
Report To:	Education & Communities Committee	Date:	9 September 2014
Report By:	Head of Finance & Corporate Director Education, Communities & Organisational Development	Report No:	FIN/038/14/JB/IC
Contact Officer:	Iain Cameron	Contact No:	01475 712832
Subject:	Education 2014/15 Revenue Budget- Period 3 to 30 June 2014		

1.0 PURPOSE

- 1.1 To advise the Committee of the 2013/14 final out-turn and the 2014/15 Revenue Budget position as at Period 3 to 30 June 2014.

2.0 SUMMARY

- 2.1 In 2013/14, excluding the carry forward of Earmarked Reserves of £4,038,000, primarily for the School Estates Management Plan, there was an underspend of £83,000 against a budget figure of £71,984,560. This equates to 0.12% of the total budget and was £2,000 less expenditure than reported to Committee in May 2014.

The main variances for 2013/14 were –

- (a) Employee Costs underspend £88,000, mainly due to the early achievement of budget savings within Early Years Education.
- (b) Underspend of £207,000 for Property Costs made up of £71,000 underspend for utilities, £50,000 underspend for Heating Oil, £25,000 underspend for Biomass, £32,000 underspend for Janitors and Cleaning and £21,000 underspend for Non Domestic Rates.
- (c) £20,000 overspend for Catering Charges, mainly due to increased charges for kitchen equipment maintenance.
- (d) £22,000 overspend for IT Charges, mainly due to internet line costs for schools.
- (e) £11,000 underspend for Primary 6 Outdoor Education trips.
- (f) £142,000 overspend for Transport made up of £28,000 underspend for school bus contract, £52,000 overspend for SPT ASN contracts, £40,000 overspend for Consortium & PE travel and £78,000 overspend for Internal Transport provision.
- (g) £68,000 overspend for ASN Support due to provision of Stepwell Cook School (£22,000) and ASN External Placements (£44,000)
- (h) £11,000 overspend for School Clothing Grants.
- (i) £20,000 underspend for Early Years Partner Providers.
- (j) £27,000 underspend for Hospital Tuition.

2.2 The total Education budget for 2014/15 is £72,426,710. The School Estate Management Plan accounts for £14,160,000 of the total Education budget. The latest projection is an overspend of £189,000.

2.3 The main reasons for the 2014/15 overspend are –

- (a) Projected overspend of £67,000 for Employee Costs. Teachers are projected to overspend by £124,000 mainly due to additional ASN Teachers being required at Craigmarnoch. Non Teachers are projected to underspend by £57,000 due to the early achievement of budget savings and delays in filling posts at Craigmarnoch.
- (b) Projected underspend of £20,000 for Janitors.
- (c) Projected overspend of £52,000 for Water. The Majority of this relates to St Ninian's Primary School where there was a burst pipe.
- (d) Projected underspend of £17,000 for Utilities (Electricity £30,000 overspend and Gas £47,000 underspend)
- (e) Projected overspend of £20,000 for IT Recharges
- (f) Projected overspend of £10,000 for ASN Transport.
- (g) Projected overspend of £10,000 for Breakfast Club Supplies following roll out to all Primary Schools.
- (h) Projected underspend of £10,000 for Hospital Tuition.
- (i) Projected shortfall of £50,000 for Income from Other Local Authorities for Special Schools.

2.4 Earmarked Reserves for 2014/15, excluding those for Asset Plans and Strategic Funds, total £681,000 of which £352,000 is projected to be spent in the current financial year. To date expenditure of £34,000 (9.7%) has been incurred. The spend to date per profiling was expected to be £35,000, therefore there is no significant slippage.

3.0 RECOMMENDATION

3.1 That the Committee note the final out turn for 2013/14 and the current projected overspend of £189,000 for the Education Revenue budget as at Period 3 to 30 June 2014.

3.2 That the Committee note the Corporate Director Education, Communities & OD, in conjunction with Finance Services, will continue to review the budget and ensure action is taken to bring the projected overspend of £189,000 back within budget.

Jan Buchanan
Head of Finance

Patricia Cassidy
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 2014/15 Revenue Budget as well as the 2013/14 final out turn and to highlight the main issues contributing to the £83,000 underspend in 2013/14 and the projected overspend of £189,000 for 2014/15.

5.0 2013/14 OUT TURN

5.1 The underspend for 2013/14, after adjustments for Reserves, was £83,000. The main factors contributing to the underspend were:

	Revised Budget 2013/14	Out Turn 2013/14	Variance to Budget	P11 Projected Variance	Movement Since P11 Projection
Corporate Director	135	155	20	13	7
Education Services	59,631	59,519	(112)	(173)	61
Inclusive Education	9,884	9,937	53	79	(26)
Safer Inclusive Communities	1,836	1,792	(44)	0	(44)
TOTAL NET EXPENDITURE	71,984	71,901	(83)	(81)	(2)

The main variances are explained in greater detail below.

