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<b>Report To:</b>	<b>Education &amp; Communities Committee</b>	<b>Date:</b>	<b>3 May 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/47/16/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 11 to 29 February 2016</b>		

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## 1.0 PURPOSE

- 1.1 To advise the Committee of the 2015/16 Revenue Budget position as at Period 11 to 29 February 2016.

## 2.0 SUMMARY

- 2.1 The total Education budget for 2015/16 is £75,164,600. The School Estates Management Plan accounts for £14,519,300 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 £1.068 million (1.4%.) This is a decrease in expenditure of £174,000 since the last Committee.
- 2.3 The main reasons for the projected underspend are –
- (a) Projected underspend of £641,000 for Employee Costs, a decrease in expenditure of £121,000 since the last Committee.  
Teachers are projected to overspend by £7,000, a reduction in expenditure of £97,000 since the last Committee. It has previously been reported that the number of Teachers employed exceeded the budget by 7.4fte and this was projected to continue until the end of the Academic Year in June 2016. However, since January 2016 a number of vacancies have occurred in both Primary and Secondary Schools. Filling these vacancies has proved to be difficult due to the Scotland wide shortage of Supply Teachers. As a result, the number of Teachers employed at the end of February 2016 is 10.9fte less than budget and is projected to continue until the end of the Financial Year.  
Non-teacher employee costs are projected to underspend by £648,000, a reduction in expenditure of £24,000 since last Committee. As previously reported to Committee, the majority of this underspend relates to Early Years Education.
  - (b) Projected underspend of £38,000 for Property Costs, a decrease in expenditure of £39,000 since the last Committee. £26,000 of this movement relates to a reduction in Electricity consumption, now projected to overspend by £7,000.  
£10,000 relates to an increase in the projected underspend for Biomass fuel at the Port Glasgow Community Campus.
  - (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 £144,000 for Other Expenditure, an £8,000 increase in expenditure since the last Committee.

(e) £238,000 projected over recovery of Income, an increase of £22,000 since the last Committee, the majority of which is due to Music Tuition fees within Secondary 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 £2,204,000 (96.6%) has been incurred. Spend to date per profiling was expected to be £1,896,000 therefore the year to date expenditure is currently ahead of plan.

### **3.0 RECOMMENDATION**

3.1 That the Committee note the projected underspend of £1.068m for the Education Revenue budget as at Period 11 to 29 February 2016.

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 £75,164,600. This is an increase of £921,000 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 £1.068m are:

### Employee Costs: Teachers:

The total budget for Teachers Employee Costs is £37,319,000 and the latest projection is an overspend of £7,000, a decrease in expenditure of £97,000 since the last Committee. At the end of December 2015 the number of Teachers exceeded the budget by 7.4fte. By the end of February 2016 the number of Teachers had dropped to 10.9fte less than budget. The filling of vacant posts has been difficult due to a Scotland wide shortage of Supply Teachers and it is anticipated that the number of Teachers will remain below budget until the end of the Financial Year. The 10.9fte vacancies are spread across ten Primary and Secondary schools.

### Employee Costs: Non Teachers:

The total budget for Non Teacher Employee Costs is £16,074,000 and the latest projection is an underspend of £648,000, an increase of £24,000 since last Committee. Early Years Education accounts for £554,000 of the projected underspend, an increase of £24,000 since 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 £431,000. 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 Deputes 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 remains the same as reported to the last Committee.

### Water:

The Water budget for 2015/16 is £260,920 and the latest projection is an overspend of £67,000, an decrease of £12,000 since last Committee. As previously reported, £40,000 of the overspend relates to drainage charges at two PPP Secondary Schools. Following discussions between the PPP Provider and Council Officers, it was agreed that an amount equivalent to two years drainage charges (£87,710) would be deducted, on a without prejudice basis, from the March 2016 Unitary Charge invoice for operating the PPP Schools. This money will be held separately within the School Estate Management Plan budget until discussions between the building contractors and Business Stream are concluded.

The remaining £27,000 projected overspend relates to consumption in school buildings being higher than budget.

#### Biomass Fuel:

The projected underspend for Biomass Fuel at the Port Glasgow Community Campus is now £50,000, an increase of £10,000 since the last Committee. Year to date consumption at the end of February 2016 is 34% lower than in the previous year, including no deliveries between August and November 2015.

#### Gas:

Projected underspend of £41,000 for Gas, a reduction of £4,000 since last Committee. Actual consumption in schools has been lower than budgeted.

#### 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 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 £32,000, a reduction of £12,000 since last Committee. A number of payments relating to August 2015 were not made until January 2016 and have reduced the last projected underspend. 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 32 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. There is no change to this projection since last Committee.

#### Hospital Tuition:

The 2015/16 budget for Hospital Tuition costs is £30,000 and the latest projection is an underspend of £29,000, an increase of £9,000 since last Committee. For the period up to the end of February 2016 there was no requirement for the service, a further three months with no activity since the last report.

#### School Clothing Grants:

The 2015/16 budget for School Clothing Grants is £212,000 and the latest projection is an underspend of £14,000, the same as previously reported to Committee. 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, the same as previously reported to Committee.

### ASN Placements:

The 2015/16 budget for ASN Placements is £403,380 and the latest projection is an underspend on £37,000, an increase of £18,000 since the last Committee. A contingency equivalent to the cost of one placement is included within the budget and will not be required up to the end of the Financial Year.

### Early Years Wraparound Income:

The 2015/16 budget for Wraparound Income is £163,960 and the latest projection is an over recovery of £25,000, the same as previously reported to the last Committee. The reduction in Wraparound 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, the same as previously reported to Committee. Inverclyde Council receives payment from other Authorities for providing places for children within Inverclyde Education establishments, mostly Garvel and Craigmarnoch.

