

EAST AYRSHIRE COUNCIL

EDUCATION COMMITTEE – 8 NOVEMBER 2005

BUDGETARY CONTROL SUMMARY STATEMENT EDUCATION TO 18 SEPTEMBER 2005 (PERIOD 6)

Joint Report by Executive Director (Educational and Social Services) and Executive Head of Finance

1. PURPOSE OF REPORT

- 1.1 To advise Members of the current budgetary control position and the projected out-turn for the year for Educational Services for the period ended 18 September 2005 (Period 6).

2. OVERALL POSITION

- 2.1 The following report relates to service costs and income directly controlled by the department and excludes rechargeable costs for central service charges and capital charges.

2.2 Projected Out-turn

Based on all available information it is currently projected that Educational Services will out-turn at £94,343,290 which is £890,710 greater than the annual estimate for the year.

2.3 Budget Performance to Period 6

The net expenditure to date amounts to £39,069,890 being 41.8% of the Annual Estimate.

The budget to date is based on a standard phasing over each period, for both expenditure and income, except for Employee Costs and where the Director of Educational and Social Services has indicated otherwise. Period variances are mainly attributable to phasing which should level out over the year, but if this is not the case, reasons for anticipated variances are highlighted below.

2.4 Summary of Objective Costs

Actual Exp. To 18/09/05	Act. Exp to P6 as % of Ann Est	Service Division	Annual Estimate 2005/06	Projected Actual to 31/3/06	Variance (Favourable) / Adverse
1,120,138	31.1%	CENTRAL ADMINISTRATION	3,597,770	3,840,770	243,000
53,682	55.5%	EDUCATION PROPERTY (NON SCHOOLS)	96,661	121,111	24,450
2,409,858	32.6%	PRE-FIVES	7,391,280	7,395,930	4,650
13,698,292	46.0%	PRIMARY SCHOOLS	29,760,625	29,939,115	178,490
16,024,564	43.3%	SECONDARY SCHOOLS	36,991,891	37,308,731	316,840
2,546,776	35.2%	SPECIAL EDUCATION	7,237,622	7,237,622	0
(229,722)	(77.5)%	OTHER EDUCATION	296,247	347,947	51,700
203,056	33.6%	PSYCHOLOGICAL SERVICES	603,443	578,643	(24,800)
358,305	46.2%	QUALITY IMPROVEMENT	775,232	775,232	0
85,602	13.1%	ARTS & CULTURE	655,622	655,622	0
1,606,135	56.2%	COMMUNITY LEARNING & DEVELOPMENT	2,855,440	2,987,350	131,910
126,740	64.5%	COMMUNITY FACILITIES	196,448	197,448	1,000
293,782	38.9%	YOUTH STRATEGY	756,018	735,238	(20,780)
276,044	29.6%	INTEGRATED COMMUNITY SCHOOLS	931,039	931,039	0
68,112	-	MODERN LANGUAGES	404,000	404,000	0
0	-	CHILDREN'S SERVICE FUND	0	0	0
229,298	45.9%	PPP INFRASTRUCTURE	500,000	500,000	0
199,226	49.4%	SUPPORT TO COMMUNITIES	403,242	387,492	(15,750)
39,069,890	41.8%	TOTAL	93,452,580	94,343,290	890,710

2.5 Summary of Subjective Costs

Actual Exp. To 18/09/05	Act. Exp to P6 as % of Ann Est	Detail	Annual Estimate 2005/06	Projected Actual to 31/3/06	Variance (Favourable) / Adverse
30,037,750	42.3%	EMPLOYEE COSTS	71,028,906	70,680,326	(348,580)
5,214,827	55.7%	PREMISES COSTS	9,362,960	9,575,850	212,890
1,787,935	41.6%	TRANSPORT COSTS	4,301,369	4,539,439	238,070
3,540,500	32.7%	SUPPLIES & SERVICES	10,837,217	10,878,847	41,630
1,994,665	30.5%	THIRD PARTY PAYMENTS	6,545,723	6,545,723	0
631,113	50.0%	TRANSFER PAYMENTS	1,261,235	1,261,235	0
43,206,790	41.8%	TOTAL EXPENDITURE	103,337,410	103,481,420	144,010
(4,136,900)	41.9%	INCOME	(9,884,830)	(9,138,130)	746,700
39,069,890	41.8%	NET EXPENDITURE	93,452,580	94,343,290	890,710

