>£000</u>	<u>Projection</u> <u>2011/12</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>Percentage</u> <u>Over / (Under)</u>
39,755	Employee Costs - Teacher	37,760	22,027	22,043	37,761	1	0.0%
14,028	Employee Costs - Non Teacher	13,832	8,009	7,907	13,918	86	0.6%
2,105	Non Domestic Rates	2,533	2,533	2,491	2,491	(42)	(1.7%)
11	Breakfast Club Provisions	30	17	5	15	(15)	(50.0%)
402	SQA	398	398	269	269	(129)	(32.4%)
879	ASN Placements	801	467	476	834	33	4.1%
(922)	School Meal Income	(945)	(420)	(447)	(995)	(50)	5.3%
(120)	Wrapround Income	(218)	(218)	(176)	(176)	42	(19.3%)
<b>Total Material Variances</b>						<b>(74)</b>	

**EDUCATION****REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****PERIOD 7 : 1st April 2011 - 31st October 2011**

2010/11 Actual £000	Subjective Heading	Approved Budget 2011/12 £000	Revised Budget 2011/12 £000	Projected Out-turn 2011/12 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
39,755	Employee Costs - Teachers	37,542	37,760	37,760	0	-
14,028	Employee Costs - Non Teachers	13,499	13,832	13,919	87	0.6%
10,740	Property Costs	12,806	12,670	12,617	(53)	(0.4%)
4,101	Supplies & Services	3,793	3,764	3,765	1	0.0%
2,427	Transport Costs	2,271	2,537	2,536	(1)	(0.0%)
497	Administration Costs	481	487	492	5	1.0%
4,280	Other Expenditure	10,570	10,567	10,455	(112)	(1.1%)
(3,984)	Income	(2,905)	(3,351)	(3,365)	(14)	0.4%
71,844	<b>TOTAL NET EXPENDITURE</b>	<b>78,057</b>	<b>78,266</b>	<b>78,179</b>	<b>(87)</b>	<b>(0.1%)</b>

2010/11 Actual £000	Objective Heading	Approved Budget 2011/12 £000	Revised Budget 2011/12 £000	Projected Out-turn 2011/12 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
161	Corporate Director	134	134	137	3	2.2%
5,748	Early Years	5,630	5,761	5,912	151	2.6%
23,089	Primary Schools	20,340	21,319	21,334	15	0.1%
28,980	Secondary Schools	25,668	26,490	26,234	(256)	(1.0%)
3,230	Special Schools	3,070	3,127	3,130	3	0.1%
910	Other Education	3,072	1,238	1,204	(34)	(2.7%)
3,830	School Estate Management Plan	11,913	12,015	12,015	0	-
65,787	<b>TOTAL EDUCATION SERVICES</b>	<b>69,693</b>	<b>69,950</b>	<b>69,829</b>	<b>(121)</b>	<b>(0.2%)</b>
661	Educational Support	733	717	723	6	0.8%
2,346	ASN Units & Placements	4,264	4,206	4,237	31	0.7%
552	Psychological Services	604	604	584	(20)	(3.3%)
837	Other Education Planning	911	863	867	4	0.5%
4,396	<b>TOTAL PLANNING &amp; CULTURE</b>	<b>6,512</b>	<b>6,390</b>	<b>6,411</b>	<b>21</b>	<b>0.3%</b>
1,145	Community Learning & Development	1,098	1,192	1,202	10	0.8%
314	Sports Development	284	267	267	0	-
41	Other Safer & Inclusive	336	333	333	0	-
1,500	<b>TOTAL SAFER &amp; INCLUSIVE</b>	<b>1,718</b>	<b>1,792</b>	<b>1,802</b>	<b>10</b>	<b>0.6%</b>
71,844	<b>TOTAL EDUCATION COMMITTEE</b>	<b>78,057</b>	<b>78,266</b>	<b>78,179</b>	<b>(87)</b>	<b>(0.1%)</b>

**EARMARKED RESERVES POSITION STATEMENT**  
**COMMITTEE: Education & Lifelong Learning**

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>cf Funding 2010/11</u> £000	<u>New Funding 2011/12</u> £000	<u>Total Funding 2011/12</u> £000	<u>Actual To Period 7 2011/12</u> £000	<u>Projected Spend 2011/12</u> £000	<u>Amount to be Earmarked for 2012/13 &amp; Beyond</u> £000	<u>Lead Officer Update</u>
School Estate M P	Andrew Gerrard	1,964	12,165	14,129	5,359	11,657	2,472	The majority of the expenditure relates to payments for the PPP Unitary Charge with a further £2.2m relating to Loans Charges paid at the Year End. Figures have been updated to reflect the updated SEMP funding model.
Binnie Street Nursery	Wilma Bain	28	0	28	0	28	0	Expenditure likely to be late 2011/12.
Lilybank Sensory Room	Linda Wilkie	30	0	30	21	30	0	Job complete apart from ventilation work.
<b>Total</b>		<b>2,022</b>	<b>12,165</b>	<b>14,187</b>	<b>5,380</b>	<b>11,715</b>	<b>2,472</b>	

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

Budget Heading		Increase Budget £	(Decrease) Budget £
Special Schools - Employee Costs	1	40,000	
ASN Support Other Expenditure			40,000
		<b>40,000</b>	<b>40,000</b>

**Note**

1 - Allocation of £40,000 from the ASN Support budget of £152,600 to fund additional staff within Special Schools. Additional staff are required so children can remain within Inverclyde Schools rather than being sent to more expensive external ASN facilities.