
Report To: Education & Communities Committee **Date:** 4 September 2012

Report By: Chief Financial Officer & Corporate Director Education, Communities & Organisational Development **Report No:** FIN/62/2012/AP/IC

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Subject: Education 2012/13 Revenue Budget-Period 3 to 30 June 2012

1.0 PURPOSE

- 1.1 To advise Committee of the 2011/12 final out-turn and the 2012/13 Revenue Budget position at Period 3 to 30 June 2012.

2.0 SUMMARY

- 2.1 In 2011/12, excluding the planned write back to General Reserves of £1,000,000 and the carry forward of Earmarked Reserves of £1,639,000 primarily for the School Estates Management Plan, there was an underspend of £328,000 against a budget figure of £73,285,000. This equates to 0.4% of the total budget and was £163,000 less expenditure than reported to Committee in March 2012.
- 2.2 The total Education budget for 2012/13 is £72,435,270. The School Estates Management Plan accounts for £8,794,000 of the total Education budget. A further £1,639,000 brought forward as Earmarked Reserves will also be used primarily to fund the School Estates Management Plan. The latest projection is an underspend of £30,000 for the 2012/13 Revenue Budget.

3.0 RECOMMENDATIONS

- 3.1 That the Committee note the final out-turn for 2011/12 and the current projected out-turn of a £30,000 underspend for 2012/13 as at 30 June 2012.
- 3.2 That the Committee approve the virement of £15,000 as detailed in paragraph 8.1 and Appendix 4.

Alan Puckrin
Chief Financial Officer

Albert Henderson
Corporate Director Education, Communities
& Organisational Development

4.0 BACKGROUND

4.1 The purpose of this report is to advise Committee of the current position of the 2012/13 budget as well as the 2011/12 final out-turn and to highlight the main issues contributing to the £328,000 underspend in 2011/12 and the projected underspend of £30,000 for 2012/13.

5.0 2011/12 OUT-TURN

5.1 The underspend for 2011/12 after adjustments for Reserves was £328,000. The main factors contributing to the underspend were:

	Revised Budget 2011/12	Out Turn 2011/12	Variance to Budget	P9 Projected Variance	Movement Since P9 Projection
Corporate Director	134	140	6	4	2
Education Services	62,007	61,641	(366)	(205)	(161)
Inclusive Education	9,577	9,667	90	35	55
Safer Inclusive Communities	1,567	1,509	(58)	1	(59)
TOTAL NET EXPENDITURE	73,285	72,957	(328)	(165)	(163)

Employee Costs:

Total overspend for Employee Costs was £159,000.

The overspend relates to Teachers. £70,000 was a result of a shortfall in funding for Probationary Teachers and the balance is due to an increase in Teacher numbers in Secondary Schools. Payroll deductions of £125,000 for the strike day of 30 November 2011 are included in the final out-turn having been previously reported centrally to the Policy & Resources Committee. The final out turn for Employee Costs was £38,000 higher than projected to the March Committee.

Property Costs:

Total underspend for Property Costs was £399,000.

Non Domestic Rates (NDR) underspent by £86,000. This was mainly due to the Rateable Value of the new St Andrew's Primary School being lower than anticipated. The NDR out-turn was in line with the one reported to the last Committee.

Underspend for Gas was £165,000. Credits of £72,000 relating to billing errors in previous years were received in 2011/12. The balance of £93,000 is due to lower than normal consumption in schools over the winter months as a result of the mild weather. The lower consumption was not reflected in the last projection to Committee and as a result the final underspend was £88,000 more than previously reported.

Heating Oil underspent by £45,000. This was £35,000 more than projected to the last Committee and was a result of lower consumption in the winter months. Consumption at the former Kings Glen Primary School building was 20% lower and St Columba's was 5% lower than in the previous year.

Underspend for Janitors was £106,000. This was after £36,000 was removed from the budget for Workstream / School Estate saving and is a result of a reduction in overtime payments.

Transport Costs:

Total overspend for Transport Costs was £109,000.

SPT School Bus contract overspent by £43,000 as a result of contract inflation. There was a further overspend of £70,000 for ASN Transport of which £28,000 related to transporting children to placements outwith Inverclyde. Invoices for transport were not received until year end and this overspend was not projected to last Committee. Officers are liaising with SPT to ensure earlier communication of variances to costs.

