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| <b>Report To:</b>       | <b>Education &amp; Communities Committee</b>   | <b>Date:</b>       | <b>8 March 2016</b>    |
| <b>Report By:</b>       | <b>Chief Financial Officer, and Corporate Director Education, Communities &amp; Organisational Development</b> | <b>Report No:</b>  | <b>FIN/26/16/AP/IC</b> |
| <b>Contact Officer:</b> | <b>Iain Cameron</b>  | <b>Contact No:</b> | <b>01475 712832</b>    |
| <b>Subject:</b>         | <b>Education 2015/16 Revenue Budget- Period 9 to 31 December 2015</b>  |                    |                        |

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## 1.0 PURPOSE

- 1.1 To advise the Committee of the 2015/16 Revenue Budget position as at Period 9 to 31 December 2015.

## 2.0 SUMMARY

- 2.1 The total Education budget for 2015/16 is £76,245,740. The School Estates Management Plan accounts for £14,716,300 of the total Education budget. A further £2,765,000 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 £894,000 (1.2%.) This is a decrease in expenditure of £461,000 since the last Committee.
- 2.3 The main reasons for the projected underspend are –
- (a) Projected underspend of £520,000 for Employee Costs, a decrease in expenditure of £275,000 since the last Committee.
    - £140,000 movement due to an error in the teaching budget at Craigmarloch.
    - £67,000 relates to additional turnover savings achieved (early years £12,000 and Secondary Schools £55,000).
    - £68,000 movement is due to £34,000 from delayed recruitment of Early Years posts, £20,000 Community Learning & Development turnover savings and £14,000 Education Headquarters vacant posts.
  - (b) Projected overspend of £1,000 for Property Costs, a decrease in expenditure of £59,000 since the last Committee. £40,000 of this movement relates to Biomass fuel at the Port Glasgow Community Campus. Year to date consumption is 28% lower than in the previous year with no deliveries at all between August and November 2015. £12,000 movement due to underspends in Utility bills previously reported as breakeven. £7,000 movement due to additional Non Domestic Rates (NDR) relief following the demolition of St Patrick's Primary School.
  - (c) Projected underspend of £15,000 for Transport Costs mainly due to underspend in SPT School Bus contracts, the same as previously reported to Committee.

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- (d) Projected underspend of £152,000 in other expenditure, an increase of £69,000 since the last Committee, main movements being :
- £10,000 due to Community Learning & Development other costs underspend.
  - £20,000 due to Hospital Tuition costs. For the period up to the end of December 2015, no children required the service, the first time that this has happened.
  - £14,000 due to underspend in Clothing Grants.
  - £19,000 due to ASN Day Placement underspend.
  - £7,000 due to delay in implementing SEEMIS messaging system, previously due to be phased in from October 2015.
- (e) £216,000 projected over recovery of Income, mainly due to School Meals Income, Income from Other Local Authorities and Early Years Wraparound Income. School Meal income over recovery has increased by £62,000 since the last Committee. £40,000 relates to Secondary Schools (mainly Port Glasgow Community Campus, Notre Dame and St Columba's) and £22,000 relates to Primary Schools.

- 2.4 Earmarked Reserves for 2015/16, excluding those for Asset Plans and Strategic Funds total £2,765,000 of which £2,282,000 is projected to be spent in the current financial year. To date expenditure of £2,192,000 (96.1%) has been incurred. Spend to date per profiling was expected to be £1,574,000 therefore the year to date expenditure is now ahead of plan. This is due to the timing of the large payment made to The Beacon in Period 9.

### **3.0 RECOMMENDATION**

- 3.1 That the Committee note the projected underspend of £894,000 for the Education Revenue budget as at Period 9 to 31 December 2015.

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 £76,245,740. This is an increase of £1,849,000 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 £894,000 are:

### Employee Costs: Teachers

The total budget for Teachers Employee Costs is £37,364,000 and the latest projection is an overspend of £104,000, a decrease of £207,000 since the last Committee due to an error in the teaching budget at Craigmarloch. The overspend at the end of December 2015 relates to 7.4 fte surplus teachers. It is anticipated that this level of staff will be in place until the end of the academic year in June 2016. The breakdown of the additional 7.4fte Teachers is as follows - 4fte due to increased number of classes in Primary Schools, 2.4fter due to additional posts in Secondary Schools, 1fte due to a Placing Request appeal. This is partially being offset by an overachievement of turnover savings in teacher costs.

