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**Report To:** Education & Communities Committee      **Date:** 10 September 2013

**Report By:** Chief Financial Officer & Corporate Director Education, Communities & Organisational Development      **Report No:** FIN/63/13/AP/IC

**Contact Officer:** Iain Cameron      **Contact No:** 01475 712832

**Subject:** Education 2013/14 Revenue Budget-Period 3 to 30 June 2013

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## 1.0 PURPOSE

- 1.1 To advise Committee of the 2012/13 final out-turn and the 2013/14 Revenue Budget position at Period 3 to 30 June 2013.

## 2.0 SUMMARY

- 2.1 In 2012/13, excluding the carry forward of Earmarked Reserves of £3,097,000, primarily for the School Estates Management Plan, there was an underspend of £116,000 against a budget figure of £72,731,570. This equates to 0.16% of the total budget and was £95,000 more expenditure than reported to Committee in May 2013.
- 2.2 The total Education budget for 2013/14 is £71,391,540. The School Estates Management Plan accounts for £14,258,000 of the total Education budget. A further £3,097,000 brought forward as Earmarked Reserves will also be used primarily to fund the School Estates Management Plan. The latest projection is an overspend of £118,000 for the 2013/14 Revenue Budget.
- 2.3 The projected overspend is a result of a projected shortfall in turnover savings partially offset by net projected underspends elsewhere in the budget.

## 3.0 RECOMMENDATIONS

- 3.1 That the Committee note the final out-turn for 2012/13 and the current projected out-turn of £118,000 overspend for 2013/14 as at 30 June 2013.
- 3.2 That the Committee approve the virement of £40,000 as detailed in paragraph 8.1 and Appendix 4.

Alan Puckrin  
Chief Financial Officer

Albert Henderson  
Corporate Director Education, Communities & OD

#### 4.0 BACKGROUND

4.1 The purpose of this report is to advise Committee of the current position of the 2013/14 budget as well as the 2012/13 final out-turn and to highlight the main issues contributing to the £116,000 underspend in 2012/13 and the projected overspend of £118,000 for 2013/14.

#### 5.0 2012/13 OUT-TURN

5.1 The underspend for 2012/13 after adjustments for Reserves was £116,000. The main factors contributing to the underspend were:

	Revised Budget 2012/13	Out Turn 2012/13	Variance to Budget	P11 Projected Variance	Movement Since P11 Projection
Corporate Director	135	140	5	4	1
Education Services	61,297	61,166	(131)	(124)	(7)
Inclusive Education	9,745	9,773	28	(85)	113
Safer Inclusive Communities	1,555	1,537	(18)	(6)	(12)
<b>TOTAL NET EXPENDITURE</b>	<b>72,732</b>	<b>72,616</b>	<b>(116)</b>	<b>(211)</b>	<b>95</b>

#### Employee Costs:

Total underspend for Employee Costs was £9,000. (0.02%)

The Teachers budget overspent by £127,000. This was mainly due to additional Supply Teacher costs funded by Education HQ as a result of long term sickness and phased returns to work. The Non Teachers budget underspend by £136,000. This was mainly due to vacancies within Early Years Education. The underspend for Employee costs was £56,000 less than reported to the May Committee.

#### Property Costs:

Total underspend for Property Costs was £83,000. (0.5%)

Non Domestic Rates (NDR) underspent by £17,000 due to empty relief for the former St Laurence's Primary School building during the construction period for the new Lomond View Academy.

Water overspent by £25,000 due to higher consumption in schools including a potential burst pipe or meter problem at Moorfoot Primary School.

Electricity & Gas underspent by £11,000 due to consumption being slightly less than budget for school buildings.

Heating Oil underspent by £27,000 due to lower consumption at St Columba's High School.

Contract Janitors underspent by £41,000 due to a reduction in charges for overtime compared to previous year.

The underspend for Property Costs was £15,000 more than previously reported to Committee.

### Transport Costs:

Total overspend for Transport Costs was £26,000. (1.02%)

SPT School Bus contract underspent by £43,000. This was offset by an overspend of £61,000 for ASN and Pupil Vocational Transport. £28,000 of the ASN transport overspend related to the transportation of pupils to placements outwith Inverclyde.

Internal Transport Charges overspent by £13,000. This was a combination of higher fuel costs and charges for additional drivers.

The overspend for Transport Costs was £48,000 more than reported to May Committee.

### Other Expenditure:

Total underspend for Other Expenditure was £75,000. (1.07%)

ASN Placements underspent by £70,000. As a result of Education Services policy to educate children within Inverclyde where possible there has been a reduction in the number of children placed externally. A reduction in ASN placement expenditure forms part of the ASN Preventative Spend saving being implemented in 2013/14.

Hospital Tuition underspent by £18,000 due to fewer children being in hospital.

Clothing Grants overspent by £11,000 as a result of more families qualifying for assistance.