Administration Costs:

Total underspend for Administration Costs was £44,000

Underspend for Employee Liability Insurance was £52,000 as a result of the share of the Corporate charge being less than the budget, however, across all Directorates Insurance was in line with budget.

Other Expenditure:

Total underspend for Other Expenditure was £114,000.

Scottish Qualifications Authority (SQA) had a one-off underspend of £129,000 for 2011/12 as a result of aligning invoices to the academic year. This was previously reported to Committee.

Income:

Total over recovery of Income was £26,000.

School Meal Income over recovered by £51,000 due to increased uptake of meals at the newly opened schools.

Wraparound income under recovered by £44,000 due to uptake at Larkfield Children's Centre being lower than anticipated and the withdrawal of the wraparound facility from some nurseries to accommodate an increase in statutory places being provided.

The over recovery of income was £14,000 more than previously reported to Committee.

6.0 2012/13 PROJECTION

6.1 The main issues to highlight in relation to the 2012/13 projected underspend of £30,000 are:

Heating Oil:

The cost of heating oil for 2012/13 is projected to be £265,630 resulting in an underspend of £24,000. The expenditure for 2012/13 will be approximately £87,000 less than in the previous year due to St Columba's High School being the only Education building remaining with oil fired heating.

Electricity & Gas:

At the moment the projection for electricity and gas is on budget. However, a Council wide review of these budgets is being carried out and based on consumption for the previous year, it is likely that there will be saving for Education Services. The result of this review will be reported to the next Education & Communities Committee.

Contract Janitors:

The current budget for Janitors is £1,145,000 and the latest projection is an underspend of £12,000. A Workstream Saving was removed from this budget for 2012/13 resulting in a reduction in the underspend of £106,000 reported for 2011/12.

Clothing Grants :

A budget of £167,000 exists to provide funding towards the purchase price of school uniforms for qualifying families. Based on the uptake for 2011/12 there is a projected overspend of £10,000 for this budget. The overspend will be contained within the overall Education Services budget.

7.0 CONCLUSIONS

- 7.1 The Committee is currently reporting a projected underspend of £30,000 for the 2012/13 revenue budget.

8.0 VIREMENTS

- 8.1 Committee is asked to approve the virement of £15,000 as detailed in Appendix 4. The virement is required due to the appointment of an employee as a Bagpipe Tutor to replace the service previously supplied externally.

9.0 IMPLICATIONS

9.1 The current projected out-turn per Service is:

2011/12 Actual £000	Service	Approved Budget 2012/13 £000	Revised Budget 2012/13 £000	Projected Out-turn 2012/13 £000	Projected over/(under) spend £000
140	Corporate Director	134	134	134	0
54,271	Education Services	52,816	53,078	53,028	(50)
9,667	Inclusive Education	9,324	9,353	9,373	20
1,509	Safer Inclusive	1,764	1,514	1,514	0
7,370	SEMP	13,841	13,811	13,811	0
	Earmarked Reserves		(2,555)	(2,555)	
	Loan Charges / DMR		(2,900)	(2,900)	
72,957	Total Education Service excluding Earmarked Reserves	77,879	72,435	72,405	(30)

See Appendix 2 for additional detail.

10.0 EARMARKED RESERVES

10.1 There is a planned contribution to Earmarked Reserves of £2,555,000 at the end of the current Financial Year as detailed in Appendix 3. Spend to date is 12.1% of the projected spend for 2012/13.

11.0 EQUALITIES

11.1 There are no Equalities issues.

11.0 CONSULTATIONS

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

EDUCATIONREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCESPERIOD 3 : 1st April 2012 - 30th June 2012

<u>Out Turn</u> <u>2011/12</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Budget</u> <u>2012/13</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u>	<u>Actual to</u> <u>30-Jun-12</u> <u>£000</u>	<u>Projection</u> <u>2012/13</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>Percentage</u> <u>Over / (Under)</u>
352	Heating Oil	290	72	49	266	(24)	(8.3%)
177	Clothing Grants	167	0	1	177	10	6.0%
1,046	Contract Janitors	1,038	258	180	1,026	(12)	(1.2%)
Total Material Variances						(26)	

EDUCATION**REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****PERIOD 3 : 1st April 2012 - 30th June 2012**