Employee Costs:

Total underspend for Employee Costs was £88,000 (0.2%)

The underspend was mainly due to the early achievement of budget savings within Early Years Education and the over achievement of turnover savings.

Property Costs:

Total underspend for Property Costs was £207,000 (1.2%)

£71,000 underspend for utilities was mainly due to lower gas consumption as a result of a milder winter.

£50,000 underspend for heating oil was due to lower than expected consumption in the winter months at the former St Columba's High School building in Inverkip Road.

£25,000 underspend for biomass fuel at Port Glasgow Community Campus due to the building only being occupied for part of the year.

£32,000 underspend for contract janitors and cleaning across Education buildings.

£21,000 underspend for Non Domestic Rates (NDR) due to back dated credits for Empty Relief and Rateable Value appeals. This underspend was in addition to a saving of £317,000 for Education NDR appeals recorded against a Corporate Saving reported to the Policy & Resources Committee.

Supplies and Services:

Total overspend for Supplies and Services was £33,000 (0.9%)

£20,000 overspend for Catering, mostly due to repairs and maintenance of kitchen equipment. Costs have increased by 82% since the previous year and include work required as result of changes to Environmental Health legislation.

£22,000 overspend for IT Recharges, mainly due to school internet connections and maintenance contracts.

£11,000 underspend for Primary 6 Outdoor Education trips, mainly due to a reduction in numbers taking part.

Transport Costs:

Total overspend for Transport Costs was £142,000 (2.7%)

£28,000 underspend for SPT School Bus Contract which partially offset an overspend of £52,000 for SPT ASN Transport provision.

£40,000 overspend for Pupil Consortium & PE Travel

£78,000 overspend for Internal Transport charges for ASN, £64,000 of which related to drivers costs.

Other Expenditure:

Total overspend for Other Expenditure was £34,000 (0.9%)

£22,000 overspend for ASN Support due to provision of Stepwell Cook School.

£46,000 overspend for ASN Placements due to higher than expected number of placements as a result of extended transition period for moving young people back in to Inverclyde.

£11,000 overspend for Clothing Grants.

£20,000 underspend for Early Years Partner Providers due to a decrease in placements.

£27,000 underspend for Hospital Tuition due to a reduction in numbers in hospital.

6.0 2014/15 PROJECTION

6.1 The main issues to highlight in relation to the 2014/15 projected overspend of £189,000 are:

Employee Costs:

The total budget for employee costs is £50,987,890 and the latest projection is an overspend of £67,000. Teachers are projected to overspend by £124,000 as a result of additional ASN Teachers required to support the school roll at Craigmarnock.

Non Teachers are projected to underspend by £57,000 due to the early achievement of budget savings within Early Years and the delay in filling posts at Craigmarnock.

Electricity :

The budget for electricity is £689,380 and the latest projection is an overspend of £30,000. This relates to higher than expected consumption in school buildings.

Gas:

The budget for gas is £697,030 and the latest projection, based on the same level of consumption as 2013/14, is an underspend of £47,000.

Water:

The budget for water is £254,560 and the latest projection is an overspend of £52,000. The majority of this relates to a burst pipe at St Ninian's Primary School. The burst has now been located and fixed.

Janitors:

The latest projection for janitors is an underspend of £20,000. This is in line with the final out turn for 2013/14.

Education IT Charges :

The latest projection is an overspend of £20,000 and is mainly due to the cost of internet data lines for schools. The overspend is in line with the 2013/14 final out turn.

ASN Transport :

The latest projection is an overspend of £10,000. This relates to the cost of transporting children to placements outwith Inverclyde.

Hospital Tuition :

The latest projection for Hospital Tuition costs is an underspend of £10,000. This is due to fewer children being in hospital than budgeted for.

Breakfast Clubs Provisions :

The budget for Breakfast Clubs Provisions is £15,230 and the latest projection is an overspend of £10,000. Additional costs are being incurred following the roll out of the clubs to seventeen Primary Schools.

Special Schools – Income from Other Local Authorities :

The latest projection is a shortfall in income of £50,000. The number of children placed in Inverclyde by other Local Authorities continues to decline year on year as, like Inverclyde, these Councils have a policy to educate their children locally where possible.

7.0 EARMARKED RESERVES

- 7.1 Earmarked Reserves excluding those for Asset Plans and Strategic Funds total £681,000, of which £352,000 is projected to be spent in 2014/15. Spend to date at the end of Period 3 is £34,000 or 9.7% of the projected spend for this Financial Year. Spend to date per profiling was expected to be £35,000 so there is no significant slippage.

8.0 VIREMENTS

- 8.1 There are no virements this Committee cycle

9.0 IMPLICATIONS

9.1 Finance

All financial implications are discussed in detail within the report above.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend This Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs / (Savings)

Cost Centre	Budget Heading	Budget Years	Proposed Spend This Report £000	Virement From	Other Comments
N/A					

9.2 Legal

There are no specific legal implications arising from this report

9.3 Human Resources

There are no specific human resources implications arising from this report.

9.4 Equalities

There are no equalities issues with this report.

