

---

<b>Report To:</b>	<b>Education &amp; Communities Committee</b>	<b>Date:</b>	<b>17 January 2017</b>
<b>Report By:</b>	<b>Chief Financial Officer and Corporate Director Education, Communities and Organisational Development</b>	<b>Report No:</b>	<b>FIN/118/16/AP/IC</b>
<b>Contact Officer:</b>	<b>Iain Cameron</b>	<b>Contact No:</b>	<b>01475 712832</b>
<b>Subject:</b>	<b>Education 2016/17 Revenue Budget- Period 7 to 31 October 2016</b>		

---

## 1.0 PURPOSE

- 1.1 To advise the Committee of the 2016/17 Revenue Budget position as at Period 7 to 31 October 2016.

## 2.0 SUMMARY

- 2.1 The total Education budget for 2016/17, excluding planned carry forward for Earmarked Reserves, is £73,713,890. The School Estate Management Plan accounts for £14,631,000 of the total Education budget. The latest projection is an underspend of £515,000, an increase of £318,000 since the last Committee.
- 2.2 The main reasons for the 2016/17 projected underspend are –
- (a) Projected underspend of £320,000 for Teachers Employee Costs. £30,000 of this relates to a saving due to the secondment of a Quality Improvement Officer (QIO) to the Attainment Challenge and £30,000 relates to a vacant post within Early Years Education. The balance of £260,000 is due to the number of teachers employed in Primary and Secondary schools projected to be less than budget for the remainder of this Financial Year.
  - (b) Projected underspend of £71,000 for Non Teachers Employee Costs. £30,000 of this underspend is due to the early achievement of a budget saving. The balance of £41,000 is due to vacant posts within Education Headquarters and Community Learning and Development.
  - (c) Projected overspend of £48,000 for Water based on latest actual meter readings. The Education Services Water budget has been increased by £14,910 since the last Committee following a Corporate review of Council Water budgets. £37,000 of the projected overspend relates to the previously reported drainage charges at Clydeview Academy and Notre Dame High School. Officers of the Council continue to negotiate with the operator of these PPP schools regarding a refund of costs against the Unitary Charge payments and corrective drainage work being carried out.
  - (d) Projected underspend of £109,000 for Contract Cleaning within schools following the early implementation of operational efficiencies by Environmental and Commercial Services. This is an increase of £33,000 since the last Committee.

- 
- (e) Projected underspend of £135,000 for ASN Transport based on latest information received from SPT. The projected out-turn for 2016/17 is £86,000 less expenditure than the previous year. Approximately £10,000 of this reduction is due to children no longer being transported outwith Inverclyde. £23,000 of the reduction relates to reduction in costs for transporting children to the School Age Language Unit and Stella Maris. These children are now transported by Internal Transport vehicles. The remaining balance relates to a reduction in ASN transportation to mainstream schools due to a number of contracts ending. The projected underspend has increased by £110,000 since the last Committee.
  - (f) Projected underspend of £20,000 for ASN Placements. The budget contains a contingency for one additional placement and this was not required for the first seven months of the Financial Year.
  - (g) As previously reported, there is a projected overspend of £20,000 for ASN Support. This relates to expenditure on Audiology Services and the purchase of Assistive Technology products for Craigmarloch School and St Michael's Primary School.

2.3 Earmarked Reserves for 2016/17, excluding those for Asset Plans and Strategic Funds, total £1,400,000 of which £640,000 is projected to be spent in the current financial year. To date, expenditure of £332,000 (51.9%) has been incurred. Spend to date per profiling was expected to be £444,000, therefore year to date expenditure is £112,000 or 25.2% behind phased spend. The majority of the slippage relates to payments to The Beacon due to final retention for construction work not being finalised.

### **3.0 RECOMMENDATIONS**

- 3.1 That the Committee note the current projected underspend of £515,000 for the 2016/17 Education Revenue budget as at Period 7 to 31 October 2016.
- 3.2 That the Committee approve the virement of £41,000 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 the Committee of the current position of the 2016/17 Revenue Budget as at Period 7, 31 October 2016 and highlight the main issues contributing to the projected underspend of £515,000.

## **5.0 2016/17 PROJECTION**

- 5.1 The total Education budget for 2016/17, excluding planned carry forward for Earmarked Reserves, is currently £73,713,890. This is an increase of £225,000 from the approved budget. Appendix 1 gives details of the budget movement responsible for this increase.
- 5.2 The main issues to highlight in relation to the 2016/17 projected underspend of £515,000 are:

### Employee Costs - Teachers

The total budget for Teachers Employee Costs is £38,164,000 and the latest projection is an underspend of £320,000 or 0.8%, an increase in underspend of £145,000 since the last Committee.

