

## ANGUS COUNCIL

**EDUCATION COMMITTEE – 24 FEBRUARY 2005**  
**RESOURCES AND CENTRAL SERVICES COMMITTEE – 17 MARCH 2005**

**EDUCATION REVENUE BUDGET MONITORING**  
**FOR THE PERIOD TO 31 DECEMBER 2004**

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

**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 period to 31 December 2004 and provide comment on the more significant variances arising.

**1 RECOMMENDATION**

It is recommended that the Committees note the contents of this report for their respective interest.

**2 INTRODUCTION**

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

**3 PROJECTED REVENUE BUDGET OUTTURN**

Reference is made to report 1314/04 which was approved by the Education Committee and Resources and Central Services Committees at their respective meetings of 11 November 2004 and 2 December 2004. In particular it was agreed to make the following specific adjustments:

	£000
Integrated Community Schools – carry forward to 2004/05	130
Transfer to IT Renewal & Repair Fund	150
Transfer to Local Capital Fund	<u>200</u>
	<b><u>480</u></b>

Based on the actual income and expenditure to the end of December 2004, the Education Department has a projected underspend of £350k. A significant element of this underspend is as a result of the cost of implementing certain aspects of the McCrone agreement eg revised management structures in both the Primary and the Secondary sectors, being lower 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 £75.341m. This has been supplemented by an additional £51,000 as permitted by the 2003/04 financial year carry forward budget flexibility provision, £617,000 of additional ring fenced monies which were carried forward (and accounted for on a gross expenditure and income basis through a suspense account). In addition the Scottish Executive have provided additional funding of £97,000 in the current financial year for additional costs associated with the implementation of McCrone agreement. For information purposes a reconciliation to the budget used for corporate revenue monitoring purposes is shown in the table below.

	£000
Net Budget Per Final Volume	75,341
2003/04 Carry forward	51
Ring fenced monies carried forward	617
Budget uplift	<u>97</u>
Adjusted Net Budget	76,106
Less CSS recharges	(1,678)
Add back Specific Grants	3,292
Add back Other Grants	<u>2,319</u>
Corporate Monitoring Budget	80,039

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>	3,491	3,486	-5	Careful monitoring of expenditure has resulted in this small projected underspend.
<b>Primary</b>	27,659	27,480	-179	As previously noted the cost of implementing aspects of the McCrone agreement e.g. revised management structures in Primary has been significantly less than anticipated. There have been no material changes in the projected year end position since the September position, with small underspend in APT & C and property costs being projected.
<b>Secondary</b>	32,101	31,809	-292	As previously reported, the new management structures will not be fully implemented the financial year 2005/06, while funding was available in 2004/05.  This together with pay awards being less than anticipated has resulted in teaching costs being lower than budget.  The projected underspend is slightly greater than the September projection as there has been some delay in recruitment of support staff and property costs being lower than anticipated. However some costs e.g. supply cover are relatively difficult to predict and the final position may vary from the current projection.
<b>Special</b>	4,684	4,892	+208	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>Sector</b>	<b>Budget 2003/2004 £'000</b>	<b>Outturn 2003/2004 £'000</b>	<b>Variance £'000</b>	<b>Commentary</b>
<b>Psychology Service</b>	354	354	0	Careful monitoring of the budget has ensured staff slippage is utilised to provide specific resources.
<b>Integrated Community Schools</b>	37	37	0	In accordance with committee report 1314/04, this ring fenced funding shall be carried forward for the purpose of adding value to the initiative
<b>Support for Pupils</b>	3,396	3,482	+86	<p>This sector incorporates school catering, the provision of school clothing grants, school crossing patrols, Education Maintenance Allowances and home to school transport</p> <p>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. More detailed information in respect of Hungry for Success is outlined in report 228/05</p>
<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>Community Learning &amp; Development</b>	2,022	1,862	-160	As a result owing to a national shortage of qualified staff the service has encountered difficulty in filling vacancies. It is also anticipated there will be underspend as a result of delay in implementing particular projects eg Adult Literacy. Accordingly specific proposals have been prepared to improve/provide accommodation for the service (see below).
<b>Education Development Service/Early Intervention</b>	1,210	1,200	-10	All costs of providing this service have been contained within budget and a small underspend is projected.

Sector	Budget 2003/2004 £'000	Outturn 2003/2004 £'000	Variance £'000	Commentary
<b>Alternatives to Exclusion</b>	6	6	0	Careful monitoring of expenditure has resulted in this budget position
<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.
Total	<u>76,106</u>	<u>75,756</u>	<u>350</u>	

#### 4 FINANCIAL IMPLICATIONS

As outlined above, it has been agreed that £480k be utilised through a combination of transfer to IT R&R Fund, Local Capital Fund and a carry forward facility.

However in light of the increased projected underspend it is proposed that an additional £150,000 be transferred to Local Capital Fund, in order to carry out identified priorities in the Education Department estate. In particular there is a requirement to improve/provide facilities in Newtyle for local youth and community groups, and there is a general requirement to improve accommodation within the Forfar area (an issue which was raised as part of informal consultation from recent HMIE Inspection).

It is intended that the balance of the projected underspend (£200,000) be retained within the Education 2004/05 Revenue Budget as a contingency allowance.

#### 5 HUMAN RIGHTS IMPLICATIONS

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

#### 6 CONSULTATION

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

#### 7 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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DIRECTOR OF EDUCATION

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DIRECTOR OF FINANCE

#### 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.