

EAST AYRSHIRE COUNCIL

EDUCATION COMMITTEE – 12 NOVEMBER 2002

BUDGETARY CONTROL SUMMARY STATEMENT EDUCATION TO 22 SEPTEMBER 2002 (PERIOD 6)

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 22 September 2002 (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 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 6

The net expenditure to date amounts to £32,972,498 compared to a budget of £33,670,984, resulting in the actual expenditure being less than the budget by £698,496.

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 22-Sep-02 Period 6	Actual Expend to 22-Sep-02 Period 6	Variance Expend to 22-Sep-02 Period 6	Revised Annual Estimate 2002/03	Projected Actual 2002/03	Variance	
	£	£	£	£	£	£	%
Central Administration	(749,016)	(788,004)	(38,988)	1,916,214	1,835,353	(80,861)	-4.22
Education Property	0	(55,211)	(55,211)	0	0	0	0.00
Pre-Fives' Provision	1,821,745	1,866,501	44,756	4,608,068	4,725,121	117,053	2.54
Primary Schools	12,764,817	12,381,906	(382,911)	27,288,854	26,339,492	(949,362)	-3.48
Secondary Schools	14,505,048	14,391,802	(113,246)	31,414,513	31,507,378	92,865	0.30
Special Education	2,889,397	2,841,633	(47,764)	5,986,862	6,673,629	686,767	11.47
Other Education	253,014	251,665	(1,349)	328,392	274,356	(54,036)	-16.46
Psychological Services	210,816	262,935	52,119	418,513	470,043	51,530	12.31
Quality Development	404,124	395,821	(8,303)	687,372	746,225	58,853	8.56
Community Support	1,106,477	996,653	(109,824)	2,705,358	2,743,971	38,613	1.43
Community Halls	50,521	61,468	10,947	159,826	180,635	20,809	13.02
Youth Strategy	132,319	132,232	(87)	279,658	297,427	17,769	6.35
New Community Schools	182,277	148,241	(34,036)	488,792	488,792	0	0.00
Modern Languages	99,446	84,855	(14,591)	370,000	370,000	0	0.00
NET EXPENDITURE	33,670,985	32,972,497	(698,488)	76,652,422	76,652,422	0	0.00

2.5 Summary of Subjective Costs

	Budget Expend to 22-Sep-02 Period 6	Actual Expend to 22-Sep-02 Period 6	Variance Expend to 22-Sep-02 Period 6	Revised Annual Estimate 2002/03	Projected Actual 2002/03	Variance	
	£	£	£	£	£	£	%
Employee Costs	27,773,904	27,143,908	(629,996)	57,145,949	56,306,056	(839,893)	-1.47
Premises Costs	2,476,084	2,418,833	(57,251)	7,912,666	8,145,943	233,277	2.95
Transport Related Costs	1,795,526	1,723,281	(72,245)	3,679,085	3,717,622	38,537	1.05
Supplies & Services	2,659,016	2,484,680	(174,336)	8,042,372	8,317,435	275,063	3.42
Third Party Payments	868,379	992,442	124,063	2,043,308	2,724,037	680,729	33.32
Transfer Payments	666,662	664,837	(1,825)	1,719,892	1,695,432	(24,460)	-1.42
TOTAL EXPENDITURE	36,239,571	35,427,981	(811,590)	80,543,272	80,906,525	363,253	0.45
Income	(2,568,586)	(2,455,484)	113,102	(3,890,850)	(4,254,103)	(363,253)	9.34
NET EXPENDITURE	33,670,985	32,972,497	(698,488)	76,652,422	76,652,422	0	0.00

3. ANALYSIS OF VARIANCES

3.1 Position as at 22 September 2002 (Period 6)

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 and Daily Rate Teachers' costs. In addition, savings arise from APT & C vacancies in central sectors and a one-off saving due to the timing of increased clerical hours at nursery schools. As with the year-to-date variance, these savings are partially offset by increased Teachers' absence cover 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 £57,251 relates to seasonal expenditure on energy costs and insurance recovery receipts in advance of final invoiced cost.

The projected adverse variance of £233,277 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 6 of £72,245 is mainly due to the timing of Transport Contract payments.

It is anticipated that costs will be £38,537 greater than budget. This is mainly due to additional Transport Contract Payments and repairs and maintenance costs. These additional costs are partially offset by reduced car mileage and allowances.

3.1.4 Supplies and Services

The Period 6 favourable variance of £174,336 is due to the timing of expenditure.

The projected out-turn highlights additional expenditure of £275,063 which is mainly due to school activities expenditure (which is offset by additional income) and higher than budgeted exam fees. This is a direct result of the success of Education Maintenance Allowance. Discussions are on-going to seek Scottish Executive funding for the increased SQA fees.

3.1.5 Third Party Payments

The overspend of £124,063 at Period 6 is mainly caused by the higher than budgeted numbers of residential school placements.

The projected out-turn is an overspend of £680,729 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. The Director of Educational and Social Services is currently investigating this issue and has taken management action to control the

numbers entering the outwith placement programme. It is evident however, that current demand for placements exceeds budget allocations.

3.1.6 Transfer Payments

The favourable variance to date of £1,825 relates to timing of expenditure.

The projected underspend of £24,460 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.

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 £363,253. 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). It should be noted however that this masks an under-recovery of £100,000 in Special Educational Needs income from other local authorities who 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
Services**

John Mulgrew
Director of Educational and Social

29 October 2002
AMcP / PW / 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).

Implementation Officers Euan Couperwhite, Departmental Finance Manager
 Tom McHugh, Head of Accounting Services

AGENDA