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<b>Report To:</b>	<b>Education &amp; Communities Committee</b>	<b>Date:</b>	<b>2 September 2025</b>
<b>Report By:</b>	<b>Interim Chief Financial Officer and Corporate Director Education, Communities &amp; Organisational Development</b>	<b>Report No:</b>	<b>FIN/47/25/AE/IC</b>
<b>Contact Officer:</b>	<b>Iain Cameron</b>	<b>Contact No:</b>	<b>01475 712832</b>
<b>Subject:</b>	<b>2025/26 Education Revenue Budget and 2024/25 Out-turn</b>		

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## 1.0 PURPOSE AND SUMMARY

- 1.1 ☐ For Decision ☒ For Information/Noting
- 1.2 The purpose of this report is to advise Committee of the Education Revenue Budget outturn for 2024/25 and the 2025/26 projected position, including details of action being taken to reduce the projected overspend.
- 1.3 In 2024/25, excluding the carry forward of Earmarked Reserves, there was an overspend of £77,000 within the Education Committee. This was a decrease in expenditure of £43,000 from the projected outturn reported to Committee in May 2025. More details are provided in section 3 of the report.
- 1.4 The total Education Revenue Budget for 2025/26, excluding Earmarked Reserves, is currently £117.723m. The latest projection is an overspend of £287,000, mainly due to:
- (a) A projected overspend of £115,000 for Employee Costs. An overspend of £376,000 for Non Teacher employee costs is mainly due to the turnover savings target not being achieved within ASN. This is partially offset by an underspend of £261,000 for Teachers, due to a number of additional teaching posts being left vacant.
  - (b) Water costs are projected to underspend by £58,000 due to consumption in schools being lower than budgeted. The projected underspend is in line with previous years.
  - (c) Transportation Costs are projected to overspend by £220,000. There are projected overspends of £40,000 for Pupil Consortium Transport, £26,000 for Pupil Vocational Transport, £23,000 for SPT Mainstream School Buses, £65,000 for Gaelic School Transport and £47,000 for Internal Transport Drivers, mainly relating to ASN runs.
  - (d) Free School Meals Holiday Payments are projected to underspend by £93,000.
  - (e) ASN Placements out with Inverclyde are projected to overspend by £42,000 and Income from Other Local Authorities for placements within Inverclyde Schools is projected to over recover by £64,000.

## **2.0 RECOMMENDATIONS**

- 2.1 It is recommended that the Committee notes the final outturn for 2024/25 and that the Committee's Revenue Budget is currently projected to overspend in 2025/26 by £287,000.
- 2.2 It is recommended that the Committee notes that proposals to address the underlying budget pressures will be presented to future meetings of this Committee.

**Angela Edmiston**  
**Interim Chief Financial Officer**

**Ruth Binks**  
**Corporate Director**  
**Education, Communities & ODHR**

### 3.0 BACKGROUND AND CONTEXT

- 3.1 The purpose of this report is to advise Committee of the current position of the 2025/26 Revenue Budget, as well as the 2024/25 final outturn and to highlight the main variances contributing to the £77,000 overspend for 2024/25 and the projected overspend of £287,000 for 2025/26.
- 3.2 The current Education Revenue Budget for 2025/26 is £117.723m, which is an increase of £0.666m from the Approved Budget, largely due to additional budget for Probationer Teachers.
- 3.3 **2024/25 OUT-TURN (£77,000 Overspend – 0.07%)**

The final outturn for the Education Revenue Budget in 2024/25, excluding Earmarked Reserves was an overspend of £77,000. This was £43,000 less expenditure than reported to the last Committee in May 2025.

The variations from budget by Service and movements from the projected outturn position reported in May, were as follows:

Service	Revised Budget 2024/25 £000	Outturn 2024/25 £000	Variance to Budget £000	Variance to Budget %	May Projected Variance £000	Movement Since May Projection £000
Corporate Director	161	171	10	6.2%	8	2
Education Services	96,535	96,252	(283)	(0.3%)	(303)	20
Inclusive Education	18,991	19,341	350	1.8%	415	(65)
<b>TOTAL NET EXPENDITURE</b>	<b>115,687</b>	<b>115,764</b>	<b>77</b>	<b>0.1%</b>	<b>120</b>	<b>(43)</b>

- 3.4 The actual outturn excluding earmarked reserves was £115.764m which represents an overspend of £77,000. The main variances were as follows:
- (a) An underspend on Employee Costs of £226,000 of which £193,000 related to Teachers and £33,000 to other Education Employees. Additional Teacher vacancies were left vacant from August 2024.
  - (b) An underspend of £49,000 for Water due to lower consumption within schools.
  - (c) An underspend of £144,000 for PPP Schools Unitary Charge. This was mainly due to credits received for Insurance.
  - (d) An overspend of £80,000 for Agency Staff used to cover Cleaning vacancies and Janitors' alarm call outs.
  - (e) An overspend of £301,000 for Facilities Management Catering Supplies & Services. £262,000 of this overspend was Provisions expenditure, due to a combination of inflation and additional meals being produced. Catering Disposables accounted for £31,000 of the overspend. The Provisions budget was increased as part of the 2025/26 budget process.
  - (f) An overspend of £218,000 for Transport Costs. (Mainstream Buses overspend £23,000, Gaelic Transport £63,000, Pupil Vocational & Consortium Transport overspend £49,000 and Internal Transport overspend £65,000).
  - (g) An overspend of £299,000 for Early Years Partner Provider Payments. This is mainly due to increased uptake of Partner Provider nurseries. Action was taken in the 2025/26 budget process to address this overspend.
  - (h) An underspend of £93,000 for Free School Meals holiday payments due to lower than budgeted uptake.

