

EAST AYRSHIRE COUNCIL

EDUCATION COMMITTEE – 11 APRIL 2002

**BUDGETARY CONTROL SUMMARY STATEMENT
EDUCATION TO 10 FEBRUARY 2002 (PERIOD 11)**

**Joint Report by Director of Finance and
Director of Educational and Social Services**

1. PURPOSE OF REPORT

- 1.1 To advise Members of the current budgetary control position and the projected out-turn for the year for Education Services for the period ended 10 February 2002 (Period 11).

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 the available information it is currently projected that the Education Service will out-turn on budget at £71,749,290 at 31 March 2002.

2.3 Budget Performance to Period 11

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.

Net expenditure to 10 February 2002 totals £58,097,397 compared to a budget of £60,885,818 resulting in a reported underspend to date of £2,788,421. This is principally due to timing of expenditure, which is projected to out-turn on budget at 31 March 2002.

2.4 Summary of Objective Costs

	Budget Expend to 10-Feb-02 Period 11	Actual Expend to 10-Feb-02 Period 11	Variance Expend to 10-Feb-02 Period 11	Revised Annual Estimate 2001/02	Projected Actual 2001/02	Variance	
	£	£	£	£	£	£	%
Central Administration	939,822	712,578	(227,244)	1,194,718	1,128,774	(65,944)	-5.52
Pre-Fives' Provision	2,051,438	1,776,767	(274,671)	1,733,470	1,562,272	(171,198)	-9.88
Primary Schools	23,010,276	22,144,546	(865,730)	27,126,419	27,010,565	(115,854)	-0.43
Secondary Schools	26,186,981	24,791,125	(1,395,856)	30,997,508	30,795,003	(202,505)	-0.65
Special Education	4,669,099	4,802,706	133,607	5,664,876	6,146,885	482,009	8.51
Other Education	223,264	471,567	248,303	345,580	419,221	73,641	21.31
Psychological Services	360,212	379,373	19,161	429,570	418,720	(10,850)	-2.53
Quality Development	414,701	415,871	1,170	550,359	584,234	33,875	6.16
Community Support	2,170,272	1,842,860	(327,412)	2,564,980	2,495,118	(69,862)	-2.72
Community Halls	137,829	134,025	(3,804)	152,880	157,179	4,299	2.81
Youth Strategy	202,049	250,545	48,496	268,910	306,501	37,591	13.98
New Community Schools	339,128	253,671	(85,457)	400,000	400,000	0	0.00
Modern Languages	180,747	121,763	(58,984)	320,020	324,818	4,798	1.50
NET EXPENDITURE	60,885,818	58,097,397	(2,788,421)	71,749,290	71,749,290	0	0.00

2.5 Summary of Subjective Costs

	Budget Expend to 10-Feb-02 Period 11	Actual Expend to 10-Feb-02 Period 11	Variance Expend to 10-Feb-02 Period 11	Revised Annual Estimate 2001/02	Projected Actual 2001/02	Variance	
	£	£	£	£	£	£	%
Employee Costs	45,409,243	44,527,874	(881,369)	54,256,968	53,810,181	(446,787)	-0.82
Property Costs	7,150,448	6,798,231	(352,217)	7,868,192	8,027,304	159,112	2.02
Transport Costs	2,720,880	2,613,514	(107,366)	3,571,639	3,555,679	(15,960)	-0.45
Supplies & Services	4,938,181	4,467,214	(470,967)	5,831,936	6,234,213	402,277	6.90
Administration Costs	837,242	478,509	(358,733)	969,682	909,933	(59,749)	-6.16
Payments to Other Bodies	4,787,174	4,574,398	(212,776)	6,011,882	6,325,230	313,348	5.21
TOTAL EXPENDITURE	65,843,168	63,459,740	(2,383,428)	78,510,299	78,862,540	352,241	0.45
Income	(4,957,350)	(5,362,343)	(404,993)	(6,761,009)	(7,113,250)	(352,241)	5.21
NET EXPENDITURE	60,885,818	58,097,397	(2,788,421)	71,749,290	71,749,290	0	0.00

3. ANALYSIS OF VARIANCES

3.1 Position as at 10 February 2002 (Period 11)

3.1.1 Employee Costs

There is a current underspend totalling £881,369. Of this amount, £294,162 relates to the phased implementation of new initiatives within the primary sector. Within the secondary sector there is an underspend totalling £341,529 and arises from several issues, including savings resulting from lower than budgeted pupil rolls and savings in school absence cover costs.

