

EAST AYRSHIRE COUNCIL

EDUCATION COMMITTEE – 5 FEBRUARY 2002

**BUDGETARY PROGRESS REPORT
EDUCATION TO 18 NOVEMBER 2001 (PERIOD 8)**

**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 18 November 2001 (Period 8).

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 £71,183,820 at 31 March 2002.

2.3 Budget Performance to Period 8

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 18 November 2001 totals £41,289,381 compared to a budget of £43,338,991 resulting in a reported underspend to date of £2,049,610. 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 18-Nov-01 Period 8	Actual Expend to 18-Nov-01 Period 8	Variance Expend to 18-Nov-01 Period 8	Revised Annual Estimate 2001/02	Projected Actual 2001/02	Variance	
	£	£	£	£	£	£	%
Central Administration	506,421	581,467	75,046	939,410	956,187	16,777	1.79
Pre-Fives' Provision	858,664	673,173	(185,491)	1,719,470	1,636,103	(83,367)	-4.85
Primary Schools	16,970,559	15,913,996	(1,056,563)	27,450,875	27,485,487	34,612	0.13
Secondary Schools	18,871,375	18,190,730	(680,645)	30,366,290	30,291,570	(74,720)	-0.25
Special Education	3,179,768	3,334,228	154,460	5,648,878	5,658,078	9,200	0.16
Other Education	234,542	277,452	42,910	345,580	361,659	16,079	4.65
Psychological Services	252,820	248,424	(4,396)	429,570	430,040	470	0.11
Quality Development	250,275	235,034	(15,241)	526,977	565,278	38,301	7.27
Community Support	1,601,061	1,300,483	(300,578)	2,564,980	2,543,563	(21,417)	-0.84
Community Halls	109,307	114,727	5,420	152,880	166,856	13,976	9.14
Youth Strategy	138,371	171,604	33,233	268,910	318,999	50,089	18.63
New Community Schools	244,936	150,294	(94,642)	400,000	400,000	0	0.00
Modern Languages	120,892	97,769	(23,123)	370,000	370,000	0	0.00
NET EXPENDITURE	43,338,991	41,289,381	(2,049,610)	71,183,820	71,183,820	0	0.00

2.5 Summary of Subjective Costs

	Budget Expend to 18-Nov-01 Period 8	Actual Expend to 18-Nov-01 Period 8	Variance Expend to 18-Nov-01 Period 8	Revised Annual Estimate 2001/02	Projected Actual 2001/02	Variance	
	£	£	£	£	£	£	%
Employee Costs	32,051,886	31,142,702	(909,184)	54,567,221	54,609,229	42,008	0.08
Property Costs	5,755,348	5,413,255	(342,093)	7,864,605	8,076,235	211,630	2.69
Transport Costs	2,358,286	2,358,442	156	3,591,200	3,598,755	7,555	0.21
Supplies & Services	3,488,611	3,004,286	(484,325)	5,684,501	5,875,314	190,813	3.36
Administration Costs	399,090	318,556	(80,534)	639,499	624,247	(15,252)	-2.39
Payments to Other Bodies	3,492,915	3,163,540	(329,375)	5,578,440	5,609,012	30,572	0.55
TOTAL EXPENDITURE	47,546,136	45,400,781	(2,145,355)	77,925,466	78,392,792	467,326	0.60
Income	(4,207,143)	(4,111,398)	95,745	(6,741,646)	(7,208,972)	(467,326)	6.93
NET EXPENDITURE	43,338,991	41,289,381	(2,049,610)	71,183,820	71,183,820	0	0.00

3. ANALYSIS OF VARIANCES

3.1 Position as at 18 November 2001 (Period 8)

3.1.1 Employee Costs

The current underspend of £909,184 is mainly due to the phased implementation of new initiatives, as well as absence costs less than budgeted. Despite this overall favourable variance in absence cover costs, centrally-held budgets have been fully committed and the department is in the process of analysing this category of expenditure, to ensure that costs can be met from within the overall resource allocation for the year.

The projected overspend of £42,008 is mainly due to higher than budgeted superannuation, national insurance and special payment costs within Central Administration.

3.1.2 Property Costs

The favourable variance of £342,093 relates to timing of expenditure on energy 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 anticipated Contract Janitorial Service costs and increased energy costs, results in a projected adverse variance of £211,630.

3.1.3 Transport Costs

It is anticipated that transport costs will exceed budget by £7,555 for the year, largely due to higher than budgeted inflationary uplifts in respects of contract transport. This increased expenditure occurs mainly in the Special Educational Needs sector and is unavoidable.

3.1.4 Supplies and Services

The Period 8 favourable variance of £484,325 is largely due to the timing of expenditure. This current underspend includes a sum of £50,969, relating to the schools carry forward from 2000-01, which has still to be allocated. In addition, within the Primary School sector, the current position highlights a year-to-date underspend of £406,627, due to profiling of classroom supplies budgets.

The projected out-turn shows an overspend of £190,813, 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 £80,534 at Period 8 is mainly due to timing of expenditure in the year. The projected out-turn is an underspend of £15,252, due to savings relating to reduced photocopying, communications and school board costs.

3.1.6 Payments to Other Bodies

The underspend to date of £329,375 largely relates to timing of expenditure. The projected overspend of £30,572 is largely due to the costs of SQA Examination fees which are in excess of budget. This is mainly attributable to the increase in the number of pupils sitting examinations and reflects the success of the Educational Maintenance Allowance (EMA) scheme.

3.1.7 Income

The current under-recovery of £95,745 is mainly due to timing issues. The projected over-recovery of £467,326 is due to additional income for school activities, catering income and other miscellaneous income.

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 £71,183,820 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

24 January 2002
AMcP / EC

**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).

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AGENDA