- (i) An over recovery in Income of £138,000 for School Meal Income, £78,000 of which was due to a one-off grant from the Scottish Government to write-off historic bad debts in Primary Schools.
- (j) An over recovery of £113,000 for Income from Other Local Authorities for ASN Placements within Inverclyde Schools.

### 3.5 2025/26 Projected Outturn (£287,000 overspend 0.2%)

The main projected variances contributing to the £287,000 overspend are explained in more detail below.

- (a) Employee costs are projected to overspend by £115,000. This is mainly due to:
  - i. An under achievement of turnover savings targets: £84,000 in Primary and Secondary non teachers, £426,000 in ASN and £35,000 in Other Inclusive Education.
  - ii. An over recovery of CLD turnover savings of £88,000, mainly due to staff temporarily funded by grants not being back filled.
  - iii. Within Facilities Management there is an over recovery of turnover savings of £122,000.
  - iv. Projected over-recovery of turnover savings in the Teachers' budget of £261,000 mainly due to additional teaching posts being left vacant.
- (b) A projected underspend in Water Charges across the Education Committee totalling £57,000.
- (c) A projected overspend of £39,000 for Biomass heat generation charges at Port Glasgow Community Campus. This is more than offset by an over recovery of £69,000 for Renewable Heat Incentive and Feed-In Tariff Income.
- (d) Within Facilities Management there are projected overspends of £30,000 for Agency Cleaning Staff, £20,000 for Janitors' Agency relating to Alarm Call Outs and £30,000 for Cleaning Materials and Disposables within Catering. Steps are being taken to address the use of Agency Staff, including the employment of Sessional staff to cover sickness absence.
- (e) Transportation Costs are projected to overspend by £220,000. There are projected overspends of £40,000 for Pupil Consortium Transport, £26,000 for Pupil Vocational Transport, £23,000 for SPT Mainstream School Buses, £65,000 for Gaelic School Transport and £47,000 for Internal Transport Drivers. In addition to these projected variances, ASN external transport is projected to outturn £653,000 over budget. This overspend is being funded by a combination of earmarked reserve, pressures funding and additional Scottish Government ASL funding.
- (f) A projected underspend of £93,000 for Free School Meals Holiday Payments due to actual uptake being lower than budgeted, in line with the previous financial year.
- (g) A Projected overspend of £20,000 for Education HQ Licences
- (h) A projected overspend of £42,000 for ASN Placements outwith Inverclyde, offset by additional income reported at 3.5(i).
- (i) A projected over recovery of ASN Income from Other Local Authorities of £64,000. This over recovery partially offsets the projected overspend in ASN Employee Costs and ASN Placements.

### 3.6 Earmarked Reserves

Appendix 4 gives an update on the operational Earmarked Reserves. Spend to date on these operational Earmarked Reserves is 100% of phased spend and 8.7% of the projected expenditure for 2025/26.

### 3.7 Virements

There are no virements this Committee cycle.

## 4.0 PROPOSALS

- 4.1 Steps are being taken to reduce the underlying budget pressures in the medium term with proposals to be presented to future Committees.

## 5.0 IMPLICATIONS

- 5.1 The table below shows whether risks and implications apply if the recommendations are agreed:

SUBJECT	YES	NO
Financial	X	
Legal/Risk	X	
Human Resources		X
Strategic (Partnership Plan/Council Plan)		X
Equalities, Fairer Scotland Duty & Children/Young People's Rights & Wellbeing		X
Environmental & Sustainability		X
Data Protection		X

### 5.2 Finance

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

### 5.3 Legal/Risk

The Financial Regulations state that the responsibility for ensuring Revenue Budgets are not exceeded lies with the Committee and Chief Officer (Corporate Director). Actions are being progressed at a Committee level to bring the Committee back within budget.

### 5.4 Human Resources

There are no specific human resources implications arising from this report.

## **5.5 Strategic**

There are no specific strategic implications arising from this report.

## **6.0 CONSULTATION**

- 6.1 The paper has been jointly prepared by the Interim Chief Financial Officer and the Corporate Director Education, Communities, and Organisational Development.

## **7.0 BACKGROUND PAPERS**

- 7.1 There are no background papers for this report.