The overall underspend will be utilised in several ways, one of which will be to offset overspends on other budget lines, which is in line with the Scheme of Delegation and also in respect of school carry forward to 2002-03.

3.1.2 Property Costs

The favourable variance of £352,217 relates to phasing of expenditure on energy costs, rates, other property costs and insurance recovery receipts in advance of final invoiced cost. Higher than budgeted increase in water rates & sewerage charges across all sectors, together with higher than budgeted Contract Janitorial Service costs and increased energy costs, results in a projected adverse variance of £159,112.

3.1.3 Transport Costs

The current favourable variance totalling £107,366, which relates to contract transport profiling.

It is anticipated that there will be a favourable variance in transport costs of £15,960 for the year, mainly due to anticipated savings on contract transport and mileage allowance.

3.1.4 Supplies and Services

The Period 11 favourable variance of £470,967 is largely due to the timing of expenditure. In addition within the Primary School sector, the current position highlights a year to date underspend of £212,330 due to profiling of classroom supplies budgets and additional resources allocated by the Scottish Executive. All additional funding from the Scottish Executive will be fully spent by 31 March 2002.

The projected out-turn shows an overspend of £402,277, largely due to the additional costs of school activities and catering costs, most of which is offset by compensating increased income.

3.1.5 Administration Costs

The underspend of £358,733 at Period 11 is partly due to timing of expenditure in the year and additional funding by the Scottish Executive in respect of Pupils' Support Bases and Policy Review and Planning. The projected out-turn is an underspend of £59,749 at 31 March 2002, due to savings relating to reduced photocopying and communication costs.

3.1.6 Payments to Other Bodies

The underspend to date of £212,776 largely relates to timing of expenditure. The projected overspend of £313,348 is partly due to the costs of SQA Examination fees which are £86,455 in excess of budget. This is mainly attributable to the increase in the number of pupils sitting examinations. There is an underspend of £350,000 on Education Maintenance Allowance payments, which is offset by a corresponding reduction in income.

In addition a projected overspend of £487,000 has arisen in the area of outwith placements, due primarily to increases in pupil numbers and increases in costs from establishments which have been passed onto Local Authorities. This is a trend which does not impinge on East Ayrshire in isolation, but has been mirrored nationally. Measures have been taken to address this overspend within the department's budget allocation for 2001/02, and which support the inclusive approaches taken within the Council.

3.1.7 Income

The current over-recovery of £404,993 is partly due to timing issues. The projected over-recovery of £352,241 is due to additional income for school activities, Pre School Education Grant, catering income and other miscellaneous income. The over-recovery of income has been offset by a reduction in Education Maintenance Allowance, as highlighted within Payment to Other Bodies.

3.2 Projected Out-turn

This report highlights a number of budgetary pressures. The Director of Educational and Social Services continues to take positive action to ensure that quality service provision is achieved within resources allocated for the year. The projected out-turn of £71,749,290 is based on all currently available information.

4. RECOMMENDATIONS

- 4.1** It is recommended that Members of the Education Committee note the contents of this report.

Alex McPhee
Director of Finance

John Mulgrew
Director of Educational and Social Services

2 April 2002
AMcP/BC/AR

LIST OF BACKGROUND PAPERS NIL

Members wishing further information should contact Alex McPhee, Financial Services Manager, Tel: (01563 576848) or Euan Couperwhite, Departmental Finance Manager, Tel: (01563 573367).

Implementation Officers Tom McHugh, Head of Accounting Services
Allan McDougall, Head of Resource Support

AGENDA