£30,000 of this relates to a saving due to the secondment of a Quality Improvement Officer (QIO) to the Attainment Challenge and £30,000 relates to a vacant post within Early Years Education. The balance of £260,000 is due to the number of teachers employed in Primary and Secondary schools projected to be 7fte less than budget for the remainder of this Financial Year. However, it should be noted that all schools are operating with their full complement of teachers per the current staffing formula.

### Employee Costs – Non Teachers

The total budget for Non Teacher Employee costs is £15,733,000 and the latest projection is an underspend of £71,000 or 0.5%. The early achievement of the Business Support in Schools budget saving accounts for £30,000 of the projected underspend. The balance of £41,000 is due to vacant posts within Education Headquarters and Community Learning and Development.

### Water

The total budget for Water is £259,000 and the latest projection is an overspend of £48,000. The Education Services Water budget has been increased by £14,910 since the last Committee following a Corporate review of Council Water budgets. £37,000 of the projected overspend relates to the previously reported to drainage charges at Clydeview Academy and Notre Dame High School. Officers of the Council are continuing to negotiate with the operator of these PPP schools regarding a refund of these costs against the Unitary Charge payments and corrective drainage work being carried out.

### Contract Cleaning

The total budget for Contract Cleaning is £1,292,000 and the latest projection is an underspend of £109,000, an increase in underspend of £33,000 since the last Committee. A budget saving of £100,000 for the 2017/18 Contract Cleaning budget was approved by the Policy & Resources Committee on 20 September 2016. Following a review of working practices within schools, this saving has now been achieved.

## ASN Transport

The total ASN Transport budget is £508,000 and the latest projection is an underspend of £135,000. The projected out-turn for 2016/17 is £86,000 less expenditure than the previous year. Approximately £10,000 of this reduction is due to children no longer being transported outwith Inverclyde. £23,000 of the reduction relates to reduction in costs for transporting children to the School Age Language Unit and Stella Maris. These children are now transported by Internal Transport vehicles. The remaining balance relates to a reduction in ASN transportation to mainstream schools due to a number of contracts ending. The projected underspend has increased by £110,000 since the last Committee.

## ASN Placements

The total budget for ASN Placements is £405,000 and the latest projection is an underspend of £20,000. The budget contains a contingency for one additional placement and this was not required for the first seven months of the Financial Year.

## ASN Support

The ASN Support budget for 2016/17 is £58,000 and the latest projection is an overspend of £20,000. This relates to expenditure on Audiology Services and the purchase of Assistive Technology products for Craigmarloch School and St Michael's Primary School. There is no change to this projection since the last Committee.

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

## **6.0 EARMARKED RESERVES**

6.1 Earmarked Reserves for 2016/17, excluding those for Asset Plans and Strategic Funds, total £1,400,000 of which £640,000 is projected to be spent in the current financial year. To date expenditure of £332,000 (51.9%) has been incurred. Spend to date per profiling was expected to be £444,000, therefore year to date expenditure is £112,000 or 25.2% behind phased spend. The majority of the slippage relates to payments to The Beacon due to final retention for construction work not being finalised.

## **7.0 VIREMENTS**

7.1 The Committee is asked to approve the virement of £41,000 from the Gas budget to the Electricity budget as detailed 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 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 - 2016/17****Period 7: 1st April - 31st October 2016**

Service	Approved Budget	Movements				Revised Budget
	2016/17 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	2015/16 £000
Corporate Director	141					141
Education	70,690	(37)	(60)	440	(9,094)	61,939
Inclusive Education	9,940		(49)			9,891
Safer & Inclusive Communities	1,812		(69)			1,743
<b>Totals</b>	<b>82,583</b>	<b>(37)</b>	<b>(178)</b>	<b>440</b>	<b>(9,094)</b>	<b>73,714</b>

**Movement Detail**

£000

External Resources

1+2 Language Grant  
Probationer Teacher Funding

72  
368  
440

Virements

Street Mates from CLD to Safer Comms - upload correction  
Early Achievement ASN Transport Saving  
SWAN Contract  
Water Re-Allocation  
Janitors to Communities  
Biomass to Communities  
Music Tuition to Communities

(70)  
(40)  
12  
15  
(40)  
(35)  
(20)  
(178)

Inflation

SEMP Inflation  
Gas Budget Inflation Removed  
SPT Deflation

134  
(143)  
(28)  
(37)