### Employee Costs: Non Teachers

The total budget for Non Teacher Employee Costs is £16,156,000 and the latest projection is an underspend of £624,000, an increase of £68,000 since last Committee. Early Years Education accounts for £530,000 of the projected underspend, an increase of £34,000 since the last Committee. As previously reported, a number of Nurseries continue to operate at less than their Care Commission registration capacity resulting in a projected underspend of £407,000. The balance of the Early Years Education projected underspend is due to the delay in opening St John's Nursery £66,000, no requirement to Job Evaluate the Heads and Deputies of seven Nurseries £37,000 and underspend in EYECO cover budget £20,000. In addition to the projected savings within Early Years, there is a further projected underspend of £94,000 due mainly to vacant posts within Education Headquarters and Community Learning & Development and the Corporate Director post being vacant for several months.

### Non Domestic Rates (NDR) :

The 2015/16 budget for Non Domestic Rates (NDR) is £3,114,500 and the latest projection is an underspend of £24,000. The majority of this underspend relates to empty relief for St John's Primary School during refurbishment and the demolition of St Patrick's Primary School. The underspend has increased by £7,000 since the 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.

### Biomass Fuel

Projected Underspend of £40,000 for Biomass fuel at the Port Glasgow Community Campus. Year to date consumption is 28% lower than in the previous year with no deliveries between August and November 2015.

### Utilities

Projected underspend of £12,000 for Utilities – Electricity projected overspend of £33,000 and Gas projected underspend of £45,000.

### 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 the same as reported to the last Committee.

### ASN Transport :

The 2015/16 budget for ASN Transport is £555,120 and the latest projection is an underspend of £20,000. Due to fewer placements, there has been a reduction in transport costs for day placements out with Inverclyde. There is no change to the projection since the last Committee.

### 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, the same as previously reported to Committee.

### 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 less than budget. The projection is the same as previously reported to Committee.

### 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. There is no change to this projection since the last Committee.

### Hospital Tuition:

The 2015/16 budget for Hospital Tuition costs is £30,000 and the latest projection is an underspend of £20,000. For the period up to the end of November 2015 there was no requirement for the service. This is the first time that no children have been long term in hospital.

### School Clothing Grants:

The 2015/16 budget for School Clothing Grants is £212,000 and the latest projection is an underspend of £14,000. It should be noted that in addition to this revenue budget, there is also a £100,000 Earmarked Reserve for School Clothing Grants created as part of the Council's Welfare Reform Policy. This Earmarked Reserve is reported in paragraph 6.1 and Appendix 4.

### Community Learning & Development Other Costs:

The 2015/16 budget for Community Learning & Development Other Expenditure is £65,400 and the latest projection is an underspend of £10,000.

### ASN Placements:

The 2015/16 budget for ASN Placements is £403,380 and the latest projection is an underspend on £19,000. A contingency equivalent to the cost of one placement is included within the budget and has not been required up to the end of December 2015.

### Early Years Wrapround Income:

The 2015/16 budget for Wrapround Income is £163,960 and the latest projection is an over recovery of £25,000, a reduction of £5,000 since the last Committee due to a number of refunds being issued. The reduction in Wrapround income as a result of the introduction of the Children & Young People (Scotland) Act 2014 has been lower than anticipated.

### 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.

### School Meal Income:

The 2015/16 budget for School Meal Income is £843,860 and the latest projection is an over recovery of £132,000. This is an increase of £62,000 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 £2,765,000 of which £2,282,000 is projected to be spent in the current financial year. To date expenditure of £2,192,000 (96.1%) has been incurred. Spend to date per profiling was expected to be £1,574,000 therefore the year to date expenditure is now ahead of plan. This is due to the timing of the large payment made to The Beacon in Period 9.

## **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 Chief Financial Officer and the Corporate Director Education, Communities and Organisational Development.

## **10.0 BACKGROUND PAPERS**

10.1 There are no background papers for this report.

**Education Budget Movement - 2015/16****Period 9: 1st April - 31st December 2015**

| Service                       | Approved Budget | Movements         |                  |                                  | Revised Budget                |                 |
|-------------------------------|-----------------|-------------------|------------------|----------------------------------|-------------------------------|-----------------|
|                               | 2015/16<br>£000 | Inflation<br>£000 | Virement<br>£000 | Supplementary<br>Budgets<br>£000 | Transferred to<br>EMR<br>£000 | 2015/16<br>£000 |
| Corporate Director            | 137             | 2                 |                  |                                  |                               | 139             |
| Education                     | 69,776          | 554               | 40               | 1,134                            | (6,927)                       | 64,577          |
| Inclusive Education           | 9,569           | 115               | 48               | 50                               |                               | 9,782           |
| Safer & Inclusive Communities | 1,842           | 22                | (115)            | (1)                              |                               | 1,748           |
| Totals                        | <u>81,324</u>   | <u>693</u>        | <u>(27)</u>      | <u>1,183</u>                     | <u>(6,927)</u>                | <u>76,246</u>   |