Education Budget Movement - 2025/26

Service	Approved Budget	Inflation £000	Virement £000	Movements	Transferred to EMR £000	Revised Budget
	2025/26 £000			Supplementary Budgets £000		2025/26 £000
Corporate Director	162					162
Education	96,793	72		794	(200)	97,459
Inclusive Education	19,981					19,981
Facilities Management	121					121
Totals	117,057	72	0	794	(200)	117,723

Movement Detail

£000

External Resources

Probationer Teacher Funding

794

794

Virements

0

Inflation

NDR Inflation

72

72

866

**EDUCATION****REVENUE BUDGET MONITORING REPORT****CURRENT POSITION**

2024/25 Actual £000	Subjective Heading	Approved Budget 2025/26 £000	Revised Budget 2025/26 £000	Projected Out-turn 2025/26 £000	Projected Over/(Under) Spend £000	Percentage Over/ (Under)
58,588	Employee Costs - Teachers	60,787	58,136	57,875	(261)	(0.4%)
32,098	Employee Costs - Non Teachers	30,974	31,067	31,443	376	1.2%
23,365	Property Costs	22,929	22,962	23,036	74	0.3%
7,838	Supplies & Services	7,925	8,013	7,958	(55)	(0.7%)
2,622	Transport Costs	2,391	2,397	2,617	220	9.2%
759	Administration Costs	885	885	888	3	0.3%
6,700	Other Expenditure	5,600	5,549	5,553	4	0.1%
(16,206)	Income	(14,434)	(11,086)	(11,160)	(74)	0.7%
<b>115,764</b>	<b>TOTAL NET EXPENDITURE</b>	<b>117,057</b>	<b>117,923</b>	<b>118,210</b>	<b>287</b>	<b>0.2%</b>
0	Earmarked Reserves	0	0	0	0	
0	DMR	0	(200)	(200)	0	
<b>115,764</b>	<b>TOTAL NET EXPENDITURE EXCLUDING EARMARKED</b>	<b>117,057</b>	<b>117,723</b>	<b>118,010</b>	<b>287</b>	<b>0.2%</b>

2024/25 Actual £000	Objective Heading	Approved Budget 2025/26 £000	Revised Budget 2025/26 £000	Projected Out-turn 2025/26 £000	Projected Over/(Under) Spend £000	Percentage Over/ (Under)
<b>171</b>	<b>Corporate Director</b>	<b>162</b>	<b>162</b>	<b>162</b>	<b>0</b>	<b>-</b>
84,044	Education	84,252	85,118	84,296	(822)	(1.0%)
121	Facilities Management	121	121	150	29	23.9%
12,087	School Estate Management Plan	12,541	12,541	12,541	0	-
<b>96,252</b>	<b>TOTAL EDUCATION SERVICES</b>	<b>96,914</b>	<b>97,780</b>	<b>96,987</b>	<b>(793)</b>	<b>(0.8%)</b>
14,595	ASN	15,100	15,100	16,306	1,206	8.0%
2,565	Community Learning & Development	2,495	2,495	2,306	(189)	(7.6%)
2,181	Other Inclusive Education	2,386	2,386	2,449	63	2.6%
<b>19,341</b>	<b>TOTAL INCLUSIVE EDUCATION</b>	<b>19,981</b>	<b>19,981</b>	<b>21,061</b>	<b>1,080</b>	<b>5.4%</b>
<b>115,764</b>	<b>TOTAL EDUCATION COMMITTEE</b>	<b>117,057</b>	<b>117,923</b>	<b>118,210</b>	<b>287</b>	<b>0.2%</b>
0	Earmarked Reserves	0	0	0	0	
0	DMR	0	(200)	(200)	0	
<b>115,764</b>	<b>TOTAL EDUCATION COMMITTEE EXCLUDING EARMARKED RESERVES</b>	<b>117,057</b>	<b>117,723</b>	<b>118,010</b>	<b>287</b>	<b>0.2%</b>



## **REVENUE BUDGET MONITORING REPORT**

[illegible]

**EARMARKED RESERVES POSITION STATEMENT****COMMITTEE: EDUCATION**

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2025/26</u>	<u>Phased Budget 30-Jun-25 2025/26</u>	<u>Actual 30-Jun-25 2025/26</u>	<u>Projected Spend 2025/26</u>	<u>Amount to be Earmarked for 2026/27 &amp; Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Beacon Arts	Tony McEwan	60	0	0	0	60	Contingency, only to be used when required.
Probationers	Michael Roach	415	0	0	200	215	Contingency, only to be used if SG grant funding is lower than expected.
ASN Initiatives / Resources	Ruth Binks	600	0	0	180	420	Funding 1fte QIO Grade 1 from September 2025 and enhanced Summer ASN Playschemes. 30% of EMR projected to be spent 25/26 and 70% 26/27.
New Scots Funding	Michael Roach	207	46	46	147	60	Funding EAL Teachers.
<b>Total</b>		<b>1,282</b>	<b>46</b>	<b>46</b>	<b>527</b>	<b>755</b>	