Savings/Reductions225

**EDUCATION****REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****PERIOD 7 : 1st April 2016 - 31st October 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>31-Oct-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	38,200	22,156	21,940	37,880	(320)	(0.8%)
15,396	Employee Costs - Non teachers	15,733	8,769	8,687	15,662	(71)	(0.5%)
306	Water	259	259	313	307	48	18.5%
1,235	Contract Cleaning	1,292	757	732	1,183	(109)	(8.4%)
460	ASN Transport	508	318	1	373	(135)	(26.6%)
381	ASN Placements	405	236	147	385	(20)	(4.9%)
105	ASN Support	58	34	63	78	20	34.5%
<b>Total Material Variances</b>						<b>(587)</b>	

**EDUCATION****REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****PERIOD 7 : 1st April 2016 - 31st October 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	38,201	37,881	(320)	(0.8%)
15,396	Employee Costs - Non Teachers	15,318	15,733	15,662	(71)	(0.5%)
14,350	Property Costs	7,659	7,463	7,494	31	0.4%
3,758	Supplies & Services	4,000	4,000	3,945	(55)	(1.4%)
2,532	Transport Costs	2,084	2,041	1,914	(127)	(6.2%)
425	Administration Costs	428	426	426	0	-
4,060	Other Expenditure	17,634	17,988	18,015	27	0.2%
(4,083)	Income	(2,433)	(3,044)	(3,044)	0	-
73,776	TOTAL NET EXPENDITURE	82,583	82,808	82,293	(515)	(0.6%)
	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	73,714	73,199	(515)	

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	148	7	5.0%
55,006	Education	56,193	56,393	56,069	(324)	(0.6%)
7,455	School Estate Management Plan	14,497	14,631	14,631	0	-
62,461	TOTAL EDUCATION SERVICES	70,690	71,024	70,700	(324)	(0.5%)
8,106	ASN	8,494	8,474	8,279	(195)	(2.3%)
1,371	Other Inclusive Education	1,446	1,426	1,448	22	1.5%
9,477	TOTAL INCLUSIVE EDUCATION	9,940	9,900	9,727	(173)	(1.7%)
1,518	Community Learning & Development	1,555	1,486	1,460	(26)	(1.7%)
181	Other Safer & Inclusive	257	257	258	1	0.4%
1,699	TOTAL SAFER & INCLUSIVE	1,812	1,743	1,718	(25)	(1.4%)
73,776	TOTAL EDUCATION COMMITTEE	82,583	82,808	82,293	(515)	(0.6%)
	Earmarked Reserves	0	(4,728)	(4,728)	0	

## EARMARKED RESERVES POSITION STATEMENT

## COMMITTEE: Education &amp; Lifelong Learning

Project	Lead Officer/ Responsible Manager	Total Funding 2016/17	Phased Budget To Period 7 2016/17	Actual To Period 7 2016/17	Projected Spend 2016/17	Amount to be Earmarked for 2017/18 & Beyond	Lead Officer Update
		£000	£000	£000	£000	£000	
Creative Scotland Match Funding	Grant McGovern	100	50	50	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	265	190	270	259	Funding to Beacon for 2016/17 is £270k of Revenue Support. Balance of £130k will be used in 2017/18 and £54k held as a contingency. £75k retention payment will also now be made in 2017/18.
Funding for I Youth Zone Port Glasgow & Gourock	John Arthur	370	48	49	129	241	Projected expenditure based on £97k staff costs and £32k resources spend. P&R Committee of 20/09/16 allocated additional funding of £180k from Free Reserves to fund 2017/18.
School Clothing Grants	Grant McGovern	75	25	25	25	50	£25k now spent for 2016/17 ( 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	22	2	40	47	Phased budget included allocation of £14k to Econ Development in 16/17 & 17/18 to fund Trainee -Young Person started Nov 16 on 23 month contract, projection adjusted accordingly.
Secondary Schools Credit Union	Ruth Binks	19	19	9	19	0	£9k invoice from Tail O The Bank Credit Union for Staff Costs and Publicity was paid P6. An invoice for the balance will be received when funds are deposited in S1 pupils accounts.
School Holiday Lunches	Ruth Binks	50	15	7	15	35	£15k allocated to 16/17 for Larkfield & PG, £35k c/f EMR will be reviewed as this expenditure will be claimed against the Attainment Challenge Fund.
<b>Total</b>		<b>1,400</b>	<b>444</b>	<b>332</b>	<b>640</b>	<b>760</b>	

**EDUCATION COMMITTEE****VIREMENT REQUESTS**

Budget Heading	Increase Budget		(Decrease) Budget
	£	£	£
Electricity Gas	1	41,000	41,000
		<b>41,000</b>	<b>41,000</b>

Note

1 - Virement of £41,000 from Schools Gas budget to the Electricity budget.