**Supplementary Budget Detail**

£000

External Resources

Raising Attainment Funding  
1+2 Language Grant  
Probationer Teachers

591  
104  
44

Internal Resources

Teachers Pension Funding  
SEMP RCH Funding

399  
45

Savings/Reductions1,183

EDUCATIONREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCESPERIOD 9 : 1st April 2015 - 31st December 2015

| <u>Out Turn</u><br><u>2014/15</u><br><u>£000</u> | <u>Budget</u><br><u>Heading</u>     | <u>Budget</u><br><u>2015/16</u><br><u>£000</u> | <u>Proportion</u><br><u>of Budget</u> | <u>Actual to</u><br><u>31-Dec-15</u><br><u>£000</u> | <u>Projection</u><br><u>2015/16</u><br><u>£000</u> | <u>(Under)/Over</u><br><u>Budget</u><br><u>£000</u> | <u>Percentage</u><br><u>Over / (Under)</u> |
|--|-------------------------------------|--|---------------------------------------|---|--|---|--|
| 36,506   | Employee Costs - Teachers           | 37,364   | 27,494                                | 27,522  | 37,468   | 104   | 0.3%                                       |
| 14,728   | Employee Costs - Non Teachers       | 16,156   | 10,891                                | 10,524  | 15,532   | (624)   | (3.9%)                                     |
| 3,148  | Non Domestic Rates                  | 3,115  | 3,115                                 | 3,078   | 3,091  | (24)  | (0.8%)                                     |
| 77   | Biomass Fuel                        | 110  | 59                                    | 33  | 70   | (40)  | (36.4%)                                    |
| 372  | Water                               | 265  | 221                                   | 200   | 344  | 79  | 29.8%                                      |
| 702  | Electricity                         | 752  | 499                                   | 490   | 785  | 33  | 4.4%                                       |
| 546  | Gas                                 | 621  | 386                                   | 369   | 576  | (45)  | (7.2%)                                     |
| 324  | Internal Transport Drivers          | 293  | 225                                   | 241   | 313  | 20  | 6.8%                                       |
| 505  | ASN Transport                       | 555  | 463                                   | 1   | 535  | (20)  | (3.6%)                                     |
| 1,496  | SPT School Buses                    | 1,228  | 1,023                                 | 1,281   | 1,215  | (13)  | (1.1%)                                     |
| 229  | Early Years Partner Providers       | 269  | 224                                   | 145   | 225  | (44)  | (16.4%)                                    |
| 0  | Early Years Day Carers              | 49   | 0                                     | 0   | 0  | (49)  | (100.0%)                                   |
| 28   | Hospital Tuition                    | 30   | 0                                     | 0   | 10   | (20)  | (66.7%)                                    |
| 202  | Clothing Grant                      | 212  | 212                                   | 198   | 198  | (14)  | (6.6%)                                     |
| 85   | CLD Other Expenditure               | 66   | 50                                    | 3   | 56   | (10)  | (15.2%)                                    |
| 430  | ASN Placements                      | 403  | 336                                   | 228   | 384  | (19)  | (4.7%)                                     |
| (268)  | Income from Other Local Authorities | (300)  | (175)                                 | (140)   | (342)  | (42)  | 14.0%                                      |
| (160)  | Early Years Wrapround Income        | (164)  | (164)                                 | (189)   | (189)  | (25)  | 15.2%                                      |
| (1,054)  | School Meal Income                  | (844)  | (500)                                 | (625)   | (976)  | (132)   | 15.6%                                      |
| <b>Total Material Variances</b>                  |                                     |  |                                       |   |  | <b>(885)</b>  |  |



**EDUCATION****REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****PERIOD 9 : 1st April 2015 - 31st December 2015**

| 2014/15<br>Actual<br>£000 | Subjective Heading                                    | Approved<br>Budget<br>2015/16<br>£000 | Revised<br>Budget<br>2015/16<br>£000 | Projected<br>Out-turn<br>2015/16<br>£000 | Projected<br>Over/(Under)<br>Spend<br>£000 | Percentage<br>Over/(Under) |
|---------------------------|---|---------------------------------------|--------------------------------------|--|--|----------------------------|
| 36,506                    | Employee Costs - Teachers                             | 35,825                                | 37,364                               | 37,468                                   | 104  | 0.3%                       |
| 14,728                    | Employee Costs - Non Teachers                         | 15,424                                | 16,156                               | 15,532                                   | (624)                                      | (3.9%)                     |
| 13,707                    | Property Costs  | 7,602                                 | 11,821                               | 11,822                                   | 1  | 0.0%                       |
| 3,678                     | Supplies & Services                                   | 3,865                                 | 3,835                                | 3,838                                    | 3  | 0.1%                       |
| 2,615                     | Transport Costs                                       | 2,384                                 | 2,554                                | 2,539                                    | (15)                                       | (0.6%)                     |
| 416                       | Administration Costs                                  | 442                                   | 440                                  | 445                                      | 5  | 1.1%                       |
| 3,726                     | Other Expenditure                                     | 18,138                                | 14,508                               | 14,356                                   | (152)                                      | (1.0%)                     |
| (3,189)                   | Income  | (2,356)                               | (3,505)                              | (3,721)                                  | (216)                                      | 6.2%                       |
| 72,187                    | TOTAL NET EXPENDITURE                                 | 81,324                                | 83,173                               | 82,279                                   | (894)                                      | (1.1%)                     |
|                           | Earmarked Reserves                                    | 0                                     | (2,807)                              | (2,807)                                  | 0  |                            |
|                           | Loan Charges / DMR                                    | 0                                     | (4,120)                              | (4,120)                                  | 0  |                            |
|                           | TOTAL NET EXPENDITURE excluding<br>Earmarked Reserves | 81,324                                | 76,246                               | 75,352                                   | (894)                                      |                            |