The underspend for Other Expenditure was £22,000 more than reported to May Committee.

### Income:

Total under recovery of Income was £36,000. (1.07%)

School Meal Income over recovered by £22,000 due to increased uptake of meals.

Income for ASN Placements within Inverclyde Special Schools under recovered by £41,000 due to fewer children being placed by other Local Authorities.

Income for Active Schools was £30,000 less than budget. The income has been carried forward for use in 2013/14.

The under recovery in Income was £68,000 more than reported to the May Committee.

## **6.0 2013/14 PROJECTION**

6.1 The main issues to highlight in relation to the 2013/14 projected overspend of £118,000 are:

### Employee Costs:

Total budget for Employee costs is £49,542,000 including £241,250 of expected turnover savings. The latest projection is an overspend of £131,000, the majority of which relates to a shortfall in the turnover savings. The early implementation of the budget saving replacing Early Years Teachers with Early Years Childcare Officers (EYECOs) will result in projected savings of £38,000 for 2013/14. However, a seven month delay in implementing the Quality Improvement Officer (QIO) budget saving will result in additional costs of £25,000.

### Heating Oil:

The cost of heating oil for 2013/14 is projected to be £49,000 resulting in an underspend of £51,000. This is due to lower than expected consumption at St Columba's Inverkip Road. Following the closure of this building in June 2013 there will be no further oil consumption within Education. However, gas expenditure will increase when St Columba's opens in Gourock.

### Contract Janitors:

Total budget for Janitor Costs is £1,090,020 and the latest projection is an overspend of £10,000.

### IT Charges:

Total budget for IT Charges is £190,670 and the latest projection is an overspend of £31,000. The majority of the charges relate to MAVPN data lines providing internet connections to schools.

### SPT School Buses:

The current budget for SPT School Buses is £1,239,940 and the latest projection based on information supplied by SPT is an underspend of £59,000.

### ASN Transport:

The current budget for ASN Transport is £568,250 and based on the latest information provided by SPT there is a projected overspend of £89,000. However, the budget was reduced in 2013/14 due to the implementation of the ASN Preventative Spend programme whereby the number of external placements contracts would be reduced. The projected out-turn for 2013/14 is in line with the final out-turn for 2012/13. Education Services are currently carrying out a review of all ASN contracts and an update will be provided to the next Committee.

### Hospital Tuition:

A budget of £40,000 exists to provide tuition for children in hospital. Based on the level of useage for 2012/13, the latest projection is an underspend of £15,000.

### ASN Placements:

Following the virement of £40,000 from ASN Placements to Income from Other Local Authorities requested in paragraph 8.1, the 2013/14 budget for ASN Placements is £534,220 and the latest projection is an underspend of £27,000. In addition to the reduction in the number of placements due to the opening of Lomond View Academy, there will be a further reduction in places when Craigmarnloch opens.

### Income from Other Local Authorities:

In common with Inverclyde, other Local Authorities have policies to place their children within their own areas where possible. This has resulted in fewer children being placed in Inverclyde Special Schools in recent years and a reduction in income. The virement from ASN Placements will reduce this budget to £245,920. The latest projection is now on budget.

## **7.0 CONCLUSIONS**

7.1 The Committee is currently reporting a projected overspend of £118,000 for the 2013/14 revenue budget.

## **8.0 VIREMENTS**

8.1 Committee are asked to approve the virement of £40,000 as detailed in Appendix 4. The virement is transferring £40,000 from the ASN Placements budget to reduce the Income from Other Local Authorities budget due to a fall in children placed in Inverclyde Special Schools.

## 9.0 IMPLICATIONS

9.1 The current projected out-turn per Service is:

2012/13 Actual £000	Service	Approved Budget 2013/14 £000	Revised Budget 2013/14 £000	Projected Out-turn 2013/14 £000	Projected over/(under) spend £000
140	Corporate Director	134	134	139	5
61,166	Education Services	66,347	66,445	66,445	0
9,773	Inclusive Education	9,495	9,568	9,670	102
1,537	Safer Inclusive	1,953	1,814	1,825	11
	Earmarked Reserves		(2,780)	(2,780)	
	Loan Charges / DMR		(3,789)	(3,789)	
72,616	Total Education Service excluding Earmarked Reserves	77,929	71,392	71,510	118

See Appendix 2 for additional detail.

## 10.0 EARMARKED RESERVES

10.1 There is a planned contribution to Earmarked Reserves of £2,780,000 at the end of the current Financial Year as detailed in Appendix 3. Spend to date is 16.2% of the projected spend for 2013/14. However, a further £3,589,000 relating to loan charges will be paid at the year end increasing the overall percentage spend to 41%.

