
Report To:	Education & Communities Committee	Date:	19 January 2016
Report By:	Chief Financial Officer, and Corporate Director Education, Communities & Organisational Development	Report No:	FIN/05/16/AP/IC
Contact Officer:	Iain Cameron	Contact No:	01475 712832
Subject:	Education 2015/16 Revenue Budget- Period 7 to 31 October 2015		

1.0 PURPOSE

- 1.1 To advise the Committee of the 2015/16 Revenue Budget position as at Period 7 to 31 October 2015.

2.0 SUMMARY

- 2.1 The total Education budget for 2015/16 is £76,330,900. The School Estates Management Plan accounts for £14,717,300 of the total Education budget. A further £2,565,000 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 £433,000 (0.6%) This is a decrease in expenditure of £219,000 since last Committee.
- 2.3 The main reasons for the projected underspend are –
- (a) Projected overspend of £311,000 for Teachers Employee Costs, an increase of £78,000 since the last Committee. The number of Teachers employed for the new academic year from August 2015 exceeds the budget by 12.4fte.
 - (b) Projected underspend of £556,000 for Non Teacher Employee Costs, an increase of £132,000 since the last Committee. £496,000 of this underspend relates to Early Years Education. As previously reported, a number of Nurseries continue to operate at less than their Care Commission registration capacity. In addition to the projected savings within Early Years, there is a further projected underspend of £80,000, due mainly to vacant posts within Education Headquarters and the Corporate Director post being vacant for several months.
 - (c) Projected overspend of £79,000 for Water remains the same as previously reported to Committee. £40,000 of the projected overspend relates to drainage charges at two PPP Secondary Schools. The Council has formally written to the PPP provider seeking compensation for the drainage charges and the alteration of pipework to stop such charges in future. These discussions are on-going.
 - (d) Projected underspend of £17,000 for Non Domestic Rates (NDR) mainly due to St John's Primary School being vacant for part of the year during refurbishment.

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- (e) Projected overspend of £20,000 for Internal Transport Drivers. The latest projection is in line with the final out-turn for 2014/15.
 - (f) Projected underspend of £20,000 for ASN Transport. The projected underspend is due to a reduction in transport costs for children in ASN day placements outwith Inverclyde.
 - (g) Projected underspend of £13,000 for SPT School Bus contracts.
 - (h) Projected underspend of £44,000 for Early Years Partner Provider Nurseries. The actual number of children placed in these Nurseries is 30 fewer than budget.
 - (i) Projected underspend of £49,000 for Early Years Day Carers. There is currently no requirement for this service within Education.
 - (j) £42,000 projected over recovery of income from Other Local Authorities for placements within Garvel and Craigmarloch. This partly funds additional Teacher costs.
 - (k) £30,000 projected over recovery of income for Early Years Wrapround. This is due to an increase in the numbers attending and increased uptake for summer places. The reduction in Wrapround income as a result of the introduction of the Children & Young People (Scotland) Act 2014 has been lower than anticipated.
 - (l) £70,000 projected over recovery of School Meals Income, an increase of £17,000 since the last Committee.

2.4 Earmarked Reserves for 2015/16, excluding those for Asset Plans and Strategic Funds total £2,565,000 of which £2,211,000 is projected to be spent in the current financial year. To date expenditure of £154,000 (7.0%) has been incurred. Spend to date per profiling was expected to be £1,552,000 therefore the year to date expenditure has slippage of £1,398,000 or 90%. This is fully due to a timing delay in making the large payment to The Beacon. This was paid in Period 9.

3.0 RECOMMENDATION

- 3.1 That the Committee note the projected underspend of £433,000 for the Education Revenue budget as at Period 7 to 31 October 2015.
- 3.2 That the Committee approve the virement of £30,000 from Inclusive Education to Education Services as detailed in paragraph 7.1 and Appendix 5.

Alan Puckrin
Chief Financial Officer

Wilma Bain
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 2015/16 Revenue Budget and to highlight the main issues arising.

5.0 2015/16 PROJECTION

- 5.1 The current Education revenue budget for 2015/16 is £76,330,900. This is an increase of £1,934,000 from the approved budget. Appendix 1 provides details of the increase.
- 5.2 The main issues to highlight in relation to the 2015/16 projected underspend of £433,000 are:

Employee Costs: Teachers:

The total budget for Teacher Employee Costs is £37,359,000 and the latest projection is an overspend of £311,000, an increase of £78,000 since the last Committee. The number of Teachers employed for the new academic year from August 2015 now exceeds the budget by 12.4fte. This is an increase of 2.4fte Teachers from the figure reported to the last Committee, the movement due to three additional 0.8fte posts in Secondary Schools. The breakdown of the additional 12.4fte Teachers is as follows - 4fte due to increased number of classes in Primary Schools, 2.4fte due to additional posts in Secondary Schools, 1fte due to a Placing Request appeal, 2fte due to increased roll in ASN Schools (partially offset by increased income), 1fte due to sickness cover within Psychological Services (now ended) and 2fte due to surplus Senior Teachers who have now been released from Council employment.

