
Report To:	Education & Communities Committee	Date:	6 September 2016
Report By:	Chief Financial Officer and Corporate Director Education, Communities and Organisational Development	Report No:	FIN/079/16/AP/IC
Contact Officer:	Iain Cameron	Contact No:	01475 712832
Subject:	Education 2016/17 Revenue Budget- Period 3 to 30 June 2016		

1.0 PURPOSE

- 1.1 To advise the Committee of the 2015/16 final out-turn and the 2016/17 Revenue Budget position as at Period 3 to 30 June 2016.

2.0 SUMMARY

- 2.1 In 2015/16, excluding the carry forward of Earmarked Reserves of £4,742,000, there was an underspend of £1.177 million against a budget figure of £74.953 million. This equates to 1.6% of the total budget and was £109,000 less expenditure than reported to the Committee in May 2016.

The main variances for 2015/16 were –

- (a) Employee Costs underspend £590,000. An overspend of £56,000 for Teachers was offset by an underspend of £646,000 for Non Teachers, mainly within Early Years Education where a number of Nurseries did not operate at full capacity and the delay to the opening of St John's Nursery resulted in one-off savings.
- (b) Underspend of £143,000 for Property Costs mainly made up of £24,000 underspend for Non Domestic Rates (NDR), £16,000 underspend for Utilities, £55,000 underspend for Biomass, £71,000 underspend for Janitors and a £23,000 overspend for Cleaning.
- (c) £58,000 underspend for Supplies & Services, the majority of which was due to an underspend on IT Recharges.
- (d) £71,000 underspend for Transport mainly made up of a £96,000 underspend for ASN Transport and £34,000 overspend for Internal Transport provision.
- (e) £49,000 underspend for Early Years Day Carers and a £33,000 underspend for Early Years Partner Providers.
- (f) £28,000 underspend for Hospital Tuition and a £22,000 underspend for ASN Resources offset by £27,000 overspend for ASN Support and £27,000 overspend on Personal Learning Plans (PLP)

- (g) £115,000 over recovery of School Meals Income.
- (h) £46,000 over recovery of Income from Other Local Authorities for ASN School places.
- (i) £27,000 over recovery of Early Years Wrapround Income and £23,000 over recovery of Music Tuition Fees.

2.2 The total Education budget for 2016/17, excluding planned carry forward for Earmarked Reserves, is £73,901,560. The School Estate Management Plan accounts for £14,631,000 of the total Education budget. The latest projection is an underspend of £131,000.

2.3 The main reasons for the 2016/17 underspend are –

- (a) Projected underspend of £35,000 for Employee Costs, £26,000 of which relates to Teachers due to the secondment of a Quality Improvement Officer (QIO) to the Attainment Challenge.
- (b) Projected overspend of £37,000 for Water based on pre-paid invoice for 2016/17. The overspend is due to drainage charges at Clydeview Academy and Notre Dame High School. Officers of the Council are currently in negotiations with the operator of these PPP schools regarding a refund of costs against the Unitary Charge and corrective drainage work being carried out.
- (c) Projected underspend of £23,000 for Biomass Fuel used at Port Glasgow Community Campus. Up to start of June 2016 there has been a 21% reduction in tonnage delivered compared to previous year.
- (d) Projected underspend of £33,000 for Janitors.
- (e) Projected underspend of £65,000 for externally provided ASN Transport. This is in line with the final out turn for 2015/16.
- (f) Projected over recovery of Music Tuition Fees £20,000 which is in line with the out turn for 2015/16.

2.4 Earmarked Reserves for 2016/17, excluding those for Asset Plans and Strategic Funds, total £1,201,000 of which £716,000 is projected to be spent in the current financial year. To date expenditure of £148,000 (20.7%) has been incurred. Spend to date per profiling was also expected to be £148,000, therefore there is no slippage at this time.

3.0 RECOMMENDATION

- 3.1 That the Committee note the final out- turn for 2015/16.
- 3.2 That the Committee note the current projected underspend of £131,000 for the 2016/17 Education Revenue budget as at Period 3 to 30 June 2016.
- 3.3 That the Committee approve the virement of £25,000 detailed in paragraph 8.1 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 the Committee of the current position of the 2016/17 Revenue Budget, as well as the 2015/16 final out-turn and to highlight the main issues contributing to the £1.177 million underspend in 2015/16 and the projected underspend of £131,000 for 2016/17.

