

ANGUS COUNCIL

EDUCATION COMMITTEE – 25 AUGUST 2011
CORPORATE SERVICES COMMITTEE – 1 SEPTEMBER 2011

EDUCATION REVENUE BUDGET AND CAPITAL BUDGET MONITORING
FOR THE YEAR ENDED 31 MARCH 2011

JOINT REPORT BY THE DIRECTOR OF EDUCATION AND DIRECTOR OF CORPORATE SERVICES

ABSTRACT

The purpose of this report is to advise members of the Education Department un-audited net revenue and capital expenditure compared to budget for the financial year to 31 March 2011, and provide comments 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 and capital budget outturn of the Education Department based on the un-audited accounts for 2010/11. Members will be aware a report outlining the projected outturn based on income and expenditure to December 2010 was considered by Angus Council at its special budget meeting on 10 February 2011 (report 96/11 refers).

3 PROJECTED REVENUE BUDGET OUTTURN

The total Education Department actual expenditure for 2010/11 was £109.791m compared to a budget of £109.926m which in statistical terms represents 100% spend. The total budget provision has increased from the position outlined in report 96/11 as a result of required year end accounting adjustments in the last quarter of the year. The net underspend of £135k includes the elements of the budget categorised as 'uncontrollable', ie budgets not under direct control of the Education Department. After adjusting for uncontrollable items and agreed carry forwards there is a breakeven position. It should be noted that the analysis of expenditure is in accordance with the requirements of the Best Value Accounting Code of Practice.

The Education Department budget is divided into a number of sectors. The position within each of these sectors is outlined below.

Sector	Budget 2010/11 £'000	Outturn 2010/11 £'000	Variance £'000	Commentary
Nursery	4,703	4,560	143	Due to higher than anticipated supply costs in respect of absence cover for Early Years Practitioners the final underspend is slightly lower than anticipated in Committee Report 96/11.
Primary	38,822	38,583	239	When adjusted for 'uncontrollable' costs in relation to energy (-£217k) and planned maintenance (£120k) the net underspend is £142k. This is slightly higher than £105k previously anticipated due to slippage in playground property works as a result of the severe weather conditions.

Sector	Budget 2010/11 £'000	Outturn 2010/11 £'000	Variance £'000	Commentary
Secondary	42,130	41,897	233	Report 96/11 indicated a projected underspend of £144k. However lower than anticipated costs in LG staff costs and supplies and services together with higher than budgeted income have resulted in this higher than anticipated underspend. All other budget headings are in accord with previous projections.
Additional Support Needs (ASN)/ Alternative Provision	9,808	9,994	-186	<p>The final position is broadly in accord with projections.</p> <p>The Education Department share of the cost of residential school placements is £1,081k compared to a budget of £985k. This is a demand led service on the budget over which the Department has limited control. Additional costs have also been incurred to support pupils in day provision outwith Angus.</p> <p>Staffing levels have been reviewed to help address the overall overspend position, and the revised structure will continue to be implemented in the new financial year.</p> <p>A carry forward request has been approved in relation to Accessibility works and this will be carried forward to 2011/12 (£35k).</p>
ICT Team	0	0	0	For Best Value Accounting Code of Practice purposes the ICT costs are treated as support costs and the net costs have been reallocated to appropriate sectors.
School and Family Support Service	1,026	1,041	-15	This manageable overspend is in line with previous projections.
Psychology Service	685	713	-28	This manageable overspend is in line with previous projections.
Support for Pupils	5,402	5,528	-126	<p>This sector incorporates school crossing patrols, school catering, provision of school clothing grants, Education Maintenance Allowances and home to school transport.</p> <p>The overspend is slightly higher than the £96k projected in Committee Report 96/11 due to increased costs for home to school transport, particularly in relation to pupils with Additional Support Needs.</p>
Technician Service	0	0	0	For Best Value Accounting Code of Practice purposes the Technician costs are treated as support costs and the net cost has been reallocated to appropriate