Employee Costs: Non Teachers:

The total budget for Non Teacher Employee Costs is £16,078,000 and the latest projection is an underspend of £556,000, an increase of £132,000 since the last Committee. Early Years Education accounts for £496,000 of the projected underspend. As previously reported, a number of Nurseries continue to operate at less than their Care Commission registration capacity. The resulting projected underspend has increased from £271,000 to £373,000 following an updated projection for the October 2015 children intake. The projected underspends due to the delay in opening St John's Nursery (£66,000) and no requirement to Job Evaluate the Heads and Deputies of seven Nurseries (£37,000) remain the same as previously reported to Committee. In addition to the projected savings within Early Years, there is a further projected underspend of £80,000 due mainly to vacant posts within Education Headquarters and the Corporate Director post being vacant for several months.

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

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. The Council has formally written to the PPP provider seeking compensation for the drainage charges and the alteration of pipework to stop such charges in future. These discussions are on-going. The remaining £39,000 projected overspend relates to consumption in schools being higher than budget. The projected overspend for Water remains the same as reported to the last Committee.

Internal Transport Drivers :

The 2015/16 budget for Internal Transport Drivers is £292,630 and the latest projection is an overspend of £20,000 which is in line with the final out-turn for 2014/15.

ASN Transport :

The 2015/16 budget for ASN Transport is £555,120 following approval of the virement requested in Paragraph 7.1 and Appendix 5. The latest projection is an underspend of £20,000. As a result of fewer placements, there has been a reduction in transport costs for day placements outwith Inverclyde.

SPT School Buses Contract:

The 2015/16 budget for SPT School Buses is £1,227,920 and the latest projection is an underspend of £13,000.

Early Years Partner Providers:

The 2015/16 budget for Early Years Partner Providers is £269,410 and the latest projection is an underspend of £44,000. In common with Inverclyde Council Nurseries, the Partner Provider Nurseries are also running at less than their capacity. The number of children currently placed in these Nurseries is 30 fewer than budget.

Early Years Day Carers:

The 2015/16 budget for Early Years Day Carers is £49,000 and there is currently no requirement for this service in 2015/16. The projected underspend is the full budget of £49,000.

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 receives payment from other Authorities for providing places for children within Inverclyde Education establishments, mostly Garvel and Craigmarloch. The projection remains the same as reported to the last Committee.

Early Years Wraparound Income:

The 2015/16 budget for Wraparound Income is £163,960 and the latest projection is an over recovery of £30,000. This is due to an increase in Wraparound numbers across the Nurseries providing the service and an increase in the number of places during the summer school holidays.

School Meal Income:

The 2015/16 budget for School Meal Income is £843,860 and the latest projection is an over recovery of £70,000. This is an increase of £17,000 since the last Committee. The loss of income as a result of the introduction of free school meals for all P1 to P3 children has been less than expected.

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

6.0 EARMARKED RESERVES

- 6.1 Earmarked Reserves for 2015/16, excluding those for Asset Plans and Strategic Funds, total £2,565,000 of which £2,211,000 is projected to be spent in the current financial year. To date expenditure of £154,000 (7.0%) has been incurred. Spend to date per profiling was expected to be £1,552,000 therefore the year to date expenditure has slippage of £1,398,000 or 90%. This is fully due to a timing delay in making the large payment to The Beacon. This was paid in Period 9.

7.0 VIREMENTS

- 7.1 The Committee is asked to approve the virement of £30,000 as detailed in Appendix 5. The virement of £30,000 from ASN Transport to Pupil Consortium Travel is required to fund a projected overspend for that budget. The virement is for 2015/16 only and the £30,000 budget will revert to ASN Transport for 2016/17.

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 and the Corporate Director Education, Communities and OD.

10.0 BACKGROUND PAPERS

- 10.1 There are no background papers for this report.

Education Budget Movement - 2015/16**Period 7: 1st April - 31st October 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	2				139
Education	69,776	552	40	1,213	(6,927)	64,654
Inclusive Education	9,569	119	48	50		9,786
Safer & Inclusive Communities	1,842	26	(115)	(1)		1,752
Totals	<u>81,324</u>	<u>699</u>	<u>(27)</u>	<u>1,262</u>	<u>(6,927)</u>	<u>76,331</u>

Supplementary Budget Detail

£000

External Resources

Raising Attainment Funding	591
1+2 Language Grant	104
Developing Young Workforce	78
Probationer Teachers	44

