

SCHOOLS SERVICES REVENUE BUDGET MONITORING REPORT AS AT 28 DECEMBER 2007

1. Reason for Report

1.1 To provide Members with an overview of forecast performance against budget for Schools Services, based on expenditure incurred to the end of December 2007.

1.2 To highlight that, in addition to securing the savings identified, Schools Services will also be required to address budget pressures from within its own budget allocations in 2008/09, in line with the Council's agreed Resourcing Protocol.

1.3 To highlight the approach to the Local Government Finance Settlement 2008/09 to 2010/11 and the associated Concordat between The Scottish Government and CoSLA, in relation to the former ring-fenced funding.

2. Report Summary

2.1 Schools Services, including Business Services and Children's Integration, are currently forecast to over-spend by £8K in 2007/2008.

2.2 As agreed at the January 2008 Education and Community Services Committee, following agreement in principle by the Finance Sub Committee, a £618k saving was approved in order to achieve the departmental savings target for 2008/09. However, Schools Services is still required to address internal budget pressures amounting to £1,224k for 2008/09, including £300K relating to Single Status.

2.3 The Local Government Finance Settlement 2008/09 to 2010/11 and the associated Concordat between The Scottish Government and CoSLA stated that the NPAFs allocations would reduce. Further details of the reasoning behind these reductions is still being sought but there is a potential short-fall of £503k in 2008/09 for this authority. This figure is included in the budget pressures referred to in paragraph 2.2

3. Glossary of Terms

ESWCS – Education Social Work and Community Services

YPSS – Young Persons Support Service

SQA – Scottish Qualification Authority

NPAF – National Priority Action Fund

GLOW – formerly Scottish Schools Digital Network (SSDN)

DSM – Devolved School Management

RICCT – Reduction In Class Contact Time

NGfL – National Grid for Learning

ASL – Additional Support for Learning

CPD – Continued Professional Development

INEA – Inspection of Education Authorities

4. Recommendations

Members are asked to note:

- 4.1 the projected over-spend of £8K in Schools Services as at December 2007;
- 4.2 the current core budget pressure for Schools Services amount to £1,224K within 2008/09, including £300K relating to Single Status;
- 4.3 that the Scottish Government Finance Settlement includes a reduction in National Priority Action Fund funding, resulting in a potential shortfall of £503K within 2008/09, which is included in the budget pressures; and
- 4.4 that the Schools Services Management Team is currently investigating options to address the budget pressures, including the reduction in National Priority Action Fund funding.

5. Corporate Plan Links and Contribution

One of the key principles of the Council is to continue to make financial management a top priority through closely monitoring spending, while taking action to restrict Council Tax increases and achieve value for money. Member involvement and scrutiny of the monitoring is a fundamental element of good financial management.

6. Resources/Value for Money Assessment

The budget monitoring process is integral to ensuring sound financial management and is an essential element in the monitoring and review of the Council's resource utilisation and performance.

7. Risk Assessment

ESWCS manages its service within the framework set out in the Council's Financial Regulations, Codes and Practice Notes. Routine and regular monitoring, review and development of the Schools Services budget allows for informed decision making. The Directorate has a robust Financial Monitoring Procedure in place.

8. Consultations

The Schools Services Management Team, the Service Director Social Work Services, the Group Manager Community Services and the Group Manager Human Resources have been consulted on this report and their comments incorporated therein.

9. Background

9.1 For 2007/08 onwards, budget development has taken place through Corporate Management Team, Finance Sub Committee, Education, Social Work and Community Services Committee and also Full Council which, on 8 February 2007, agreed the level of Council Tax and the overall cash limit for the Council for 2007/08.

9.2 The Schools Services cash limit budget for 2007/2008 has been set at £118,064K.

9.3 This report additionally provides details of the Children's Integration budget, which includes a number of projects jointly managed between Social Work and Education and consequently will be reported to both Social Work and Education and

Community Services Committees. The budget for this element of the service is £1.289M.

