

ANGUS COUNCIL  
 EDUCATION COMMITTEE  
 27 August 2002  
 EDUCATION REVENUE MONITORING  
 BUDGET COMPARED TO ACTUAL EXPENDITURE 2001/2002  
 REPORT BY THE DIRECTOR OF EDUCATION

## ABSTRACT

The purpose of this report is to advise members of the actual net revenue expenditure incurred in comparison to budget in respect of the Education Department for the year to 31 March 2002 and provide comment on the major variances arising.

## 1 RECOMMENDATION

It is recommended that the Education Committee note the contents of this report.

## 2 BACKGROUND

At the Special Meeting of Angus Council on 15 February 2001 the Council approved the revenue budget estimates for the 2001/2002 financial year. Details of the Education Department revenue budget is contained in the Final Revenue and Capital Budgets Volume 2001/2002 issued to members in April 2001. In addition to base budget provision, additional resources were made available by the Scottish Executive during the financial year (eg End of Year Flexibility – Additional Financial Resources for Schools - £440k, School Buildings Improvement Fund - £276k)

## 3 INTRODUCTION

This report advises members of the revenue budget out-turn for the Education Department, based on the unaudited management accounts for 2001-2002.

The recent HMI Report on the Education Department of Angus Council recommended that to ensure greater transparency and accountability in the budget monitoring process, regular budget reports should be provided both to the Education Committee and to the Finance & IT Committee.

## 4 REVENUE BUDGET OUTTURN

The total Education Department's actual expenditure for 2001-2002 was £69,121k compared to a budget of £69,444k. The net underspend therefore was £323,000 of which £207,000 related to the controllable element of the budget. The controllable and non-controllable elements of the budget compared to actual net expenditure are set out as follows:

	<b>BUDGET</b>	<b>ACTUAL</b>
	£'000	£'000
Net expenditure per unaudited management accounts	69,444	69,121*
Less:		
Central Support Recharges	1,717	1,601
Capital Charges	<u>10,314</u>	<u>10,314</u>
Controllable Budget and Expenditure	<u>57,413</u>	<u>57,206</u>

\* Actual expenditure includes an accrual for the carry forward facility available to schools.

The Education Department revenue budget as stated in the Final Revenue and Capital Budget Volume 2001/2002 was £58,435k. There have been a number of technical adjustments to the budget including Capital Charges, Repairs and Renewal Fund adjustments and budget uplifts for additional

resources made available to the Council which have resulted in a revised budget for management accounts purposes of £69,444k.

The Education Department budget is divided into a number of sectors. The position within each of these sectors is outlined as follows:-

<b>Sector</b>	<b>Budget 2001/02 £'000</b>	<b>Actual 2001/02 £'000</b>	<b>Variance £'000</b>	<b>Commentary</b>
<b>Nursery</b>	95	107	(12)	In the main nursery expenditure of £3,082 was offset by government grant of £2,977k. The demand for provision was slightly higher than anticipated resulting in a small overspend of £12,000.
<b>Primary</b>	26,554	26,388	166	There was a small underspend of £166k (0.6% of budget) which given the size and complexity is reasonable. In the main the variance was due to a slight reduction in pupil roll which resulted in a reduction in teaching costs. It should also be noted that additional grants were received during the financial year, which have resulted in higher expenditure on both property works and supplies and services. In accordance with the DSM Scheme, schools are able to carry forward budget underspends. During the year there was a decrease in carry forward from £314K to £305K.
<b>Secondary</b>	31,431	31,220	211	There was a small underspend of £211K (0.76 % of budget). The variance was mainly due to small movements in school rolls resulting in a number of schools falling into lower bandings according to the Angus Staffing Standard, resulting in lower than anticipated staffing requirements. It should also be noted that additional grants were received during the financial year, which have resulted in higher expenditure on both property works and supplies and services. In accordance with the DSM Scheme, schools are able to carry forward budget underspends. During the year there was an increase in carry forward from £78K to £151K.
<b>Special</b>	3,525	3,656	(131)	The requirement for specialist provision for children with special educational needs is very much demand led. This was reflected in a slightly higher than anticipated number of placements in schools in other educational authorities. The overspend in third party payments was exacerbated by an increase in fees. The cost of providing home to school transport was also higher than predicted.
<b>Childcare Partnership</b>	301	297	4	This budget is controlled by the partnership, which is a multi-agency group.
<b>Early Intervention</b>	225	237	(12)	The overspend is due to higher than anticipated property costs being incurred in the year.

<b>ICT Unit</b>	101	135	(34)	Additional staff costs were incurred in acting up arrangements being required due to ill health. Staff absences also resulted in income being slightly less than anticipated.
<b>School and Family Support Service</b>	159	158	1	Staff turnover has resulted in a small saving in staff costs.
<b>Psychology Service</b>	321	319	2	Staff turnover has resulted in a small saving in staff costs.
<b>New Community Schools</b>	0	26	(26)	This overspend is due to the cost of property adaptations being higher than anticipated.
<b>Catering Service</b>	831	806	25	A slightly lower than predicted uptake in school meals is offset by reduced costs. The cost of maintaining the kitchen element of school properties was also lower than anticipated.
<b>Technician Service</b>	98	120	(22)	Staff vacancies, together with long term illness resulted in the service being unable to meet the income target. These difficulties have now been resolved.
<b>Community Education</b>	1,275	1,275	0	Additional grant was received in the year to fund the Young Scot project that has been contained within the community education budget.
<b>School Crossing Patrols</b>	328	327	1	<b>Careful monitoring of expenditure</b> has ensured that the budget for 2001/2002 was not exceeded.
<b>Provision of Clothing</b>	185	182	3	This is a demand led budget. The level of demand is consistent with previous years.
<b>Education Development Service</b>	749	750	(1)	This service has been successful in generating additional income through the sale of development materials to external bodies. This is however offset by an increase in printing and stationery costs.
<b>Excellence Fund</b>	74	52	22	This budget includes provision for departmental contribution to the revenue element of the Alternatives to Exclusion project, <b>and it is that element of the budget (in which staff slippage was experienced)) which was underspent.</b>
<b>Departmental Administration</b>	3,609	3,483	126	This underspend is almost wholly attributable to the support services recharge.
	69,861	69,538	323	
	<u>417</u>	<u>417</u>		CFCR Adjustments
	<u>69,444</u>	<u>69,121</u>	<u>323</u>	

In addition to the variances noted there are minor variances which have resulted in the final outturn position.

The scheme for virement flexibility between years was amended in committee report 525/01. Under the revised scheme the education budget is permitted to carry forward 50% of any underspend on **its** controllable budget, up to a maximum carry forward of £100,000 in each year. Subject to confirmation of the unaudited management accounts, the Education Department will be able to carry forward £100,000 into 2002-2003. It is proposed to utilise this funding by enhancing educational provision across the council.

## **5 CONCLUSION**

The overall expenditure for the education department has been contained within the agreed revenue budget, and strategies are in place to address the major variances highlighted in this report.

## **6 FINANCIAL IMPLICATIONS**

There are no financial implications arising directly of this report.

## **7 HUMAN RIGHTS IMPLICATIONS**

There are no Human Rights implications arising directly from this report.

## **8 CONSULTATION**

The Chief Executive, the Director of Law and Administration and the Director of Finance have been consulted in the preparation of this report.

JIM ANDERSON  
DIRECTOR OF EDUCATION

## **BACKGROUND PAPERS**

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.