Internal Resources

Teachers Pension Funding	400
SEMP RCH Funding	45

Savings/Reductions1,262

EDUCATIONREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCESPERIOD 7 : 1st April 2015 - 31st October 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>31-Oct-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	37,359	20,972	21,033	37,670	311	0.8%
14,728	Employee Costs - Non Teachers	16,078	8,701	8,295	15,522	(556)	(3.5%)
3,148	Non Domestic Rates	3,259	3,259	3,222	3,242	(17)	(0.5%)
372	Water	249	145	119	328	79	31.7%
324	Internal Transport Drivers	293	147	163	313	20	6.8%
505	ASN Transport	555	324	1	535	(20)	(3.6%)
1,496	SPT School Buses	1,228	716	848	1,215	(13)	(1.1%)
229	Early Years Partner Providers	269	157	98	225	(44)	(16.4%)
0	Early Years Day Carers	49	0	0	0	(49)	(100.0%)
(268)	Income from Other Local Authorities	(300)	(175)	(138)	(342)	(42)	14.0%
(160)	Early Years Wrapround Income	(164)	(164)	(184)	(194)	(30)	18.3%
(1,054)	School Meal Income	(844)	(422)	(417)	(914)	(70)	8.3%
Total Material Variances						(431)	

EDUCATION**REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****PERIOD 7 : 1st April 2015 - 31st October 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	37,359	37,670	311	0.8%
14,728	Employee Costs - Non Teachers	15,424	16,078	15,522	(556)	(3.5%)
13,707	Property Costs	7,602	7,754	7,814	60	0.8%
3,678	Supplies & Services	3,865	3,839	3,842	3	0.1%
2,615	Transport Costs	2,384	2,338	2,323	(15)	(0.6%)
416	Administration Costs	442	441	446	5	1.1%
3,726	Other Expenditure	18,138	18,757	18,674	(83)	(0.4%)
(3,189)	Income	(2,356)	(3,308)	(3,466)	(158)	4.8%
72,187	TOTAL NET EXPENDITURE	81,324	83,258	82,825	(433)	(0.5%)
	Earmarked Reserves	0	(2,807)	(2,807)	0	
	Loan Charges / DMR	0	(4,120)	(4,120)	0	
	TOTAL NET EXPENDITURE excluding Earmarked Reserves	81,324	76,331	75,898	(433)	

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	139	142	3	2.2%
53,950	Education	55,204	56,864	56,500	(364)	(0.6%)
6,886	School Estate Management Plan	14,572	14,717	14,717	0	-
60,836	TOTAL EDUCATION SERVICES	69,776	71,581	71,217	(364)	(0.5%)
8,040	ASN	8,185	8,321	8,308	(13)	(0.2%)
1,413	Other Inclusive Education	1,384	1,465	1,417	(48)	(3.3%)
9,453	TOTAL INCLUSIVE EDUCATION	9,569	9,786	9,725	(61)	(0.6%)
1,573	Community Learning & Development	1,612	1,555	1,544	(11)	(0.7%)
179	Other Safer & Inclusive	230	197	197	0	-
1,752	TOTAL SAFER & INCLUSIVE	1,842	1,752	1,741	(11)	(0.6%)
72,187	TOTAL EDUCATION COMMITTEE	81,324	83,258	82,825	(433)	(0.5%)
	Earmarked Reserves	0	(2,807)	(2,807)	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 7 2015/16</u>	<u>Actual To Period 7 2015/16</u>	<u>Projected Spend 2015/16</u>	<u>Amount to be Earmarked for 2016/17 & Beyond</u>	<u>Lead Officer Update</u>
		£000	£000	£000	£000	£000	
Creative Scotland Match Funding	Angela Edwards	200	50	50	100	100	Year 2 of 3 funding for The Beacon Place Partnership match funding. Payment of £50k for 2015/16 has now been made with £50k remaining to be paid for 2015/16.
Beacon Contract and Core Funding	Angela Edwards	1,950	1,400	0	1,950	0	Funding approved by P&R Committee 22/9/15 - payment to be made December 2015.
Funding for I Youth Zone Port Glasgow & Gourock	John Arthur	271	37	35	92	179	Both I-Youth Zones are now operational following opening of the Gourock facility on 1 September.
Early Years Change Fund	Angela Edwards	34	30	34	34	0	Funded Early Years Collaborative Programme Manager until October 2015. After this date the post will be funded until March 2016 by CYPB. Spending of this EMR now complete.
School Clothing Grants	Angela Edwards	100	25	25	25	75	£100k budget allocated from Welfare Reform policy to fund School Clothing costs for a period of 4 years based on an additional £10 per child. £25k spend
Beacon Arts Development Post Funding	Angela Edwards	10	10	10	10	0	Funding for final year of Arts Development post. Spending now complete.
Total		2,565	1,552	154	2,211	354	

EDUCATION COMMITTEE**VIREMENT REQUESTS**

Budget Heading	Increase Budget		(Decrease) Budget
		£	£
Transport - Pupil Consortium	1	30,000	
ASN Transport			30,000
		30,000	30,000

Note

1- Virement of £30,000 from Inclusive Education ASN Transport budget to Education Services Pupil Consortium Travel.