| 2014/15<br>Actual<br>£000 | Objective Heading                | Approved<br>Budget<br>2015/16<br>£000 | Revised<br>Budget<br>2015/16<br>£000 | Projected<br>Out-turn<br>2015/16<br>£000 | Projected<br>Over/(Under)<br>Spend<br>£000 | Percentage<br>Over/(Under) |
|---------------------------|----------------------------------|---------------------------------------|--------------------------------------|--|--|----------------------------|
| 146                       | Corporate Director               | 137                                   | 139                                  | 138                                      | (1)  | (0.7%)                     |
| 53,950                    | Education                        | 55,204                                | 56,788                               | 56,150                                   | (638)                                      | (1.1%)                     |
| 6,886                     | School Estate Management Plan    | 14,572                                | 14,716                               | 14,716                                   | 0  | -                          |
| 60,836                    | TOTAL EDUCATION SERVICES         | 69,776                                | 71,504                               | 70,866                                   | (638)                                      | (0.9%)                     |
| 8,040                     | ASN                              | 8,185                                 | 8,317                                | 8,147                                    | (170)                                      | (2.0%)                     |
| 1,413                     | Other Inclusive Education        | 1,384                                 | 1,465                                | 1,421                                    | (44)                                       | (3.0%)                     |
| 9,453                     | TOTAL INCLUSIVE EDUCATION        | 9,569                                 | 9,782                                | 9,568                                    | (214)                                      | (2.2%)                     |
| 1,573                     | Community Learning & Development | 1,612                                 | 1,551                                | 1,511                                    | (40)                                       | (2.6%)                     |
| 179                       | Other Safer & Inclusive          | 230                                   | 197                                  | 196                                      | (1)  | (0.5%)                     |
| 1,752                     | TOTAL SAFER & INCLUSIVE          | 1,842                                 | 1,748                                | 1,707                                    | (41)                                       | (2.3%)                     |
| 72,187                    | TOTAL EDUCATION COMMITTEE        | 81,324                                | 83,173                               | 82,279                                   | (894)                                      | (1.1%)                     |
|                           | Earmarked Reserves               | 0                                     | (2,807)                              | (2,807)                                  | 0  |                            |

## EARMARKED RESERVES POSITION STATEMENT

## COMMITTEE: Education &amp; Lifelong Learning

| <u>Project</u>                                   | <u>Lead Officer/<br/>Responsible Manager</u> | <u>Total<br/>Funding<br/>2015/16</u> | <u>Phased Budget<br/>To Period 9<br/>2015/16</u> | <u>Actual<br/>To Period 9<br/>2015/16</u> | <u>Projected<br/>Spend<br/>2015/16</u> | <u>Amount to be<br/>Earmarked for<br/>2016/17 &amp; 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   | 100                                       | 100                                    | 100  | Year 2 of 3 funding for The Beacon Place Partnership match funding now complete. £100k c/f will fund Year 3 in 2016/17.   |
| Beacon Contract and Core Funding                 | Angela Edwards                               | 2,150                                | 1,400  | 1,971                                     | 2,021                                  | 129  | £50k payment still to be made in 2015/16 with balance of £129k c/f for funding in 2016/17.  |
| Funding for I Youth Zone Port Glasgow & Gourrock | John Arthur                                  | 271                                  | 59   | 52  | 92                                     | 179  | Both I-Youth Zones now fully operational. £179k c/f to fund facilities in 2016/17 and 2017/18.  |
| Early Years Change Fund                          | Angela Edwards                               | 34                                   | 30   | 34  | 34                                     | 0  | Spending 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 incurred to date with the remaining £75k expected to be spent in future years. |
| Beacon Arts Development Post Funding             | Angela Edwards                               | 10                                   | 10   | 10  | 10                                     | 0  | Funding for final year of Arts Development post. Spending now complete.   |
| <b>Total</b>                                     |  | <b>2,765</b>                         | <b>1,574</b>                                     | <b>2,192</b>                              | <b>2,282</b>                           | <b>483</b>   |   |