2011/12 Actual £000	Subjective Heading	Approved Budget 2012/13 £000	Revised Budget 2012/13 £000	Projected Out-turn 2012/13 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
38,016	Employee Costs - Teachers	36,715	36,215	36,203	(12)	(0.0%)
13,964	Employee Costs - Non Teachers	12,774	13,642	13,647	5	0.0%
13,180	Property Costs	7,090	7,120	7,082	(38)	(0.5%)
3,631	Supplies & Services	3,647	3,707	3,707	0	-
2,695	Transport Costs	2,363	2,363	2,369	6	0.3%
431	Administration Costs	445	446	452	6	1.3%
4,350	Other Expenditure	17,530	17,360	17,363	3	0.0%
(3,310)	Income	(2,685)	(2,963)	(2,963)	0	-
72,957	TOTAL NET EXPENDITURE	77,879	77,890	77,860	(30)	(0.0%)
	Earmarked Reserves	0	(2,555)	(2,555)	0	
	Loan Charges / DMR	0	(2,900)	(2,900)	0	
	TOTAL NET EXPENDITURE excluding Earmarked Reserves	77,879	72,435	72,405	(30)	

2011/12 Actual £000	Objective Heading	Approved Budget 2012/13 £000	Revised Budget 2012/13 £000	Projected Out-turn 2012/13 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
140	Corporate Director	134	134	134	0	-
5,745	Early Years	5,970	5,972	5,951	(21)	(0.4%)
21,093	Primary Schools	19,634	19,856	19,854	(2)	(0.0%)
26,235	Secondary Schools	25,161	25,105	25,093	(12)	(0.0%)
1,198	Other Education	2,051	2,145	2,130	(15)	(0.7%)
7,370	School Estate Management Plan	13,841	13,811	13,811	0	-
61,641	TOTAL EDUCATION SERVICES	66,657	66,889	66,839	(50)	(0.1%)
890	Educational Support	686	816	816	0	-
7,550	ASN	7,156	7,185	7,197	12	0.2%
564	Psychological Services	615	615	610	(5)	(0.8%)
663	Other Education Planning	867	737	750	13	1.8%
9,667	TOTAL INCLUSIVE EDUCATION	9,324	9,353	9,373	20	0.2%
1,211	Community Learning & Development	1,194	1,194	1,194	0	-
72	Sports Development	253	108	108	0	-
226	Other Safer & Inclusive	317	212	212	0	-
1,509	TOTAL SAFER & INCLUSIVE	1,764	1,514	1,514	0	-
72,957	TOTAL EDUCATION COMMITTEE	77,879	77,890	77,860	(30)	(0.0%)
	Earmarked Reserves	0	(2,555)	(2,555)	0	
	Loan Charges / DMR	0	(2,900)	(2,900)	0	
	TOTAL EDUCATION COMMITTEE excluding Earmarked Reserves	77,879	72,435	72,405	(30)	

EARMARKED RESERVES POSITION STATEMENT
COMMITTEE: Education & Lifelong Learning

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/</u> <u>Funding</u> <u>2011/12</u> <u>£000</u>	<u>New</u> <u>Funding</u> <u>2012/13</u> <u>£000</u>	<u>Total</u> <u>Funding</u> <u>2012/13</u> <u>£000</u>	<u>Actual</u> <u>To Period 3</u> <u>2012/13</u> <u>£000</u>	<u>Projected</u> <u>Spend</u> <u>2012/13</u> <u>£000</u>	<u>Amount to be</u> <u>Earmarked for</u> <u>2013/14 & Beyond</u> <u>£000</u>	<u>Lead Officer Update</u>
School Estate M P	Eddie Montgomery	1,609	13,811	15,420	1,527	12,865	2,555	The majority of the expenditure relates to payments for the PPP Unitary Charge with a further £2.7m relating to Loans Charges paid at the Year End. Figures reflect the updated SEMP funding model.
CfE	Wilma Bain	30	0	30	30	30	0	Spending now complete.
Total		1,639	13,811	15,450	1,557	12,895	2,555	

EDUCATION COMMITTEEVIREMENT REQUESTS

Budget Heading	Increase Budget		(Decrease) Budget
		£	£
Music Instructor Employee Costs	1	15,000	
Inverclyde Piping Project			15,000
		15,000	15,000

Note

1 - Bagpipes tuition previously provided by Inverclyde Piping Project will now be done in-house by Council employees.