
Report To: Education & Communities Committee **Date:** 3 November 2015

Report By: Chief Financial Officer, Head of Education, Head of Inclusive Education, Culture & Corporate Policy and Head of Safer & Inclusive Communities **Report No:** FIN/104/15/AP/IC

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

Subject: Education 2015/16 Revenue Budget-Period 5 to 31 August 2015

1.0 PURPOSE

- 1.1 To advise the Committee of the 2015/16 Revenue Budget position as at Period 5 to 31 August 2015.

2.0 SUMMARY

- 2.1 The total Education budget for 2015/16 is £75,136,800. The School Estates Management Plan accounts for £14,672,300 of the total Education budget. A further £2,465,000 brought forward as Earmarked Reserves will also be used primarily to fund The Beacon Centre and Community Learning & Development activities.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £214,000. This is an increase in expenditure of £22,000 since last Committee.
- 2.3 The main reasons for the projected underspend are:-
- (a) Projected overspend of £233,000 for Teachers Employee Costs. The number of Teachers employed for the new academic year from August 2015 exceeds the budget by 10fte. This is a reduction of 0.4fte from the figure reported to the last Committee. 4fte Teachers were required as a result of an increased number of classes in Primary Schools, 1fte Teacher was required due to a Placing Request appeal, 2fte Teachers were required due to increased roll in ASN Schools, 1fte Teacher was required due to sickness cover within Psychological Services and 2fte Teachers were due to surplus senior Teachers who are in the process of being placed / released.
 - (b) Projected underspend of £424,000 for Non Teacher Employee Costs. £374,000 of this underspend relates to Early Years Education. A number of Nurseries continue to operate at less than their Care Commission registration capacity resulting in projected staff savings of £271,000. The delay in opening St John's Nursery results in projected savings of £66,000. It was anticipated that the Heads and Deputies of seven Nurseries would require to be upgraded following Job Evaluation resulting from the roll out of the Children and Young People (Scotland) Act 2014. Only two Nurseries have required to be upgraded so far resulting in projected savings of £37,000. In addition to the projected savings within Early Years there is a further projected underspend of £50,000 due to vacant posts within Education Headquarters and the vacant Corporate Director post.

-
- (c) Projected overspend of £79,000 for Water. £40,000 of the projected overspend relates to drainage charges at two PPP Secondary Schools. Since the last Committee, a legal letter has been issued by Inverclyde Council to the PPP provider seeking compensation for the drainage charges and the alteration of pipework to stop such charges in future. The remaining £39,000 projected overspend relates to consumption in schools being higher than budget.
 - (d) Projected underspend of £17,000 for Non Domestic Rates (NDR) mainly due to St John's Primary School being vacant for part of year during refurbishment.
 - (e) £42,000 projected over recovery of income from Other Local Authorities for placements within Garvel and Craigmach.
 - (f) Following approval of virement requested in paragraph 7.1 and Appendix 5 there will be a £53,000 projected over recovery of School Meal Income.

2.4 Earmarked Reserves for 2015/16, excluding those for Asset Plans and Strategic Funds total £2,465,000 of which £2,036,000 is projected to be spent in the current financial year. To date expenditure of £96,000 (4.7%) has been incurred. Spend to date per profiling was expected to be £85,000 therefore there is no slippage at this time.

3.0 RECOMMENDATIONS

- 3.1 That the Committee note the projected underspend of £214,000 for the Education Revenue budget as at Period 5 to 31 August 2015.
- 3.2 That the Committee approve the virement of £12,000 requested in paragraph 7.1 and Appendix 5.

Alan Puckrin
Chief Financial Officer

Ruth Binks
Head of Education

Angela Edwards
Head of Inclusive Education, Culture & Corporate Policy

John Arthur
Head of Safer & Inclusive Communities

4.0 BACKGROUND

- 4.1 The purpose of this report is to advise Committee of the current position of the 2015/16 Revenue Budget and to highlight the main issues arising.

5.0 2015/16 PROJECTION

- 5.1 The main issues to highlight in relation to the 2015/16 projected underspend of £214,000 are:-

Employee Costs: Teachers

The total budget for Teachers Employee Costs is £36,767,000 and the latest projection is an overspend of £233,000 which is in line with the previous Committee report. The number of Teachers employed for the new academic year from August 2015 exceeds the budget by 10fte. This is a reduction of 0.4fte Teachers from the figure projected to the last Committee. 4fte Teachers were required as a result of an increased number of classes in Primary Schools, 1fte Teacher was required due to a Placing Request appeal, 2fte Teachers were required due to increased roll in ASN Schools (partially offset by increased income), 1fte Teacher was required due to sickness cover within Psychological Services and 2fte Teachers were required due to surplus senior teachers who are currently in the process of being placed / released.