5.0 2015/16 OUT TURN

5.1 The final out turn for 2015/16, after adjustments for Earmarked Reserves, was an underspend of £1.177 million. The main factors contributing to this underspend were:

	Revised Budget 2015/16	Out Turn 2015/16	Variance to Budget	P11 Projected Variance	Movement Since P11 Projection
Corporate Director	137	139	2	(1)	3
Education Services	63,256	62,461	(795)	(812)	17
Inclusive Education	9,792	9,477	(315)	(230)	(85)
Safer Inclusive Communities	1,768	1,699	(69)	(25)	(44)
TOTAL NET EXPENDITURE	74,953	73,776	(1,177)	(1,068)	(109)

The main variances are explained in greater detail below.

Employee Costs:

Total underspend for Employee Costs was £590,000 (1.1%)

There was an overspend of £56,000 for Teachers, almost entirely due to a provision made for Job Sizing of staff at Craigmarloch.

Non Teacher Employee Costs had an underspend of £646,000. Early Years Education accounted for £550,000 of this total (£66,000 due to delay in opening St John's Nursery, £37k due to no requirement for job sizing of Nursery Heads and £447,000 due to Nurseries operating at less than capacity.) Vacant posts within Corporate Director, Education HQ and CLD were responsible for the balance.

Property Costs:

Total underspend for Property Costs was £143,000 (1.0%)

£24,000 underspend for Non-Domestic Rates (NDR) mainly due to Community Learning & Development building being funded from I-Youth Zone Greenock Big Lottery Fund Grant.

£38,000 overspend for Water was due to higher than anticipated property drainage charges and higher consumption in schools.

£45,000 underspend for Gas due to lower consumption as a result of the milder than expected winter.

£55,000 underspend for biomass fuel at Port Glasgow Community Campus due to system only operating for part of the year.

£71,000 underspend for contract janitors across Education buildings.

Supplies and Services:

Total underspend for Supplies and Services was £58,000 (1.5%)

This was mainly due to an underspend on Education IT Re-Charges.

Transport Costs:

Total underspend for Transport Costs was £71,000 (2.7%)

£34,000 overspend for Internal Transport, mostly Council Driver costs.

£96,000 underspend for SPT ASN Transport provision and £7,000 underspend for SPT School Buses contracts.

Other Expenditure:

Total underspend for Other Expenditure was £109,000 (1.5%)

£49,000 underspend for Early Years Day Carers (budget not required in 2015/16)

£33,000 underspend for Early Years Partner Providers (operating less than capacity)

£27,000 overspend on ASN Support

£22,000 underspend on ASN Placements

£28,000 underspend on Hospital Tuition

Income:

Total over recovery of Income was £213,000 (5.5%)

£115,000 over recovery of School Meal Income due to uptake being higher than expected.

£46,000 over recovery of Income from Other Local Authorities (placements in ASN Schools)

£27,000 over recovery of Early Years Wraparound Income due to increased uptake.

£23,000 over recovery of Music Fees Income due to increased uptake.

6.0 2016/17 PROJECTION

6.1 The total Education budget for 2016/17, excluding planned carry forward for Earmarked Reserves, is currently £73,901,560. This is an increase of £413,000 from the approved budget. Appendix 1 gives details of the budget movement responsible for this increase.

6.2 The main issues to highlight in relation to the 2016/17 projected underspend of £131,000 are:

Employee Costs

The total budget for Employee Costs is £53,926,000 and the latest projection is an underspend of £35,000. Teachers Employee costs are projected to underspend by £26,000 due to the secondment of a Quality Improvement Officer (QIO) to the Attainment Challenge. The balance of the underspend relates to Non Teacher Employee Costs, mainly due to a seconded employee being back filled on a part-time basis.

Water

The total budget for Water is £289,000 and the latest projection is an overspend of £37,000 based on pre-paid invoice received for 2016/17. The projected overspend is due to drainage charges at Clydeview Academy and Notre Dame High School. This issue has previously been reported to the Committee and a sum of £87,710 was deducted from the 2015/16 Unitary Charge as a result of these charges in previous years. Officers of the Council are currently conducting

further negotiations with the operator of these PPP schools regarding a refund of these costs for 2016/17. Physical changes to the drainage systems to stop these charges being due in future are also being progressed.

