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<b>Report To:</b>	<b>Education &amp; Communities Committee</b>	<b>Date:</b>	<b>10 March 2015</b>
<b>Report By:</b>	<b>Chief Financial Officer &amp; Corporate Director Education, Communities &amp; Organisational Development</b>	<b>Report No:</b>	<b>FIN/11/15/AP/IC</b>
<b>Contact Officer:</b>	<b>Iain Cameron</b>	<b>Contact No:</b>	<b>01475 712832</b>
<b>Subject:</b>	<b>Education 2014/15 Revenue Budget- Period 9 to 31 December 2014</b>		

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## **1.0 PURPOSE**

- 1.1 To advise the Committee of the 2014/15 Revenue Budget position as at Period 9 to 31 December 2014.

## **2.0 SUMMARY**

- 2.1 The total Education budget for 2014/15 is £73,358,690. The School Estates Management Plan accounts for £14,190,000 of the total Education budget. A further £564,000 brought forward as Earmarked Reserves will also be used primarily to fund Community Learning & Development I-Youth Zones and Arts Development.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £383,000. This is a reduction in expenditure of £185,000 since last Committee.
- 2.3 The main reasons for the projected underspend are –
- (a) Projected underspend of £207,000 for Employee Costs. The Teachers budget is projected to overspend by £33,000, mainly due to additional staff required at Craigmarloch School. The Teachers overspend is offset by a projected underspend of £240,000 for non-teacher employees within Early Years Education and Special Schools. A number of nurseries are not running at capacity and vacant non-teacher posts within Craigmarloch School have not been filled.
  - (b) Projected underspend of £131,000 for Utilities. Electricity is projected to underspend by £24,000, Gas is projected to underspend by £112,000, Biomass Fuel projected to underspend by £30,000 and Water is projected to overspend by £35,000.
  - (c) Projected underspend of £33,000 for Janitors.
  - (d) Projected overspend of £20,000 for Education IT charges.
  - (e) Projected underspend of £36,000 for SPT School Buses.
  - (f) Projected overspend of £50,000 for ASN Transport.
  - (g) Projected underspend of £22,000 for ASN Placements.
  - (h) Projected underspend of £18,000 for Hospital Tuition.

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- (i) Projected underspend of £20,000 for Early Years Partner Providers.
  - (j) Projected overspend of £20,000 due to a shortfall in income from Other Local Authorities for placements in Inverclyde Special Schools.
  - (k) It should be noted that in addition to the projected underspend of £383,000 contained in this report, there is a potential further one-off underspend relating to the Children and Young People (Scotland) Act 2014. Funding to provide 600 hours of free nursery care in 2014/15 totals £984,660 and to date £614,660 has been committed as expenditure. An updated report detailing the use of this funding will be brought to a future Committee and the Revenue Budget projection updated accordingly.

2.4 Earmarked Reserves for 2014/15 total £681,000 of which £296,000 is projected to be spent in the current financial year. To date expenditure of £93,000 (31%) has been incurred. Slippage is currently 57% compared to the 26% reported to the last Committee. The increased slippage is due to the payment of £50,000 made to the Beacon in 2014 now being funded from the Grants to Voluntary Organisations budget instead of the previously reported Creative Scotland matched funding earmarked reserve.

### **3.0 RECOMMENDATION**

3.1 That the Committee note the projected underspend of £383,000 for the Education Revenue budget as at Period 9 to 31 December 2014.

## 4.0 BACKGROUND

- 4.1 The purpose of this report is to advise Committee of the current position of the 2014/15 Revenue Budget and to highlight the main issues arising.

## 5.0 2014/15 PROJECTION

- 5.1 The main issues to highlight in relation to the 2014/15 projected underspend of £383,000 are:

### Employee Costs:

The total budget for employee costs is £51,862,000 and the latest projection is an underspend of £207,000. The Teachers budget is projected to overspend by £33,000. Additional ASN Teachers are required to support the school roll at Craigmarloch. The overspend for Teachers is offset by an underspend of £240,000 for Non Teachers. This is due to savings within Early Years Education where a number of nurseries are not running at capacity and vacant non-teacher posts within Craigmarloch.

### Utilities:

Latest projection for utilities is an underspend of £131,000. Electricity is projected to underspend by £24,000, Gas is projected to underspend by £112,000 and Water is projected to overspend by £35,000. There is no change to these projections since the previous Committee. Biomass Fuel for the Port Glasgow Community Campus is projected to underspend by £30,000 due to lower than expected consumption as a result of the system being offline for a period of time with only the gas boiler running.

### Janitors :

Latest projection for Janitors is an underspend of £33,000. There is no change to this projection since the last Committee. The projected underspend represents 3% of the total budget for Janitors.

### Education IT Charges :

A projected overspend of £20,000 was reported to the last Committee for Education IT Charges. The latest projection remains the same and is mainly due to the cost of internet data lines to schools.

