

EAST AYRSHIRE COUNCIL

EDUCATION COMMITTEE – 1 APRIL 2003

BUDGETARY CONTROL SUMMARY STATEMENT EDUCATION TO 9 FEBRUARY 2003 (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 9 February 2003 (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 available information it is currently projected that the Education Service will out-turn at £77,007,259, which is on-line with the revised annual estimate for the year.

2.3 Budget Performance to Period 11

The net expenditure to date amounts to £62,810,377 compared to a budget of £63,162,514 resulting in the actual expenditure being less than the budget by £352,137.

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

	Budget	Actual	Variance	Revised	Projected	Variance	
	Expend to 09-Feb-02 Period 11	Expend to 09-Feb-02 Period 11	Expend to 09-Feb-02 Period 11	Annual Estimate 2002/03	Actual 2002/03	£	%
	£	£	£	£	£	£	%
Central Administration	1,115,696	854,567	(261,129)	1,316,214	1,043,164	(273,050)	-20.75
Children's Service Fund	(484,211)	(484,211)	0	0	0	0	0.00
Education Property	0	(99,608)	(99,608)	0	0	0	0.00
Pre-Fives' Provision	3,956,073	3,698,169	(257,904)	4,719,074	4,742,283	23,209	0.49
Primary Schools	23,287,610	23,116,935	(170,675)	27,900,464	27,681,830	(218,634)	-0.78
Secondary Schools	26,151,449	26,042,865	(108,584)	31,546,812	31,505,036	(41,776)	-0.13
Special Education	5,056,054	5,514,046	457,992	6,046,930	6,511,551	464,621	7.68
Other Education	263,545	383,783	120,238	328,392	322,788	(5,604)	-1.71
Psychological Services	360,990	401,899	40,909	431,956	451,529	19,573	4.53
Quality Development	527,275	542,819	15,544	679,758	710,147	30,389	4.47
Community Support	2,054,823	2,045,704	(9,119)	2,735,358	2,681,724	(53,634)	-1.96
Community Halls	135,373	155,095	19,722	159,826	175,837	16,011	10.02
Youth Strategy	228,938	235,468	6,530	279,658	318,553	38,895	13.91
New Community Schools	335,352	263,383	(71,969)	492,817	492,817	0	0.00
Modern Languages	173,547	139,463	(34,084)	370,000	370,000	0	0.00
NET EXPENDITURE	63,162,514	62,810,377	(352,137)	77,007,259	77,007,259	0	0.00

2.5 Summary of Subjective Costs

	Budget	Actual	Variance	Revised	Projected	Variance	
	Expend to 09-Feb-02 Period 11	Expend to 09-Feb-02 Period 11	Expend to 09-Feb-02 Period 11	Annual Estimate 2002/03	Actual 2002/03	£	%
	£	£	£	£	£	£	%
Employee Costs	48,336,329	47,460,277	(876,052)	57,640,958	56,861,443	(779,515)	-1.35
Premises Costs	7,141,852	7,023,035	(118,817)	8,462,052	8,795,638	333,586	3.94
Transport Related Costs	2,947,206	2,878,652	(68,554)	3,668,770	3,666,123	(2,647)	-0.07
Supplies & Services	5,865,068	6,102,154	237,086	7,755,274	8,218,713	463,439	5.98
Third Party Payments	2,051,217	2,296,477	245,260	3,064,134	3,684,583	620,449	20.25
Transfer Payments	1,465,219	1,345,672	(119,547)	1,729,892	1,714,276	(15,616)	-0.90
TOTAL EXPENDITURE	67,806,891	67,106,267	(700,624)	82,321,080	82,940,776	619,696	0.75
Income	(4,644,377)	(4,295,890)	348,487	(5,313,821)	(5,933,517)	(619,696)	11.66
NET EXPENDITURE	63,162,514	62,810,377	(352,137)	77,007,259	77,007,259	0	0.00

3. ANALYSIS OF VARIANCES

3.1 Position as at 9 February 2003 (Period 11)

3.1.1 Employee Costs

The current underspend is largely due to average salary savings for Permanent Teachers as well as savings on APT & C staff costs and other employee related expenses. These savings are partially offset by increased Teachers' absence cover costs.

The projected underspend is mainly due to savings on the average salary as well as savings from APT & C vacancies in central sectors. As with the year-to-date variance, these savings are partially offset by increased Teachers' absence cover costs as well as increased Youth Strategy costs and the cost of an additional Trainee Psychologist, which is offset by Scottish Executive funding.

3.1.2 Premises Costs

The favourable variance to date of £118,817 is due to the timing of expenditure.

The projected adverse variance of £333,586 is mainly due to increased cleaning and general repairs costs, higher than budgeted increase in Water Rates and Sewerage charges across all sectors and additional costs arising from the Fire Fighters pay dispute. These additional costs are partially offset by anticipated savings on Non Domestic Rates and energy costs.

3.1.3 Transport Related Costs

The underspend at Period 11 of £68,554 is mainly due to the timing of Transport Contract payments.

It is anticipated that costs will be £2,647 less than budget for the year. This is mainly due to a net saving on Transport Contract Payments and reduced car mileage and allowances. These savings are partially offset by increased Special Educational Needs transport costs.

3.1.4 Supplies and Services

The Period 11 adverse variance of £237,086 is largely due to increased school activities expenditure as well as timing of expenditure.

The projected out-turn highlights additional expenditure of £463,439. This is mainly due to increased school activities expenditure (which is offset by additional income) and higher than budgeted exam fees. This second issue is a direct result of the success of Education Maintenance Allowance scheme. Discussions are on going to seek Scottish Executive funding for the increased Scottish Qualification Authority fees.

3.1.5 Third Party Payments

The current overspend is largely due to additional residential school placement costs as well as timing of expenditure.

The projected out-turn is an overspend of £620,449 at 31 March 2003. This is largely due to the anticipated level of residential school placements, a higher than inflationary increase in placement rates as well as other contractual obligations. This issue continues to be closely monitored within the department, however despite management action taken to control the numbers entering the outwith placement programme, it is evident that current demand for placements exceeds budget allocations.

In addition, overspends are also anticipated due to higher than budgeted payments to other agencies including Borderline, Scottish Arts Council and Glasgow City Council for Continuing Education Gateway.

3.1.6 Transfer Payments

The current favourable variance of £119,547 largely relates to the timing of expenditure.

The projected underspend of £15,616 is mainly due to savings on bursaries, which occur as most students are in receipt of Education Maintenance Allowance. This is partially offset by payments to childminders within the Pre Fives sector and reflects increased demand for the service, as well as increased footwear and clothing grants.

3.1.7 Income

The current under-recovery is largely due to the timing of receipt of income.

There is a projected favourable out-turn of £619,696. This is mainly due to school activities income (as highlighted in Supplies and Services), additional school meals income and funding from the Scottish Executive to offset the cost of a Trainee Psychologist (as highlighted in Employee Costs), as well as additional Education Maintenance Allowance income. It should be noted however that this masks an under-recovery of Special Educational Needs income from other local authorities which have developed their own provision.

3.2 Projected Out-turn

This report highlights a number of budgetary pressures. The scale of the variances reported highlight the need to ensure that budgets are realigned to match spending commitments. A joint exercise will be undertaken by Educational & Social Services and Finance officers to carry out this task for forthcoming financial years. The results will be reported to Committee at the earliest opportunity.

The Director of Educational and Social Services will continue to take positive action to ensure that quality service provision is achieved within overall resources allocated for the year. The projected out-turn of £77,007,259 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

17 March 2003
 AMcP / PW / EC