3. ANALYSIS OF VARIANCES

3.1 Position as at 18 September 2005 (Period 6)

3.1.1 Employee Costs

There is a projected underspend of £348,580 arising from vacant posts and staff turnover. Of this total, £301,000 is from Community Learning and Development which will be applied against the service's expenditure reduction target.

Additional staff costs of £67,000 have been incurred for St Joseph's Academy during the merger of the twin campuses at Kilmarnock.

3.1.2 Premises Related Expenditure

The projected overspend is £212,890.

The Service has benefited by £301,405 from a Scottish Water refund relating to resizing of meters. This has partially offset a projected overspend of £462,550 which can be attributed to as yet unidentified savings in energy costs.

Other unavoidable property repair costs of £44,000 have been incurred on the school estate.

3.1.3 Transport Related Expenditure

The projected overspend is £238,070.

This overspend has arisen due to the suspension of a transport operator from mainstream pupil contracts. This decision was taken after concerns were raised by Strathclyde Passenger Transport on safety grounds. At present the cost of temporarily filling the contracts will result in additional costs of £261,660.

The appropriate contracts are currently out to tender, for permanent replacement, and Education Committee will be updated when the exercise is completed.

This additional cost is partly offset by a saving in transport and car allowances within Community Learning and Development.

3.1.4 Supplies and Services

The projected overspend of £41,630 arises mainly from an additional cost of £48,380 for SQA fees due to inflation price increases and an increase in the Secondary 5 and Secondary 6 pupil stay on rates.

3.1.5 Income

The projected deficit £746,700 includes expenditure reduction targets which will be offset by savings reported in Employee costs above.

Of this sum, £427,000 relates to Community Learning and Development. By offsetting current projected savings for the Best Value Review including Employee cost reductions of £301,000 and other management actions, a net annual variance of £131,910 remains, which represents the balance of expenditure reductions which has not yet been identified to date by budget holders.

A sum of £233,000 relates to the balance of ongoing Best Value Review savings reported within Central Administration which are being finalised by budget holders in order to meet this target.

A projected under-recovery of £51,700 relates to the proposed expenditure reduction for Outdoor Education. A draft business plan is being considered which

will realise an increase in income to achieve the target, and some benefits are expected to accrue in the current financial year.

The projected income reduction of £19,000 within Quality Improvement relates to a reduction in course fees due resulting from a fall in demand. This is offset by an Employee cost reduction within that Service.

There has been a delay in the commencement of a Lottery funded project within Youth strategy. The reduction in income of £16,000 has been offset by staff savings to date.

4. EXECUTIVE DIRECTOR'S COMMENTS

- 4.1** The Executive Director continues to closely monitor financial performance. Budget holders have been instructed that, wherever possible, measures should be taken to reduce the projected overspend of £890,710, without adversely impacting on service delivery. Education Committee will be advised of any progress throughout the remainder of the financial year.

5. RECOMMENDATIONS

- 5.1** It is recommended that Members of the Education Committee :

(i) note the contents of this report.

Alex McPhee
Executive Head of Finance

John Mulgrew
Executive Director (Educational and Social Services)

21 October 2005
AMcP / CJ / EC

LIST OF BACKGROUND PAPERS

NIL

Members wishing further information should contact Chris Johnston, Education Finance Manager, Tel: (01563 573731) or Euan Couperwhite, Head of Resource Support, Tel: (01563 576090).

Implementation Officer Euan Couperwhite, Head of Resource Support
Alex McPhee, Executive Head of Finance