It should be noted that the projection assumes that none of Inverclyde's share of the Scottish Government funding for maintaining teacher numbers will be allocated to Education Services directly but will be held centrally. The projected overspend has reduced by £13,000 since last Committee.

Employee Costs: Non Teachers

The total budget for Non Teacher Employee Costs is £15,880,000 and the latest projection is an underspend of £424,000. Early Years Education accounts for £374,000 of the projected underspend. A number of Nurseries continue to operate at less than their Care Commission registration capacity resulting in projected staff savings of £271,000. The delay in opening St John's Nursery Port Glasgow results in projected savings of £66,000. It was anticipated that the Heads and Deputes of seven Nurseries would require to be upgraded following Job Evaluation resulting from the roll out of the Children and Young People (Scotland) Act 2014. Only two Nurseries have required to be upgraded so far resulting in projected savings of £37,000. In addition to the projected savings within Early Years, there is a further projected underspend of £50,000 due to vacant posts within Education Headquarters and Corporate Director. The projected underspend has increased by £178,000 since last Committee.

Water

The Water budget for 2015/16 is £248,920 and the latest projection is an overspend of £79,000. £40,000 of the overspend relates to drainage charges at two PPP Secondary Schools. Since the last Committee a legal letter has been issued to the PPP provider seeking compensation for the drainage charges and the alteration of pipework to stop such charges in future. An update on the compensation claim will be provided to the next Committee. The remaining £39,000 projected overspend relates to consumption in schools being higher than budget. The projected overspend for Water has increased by £10,000 since last Committee.

Utilities

Following a full Corporate review, all utilities budgets within the Council have been re-aligned based on the projected expenditure for 2015/16. As a result, the Education Services Electricity budget has been reduced by £24,690 and the Gas budget reduced by £72,150. The latest projection for Utilities is now on budget.

Non Domestic Rates (NDR)

The 2015/16 budget for Non Domestic Rates (NDR) is £3,259,130 and the latest projection is an underspend of £17,000. The majority of this underspend relates to empty relief for St John's Primary School during refurbishment. There is no change to this projection since last Committee.

Education IT Charges

Following approval of the virement requested in paragraph 7.1 and Appendix 5, the Education IT Charges budget will be increased to £202,670 and the latest projection is now on budget.

Income from Other Local Authorities

The budget for Income from Other Local Authorities for 2015/16 is £278,400 and the latest projection is an over recovery of £42,000. Inverclyde Council receive payment from other Authorities for providing places for their children within Inverclyde Education establishments. The majority of these places are in Garvel and Craigmarnoch.

School Meal Income

Following approval of the virement requested in paragraph 7.1 and Appendix 5, the 2015/16 budget for School Meal Income is £843,860. This is £145,000 less than the out turn for 2014/15 due to the full year impact of lost income due to all P1 to P3 children receiving free school meals. The latest projection is an over recovery in income of £53,000. It should be noted that a £45,000 saving will be taken from this budget line in 2016/17.

Appendices 2 and 3 provide more details on the projected variances.

6.0 EARMARKED RESERVES

- 6.1 Earmarked Reserves, excluding those for Asset Plans and Strategic Funds total £2,465,000, of which £2,036,000 is projected to be spent in 2015/16. Spend to date at the end of Period 5 is £96,000 or 4.7% of the projected spend for this Financial Year. Spend to date per profiling was expected to be £85,000 so there is no slippage to report at this time. Appendix 4 provides more details of the individual Earmarked Reserves.

7.0 VIREMENTS

- 7.1 Committee is asked to approve the virement of £12,000 from School Meal Income to Education IT Charges budget to fund increased costs for new data lines. Details of the virement are provided in Appendix 5.

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 Chief Financial Officer, the Head of Education, the Head of Inclusive Education, Culture & Corporate Policy and the Head of Safer & Inclusive Communities.

10.0 BACKGROUND PAPERS

10.1 There are no background papers for this report.

Education Budget Movement - 2015/16**Period 5: 1st April - 31st August 2015**

Service	Approved Budget	Movements				Revised Budget
	2015/16 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	2015/16 £000
Corporate Director	137					137
Education	69,776	3	(23)	1,066	(7,349)	63,473
Inclusive Education	9,569		10	107		9,686
Safer & Inclusive Communities	1,842			(1)		1,841
Totals	81,324	3	(13)	1,172	(7,349)	75,137

Supplementary Budget Detail

£000

External Resources

Raising Attainment Funding	591
1+2 Language Grant	104
Developing Young Workforce	78

Internal Resources

Internal Transport Re-allocation	(1)
Teachers Pension Funding	400

Savings/Reductions

1,172

EDUCATIONREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCESPERIOD 5 : 1st April 2015 - 31st August 2015

