

NORTH LANARKSHIRE COUNCIL

REPORT

To: Education Committee	Subject 2000/2001 BUDGET MONITORING REPORT PERIOD 01/04/2000 – 04/02/2001 EDUCATION DEPARTMENT
From: Director of Education	
Date:	
Ref: MON/CP/FG/AMcG	

Purpose of Report

This report compares actual expenditure and income against estimates both for the year to date and the projected outturn. Explanations are provided for the major outturn variances.

Recommendations

It is recommended that the Committee note the contents of this report.



Members wishing further information please contact:

Michael O'Neill, Director of Education on 01236 812336 or
Christine Pollock, Depute Director of Education on 01236 812338

NORTH LANARKSHIRE COUNCIL

REPORT

To: Education Committee	Subject: 2000/2001 Budget Monitoring Report Period 01/04/2000 – 04/02/2001 EDUCATION DEPARTMENT
From: Director of Education	
Date: March, 2001	
Ref: CM.EDUC	

1. INTRODUCTION

This report compares actual expenditure and income against estimates both for the year to date and the projected outturn. Explanations are provided for the major outturn variances.

2. SUMMARY OF BUDGET VARIANCES

The table below provides an objective analysis of the variances to date and the projected outturn, across the divisions that are included within the Education department.

Division of Service Analysis	Budget to Date (£)	Actual to Date (£)	Variance to Date (£)	Expected Outturn (£)
Early Years	4,332,310	3,390,729	941,581	112,130 Underspend
Primary Schools	56,719,564	54,050,716	2,668,848	(62,683) Overspend
Secondary Schools	59,545,190	58,545,711	999,479	171,617 Underspend
Special Schools	9,021,826	8,764,035	257,791	(622,461) Overspend
Other Education Heads	9,115,125	8,544,864	570,261	401,397 Underspend
Total	138,734,015	133,296,055	5,437,960	0

3. EXPLANATION OF MAJOR VARIANCES

3.1 Early Years

a) Employee Costs **Underspend £247,773**

The agreed teachers pay award has resulted in a projected underspend of £10,431 for teacher salaries. There is however, an expected overspend of £26,144 arising from the early implementation of the 3% pay award for Non-Teaching staff from 1st Feb 2001 which was budgeted from 1st April 2001. A review of the average salary costs for teachers shows a likely underspend based on the January payroll data. It is anticipated that this could result in an underspend of £8,357 if the average is consistent throughout the financial year. The average salary will continue to be reviewed throughout the financial year and members will be advised of changes as they materialise. Further savings can be anticipated as follows:

- (i) strike action has realised a saving of approximately £4,000
- (ii) lower than anticipated uptake of 3 year old places will result in fewer demands for staff posts – teachers £98,265; former APT & C £152,864. These savings are offset by reduced grant income.

b) Property Costs **Underspend £45,206**

As a result of some nursery establishments opening later than originally budgeted for, an underspend of £60,000 in Contract Cleaning costs are expected. In addition, an underspend of £15,449 has been realised due to over-provided Non-Domestic Rates charges in the Early Years sector. These underspends are, however, offset by additional contract costs associated with the implementation of single status agreements which are anticipated to cost £20,000. Property Insurance premiums have exceeded budget by £7,085 and uplift of waste has exceeded budget by £3,158.

c) Payments to Other Bodies **Underspend £50,757**

Commission payments to partner organisations will be underspent by £50,757.

d) Income **Under Recovery £231,606**

Early Years Grant income will be less than forecast creating an under recovery of £231,606

3.2 Primary Schools

a) Employee Costs **Underspend £50,881**

The agreed teachers pay award has resulted in a projected underspend for teachers salaries of £215,031. There is however, an expected overspend of £26,857 arising from early implementation of the 3% pay award for Non-Teaching staff from 1st Feb 2001. A review of the average salary costs based on January salary payments shows an average higher than budgeted which could result in an overspend of £126,948 if the value is consistent across the financial year. Pupil roll adjustments will result in a overspend of £23,801.

3.2 Primary Schools (cont'd)

a) Employee Costs (cont'd)

Management action has been put in place to reduce spend in teachers by £74,189 and premature retirement costs by £102,000. Further management action will realise savings of £42,000 in former APT & C costs with £10,238 additionally arising from industrial action. Costs for former manual workers are forecast to be £25,009 higher than planned, compensated for by an underspend in secondary sector.

Additional teaching posts allocated to smooth the transitional arrangements for recently amalgamated schools will result in an overspend in teaching costs of £189,962 which is fully funded from anticipated underspends in property costs following rationalisation.

b) Property Costs **Underspend £14,436**

An underspend of £41,000 has been realised for Non-Domestic Rates charges. Expenditure on property costs is expected to fall by £189,962 following school rationalisation, this is offset by additional teaching costs in amalgamated schools. Management action in terms of overtime for janitors should reduce costs by £20,000 and further savings arise following industrial action by Community Services employees estimated to be £15,025.

These underspends are, however, offset by the following overspends:-

- i) Additional costs are anticipated in contract areas following the implementation of single status agreements, this is anticipated to be £120,000.
- ii) Energy costs have increased, in particular heating oil, which should lead to an overspend of £78,000.
- iii) Property Insurance premiums have exceeded budget by £53,551.

c) Transport & Plant **Overspend £90,000**

An overspend of £90,000 is anticipated in payments to Strathclyde Passenger Transport for the transporting of mainstream pupils.

d) Other Expenditure **Overspend £38,000**

Increased demand for Footwear and Clothing Grants will result in an overspend estimated at £38,000.

