

EAST AYRSHIRE COUNCIL

EDUCATION COMMITTEE – 18 SEPTEMBER 2001

**BUDGETARY CONTROL SUMMARY STATEMENT
EDUCATION TO 29 JULY 2001 (PERIOD 4)**

**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 29 July 2001 (Period 4).

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 £70,220,700 at 31 March 2002.

2.3 Budget Performance to Period 4

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 29 July 2001 totals £20,810,405 compared to a budget of £21,272,274 resulting in a reported underspend to date of £461,869. This is principally due to timing of expenditure, which is projected to out-turn on budget at 31 March 2002.

Although the schools sectors show favourable variances at 29 July, the department's Scheme of Delegation allows for savings in one budget heading to be utilised at the discretion of the Head Teacher, in conjunction with the Director of Educational and Social Services. As a result of this, the projected spend for schools matches resources allocated for the year, unless otherwise highlighted by the Director of Educational and Social Services.

2.4 Summary of Objective Costs

	Budget Expend to 29-Jul-01 Period 4	Actual Expend to 29-Jul-01 Period 4	Variance Expend to 29-Jul-01 Period 4	Revised Annual Estimate 2001/02	Projected Actual 2001/02	Variance	
	£	£	£	£	£	£	%
Central Administration	311,224	207,987	(103,237)	1,431,324	1,445,721	14,397	1.01
Pre-Fives' Provision	444,813	358,029	(86,784)	1,719,470	1,690,017	(29,453)	-1.71
Primary Schools	8,104,701	7,971,321	(133,380)	26,506,511	26,667,738	161,227	0.61
Secondary Schools	9,236,166	9,226,196	(9,970)	29,921,642	29,785,496	(136,146)	-0.46
Special Education	1,678,845	1,649,355	(29,490)	5,637,079	5,630,932	(6,147)	-0.11
Other Education	121,612	189,896	68,284	345,580	376,286	30,706	8.89
Psychological Services	141,281	139,528	(1,753)	429,570	419,316	(10,254)	-2.39
Quality Development	290,770	264,825	(25,945)	568,284	568,325	41	0.01
Community Education	669,417	622,838	(46,579)	2,469,450	2,432,543	(36,907)	-1.50
Community Halls	35,047	32,180	(2,867)	152,880	142,973		
Youth Strategy	75,383	89,817	14,434	268,910	293,945	25,035	9.31
New Community Schools	92,129	29,526	(62,603)	400,000	400,000	0	0.00
Modern Languages	70,886	28,907	(41,979)	370,000	367,408	(2,592)	-0.70
NET EXPENDITURE	21,272,274	20,810,405	(461,869)	70,220,700	70,220,700	0	0.00

2.5 Summary of Subjective Costs

	Budget Expend to 29-Jul-01 Period 4	Actual Expend to 29-Jul-01 Period 4	Variance Expend to 29-Jul-01 Period 4	Revised Annual Estimate 2001/02	Projected Actual 2001/02	Variance	
	£	£	£	£	£	£	%
Employee Costs	17,644,115	17,467,455	(176,660)	53,651,392	53,295,801	(355,591)	-0.66
Property Costs	1,731,632	1,477,381	(254,251)	7,865,646	7,981,170	115,524	1.47
Transport Costs	925,298	920,786	(4,512)	3,600,460	3,626,232	25,772	0.72
Supplies & Services	1,485,535	1,446,373	(39,162)	4,944,388	5,226,692	282,304	5.71
Administration Costs	202,542	137,788	(64,754)	661,120	683,905	22,785	3.45
Payments to Other Bodies	1,205,064	1,387,348	182,284	6,183,097	6,288,644	105,547	1.71
TOTAL EXPENDITURE	23,194,186	22,837,131	(357,055)	76,906,103	77,102,444	196,341	0.26
Income	(1,921,912)	(2,026,726)	(104,814)	(6,685,403)	(6,881,744)	(196,341)	2.94
NET EXPENDITURE	21,272,274	20,810,405	(461,869)	70,220,700	70,220,700	0	0.00

3. ANALYSIS OF VARIANCES

3.1 Position as at 29 July 2001 (Period 4)

3.1.1 Employee Costs

The current underspend of £176,660 is due to the phased implementation of new initiatives, offset by absence costs higher than budget.

The projected underspend is based on the current level of savings in Employee Costs. Due to the devolved nature of school budgets, any underspend will be counter-balanced by spending in other headings.

3.1.2 Property Costs

The favourable variance of £254,251 relates to seasonal 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, combined with higher energy costs, results in a projected adverse variance of £115,524.

3.1.3 Transport Costs

The underspend at Period 4 of £4,512 is caused by lower than budgeted staff travel in the schools sector. As previously mentioned, the Scheme of Delegation allows for any saving to be utilised elsewhere by the Head Teacher. Overall it is anticipated that costs will exceed budget by £25,772 for the year, largely due to higher than budgeted inflationary uplifts in respect 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 4 favourable variance of £39,162 is largely due to the timing of expenditure.

The projected out-turn shows an overspend of £282,304 which is 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 £64,754 at Period 4 is partly due to timing of expenditure in the year. The projected out-turn is an overspend of £22,785 at 31 March 2002, due to increased expenditure for advertising, printing and stationary and provision for bad debts.

3.1.6 Payments to Other Bodies

The overspend to date of £182,284 largely relates to timing of expenditure.

The projected overspend of £105,547 is largely due to the costs of SQA Examination fees which are considerably in excess of budget. This is related to the increase in the number of pupils sitting examinations and results from the success of the Educational Maintenance Allowance (EMA) scheme.

3.1.7 Income

The current over-recovery of £104,814 is mainly due to increased income for school activities programmes and early receipt of Pre Five Grant income.

The projected over-recovery of £196,341 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 £70,220,700 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

11 September 2001
AMcP / BC

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