### Breakfast Club Provisions:

An overspend of £10,000 was reported to the last Committee for Breakfast Club Provisions. The Scottish Government has now confirmed that £215,000 of funding is available in 2014/15 for the introduction of Free School Meals for Primary 1 to 3 children. As well as covering the cost of increased meal numbers and the loss of school meal income, this level of funding will also fund kitchen equipment set up costs including for the Breakfast Clubs. The latest projection is now on budget as a result.

### SPT School Buses:

The budget for SPT School Bus contracts is £1,227,920 and the latest projection is an underspend of £36,000. Following the consolidation of some routes on the completion of the tendering process, one less bus is now required to transport pupils and has resulted in this saving.

### ASN Transport:

The latest projection for ASN Transport is an overspend of £50,000. This is the same as previously reported to Committee and is in line with the final out turn for 2013/14. The projected overspend is due to increased transport provision for children within Inverclyde.

### ASN Placements:

The current budget for ASN Placements is £455,020 and the latest projection is an underspend of £22,000. The 2014/15 budget includes a £30,000 contingency to cover the costs of one additional placement and to date there has been no increase in the placement numbers. Consequently, nine months funding has been released from the contingency. It should be noted that £8,000 remains in the contingency and will also be released at the year end if not required.

### Hospital Tuition :

The latest projection for Hospital Tuition costs is an underspend of £18,000. This is a reduction in projected expenditure of £8,000 since the last Committee.

### Early Years Partner Providers:

The 2014/15 budget for Partner Providers is £252,920 and the latest projection is an underspend of £20,000. Following the introduction of the Children and Young Peoples (Scotland) Act, the Council has reverted back to term time intakes instead of the month following third birthday. Nursery intakes are now in August, October, January and April and has resulted in fewer children being placed in nurseries. This is also reflected in the underspend being reported under Employee Costs for Council run Nurseries.

### Early Years Wraparound Income :

The current budget for Early Years Wraparound Income is £187,330. A shortfall of £30,000 was reported to last Committee and the latest projection remains the same.

### Special Schools – Income from Other Local Authorities :

The current budget for Special Schools Income from Other Local Authorities is £263,070 and the latest projection is a shortfall in income of £20,000. There is no change to this projection since the last Committee.

### Children And Young People (Scotland) Act 2014:

It should be noted that in addition to the underspend of £383,000 being projected in this report there is an additional potential underspend relating to the Children And Young People (Scotland) Act 2014. Funding of £984,660 has been received from the Scottish Government to provide 600 hours free nursery provision for 3 and 4 year olds and Looked After 2 year olds. To date £614,660 of this funding has been committed for expenditure in 2014/15. A detailed report on the use of this funding will be brought to a future Committee and the Revenue Budget projection updated accordingly.

## 6.0 EARMARKED RESERVES

- 6.1 There is a planned contribution to Earmarked Reserves of £385,000 at the end of the current Financial Year as detailed in Appendix 3. Spend to date is 31% of the projected spend for 2014/15. The spend to date per profiling is £215,000 compared to actual year to date spend of £93,000 resulting in slippage to date of £122,000 (57%) The slippage is a result of delays to the opening of the I-Youth zones in Gourrock and Port Glasgow and no payments to date to the Beacon from the Creative Scotland Matched Funding earmarked reserve. The previously reported £50,000 payment to the Beacon made in 2014 is now funded from the Grants to Voluntary Organisations budget per a decision made by Inverclyde Council on 29 January 2015.

## 7.0 VIREMENTS

- 7.1 There are no virements this Committee cycle.

## 8.0 IMPLICATIONS

### 8.1 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					

### 8.2 Legal

There are no specific legal implications arising from this report

### 8.3 Human Resources

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

### 8.4 Equalities

There are no equalities issues with this report.

### 8.5 Repopulation

There are no repopulation issues with this report.

## 9.0 CONSULTATION

- 9.1 The paper has been jointly prepared by the Corporate Director Education, Communities & Organisational Development and the Chief Financial Officer.

## 10.0 BACKGROUND PAPERS

- 10.1 There are no background papers for this report.