9.5 Repopulation

There are no repopulation issues with this report.

10.0 CONSULTATION

10.1 The paper has been jointly prepared by the Corporate Director Education, Communities & Organisational Development and the Head of Finance.

11.0 BACKGROUND PAPERS

11.1 There are no background papers for this report.

EDUCATION**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****PERIOD 3 : 1st April 2014 - 30th June 2014**

<u>Out Turn</u> <u>2013/14</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Budget</u> <u>2014/15</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u>	<u>Actual to</u> <u>30-Jun-14</u> <u>£000</u>	<u>Projection</u> <u>2014/15</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>Percentage</u> <u>Over / (Under)</u>
36,760	Employee Costs - Teachers	36,035	9,193	9,153	36,175	140	0.4%
13,989	Employee Costs - Non Teachers	14,953	3,611	3,607	14,896	(57)	(0.4%)
798	Electricity	689	172	27	719	30	4.4%
712	Gas	697	174	12	650	(47)	(6.7%)
248	Water	255	255	333	307	52	20.4%
1,054	Janitors	1,109	277	233	1,089	(20)	(1.8%)
220	Education IT Charges	220	55	90	240	20	9.1%
621	ASN Transport	555	139	2	565	10	1.8%
13	Hospital Tuition	40	10	0	30	(10)	(25.0%)
21	Breakfast Club Provisions	15	4	4	25	10	66.7%
(218)	Special Schools Income OLA	(293)	0	0	(243)	50	(17.1%)
Total Material Variances						178	

EDUCATION**REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****PERIOD 3 : 1st April 2014 - 30th June 2014**

2013/14 Actual £000	Subjective Heading	Approved Budget 2014/15 £000	Revised Budget 2014/15 £000	Projected Out-turn 2014/15 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
36,760	Employee Costs - Teachers	36,155	36,035	36,159	124	0.3%
13,989	Employee Costs - Non Teachers	14,691	14,953	14,896	(57)	(0.4%)
13,201	Property Costs	7,214	7,509	7,539	30	0.4%
3,665	Supplies & Services	3,632	3,677	3,697	20	0.5%
2,686	Transport Costs	2,345	2,350	2,360	10	0.4%
407	Administration Costs	450	456	456	0	-
3,837	Other Expenditure	17,532	17,787	17,799	12	0.1%
(3,142)	Income	(2,648)	(3,171)	(3,121)	50	(1.6%)
71,403	TOTAL NET EXPENDITURE	79,371	79,596	79,785	189	0.2%
	Earmarked Reserves	0	(2,559)	(2,559)	0	
	Loan Charges / DMR	0	(4,610)	(4,610)	0	
	TOTAL NET EXPENDITURE excluding Earmarked Reserves	79,371	72,427	72,616	189	

2013/14 Actual £000	Objective Heading	Approved Budget 2014/15 £000	Revised Budget 2014/15 £000	Projected Out-turn 2014/15 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
155	Corporate Director	137	137	137	0	-
52,251	Education	53,671	53,868	53,939	71	0.1%
7,268	School Estate Management Plan	14,160	14,160	14,160	0	-
59,519	TOTAL EDUCATION SERVICES	67,831	68,028	68,099	71	0.1%
8,441	ASN	8,048	8,076	8,222	146	1.8%
1,496	Other Inclusive Education	1,498	1,508	1,489	(19)	(1.3%)
9,937	TOTAL INCLUSIVE EDUCATION	9,546	9,584	9,711	127	1.3%
1,590	Community Learning & Development	1,609	1,609	1,600	(9)	(0.6%)
202	Other Safer & Inclusive	248	238	238	0	-
1,792	TOTAL SAFER & INCLUSIVE	1,857	1,847	1,838	(9)	(0.5%)
71,403	TOTAL EDUCATION COMMITTEE	79,371	79,596	79,785	189	0.2%
	Earmarked Reserves	0	(2,559)	(2,559)	0	

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Education & Lifelong Learning

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2013/14</u>	<u>New Funding 2014/15</u>	<u>Total Funding 2014/15</u>	<u>Phased Budget To Period 3 2014/15</u>	<u>Actual To Period 3 2014/15</u>	<u>Projected Spend 2014/15</u>	<u>Amount to be Earmarked for 2015/16 & Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Creative Scotland Match Funding	Angela Edwards	200	0	200	0	0	100	100	Funding for years 2 and 3 of 3 year funding agreement.
Port Glasgow I Youth Zone	John Arthur	288	0	288	0	0	71	217	Funding will allow I-Youth Zone centres to be run in Gourock and Port Glasgow for 2 years. Both premises anticipated to open by end of 2014.
Early Years Change Fund	Angela Edwards	43	43	86	20	19	74	12	Funding for 2 posts until March 2015.
1+2 Languages	Wilma Bain	33	74	107	15	15	107	0	Principal Teacher in post from 01/04/14. Additional funding of £74k for 2014/15 now confirmed by Scottish Government.
Total		564	117	681	35	34	352	329	