

## ANGUS COUNCIL

**EDUCATION COMMITTEE – 11 NOVEMBER 2004  
RESOURCES AND CENTRAL SERVICES COMMITTEE – 2 DECEMBER 2004**

**EDUCATION 2004/05 REVENUE BUDGET MONITORING  
BASED ON THE PERIOD TO 30 SEPTEMBER 2004**

**JOINT REPORT BY THE DIRECTOR OF EDUCATION AND DIRECTOR OF FINANCE**

**ABSTRACT**

The purpose of this report is to advise members of the projected 2004/05 Revenue Budget outturn position based on the actual net revenue expenditure incurred in comparison to budget in respect of the Education Department for the period to 30 September 2004 and provide comment on the more significant variances arising.

**1 RECOMMENDATION**

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

**2 INTRODUCTION**

This report advises members of the 2004/05 revenue budget projected outturn of the Education Department based on the expenditure and income at the end of September 2004.

**3 PROJECTED REVENUE BUDGET OUTTURN**

Based on the actual income and expenditure to the end of September 2004, the Education Department has a projected underspend of £585k. A significant element of this underspend is as a result of the cost of implementing the revised management structures in both the Primary and the Secondary sectors being significantly less than was anticipated in the preparation of the 2004/2005 budget.

The Education Department net revenue budget as stated in the Final Revenue and Capital Budget Volume 2004/2005 is £75.341million. This has been supplemented by an additional £51,000 as permitted by the 2003/04 financial year carry forward budget flexibility provision (Report 1054/04 refers). For information purposes a reconciliation to the budget used for corporate revenue monitoring purposes is shown in the table below.

	<u>£000</u>
Net Budget Per Final Volume	75,341
Confirmed Budget carry forward	<u>51</u>
Adjusted Net Budget	75,392
Less CSS recharges	(1,678)
Add back Specific Grants	3,292
Add back Other Grants	<u>2,319</u>
Corporate Monitoring Budget	<u>79,325</u>

The two budget figures differ largely due to the treatment of grant income which is excluded for corporate revenue monitoring purposes.

The Education Department budget is divided into a number of sectors. The position within each of these sectors is outlined below. Some of the variances are due to expenditure not matching the budget provision, and the Director of Education will use the virement powers available to him to address these anomalies.

<b>Sector</b>	<b>Budget 2004/2005 £'000</b>	<b>Outturn 2004/2005 £'000</b>	<b>Variance +/- £'000</b>	<b>Commentary</b>
<b>Nursery</b>	3,482	3,477	-5	Careful monitoring of expenditure has resulted in this small projected underspend.
<b>Primary</b>	27,551	27,061	-490	<p>It has been identified that the cost of implementing the revised management structures in Primary has been significantly less than anticipated.</p> <p>In the main the underspend is attributable to staff costs within teaching costs being lower than budget by £405,000. This is mainly as a result of delays in implementing aspects of the McCrone agreement, staff turnover being higher than anticipated and pay awards being lower than budgeted.</p>
<b>Primary cont'd</b>				<p>Due to a delay in the filling of new posts APT&amp;C costs will be £45,000 lower than budget.</p> <p>Given the current level of expenditure and that Supply Teacher costs tend to increase over the winter months a small overspend is currently being projected – however as these costs are relatively difficult to predict the final position may vary from the current projection.</p> <p>In addition an underspend is expected in the property budget (£40,000)</p>
<b>Secondary</b>	31,925	31,717	-208	<p>The Scottish Executive funding assumed new promoted post structures would be in place for the entire financial year. As this has not been the case there will be an underspend in the current financial year. This combined with pay awards being lower than anticipated will result in teaching costs being £180,000 lower than budget. In additional small underspends are expected in the APT&amp;C budget.</p> <p>Given the current level of expenditure and that Supply Teacher costs tend to increase over the winter months a small overspend is currently being projected – however as they are relatively difficult to predict the final position may vary from the current projection.</p>