Biomass

The Biomass budget for Port Glasgow Community Campus is £101,750 and the latest projection is an underspend of £23,000.

Janitors

The 2016/17 budget for Janitors is £1,167,000 and the latest projection is an underspend of £33,000.

ASN Transport

Following approval of the virement requested in paragraph 8.1 and Appendix 5, the 2016/17 ASN Transport budget for vehicles supplied by external providers is £548,420 and the latest projection is an underspend of £65,000. The projected out- turn is in line with the final out- turn for 2015/16.

Music Tuition Fees

The 2016/17 budget for Music Tuition Fees is £11,420 and the latest projection is an over recovery of £20,000 which is in line with the final out- turn for 2015/16. A full review of uptake of this service will take place in the new academic year.

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

7.0 EARMARKED RESERVES

7.1 Earmarked Reserves excluding those for Asset Plans and Strategic Funds total £1,201,000, of which £716,000 is projected to be spent in 2016/17. Spend to date at the end of Period 3 is £148,000 or 20.7% of the projected spend for this Financial Year. Spend to date per profiling was also expected to be £148,000, therefore there is no slippage at this time.

8.0 VIREMENTS

8.1 The Committee is asked to approve the virement of £25,000 from ASN External Transport to Internal Transport Drivers ASN as detailed in Appendix 5. A contract for the transportation of children to Corseford School in Renfrewshire has transferred from an external provider to Inverclyde Council Transport Services.

9.0 IMPLICATIONS

9.1 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					

9.2 **Legal**

There are no specific legal implications arising from this report

9.3 **Human Resources**

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

9.4 **Equalities**

There are no equalities issues with this report.

9.5 **Repopulation**

There are no repopulation issues with this report.

10.0 CONSULTATION

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

11.0 BACKGROUND PAPERS

11.1 There are no background papers for this report.

Education Budget Movement - 2016/17**Period 3: 1st April - 30th June 2016**

Service	Approved Budget 2016/17 £000	Movements			Transferred to EMR £000	Revised Budget 2015/16 £000
		Inflation £000	Virement £000	Supplementary Budgets £000		
Corporate Director	141					141
Education	70,690	134	(97)	434	(9,094)	62,067
Inclusive Education	9,940			12		9,952
Safer & Inclusive Communities	1,812		(70)			1,742
Totals	82,583	134	(167)	446	(9,094)	73,902

Supplementary Budget DetailExternal Resources

1+2 Language Grant
Probationer Teacher Funding

Virements

Street Mates from CLD to Safer Comms - upload correction
Reduction In Utilities Budgets

Internal Resources

SEMP Inflation

Savings/Reductions

	£000
	72
	374
	(70)
	(97)
	134
	413

EDUCATIONREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCESPERIOD 3 : 1st April 2016 - 30th June 2016

<u>Out Turn</u> <u>2015/16</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Budget</u> <u>2016/17</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u>	<u>Actual to</u> <u>30-Jun-16</u> <u>£000</u>	<u>Projection</u> <u>2016/17</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>Percentage</u> <u>Over / (Under)</u>
37,338	Employee Costs - Teachers	38,136	9,523	9,375	38,110	(26)	(0.1%)
306	Water	289	0	0	326	37	12.8%
55	Biomass	102	26	9	79	(23)	(22.5%)
1,098	Janitors	1,167	292	245	1,134	(33)	(2.8%)
460	ASN Transport	548	0	0	483	(65)	(11.9%)
(34)	Music Tuition Fees	(11)	(4)	(7)	(31)	(20)	181.8%
Total Material Variances						(130)	

EDUCATION**REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****PERIOD 3 : 1st April 2016 - 30th June 2016**

2015/16 Actual £000	Subjective Heading	Approved Budget 2016/17 £000	Revised Budget 2016/17 £000	Projected Out-turn 2016/17 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
37,338	Employee Costs - Teachers	37,893	38,136	38,110	(26)	(0.1%)
15,396	Employee Costs - Non Teachers	15,318	15,790	15,781	(9)	(0.1%)
14,350	Property Costs	7,659	7,582	7,551	(31)	(0.4%)
3,758	Supplies & Services	4,000	4,038	4,038	0	-
2,532	Transport Costs	2,084	2,097	2,032	(65)	(3.1%)
425	Administration Costs	428	418	418	0	-
4,060	Other Expenditure	17,634	17,898	17,918	20	0.1%
(4,083)	Income	(2,433)	(2,963)	(2,983)	(20)	0.7%
73,776	TOTAL NET EXPENDITURE	82,583	82,996	82,865	(131)	(0.2%)
	Earmarked Reserves	0	(4,728)	(4,728)	0	
	Loan Charges / DMR	0	(4,366)	(4,366)	0	
	TOTAL NET EXPENDITURE excluding Earmarked Reserves	82,583	73,902	73,771	(131)	