10. Forecast Performance Against Budget

10.1 As at the end of December, Schools Services, including Business Services and Children's Integration, are forecast to over-spend by £8K in 2007/2008 (see **Appendix 1**). Schools Services is predicting an over-spend of £97K, which is offset by the Business Services current forecast of £89K under-spend.

10.2 The Children's Integration Service is currently forecasting to be on budget at £1.289M, see **Appendix 1**.

10.3 Childcare and Pre-school Sector - £11K favourable

10.3.1 Pre-school education is under budget, based on current expenditure. Staff costs are lower due to early retirement costs being less than initially anticipated.

10.4 Primary Sector - £44K favourable

10.4.1 Teaching Costs are currently forecast at £129K under budget, mainly as a result of higher than anticipated Scottish Government grant in relation to probationers placed in Dumfries and Galloway.

10.4.2 Out of Region expenditure is adverse to budget by £13K in the primary sector. This reflects the actual charge received from Cumbria County Council.

10.5 Secondary Sector - £120K adverse

10.5.1 Teaching Costs are currently forecast at £17K adverse to budget due to higher supply costs being anticipated. However, it is worth noting that teacher supply costs can vary depending on winter illness levels.

10.5.2 Support staff costs are forecast to be overspent by £57K in the Secondary sector, due partly to one-off costs relating to the agreed reduction of support staff.

10.5.3 The release of £217K from the 2007/08 Service Reserves has addressed the over-spend on SQA Examination Fees. This is included within the service's budget pressures for future years.

10.5.4 Out of Region expenditure is adverse to budget by £34K in the secondary sector. This reflects the actual charge received from Cumbria County Council.

10.6 Pupil Support

10.6.1 Pupil Support represents a significant budget pressure arising from the Council's statutory responsibility to meet all 'additional support needs' of pupils. As a result of this wide-ranging definition, the budget is demand driven by the number of pupils requiring additional support and the increased nature of this support, in many instances. Particular pressures exist in the areas of Autism, English as an Additional Language, Behaviour and Disability. In the current year, this pressure will be addressed through the application of ring-fenced monies received from the Scottish Government.

10.6.2 At the Education and Community Services Committee on the 25 September 2007, Members' were requested to note the progress of the School Based Pupil Support Service Review. It is hoped that this review will help address the longer term pressures within Pupil Support.

10.7 Single Status

The Corporate Savings Proposals for 2008/09, agreed in principle by the Finance Sub Committee (January 2008), includes £500,000 for "Sustaining 07/08 Single Status Savings". Members should note that, for budget planning purposes, Schools Services have been allocated £300,000 of this corporate saving. However, the Schools Services 2007/08 budget has been reduced by £431k as a one-off Single Status adjustment. Hence, the Single Status reduction in the 2007/09 accounts is £131k less than it is in 2007/08. The £300K allocation for 2008/09 has been included in budget pressures as the savings for 2007/08 were only approved for one year.

11 Budget Pressures 2008/09

11.1 As agreed at the January 2008 Education and Community Services Committee, following agreement in principle by the Finance Sub Committee, a £618k saving was passed to achieve the departmental savings targets. However, Schools Services is still required to address internal budget pressures for 2008/09. The table below details the budget pressures identified to date.

Budget Pressures identified to date	£000's
Single Status	300
NPAF – see para 11.3	503
SQA	230
CREATE	191
Total	1,224

11.2 The Corporate Scrutiny Panel has been reconvened to review budget pressures identified by individual services. While the corporate draft budget includes provision of £1 million to address budget pressures, it is apparent that this provision will only address a limited amount of the pressures being identified by Services. It is therefore inevitable that, in line with the Council's agreed Resourcing Protocol, Services will be required to accommodate the majority of their budget pressures from within their existing resources.

11.3 The initial analysis of the Financial Settlement and associated Concordat indicate that Schools Services will be allocated £503k less than would be expected based on 2007/08 allocations, including the capital allocation for GLOW.