**EDUCATION****REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****PERIOD 9 : 1st April 2014 - 31st December 2014**

<u>Out Turn</u> 2013/14 £000	<u>Budget</u> <u>Heading</u>	<u>Budget</u> 2014/15 £000	<u>Proportion</u> <u>of Budget</u>	<u>Actual to</u> 31-Dec-14 £000	<u>Projection</u> 2014/15 £000	<u>(Under)/Over</u> <u>Budget</u> £000	<u>Percentage</u> <u>Over / (Under)</u>
36,760	Employee Costs - Teachers	36,362	27,274	27,216	36,395	33	0.1%
13,989	Employee Costs - Non Teachers	15,500	10,556	10,051	15,260	(240)	(1.5%)
798	Electricity	736	517	406	712	(24)	(3.3%)
31	Biomass	110	66	41	80	(30)	(27.3%)
712	Gas	681	453	278	569	(112)	(16.4%)
248	Water	255	255	317	290	35	13.7%
1,054	Janitors	1,109	831	680	1,076	(33)	(3.0%)
220	Education IT Charges	191	143	178	211	20	10.5%
1,440	SPT School Buses	1,228	921	885	1,192	(36)	(2.9%)
621	ASN Transport	555	416	5	605	50	9.0%
580	ASN Placements	455	358	160	433	(22)	(4.8%)
13	Hospital Tuition	40	30	0	22	(18)	(45.0%)
179	Clothing Grants	212	124	197	200	(12)	(5.7%)
207	Early Years Partner Providers	253	186	143	233	(20)	(7.9%)
(218)	Special Schools Income OLA	(263)	(210)	(164)	(243)	20	(7.6%)
<b>Total Material Variances</b>						<b>(389)</b>	

**EDUCATION****REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****PERIOD 9 : 1st April 2014 - 31st December 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	36,024	36,362	36,395	33	0.1%
13,989	Employee Costs - Non Teachers	14,822	15,500	15,260	(240)	(1.5%)
13,201	Property Costs	7,214	17,066	16,885	(181)	(1.1%)
3,665	Supplies & Services	3,632	3,681	3,706	25	0.7%
2,686	Transport Costs	2,345	2,301	2,331	30	1.3%
407	Administration Costs	450	453	455	2	0.4%
3,837	Other Expenditure	17,532	8,471	8,399	(72)	(0.8%)
(3,142)	Income	(2,648)	(3,351)	(3,331)	20	(0.6%)
71,403	TOTAL NET EXPENDITURE	79,371	80,483	80,100	(383)	(0.5%)
	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	73,314	72,931	(383)	

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	144	7	5.1%
52,251	Education	53,671	54,738	54,352	(386)	(0.7%)
7,268	School Estate Management Plan	14,160	14,190	14,190	0	-
59,519	TOTAL EDUCATION SERVICES	67,831	68,928	68,542	(386)	(0.6%)
8,441	ASN	8,048	8,087	8,125	38	0.5%
1,496	Other Inclusive Education	1,498	1,518	1,491	(27)	(1.8%)
9,937	TOTAL INCLUSIVE EDUCATION	9,546	9,605	9,616	11	0.1%
1,590	Community Learning & Development	1,609	1,611	1,596	(15)	(0.9%)
202	Other Safer & Inclusive	248	202	202	0	-
1,792	TOTAL SAFER & INCLUSIVE	1,857	1,813	1,798	(15)	(0.8%)
71,403	TOTAL EDUCATION COMMITTEE	79,371	80,483	80,100	(383)	(0.5%)
	Earmarked Reserves	0	(2,559)	(2,559)	0	

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

Project	Lead Officer/ Responsible Manager	c/f Funding 2013/14	New Funding 2014/15	Total Funding 2014/15	Phased Budget To Period 9 2014/15	Actual To Period 9 2014/15	Projected Spend 2014/15	Amount to be Earmarked for 2015/16 & Beyond	Lead Officer Update
		£000	£000	£000	£000	£000	£000	£000	
Creative Scotland Match Funding	Angela Edwards	200	0	200	60	0	100	100	Funding for years 2 and 3 of 3 year funding agreement. Two payments of £25k previously recorded against this EMR will now be funded from Grants to Voluntary Organisations budget per report to Inverclyde Council on 29/01/15.
Port Glasgow I Youth Zone	John Arthur	288	0	288	54	2	15	273	Funding will allow I-Youth Zone centres to be run in Gourock and Port Glasgow for 2 years. Premises now will open in 2015 where as original phasing assumed it would be September 2014. CLD took possession of Port Glasgow building on 14/11/14 and adaption now complete. Building will open w/c 19/01/15 and will be operated by staff from elsewhere in CLD until safe recruitment of new staff has been completed. Gourock building requires maintenance work to be carried out by Property Services and as a result this facility will open later in 2015.
Early Years Change Fund	Angela Edwards	43	43	86	56	53	74	12	Original funding was for 2 posts until March 2015. Due to delays in recruiting, staff the start of secondment was delayed by 2 months. Contracts have been extended to May 2015 and will be funded from the £12k c/f.
1+2 Languages	Wilma Bain	33	74	107	45	38	107	0	Principal Teacher in post from 01/04/14. Additional funding of £74k for 2014/15 now confirmed by Scottish Government. Will be fully spent by year end.
<b>Total</b>		<b>564</b>	<b>117</b>	<b>681</b>	<b>215</b>	<b>93</b>	<b>296</b>	<b>385</b>	