2015/16 Actual £000	Objective Heading	Approved Budget 2016/17 £000	Revised Budget 2016/17 £000	Projected Out-turn 2016/17 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
139	Corporate Director	141	141	141	0	-
55,006	Education	56,193	56,530	56,511	(19)	(0.0%)
7,455	School Estate Management Plan	14,497	14,631	14,631	0	-
62,461	TOTAL EDUCATION SERVICES	70,690	71,161	71,142	(19)	(0.0%)
8,106	ASN	8,494	8,505	8,430	(75)	(0.9%)
1,371	Other Inclusive Education	1,446	1,447	1,423	(24)	(1.7%)
9,477	TOTAL INCLUSIVE EDUCATION	9,940	9,952	9,853	(99)	(1.0%)
1,518	Community Learning & Development	1,555	1,485	1,471	(14)	(0.9%)
181	Other Safer & Inclusive	257	257	258	1	0.4%
1,699	TOTAL SAFER & INCLUSIVE	1,812	1,742	1,729	(13)	(0.7%)
73,776	TOTAL EDUCATION COMMITTEE	82,583	82,996	82,865	(131)	(0.2%)
	Earmarked Reserves	0	(4,728)	(4,728)	0	

EARMARKED RESERVES POSITION STATEMENT
COMMITTEE: Education & Lifelong Learning

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2016/17</u> £000	<u>Phased Budget To Period 3 2016/17</u> £000	<u>Actual To Period 3 2016/17</u> £000	<u>Projected Spend 2016/17</u> £000	<u>Amount to be Earmarked for 2017/18 & Beyond</u> £000	<u>Lead Officer Update</u>
Creative Scotland Match Funding	Grant McGovern	100	25	25	100	0	Final year of funding for The Beacon Place Partnership. Spend will be completed by end of 2016/17.
Beacon Contract and Core Funding	Grant McGovern	529	115	115	345	184	Funding for Beacon for 2016/17 is £75k for Retention and £270k of Revenue Support. Balance of £130k will be used in 2017/18 and £54k held as a contingency.
Funding for 1 Youth Zone Port Glasgow & Gourock	John Arthur	190	8	8	129	61	Projected expenditure based on £97k staff costs and £32k resources spend
School Clothing Grants	Grant McGovern	75	0	0	25	50	£25k funding for Year 2 of 4 year funding. £50k c/f for remaining 2 years.
Rankin Park Bike Trail - School Use	John Arthur	60	0	0	12	48	Phase 1 roll out in Academic Year 16/17 and Phase 2 in 17/18
Primary School Swimming - P6 to P4 Move	John Arthur	60	0	0	30	30	£30k allocated for 16/17 and anticipated that invoices for buses and swim teachers will be charged to EMR at year end
PG Community Campus Apprenticeships	Ruth Binks	50	0	0	0	50	No expenditure projected for this Financial Year
Developing Young Person's Workforce	Ruth Binks	87	0	0	60	27	Includes Allocation of £14k to Econ Development in Oct 16 & £14k in 17/18 - remaining £13k c/f funds last term of Academic Year 16/17 Apr to June
School Holiday Lunches	Ruth Binks	50	0	0	15	35	£15k allocated to 16/17 for Larkfield & PG, £35k c/f for use 17/18
Total		1,201	148	148	716	485	

EDUCATION COMMITTEE

VIREMENT REQUESTS

Budget Heading	Increase Budget		(Decrease) Budget
	£	£	£
Internal Transport Drivers - ASN	1	25,000	
ASN Transport - Externally Provided			25,000
		25,000	25,000

Note

1 - £25,000 will be used to fund Internal Transport Driver Costs. A contract for transportation to Corseford School in Renfrewshire has been transferred from an external provider to Inverclyde Council Transport Services.