

THE HIGHLAND COUNCIL
EDUCATION, CULTURE AND SPORT COMMITTEE
12 MARCH 2009

Agenda Item	
Report No	

Revenue Budget Monitoring – updated statement

Report by Director of Education, Culture and Sport

SUMMARY

This report provides Members with an update on the projected year-end position and on the basis of the updated financial position seeks Members' approval to submit a supplementary estimate to the Resources Committee

1. Revised year-end projections 2008-09

The Revenue Budget monitoring report contained within the published agenda reports a projected year-end overspend figure of £0.989M. In addition there is reference within that report to budget pressures which are not within the above figure, namely:

- Category red schools – that is those with a projected deficit in excess of the 3% deficit limit
- Delays in the delivery of some of the 2008-09 budget savings
- The non achievement of some of the 2008-09 budget savings

1.1 At the time of writing the above report alternative compensatory savings were being sought in order to off-set the budget pressures not included within the deficit figure reported. It is now clear that the main alternative savings have been identified and as a result the following additional pressures can be reported:

- Category red schools - £0.150M
- Non achievement of energy savings - £0.420M
- Non achievement of savings as a result of the decision to retain Roy Bridge PS - £0.050M
- Delays in achieving savings from the administrative and clerical reviews - £0.310M
- Delays in the implementation of the cessation of school holiday cleaning - £0.235M

The total of the above additional pressures is £1.165M which when added to the reported figure results in a revised projected over-spend of £2.154M

1.2 On the basis that other compensatory savings are not available members are asked to approve that a supplementary estimate request of £2.154M is submitted to the April Resources Committee for consideration.

2. Continuing Action

- 2.1 There are in the ECS Budget a number of areas of expenditure which cannot be finally reported on until after the end of the Financial Year.

These include for example Supply Cover expenditure, DSM carry forwards and elements in the Cleaning and Catering account.

We will continue to work on the detail of all such areas of expenditure and it is expected on the basis of previous experience that these will have the effect of reducing the overspend situation. However in terms of the Council's procedures it is prudent at this stage to request a supplementary estimate on the basis of the current, identified pressure.

3. Impact on 2009-10 Revenue Budget

- 3.1 The 2009-10 ECS Revenue Budget addresses a significant proportion of the budget pressures experienced during the current financial year. For example the School Transport budget will increase by £0.750M over and above the 2.5% annual inflation uplift applied to this budget heading. Energy budgets will increase to reflect current consumption and the contractual prices as at April 2009. In addition, in recognition of the non achievement of the 2008-09 budget savings relating to energy and Roy Bridge PS, a budget pressure of £0.470M was approved to off-set these savings targets in 2009-10.

- 3.2 The increased energy budgets and the workforce planning measures introduced to reduce teaching numbers to the projected budget entitlement in August 2009 should significantly reduce the number of schools in category red during next financial year. The only potential risk relates to those schools carrying forward a significant deficit from this year to next year. This position will be closely monitored during the first quarter of the new financial year.

- 3.3 The remaining budget pressures identified above relate to the delay in achieving the savings relating to the implementation of the administrative and clerical review and the implementation of the cessation of school holiday cleaning. The school holiday cleaning will cease with effect from April 2009 and as a result it is expected that the remaining saving of £0.235M will be delivered in full during 2009-10. The implementation of the administrative and clerical commences this month and will continue for the next 6 months. As a result it is anticipated that the majority of the out-standing savings of £0.310M will be delivered during the forth-coming financial year.

- 3.4 The above measures and the recognition of pressures referred to in paragraph 2.1 above mean that the 2009/10 budget is soundly based and that the current situation can be seen as "one off" with no implications for the new financial year starting in April.

4.1 Members are requested to:

- Approve the submission of a supplementary estimate of £2.154M to the April Resources Committee

Signature:

Designation: Director of Education, Culture and Sport

Date: 12 March 2009