<u>Out Turn</u> <u>2014/15</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Budget</u> <u>2015/16</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u>	<u>Actual to</u> <u>30-Jun-15</u> <u>£000</u>	<u>Projection</u> <u>2015/16</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>Percentage</u> <u>Over / (Under)</u>
36,506	Employee Costs - Teachers	36,767	14,858	14,862	37,000	233	0.6%
14,728	Employee Costs - Non Teachers	15,880	6,307	6,017	15,456	(424)	(2.7%)
3,148	Non Domestic Rates	3,259	3,259	3,238	3,242	(17)	(0.5%)
372	Water	249	104	59	328	79	31.7%
(268)	Income from Other Local Authorities	(278)	(116)	0	(320)	(42)	15.1%
(1,054)	School Meal Income	(844)	(220)	(218)	(897)	(53)	6.3%
Total Material Variances						(224)	

EDUCATION**REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****PERIOD 5 : 1st April 2015 - 31st August 2015**

2014/15 Actual £000	Subjective Heading	Approved Budget 2015/16 £000	Revised Budget 2015/16 £000	Projected Out-turn 2015/16 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
36,506	Employee Costs - Teachers	35,825	36,767	37,000	233	0.6%
14,728	Employee Costs - Non Teachers	15,424	15,880	15,456	(424)	(2.7%)
13,707	Property Costs	7,602	7,709	7,771	62	0.8%
3,678	Supplies & Services	3,865	3,854	3,869	15	0.4%
2,615	Transport Costs	2,384	2,403	2,403	0	-
416	Administration Costs	442	446	447	1	0.2%
3,726	Other Expenditure	18,138	18,704	18,698	(6)	(0.0%)
(3,189)	Income	(2,356)	(3,277)	(3,372)	(95)	2.9%
72,187	TOTAL NET EXPENDITURE	81,324	82,486	82,272	(214)	(0.3%)
	Earmarked Reserves	0	(2,621)	(2,621)	0	
	Loan Charges / DMR	0	(4,728)	(4,728)	0	
	TOTAL NET EXPENDITURE excluding Earmarked Reserves	81,324	75,137	74,923	(214)	

2014/15 Actual £000	Objective Heading	Approved Budget 2015/16 £000	Revised Budget 2015/16 £000	Projected Out-turn 2015/16 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
146	Corporate Director	137	137	132	(5)	(3.6%)
53,950	Education	55,204	56,223	56,086	(137)	(0.2%)
6,886	School Estate Management Plan	14,572	14,672	14,672	0	-
60,836	TOTAL EDUCATION SERVICES	69,776	70,895	70,758	(137)	(0.2%)
8,040	ASN	8,185	8,242	8,222	(20)	(0.2%)
1,413	Other Inclusive Education	1,384	1,444	1,401	(43)	(3.0%)
9,453	TOTAL INCLUSIVE EDUCATION	9,569	9,686	9,623	(63)	(0.7%)
1,573	Community Learning & Development	1,612	1,537	1,528	(9)	(0.6%)
179	Other Safer & Inclusive	230	231	231	0	-
1,752	TOTAL SAFER & INCLUSIVE	1,842	1,768	1,759	(9)	(0.5%)
72,187	TOTAL EDUCATION COMMITTEE	81,324	82,486	82,272	(214)	(0.3%)
	Earmarked Reserves	0	(2,621)	(2,621)	0	

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Education & Lifelong Learning

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2015/16</u>	<u>Phased Budget To Period 5 2015/16</u>	<u>Actual To Period 5 2015/16</u>	<u>Projected Spend 2015/16</u>	<u>Amount to be Earmarked for 2016/17 & Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Creative Scotland Match Funding	Angela Edwards	200	50	50	100	100	Year 2 of 3 funding for The Beacon Place Partnership match funding. First £50k for 2015/16 has now been paid.
Beacon Contract and Core Funding	Angela Edwards	1,950	0	0	1,800	150	Funding agreed by Inverclyde Council in September 2015. Expected that the majority of the payment will be made in Period 7.
Funding for I Youth Zone Port Glasgow & Gourock	John Arthur	271	13	24	92	179	Port Glasgow I-Youth Zone is fully operational and Gourock I-Youth Zone opened on 1 September. YTD costs are staff costs for the Port Glasgow facility.
Early Years Change Fund	Angela Edwards	34	22	22	34	0	Will fund Early Years Collaborative Programme Manager until November 2015. After this date the post will be funded until March 2016 by CYPB.
Beacon Arts Development Post Funding	Angela Edwards	10	0	0	10	0	Funding for final year of Arts Development post.
Total		2,465	85	96	2,036	429	

EDUCATION COMMITTEE**VIREMENT REQUESTS**

Budget Heading	Increase Budget		(Decrease) Budget
		£	£
Education IT Charges	1	12,000	
School Meals Income			12,000
		12,000	12,000

Note

1 - £12,000 of School Meal Income over recovery to be used to fund Education IT Charges overspend