<b>Sector</b>	Budget 2004/2005 £'000	Outturn 2004/2005 £'000	Variance +/- £'000	Commentary
<b>Special</b>	4,679	4,856	+177	The requirement for specialist provision for children with special educational needs is very much demand led. This overspend is due in the main to increased costs associated with pupils attending residential schools outwith Angus.
<b>Childcare Partnership</b>	537	537	0	This budget is controlled by the partnership, which is a multi-agency group.
<b>ICT Team</b>	0	0	0	For Best Value Accounting Code of Practice purposes the ICT costs are treated as support costs and the net cost is reallocated to appropriate sectors.
<b>School and Family Support Service</b>	181	183	+2	A nominal overspend is projected.
<b>Psychology Service</b>	343	332	-11	Owing to a national shortage of qualified professionals the service has encountered difficulty in filling vacancies
<b>Integrated Community Schools</b>	37	(93)	-130	Although showing substantial underspend at present there are ongoing discussions taking place regarding staffing issues with a view to being addressed shortly
<b>Support for Pupils</b>	3,396	3,494	+98	This sector incorporates school catering, the provision of school clothing grants, school crossing patrols, Education Maintenance Allowances and home to school transport (see also report 1317/04).  Home to school transport costs have increased significantly largely due to a number of contracts for pupils with special educational needs, where pupils are being transported to school across the county to meet their particular needs
<b>Technician Service</b>	0	0	0	For Best Value Accounting Code of Practice purposes the Technician costs are treated as support costs and the net cost is reallocated to appropriate sectors.

<b>Sector</b>	<b>Budget 2004/2005 £'000</b>	<b>Outturn 2004/2005 £'000</b>	<b>Variance +/- £'000</b>	<b>Commentary</b>
<b>Community Education</b>	1,674	1,675	+1	There are no significant variances identified in the expenditure of this sector
<b>Education Development Service/Early Intervention</b>	1,153	1,124	-29	Staff turnover has resulted in a small saving in staff costs, and the service is also generating additional income
<b>Alternatives to Exclusion</b>	6	16	+10	This slight overspend relates to unexpected property costs for which no budget had been allocated. This will be taken into account in future budget preparation exercises.
<b>Departmental Administration</b>	428	428	0	For Best Value Accounting Code of Practice purposes Departmental Admin costs are treated as support costs and the net cost is reallocated to appropriate sectors.
<b>Total</b>	<u>75,341</u>	<u>74,756</u>	<u>585</u>	

#### 4 PROPOSALS

To ensure the emerging projected revenue budget underspend is more fully utilised it is proposed that identified priorities be implemented. These are outlined as follows -

Integrated Community Schools - £130,000

It is proposed that a staffing review exercise be implemented as soon as possible (reference note in table above). However in the event that an underspend exists at the 2004/05 year end it is intended to carry forward this ring fenced funding to financial year 2005/06 for the purpose of adding value to the initiative, including the implementation of one off projects eg property improvements equipment.

Transfer to IT Renewal and Repair Fund - £150,000

There is a requirement to provide file servers and broadband in Primary Schools. It is proposed to augment the available budget to enable these projects to be taken forward earlier than would otherwise be the case (see Report 1316/04). The programme of work will be staggered over the current year (2004/05) and next year (2005/06). It is therefore proposed to control this budget via transfer to the IT Renewal and Repair Fund.

Transfer to Local Capital Fund - £200,000

This will enable funding to be available to take forward much needed investment in schools and augment existing plans. In particular there will be a requirement to undertake preparatory/enabling works as part of the Forfar/Carnoustie Schools Project eg. Carnoustie High School theatre/sports block, decant of current pupils etc. This budget can therefore be used to meet part of these costs and the Provisional Financial Plan 2004/2008 has been prepared on the basis that this £200,000 will be transferred to the Local Capital Fund.

An ongoing review of the projected revenue income and expenditure will be undertaken. Should the net position change materially a further report will be brought forward to the Education Committee for consideration.

## 5 FINANCIAL IMPLICATIONS

A total projected underspend of £585,000 has been identified based on the income and expenditure position as at 30 September 2004. The above budget virement proposals can be summarised as follows:

	£000
Transfer to IT Renewal and Repair Fund	150
Transfer to Local Capital Fund	200
ICS possible carry forward facility	<u>130</u>
Total	<u>480</u>

It is intended that the balance of projected underspend of £105,000 be retained within the Education 2004/05 Revenue Budget as a contingency allowance for the time being.

As the expected underspend is £585,000 the proposals ensure the budget is not over committed and plans for any costs not currently anticipated to be contained within the Revenue Budget. However there will be continued monitoring of the budget to ensure the department does not overspend and that the available resources are utilised effectively.

## 6 HUMAN RIGHTS IMPLICATIONS

There are no human rights implications arising from this report.

## 7 CONSULTATION

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

## 8 CONCLUSION

The proposed strategy is a combination of containing projected sector overspends within the revenue budget and utilising identified available funds to support the suggested proposals.

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## 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.