

EAST AYRSHIRE COUNCIL

EDUCATION COMMITTEE – 4 FEBRUARY 2003

**BUDGETARY CONTROL SUMMARY STATEMENT
EDUCATION TO 17 NOVEMBER 2002 (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 17 November 2002 (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 available information it is currently projected that the Education Service will out-turn at £76,652,422, which is on-line with the revised annual estimate for the year.

2.3 Budget Performance to Period 8

The net expenditure to date amounts to £44,178,600 compared to a budget of £44,728,712, resulting in the actual expenditure being less than the budget by £550,112.

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 Expend to 17-Nov-02 Period 8	Actual Expend to 17-Nov-02 Period 8	Variance Expend to 17-Nov-02 Period 8	Revised Annual Estimate 2002/03	Projected Actual 2002/03	Variance	
	£	£	£	£	£	£	%
Central Administration	(37,882)	(86,262)	(48,380)	1,916,214	1,986,903	70,689	3.69
Education Property	0	(52,987)	(52,987)	0	0	0	0.00
Pre-Fives' Provision	2,650,279	2,532,347	(117,932)	4,608,356	4,541,454	(66,902)	-1.45
Primary Schools	16,683,398	16,257,899	(425,499)	27,288,719	26,741,325	(547,394)	-2.01
Secondary Schools	18,579,216	18,691,420	112,204	31,413,053	31,110,561	(302,492)	-0.96
Special Education	3,584,792	3,770,651	185,859	5,986,862	6,576,855	589,993	9.86
Other Education	370,397	385,029	14,632	328,392	283,813	(44,579)	-13.58
Psychological Services	253,042	298,490	45,448	419,917	459,100	39,183	9.33
Quality Development	316,121	267,749	(48,372)	687,275	775,918	88,643	12.90
Community Support	1,690,122	1,507,710	(182,412)	2,705,358	2,791,202	85,844	3.17
Community Halls	117,808	125,071	7,263	159,826	177,580	17,754	11.11
Youth Strategy	163,350	182,251	18,901	279,658	348,919	69,261	24.77
New Community Schools	233,866	183,170	(50,696)	488,792	488,792	0	0.00
Modern Languages	124,203	116,062	(8,141)	370,000	370,000	0	0.00
NET EXPENDITURE	44,728,712	44,178,600	(550,112)	76,652,422	76,652,422	0	0.00

2.5 Summary of Subjective Costs

	Budget Expend to 17-Nov-02 Period 8	Actual Expend to 17-Nov-02 Period 8	Variance Expend to 17-Nov-02 Period 8	Revised Annual Estimate 2002/03	Projected Actual 2002/03	Variance	
	£	£	£	£	£	£	%
Employee Costs	33,598,236	32,917,584	(680,652)	57,158,232	56,834,101	(324,131)	-0.57
Premises Costs	5,347,540	5,599,643	252,103	7,991,962	8,280,991	289,029	3.62
Transport Related Costs	2,599,854	2,526,496	(73,358)	3,672,197	3,612,102	(60,095)	-1.64
Supplies & Services	4,490,594	4,209,862	(280,732)	8,186,727	8,122,946	(63,781)	-0.78
Third Party Payments	1,470,262	1,701,584	231,322	3,054,634	3,857,253	802,619	26.28
Transfer Payments	664,902	699,141	34,239	1,729,892	1,724,090	(5,802)	-0.34
TOTAL EXPENDITURE	48,171,388	47,654,310	(517,078)	81,793,644	82,431,483	637,839	0.78
Income	(3,442,676)	(3,475,710)	(33,034)	(5,141,222)	(5,779,061)	(637,839)	12.41
NET EXPENDITURE	44,728,712	44,178,600	(550,112)	76,652,422	76,652,422	0	0.00

3. ANALYSIS OF VARIANCES

3.1 Position as at 17 November 2002 (Period 8)

3.1.1 Employee Costs

The current underspend is largely due to the phasing of McCrone increments and pay award, including average salary savings for Permanent Teachers 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 adverse variance to date of £252,103 is partly due to the timing of expenditure.

The projected adverse variance of £289,029 is mainly due to increased cleaning costs and higher than budgeted increase in Water Rates and Sewerage charges across all sectors. This is partially offset by an anticipated saving on Non Domestic Rates.

3.1.3 Transport Related Costs

The underspend at Period 8 of £73,358 is mainly due to the timing of Transport Contract payments.

It is anticipated that costs will be £60,095 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 8 favourable variance of £280,732 is largely due to the timing of expenditure.

The projected out-turn highlights a saving of £63,781. This is mainly due to reduced expenditure on general supplies and services, partially offset by increased school activities expenditure (which is offset by additional income) and higher than budgeted exam fees. This final 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 overspend of £231,322 at Period 8 is mainly caused by the higher than budgeted numbers of residential school placements, as well as the timing of expenditure.

The projected out-turn is an overspend of £802,619 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.

3.1.6 Transfer Payments

The current variance of £34,239 largely relates to the timing of expenditure.

The projected underspend of £5,802 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 over-recovery is largely due to the timing of receipt of income.

There is a projected favourable out-turn of £637,839. 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 £86,000 in 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 £76,652,422 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

27 January 2003
AMcP / PW / EC