Sector	Budget 2010/11 £'000	Outturn 2010/11 £'000	Variance £'000	Commentary
				sectors.
Community Learning & Development	2,608	2,578	30	This position is broadly in line with previous projections and also reflects £5k ring-fenced income which will be carried forward to financial year 2011/12.
Education Development Service/Early Intervention	2,964	2,892	72	This balance reflects £66k ring-fenced income which will be carried forward to financial year 2011/12.
Departmental Administration	0	282	-282	For Best Value Accounting Code of Practice purposes the controllable element of Departmental Admin costs are treated as support costs and the net cost/saving will be reallocated to appropriate sectors. This overspend position relates to the uncontrollable element of the Central Support Service Charge which is offset below.**
Forfar/Carnoustie Schools Project	1,778	1,723	55	It is proposed to carry forward this underspend to offset any additional costs in future years in accordance with the approach outlined in committee report 1140/07.
Total (including uncontrollable budgets)	109,926	109,791	135	
Adjustment for uncontrollable items**			186	Central Support Recharge £283k Property Maintenance £120k Energy (£217k)
Net Controllable Expenditure			<u>321</u>	
Ring-fenced Carry Forwards and Income			321	There have been some adjustments to carry forward amounts agreed by the Strategic Policy Committee (report 75/11 refers). The final position is as follows – PPP £55k Broadband £60k Additional carry forward amounts agreed with Head of Finance – Accessibility £35k Ring fenced income £71k Offset savings target (report 295/11 refers) £100k Total carry forward <u>£321k</u>
Net Underspend			<u>0</u>	

4 FINANCIAL IMPLICATIONS

The net controllable underspend for 2010/11 was £321,000. After adjustment for ring-fenced carry forward and grant income which was received in 2010/11 and will be spent in 2011/12 (£321,000 to be carried forward into 2011/12), the final breakeven position is lower than the position projected to the end of December 2010 (£34k). This relates, in the main, to higher than projected costs for school transport. It is likely that financial pressures will continue in 2011/12 and beyond. The two Directors will continue to ensure arrangements are in place to systematically monitor the position and provide scheduled updates for the consideration of both Committees.

5 DEVOLVED SCHOOL MANAGEMENT (DSM)

Under the Angus Scheme of Devolved School Management, schools are permitted to carry forward up to 10% of their devolved budget. This facility provides Head Teachers with an opportunity to plan their expenditure to meet the specific requirements of the school, particularly in the context of the School Improvement Plan and the operational requirements of the school. For example, it may be appropriate to have building work undertaken during a school holiday rather than term time. It also enables cognisance to be taken of other capital works being undertaken at the school and the requirements to replace educational resources. Within Angus, Head Teachers, with the support from the Education Finance Team, are extremely proactive in managing budgets. They are encouraged to fully utilise available resources to meet priorities identified within their School Improvement Plan. Due to the nature of some requirements, particularly absence cover, it is difficult for Head Teachers to precisely manage this aspect of the budget, which on occasion can lead to the final net expenditure being higher or lower than anticipated.

The DSM carry forward for 2010/11 is £240,162 compared to £244,535 at the end of 2009/10. This is a reduction from the previous year of £4,373. [Appendix 1](#) to this report outlines the final position of each school in 2010/11.

6 CAPITAL EXPENDITURE

Regular reports on Capital Monitoring are considered by the Corporate Services Committee, the most recent of which being Report 422/11.

A summary of the Education position in gross terms using information to 30 September is as follows:

Budget 2010/11	£ 3,425k
Expenditure to 31 March 2010	£ 3,422k

In statistical terms this also represents 100% spend.

As outlined in report 422/11, there was slippage of £100k expenditure in respect of the Webster's High School Extension. Although the project is complete, the final accounts are not yet available and the balance has, therefore, been committed meantime, in financial year 2011/12. The final account position will be monitored as part of the 2011/12 review process.

As a result of reclassifying expenditure from revenue to capital, compensating additional expenditure of £105k was incurred for the purchase of IT equipment. However, budgeted for revenue resources were used to offset the cost.

A summary of the position in respect of the main projects is outlined below:

Project	Budget 2010/11 £000	Spend to Date 2010/11 £000	Variance 2010/11 £000
Monifieth CLD	553	536	17
Webster's High School	1,703	1,603	100
Isla Primary School	836	841	(5)

7 EQUALITIES IMPLICATIONS

The issues dealt with in this Report have been the subject of consideration from an equalities perspective (as required by legislation). An [equalities impact assessment](#) is not required.

8 HUMAN RIGHTS IMPLICATIONS

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

9 CONSULTATION

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

10 CONCLUSION

The Director of Education and the Head of Finance will continue to closely monitor the position and ensure most effective use is made of available resources in 2011/12. In compliance with financial regulations the appropriate virement forms will be completed and submitted to the Finance Department.

NEIL LOGUE
DIRECTOR OF EDUCATION

COLIN MCMAHON
DIRECTOR OF CORPORATE SERVICES

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.