## 11.0 EQUALITIES

11.1 There are no Equalities issues.

## 12.0 REPOPULATION

12.1 There are no Repopulation issues.

## 13.0 CONSULTATION

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

EDUCATIONREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCESPERIOD 3 : 1st April 2013 - 30 June 2013

<u>Out Turn 2012/13 £000</u>	<u>Budget Heading</u>	<u>Budget 2013/14 £000</u>	<u>Proportion of Budget</u>	<u>Actual to 30-Jun-13 £000</u>	<u>Projection 2013/14 £000</u>	<u>(Under)/Over Budget £000</u>	<u>Percentage Over / (Under)</u>
36,851	Employee Costs - Teachers	35,992	9,117	9,073	36,007	15	0.0%
13,853	Employee Costs - Non Teachers	13,550	3,543	3,492	13,666	116	0.9%
1,007	Contract Janitors	1,090	251	160	1,100	10	0.9%
262	Heating Oil	98	98	47	47	(51)	(52.0%)
221	Education IT Charges	191	48	46	222	31	16.2%
1,233	SPT School Buses	1,240	310	304	1,181	(59)	(4.8%)
671	ASN Transport	568	142	0	657	89	15.7%
22	Hospital Tuition	40	10	0	25	(15)	(37.5%)
678	ASN Placements	534	89	83	507	(27)	(5.1%)
<b>Total Material Variances</b>						<b>109</b>	

**EDUCATION****REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****PERIOD 3 : 1st April 2013 - 30th June 2013**

2012/13 Actual £000	Subjective Heading	Approved Budget 2013/14 £000	Revised Budget 2013/14 £000	Projected Out-turn 2013/14 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
36,851	Employee Costs - Teachers	36,075	35,992	36,007	15	0.0%
13,853	Employee Costs - Non Teachers	13,143	13,550	13,666	116	0.9%
14,735	Property Costs	7,166	7,180	7,139	(41)	(0.6%)
3,651	Supplies & Services	3,661	3,659	3,693	34	0.9%
2,585	Transport Costs	2,283	2,378	2,408	30	1.3%
418	Administration Costs	426	457	460	3	0.7%
3,854	Other Expenditure	17,844	17,702	17,663	(39)	(0.2%)
(3,331)	Income	(2,669)	(2,957)	(2,957)	0	-
72,616	TOTAL NET EXPENDITURE	77,929	77,961	78,079	118	0.2%
	Earmarked Reserves	0	(2,780)	(2,780)	0	
	Loan Charges / DMR	0	(3,789)	(3,789)	0	
	TOTAL NET EXPENDITURE excluding Earmarked Reserves	77,929	71,392	71,510	118	

2012/13 Actual £000	Objective Heading	Approved Budget 2013/14 £000	Revised Budget 2013/14 £000	Projected Out-turn 2013/14 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
140	Corporate Director	134	134	139	5	3.7%
52,819	Education	52,179	52,187	52,187	0	-
8,347	School Estate Management Plan	14,168	14,258	14,258	0	-
61,166	TOTAL EDUCATION SERVICES	66,347	66,445	66,445	0	-
7,662	ASN	7,416	7,486	7,569	83	1.1%
2,111	Other Inclusive Education	2,079	2,101	2,120	19	0.9%
9,773	TOTAL INCLUSIVE EDUCATION	9,495	9,587	9,689	102	1.1%
1,219	Community Learning & Development	1,616	1,500	1,511	11	0.7%
318	Other Safer & Inclusive	337	295	295	0	-
1,537	TOTAL SAFER & INCLUSIVE	1,953	1,795	1,806	11	0.6%
72,616	TOTAL EDUCATION COMMITTEE	77,929	77,961	78,079	118	0.2%
	Earmarked Reserves	0	(2,780)	(2,780)	0	

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

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>clif Funding 2012/13</u> £000	<u>New Funding 2013/14</u> £000	<u>Total Funding 2013/14</u> £000	<u>Phased Budget To Period 3 2013/14</u> £000	<u>Actual To Period 3 2013/14</u> £000	<u>Projected Spend 2013/14</u> £000	<u>Amount to be Earmarked for 2014/15 &amp; Beyond</u> £000	<u>Lead Officer Update</u>
School Estate M P	Eddie Montgomery	3,086	14,168	17,254	2,339	2,348	14,485	2,769	Majority of spend YTD is for Unitary Charge Payments for April to June. Major items of expenditure are planned for later in the Financial Year.
Beacon Arts Centre	Angela Edwards	11	25	36	6	0	25	11	Arts Development Officer Post being interviewed at end of August 2013.
<b>Total</b>		<b>3,097</b>	<b>14,193</b>	<b>17,290</b>	<b>2,345</b>	<b>2,348</b>	<b>14,510</b>	<b>2,780</b>	



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

Budget Heading	Increase Budget		(Decrease) Budget
		£	£
ASN Placements	1		(40,000)
Income From Other Local Authorities		40,000	
		40,000	(40,000)

**Note**

1 - Underspend in ASN Placements budget vired to Special Schools Income from Other Local Authorities to correct shortfall due to falling number of children.