### Music Tuition Fees:

The Music Tuition Fees budget for 2015/16 is £11,000 and the latest projection is an over recovery of £20,000. Invoicing has now been completed for the Academic Year and there has been an increase in uptake by pupils compared to the previous year.

### 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, the same as reported to 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 £2,204,000 (96.6%) has been incurred. Spend to date per profiling was expected to be £1,896,000 therefore the year to date expenditure is ahead of plan.

## **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 11: 1st April - 29th February 2016**

Service	Approved Budget	Movements			Transferred to EMR £000	Revised Budget
	2015/16 £000	Inflation £000	Virement £000	Supplementary Budgets £000		2015/16 £000
Corporate Director	137	2				139
Education	69,776	554	(117)	363	(7,080)	63,496
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>(184)</u>	<u>412</u>	<u>(7,080)</u>	<u>75,165</u>

**Supplementary Budget Detail**

£000

External Resources

1+2 Language Grant	104
Probationer Teachers	44
New Highers	17

Internal Resources

Teachers Pension Funding	399
SEMP RCH Funding	45
SEMP to Inflation Contingency	(197)

Savings/Reductions

<u>412</u>
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EDUCATIONREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCESPERIOD 11 : 1st April 2015 - 29th February 2016

<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>29-Feb-16</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>
14,728	Employee Costs - Non Teachers	16,074	13,782	13,236	15,426	(648)	(4.0%)
3,148	Non Domestic Rates	3,115	3,115	3,083	3,091	(24)	(0.8%)
77	Biomass Fuel	110	92	41	60	(50)	(45.5%)
372	Water	261	239	215	328	67	25.7%
546	Gas	621	569	439	580	(41)	(6.6%)
324	Internal Transport Drivers	293	225	268	313	20	6.8%
505	ASN Transport	555	463	0	535	(20)	(3.6%)
1,496	SPT School Buses	1,228	1,023	1,015	1,215	(13)	(1.1%)
229	Early Years Partner Providers	269	269	237	237	(32)	(11.9%)
0	Early Years Day Carers	49	0	0	0	(49)	(100.0%)
28	Hospital Tuition	30	0	0	1	(29)	(96.7%)
202	Clothing Grant	212	212	198	198	(14)	(6.6%)
85	CLD Other Expenditure	66	61	11	56	(10)	(15.2%)
430	ASN Placements	403	369	263	366	(37)	(9.2%)
(268)	Income from Other Local Authorities	(300)	(275)	(331)	(342)	(42)	14.0%
(160)	Early Years Wrapround Income	(164)	(164)	(189)	(189)	(25)	15.2%
(20)	Music Tuition	(11)	(11)	(31)	(31)	(20)	181.8%
(1,054)	School Meal Income	(844)	(751)	(818)	(976)	(132)	15.6%
<b>Total Material Variances</b>						<b>(1,099)</b>	



**EDUCATION****REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****PERIOD 11 : 1st April 2015 - 29th February 2016**

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	37,319	37,326	7	0.0%
14,728	Employee Costs - Non Teachers	15,424	16,074	15,426	(648)	(4.0%)
13,707	Property Costs	7,602	11,811	11,773	(38)	(0.3%)
3,678	Supplies & Services	3,865	3,875	3,878	3	0.1%
2,615	Transport Costs	2,384	2,557	2,542	(15)	(0.6%)
416	Administration Costs	442	443	448	5	1.1%
3,726	Other Expenditure	18,138	14,436	14,292	(144)	(1.0%)
(3,189)	Income	(2,356)	(4,270)	(4,508)	(238)	5.6%
72,187	TOTAL NET EXPENDITURE	81,324	82,245	81,177	(1,068)	(1.3%)
	Earmarked Reserves	0	(2,960)	(2,960)	0	
	Loan Charges / DMR	0	(4,120)	(4,120)	0	
	TOTAL NET EXPENDITURE excluding Earmarked Reserves	81,324	75,165	74,097	(1,068)	

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	138	(1)	(0.7%)
53,950	Education	55,204	56,047	55,235	(812)	(1.4%)
6,886	School Estate Management Plan	14,572	14,519	14,519	0	-
60,836	TOTAL EDUCATION SERVICES	69,776	70,566	69,754	(812)	(1.2%)
8,040	ASN	8,185	8,323	8,156	(167)	(2.0%)
1,413	Other Inclusive Education	1,384	1,469	1,406	(63)	(4.3%)
9,453	TOTAL INCLUSIVE EDUCATION	9,569	9,792	9,562	(230)	(2.3%)
1,573	Community Learning & Development	1,612	1,552	1,528	(24)	(1.5%)
179	Other Safer & Inclusive	230	196	195	(1)	(0.5%)
1,752	TOTAL SAFER & INCLUSIVE	1,842	1,748	1,723	(25)	(1.4%)
72,187	TOTAL EDUCATION COMMITTEE	81,324	82,245	81,177	(1,068)	(1.3%)
	Earmarked Reserves	0	(2,960)	(2,960)	0	

## EARMARKED RESERVES POSITION STATEMENT

## COMMITTEE: Education &amp; Lifelong Learning

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2015/16</u>	<u>Phased Budget To Period 11 2015/16</u>	<u>Actual To Period 11 2015/16</u>	<u>Projected Spend 2015/16</u>	<u>Amount to be Earmarked for 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	75	100	100	100	Year 2 of 3 year funding for The Beacon Place Partnership match funding. Full payment of £100k for 2015/16 has now been made with £100k c/f for payment in 2016/17.
Beacon Contract and Core Funding	Angela Edwards	2,150	1,675	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 & Gourock	John Arthur	271	81	64	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>1,896</b>	<b>2,204</b>	<b>2,282</b>	<b>483</b>	