11.4 The Schools Services Management Team is currently reviewing options to identify savings to cover both the core budget pressures including the former NPAF shortfall. However, the level of core costs which have been shoe-horned into NPAF areas in recent years has significantly reduced the flexibility available.

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Date of Report: 19 February 2008	

APPENDICES – 1

**EDUCATION & COMMUNITY SERVICES
BUDGET MONITORING REPORT**
SCHOOLS SERVICES

	2006/2007 Actual Out-turn	2007/2008 Out-turn Budget	2007/2008 Actual Expenditure to 28 Dec 2007	2007/2008 Projected Out-turn	2007/2008 Projected Out-turn variance	2008/2009 Indicative Budget	2009/2010 Indicative Budget
	£	£	£	£	£	£	£
Childcare & Surestart	2,421,524	2,311,735	1,472,978	2,359,045	47,310	2,477,407	2,546,937
Pre School Sector	4,569,327	4,579,722	2,768,674	4,520,929	-58,793	4,822,321	4,934,435
Primary Sector	42,976,057	44,022,685	26,018,996	43,979,167	-43,518	45,077,784	45,965,791
Secondary Sector	52,087,641	53,005,611	32,355,180	53,125,495	119,884	53,578,609	54,633,118
Psychology Services	603,496	625,516	425,145	608,496	-17,020	642,719	658,437
Pupil Support	14,397,027	14,873,891	10,470,558	14,849,776	-24,115	15,337,779	15,720,874
Other Costs	4,434,343	5,037,868	4,512,610	5,084,552	46,684	5,175,277	5,316,844
Conveyance of Children	414,732	426,870	296,366	437,289	10,419	437,540	448,479
School Meals Service	2,012,583	0	0	0	0	0	0
School Boards	165,077	137,689	57,495	137,528	-161	140,332	142,908
Instrumental Instruction	14,945	8,547	462,097	14,688	6,141	23,636	36,065
ICT General Support	-92,166	0	412,380	10,070	10,070	16,089	31,664
Govt Funding re McCrone	0	2,935	0	2,935	0	3,008	3,083
PPP Development Costs	1,036,272	712,723	634,887	712,723	0	515,474	526,488
Total Schools Expenditure	125,040,858	125,745,792	79,887,367	125,842,693	96,901	128,247,975	130,965,123
less Specific Grant	7,878,500	7,681,764	3,951,855	7,681,764	0	7,200,322	7,156,749
Total Schools Services	117,162,358	118,064,028	75,935,512	118,160,929	96,901	121,047,653	123,808,374

SCHOOLS SERVICES - Subjective Analysis

Staff Costs	83,605,673	86,391,674	62,521,480	86,461,248	69,574
Property Costs	9,376,481	10,024,659	5,779,392	10,043,586	18,927
Supplies and Services	9,136,909	8,009,787	4,536,442	7,993,912	-15,875
Transport Costs	1,822,379	1,752,338	1,256,361	1,772,564	20,226
Administration Costs	17,329,383	14,259,928	1,663,462	14,277,879	17,951
Payments to Other Bodies	6,297,184	6,022,671	5,876,243	6,080,283	57,612
Transfer Payments	923,529	938,899	644,665	938,899	0
Central Support Costs	2,377,595	2,302,489	-	2,302,489	0
Capital Charges & Leasing	10,485,570	10,461,523	-	10,461,523	0
Income	-24,192,344	-22,099,940	-6,342,533	-22,171,454	-71,514
Total Schools Services	117,162,358	118,064,028	75,935,512	118,160,929	96,901

BUSINESS SERVICES	632,322	588,483	919,206	390,463	-198,020	664,929	698,780
CHILDRENS SERVICES INTEGRATION UNIT	650,911	1,289,179	365,675	1,289,179	0	1,184,734	1,228,670

Note: £109k from Business Services will transfer to Social Work at year-end, leaving £89k to net against Education.