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<b>Report To:</b>	<b>Education &amp; Communities Committee</b>	<b>Date:</b>	<b>7 March 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/13/17/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 9 to 31 December 2016</b>		

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## 1.0 PURPOSE

- 1.1 To advise the Committee of the 2016/17 Revenue Budget position as at Period 9 to 31 December 2016.

## 2.0 SUMMARY

- 2.1 The total Education budget for 2016/17, excluding planned carry forward for Earmarked Reserves, is £73,759,460. The School Estate Management Plan accounts for £14,631,000 of the total Education budget. The latest projection is an underspend of £629,000, an increase of £114,000 since the last Committee.
- 2.2 The main reasons for the 2016/17 projected underspend are –
- (a) Projected underspend of £365,000 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. A delay in filling posts within Garvel School and Psychological Services has resulted in a saving of £56,000. The balance of £249,000 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. The teachers' turnover budget has been increased by £239,000 for 2017/18 as part of the recently approved budget.
  - (b) Projected underspend of £76,000 for Non Teachers Employee Costs. £30,000 of this underspend is due to the early achievement of a budget saving. The balance of £46,000 is due to vacant posts within Education Headquarters and Community Learning and Development.
  - (c) Projected underspend of £31,000 for Non Domestic Rates due to Empty Relief for Kilmacolm and St Patrick's Primaries while refurbishment and construction work has taken place.
  - (d) Projected overspend of £48,000 for Water, £37,000 of which relates to the previously reported drainage charges at Clydeview Academy and Notre Dame High Schools. 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.

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- (e) Projected underspend of £107,000 for Contract Cleaning within schools following the early implementation of operational efficiencies by Environmental and Commercial Services.
  - (f) Projected underspend of £135,000 for ASN Transport which is the same as reported to the last Committee. As part of the approved 2017/18 budget, it has been agreed to reduce the ASN Transport Budget by £90,000 to reflect the recent expenditure trend and at the same time create an Earmarked Reserve to smooth any fluctuations in demand.
  - (g) Projected underspend of £26,000 for ASN Placements. The budget contains a contingency for one additional placement and this was not required for the first nine months of the Financial Year.
  - (h) 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.
  - (i) Projected over recovery of income of £50,000 for income received from other Local Authorities for placements within Garvel and Craigmarloch

2.3 Earmarked Reserves for 2016/17, excluding those for Asset Plans and Strategic Funds, total £1,400,000 of which £632,000 is projected to be spent in the current financial year. To date expenditure of £388,000 (61.4%) has been incurred. Spend to date per profiling was expected to be £548,000, therefore year to date expenditure is £160,000 or 29.2% 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 RECOMMENDATION**

3.1 That the Committee notes the current projected underspend of £629,000 for the 2016/17 Education Revenue Budget as at Period 9 to 31 December 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 the Committee of the current position of the 2016/17 Revenue Budget as at Period 9, 31 December 2016 and highlight the main issues contributing to the projected underspend of £629,000.

## **5.0 2016/17 PROJECTION**

- 5.1 The total Education budget for 2016/17, excluding planned carry forward for Earmarked Reserves, is currently £73,759,460. This is an increase of £270,000 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 £629,000 are:

### Employee Costs - Teachers

The total budget for Teachers Employee Costs is £38,201,000 and the latest projection is an underspend of £365,000 or 1.0%, an increase in underspend of £45,000 since the last Committee. £30,000 of the projected underspend relates to a saving due to the secondment of a Quality Improvement Officer (QIO) to the Attainment Challenge, £30,000 relates to a vacant post within Early Years Education and £56,000 relates to the delay in filling vacant posts within Garvel School and Psychological Services. The balance of £249,000 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. It was agreed as part of the 2017/18 budget to increase the turnover target for teachers by £239,000.

### Employee Costs – Non Teachers

The total budget for Non Teacher Employee costs is £15,779,000 and the latest projection is an underspend of £76,000 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 £46,000 is due to vacant posts within Education Headquarters and Community Learning and Development.

### Non Domestic Rates

The budget for Non Domestic Rates is £3,163,810 and the latest projection is an underspend of £31,000. This is due to Empty Relief for Kilmacolm and St Patrick's Primaries while refurbishment and construction work has taken place.

### Water

The total budget for Water is £259,000 and the latest projection is an overspend of £48,000. The majority 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. The projection is the same as previously reported to Committee.

### Contract Cleaning

The total budget for Contract Cleaning is £1,332,000 and the latest projection is an underspend of £107,000, a decrease in underspend of £2,000 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. This saving has now been achieved early.

## 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 is the same as previously reported to Committee. As part of the approved 2017/18 budget it was agreed to reduce the ASN Transport budget by £90,000 to reflect recent expenditure trends and at the same time create an Earmarked Reserve to smooth any fluctuations in demand.

## ASN Placements

The total budget for ASN Placements is £405,000 and the latest projection is an underspend of £26,000. The budget contains a contingency for one additional placement and this was not required for the first nine months of the Financial Year. The projected underspend has increased by £6,000 since last Committee due to another two months contingency being released.

## 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 Craigmarnoch School and St Michael's Primary School. There is no change to this projection since last Committee.

## Income from Other Local Authorities

The Income from Other Local Authorities budget is £303,720 and the latest projection is an over recovery of income of £50,000. This income is received for children from outwith Inverclyde who are placed within Garvel and Craigmarnoch.

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 £632,000 is projected to be spent in the current financial year. To date expenditure of £388,000 (61.4%) has been incurred. Spend to date per profiling was expected to be £548,000, therefore year to date expenditure is £160,000 or 29.2% behind phased spend. About half of the slippage relates to payments to The Beacon due to final retention for construction work not being finalised.

## **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 - 2016/17****Period 9: 1st April - 31st December 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)	(149)	446	(9,094)	61,856
Inclusive Education	9,940		109			10,049
Safer & Inclusive Communities	1,812		(99)			1,713
Totals	<u>82,583</u>	<u>(37)</u>	<u>(139)</u>	<u>446</u>	<u>(9,094)</u>	<u>73,759</u>

**Movement Detail**

£000

External Resources

1+2 Language Grant  
Probationer Teacher Funding

72  
374  
446

Virements

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

(70)  
(40)  
12  
15  
39  
(40)  
(35)  
(20)  
(139)

Inflation

SEMP Inflation  
Gas Budget Inflation Removed  
SPT Deflation

134  
(143)  
(28)  
(37)

270

**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-Dec-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	38,201	25,774	25,195	37,836	(365)	(1.0%)
15,396	Employee Costs - Non teachers	15,779	10,948	10,754	15,703	(76)	(0.5%)
3,095	Non Domestic Rates	3,164	3,164	3,195	3,133	(31)	(1.0%)
306	Water	259	259	313	307	48	18.5%
753	Electricity	753	407	423	776	23	3.1%
1,235	Contract Cleaning	1,332	999	927	1,225	(107)	(8.0%)
460	ASN Transport	508	508	360	373	(135)	(26.6%)
381	ASN Placements	405	236	147	379	(26)	(6.4%)
105	ASN Support	58	34	63	78	20	34.5%
(330)	Income - Other Local Authorities	(304)	(228)	(247)	(354)	(50)	16.4%
<b>Total Material Variances</b>						<b>(699)</b>	

**EDUCATION****REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****PERIOD 9 : 1st April 2016 - 31st December 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	37,836	(365)	(1.0%)
15,396	Employee Costs - Non Teachers	15,318	15,779	15,703	(76)	(0.5%)
14,350	Property Costs	7,659	7,504	7,448	(56)	(0.7%)
3,758	Supplies & Services	4,000	3,859	3,878	19	0.5%
2,532	Transport Costs	2,084	2,043	1,916	(127)	(6.2%)
425	Administration Costs	428	425	423	(2)	(0.5%)
4,060	Other Expenditure	17,634	18,065	18,093	28	0.2%
(4,083)	Income	(2,433)	(3,023)	(3,073)	(50)	1.7%
73,776	TOTAL NET EXPENDITURE	82,583	82,853	82,224	(629)	(0.8%)
	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	73,759	73,130	(629)	

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	56,319	55,963	(356)	(0.6%)
7,455	School Estate Management Plan	14,497	14,631	14,631	0	-
62,461	TOTAL EDUCATION SERVICES	70,690	70,950	70,594	(356)	(0.5%)
8,106	ASN	8,494	8,520	8,245	(275)	(3.2%)
1,371	Other Inclusive Education	1,446	1,529	1,551	22	1.4%
9,477	TOTAL INCLUSIVE EDUCATION	9,940	10,049	9,796	(253)	(2.5%)
1,518	Community Learning & Development	1,555	1,486	1,458	(28)	(1.9%)
181	Other Safer & Inclusive	257	227	228	1	0.4%
1,699	TOTAL SAFER & INCLUSIVE	1,812	1,713	1,686	(27)	(1.6%)
73,776	TOTAL EDUCATION COMMITTEE	82,583	82,853	82,224	(629)	(0.8%)
	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 9 2016/17	Actual To Period 9 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	75	75	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	Planned Funding for Beacon for 2016/17 was £75k for Retention and £270k of Revenue Support. £75k Retention will now be paid in 2017/18. Balance of £130k Revenue Support will be used in 2017/18 and £54k held as a contingency.
Funding for I Youth Zone Port Glasgow, Greenock & Gourock	Martin McNab	370	86	80	129	241	Projected expenditure based on £97k staff costs and £32k resources spend. P&R Committee of 20/09/16 approved the allocation of £180k from Free Reserves to fund the 3 I-Youth Zones in 2017/18 (Greenock will be funded from BLF in 2016/17)
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	Martin McNab	60	12	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	Martin McNab	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	51	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	7	43	£7k has been spend summer 2016. balance to be carried forward for use in 17/18.
<b>Total</b>		<b>1,400</b>	<b>548</b>	<b>388</b>	<b>632</b>	<b>768</b>	