3.3 Secondary Schools

a) Employee Costs **Underspend £94,615**

The agreed teachers pay award has resulted in a projected underspend for teachers salaries of £271,472. There is however, an expected overspend of £26,010 arising from early implementation of the 3% pay award for Non-Teaching staff from 1st Feb 2001. A review of the average salary costs based on January salary payments shows an average higher than budgeted which could result in an overspend of £589,761 if the value is consistent across the financial year. Pupil roll adjustments will result in a underspend of £167,543.

Management action to delay filling posts for both teaching and non teaching staff is planned to realise compensating underspends of £89,104 for teachers and £87,267 for former Manual Workers. Further savings are anticipated from management action to reduce expenditure this financial year in early retirement payments to the value of £80,000 and from reduced payment to staff on strike of £15,000.

b) Property Costs **Underspend £53,822**

An underspend of £136,000 has been realised for Non-Domestic Rates charges within the Secondary sector. In addition, Property Insurance premiums have fallen short of budget expectations in this sector by £17,956. Management action is in place to reduce overtime in janitor contracts expected to result in a £30,000 underspend, and savings are anticipated from strike action of £30,000.

These underspends are partially offset by the following :-

- i) Uplift of waste has exceeded budget by £4,134.
- ii) It is anticipated that additional charges will be processed for contract services as a result of implementing the single status agreement; an estimated value of £60,000 is predicted for this overspend at this stage.
- iii) A further overspend is forecast in energy costs mainly as a result of higher than anticipated costs for heating oil, this could result in an overspend of £96,000.

c) Supplies and Services **Underspend £60,000**

An underspend of £60,000 is predicted for school milk provision.

d) Transport & Plant **Overspend £40,000**

An overspend of £40,000 is anticipated in payments to Strathclyde Passenger Transport for the transporting of mainstream pupils.

e) Payments to Other Agencies **Underspend £33,180**

An underspend in Bursaries of £33,180 is forecast as a result of bursary awards which were withdrawn because of failure to meet award conditions.

3.3 Secondary Schools (cont'd)

f) Other Expenditure **Overspend £30,000**

Increased demand for Footwear and Clothing Grants will result in an overspend estimated at £30,000.

3.4 Special Schools

a) Employee Costs **Underspend £228,504**

The agreed teachers pay award has resulted in a projected underspend for teachers salary costs of £27,120. There is however, an expected overspend of £7,340 arising from early implementation of the 3% pay award for Non-Teaching staff from 1st Feb 2001. A review of the average salary indicates a possible underspend of £3,834. Further underspends are forecast arising from management action to generate savings in teachers £184,662; teachers premature retirement costs £16,228. Further savings of approximately £4,000 have arisen from strike action.

b) Property Costs **Overspend £68,763**

An overspend of £47,521 has been realised for Non-Domestic Rates charges. Additional costs are estimated at £20,000 associated with contract services as a result of implementing the single status agreement. Finally, Property Insurance premium charges have exceeded budget by £1,242.

c) Transport Costs **Overspend £431,000**

An overspend of £431,000 is estimated relative mainly to private hire transport, arising as a result of increased demand.

d) Payment to Other Agencies **Overspend £153,686**

Payments to independent schools is anticipated to exceed budget by £71,046 and inter authority payments are forecast to exceed budget by £82,640.

e) Other Expenditure **Overspend £7,800**

Increased demand for Footwear and Clothing Grants will result in an overspend of £7,800.

f) Income **Under Recovery £189,716**

The likely income received from inter authority recharges is forecast to be £189,716 less than budget. The volume of pupils imported from other authorities is reducing as other authorities make their own provision.

3.5 Special Educational Needs

a) Employee Costs **Underspend £134,377**

The agreed teachers pay award has resulted in a projected underspend for teachers salaries of £16,408 and management action is expected to reduce costs further by £98,954. A further underspend is forecast at £19,015 following a review of the average salary costs for teachers.

b) Supplies and Services **Underspend £603**

Management action to reduce expenditure on supplies should realise savings of £603.

3.6 Other Education Heads

a) Employee Costs **Underspend £182,717**

The agreed teachers pay award has resulted in a projected underspend for teachers salaries of £11,299. There is however, an expected overspend of £16,082 arising from early implementation of the additional 3% pay award for Non-Teaching staff from 1st Feb 2001. Management action will be taken to reduce teachers' costs further by £15,000 and additional savings estimated at £2,000 are forecast from strike action. Management Action in former APT&C staffing will realise underspends of £170,500.

b) Property Costs **Overspend £17,744**

An overspend of £17,744 has been realised for Non-Domestic Rates Charges.

c) Payments to Other Bodies **Underspend £71,444**

Payments for copyright agreements are anticipated to be £18,000 less than budgeted. An underspend in Bursaries of £53,444 is forecast as a result of bursary awards which were withdrawn because of failure to meet award conditions.

d) Income **Over Recovery £30,000**

The income for the Quality Development service is forecast to exceed the target by £30,000.

4. **Management Summary**

This report highlights a number of areas where expenditure cannot be managed within the budget value, often because these costs are demand led. Forecasts will be reviewed on an on-going basis and management action will be reconsidered.

5. **Financial Concurrence**

The Director of Finance concurs with the financial information contained in this report and has been fully involved in its preparation.

6. **Recommendation**

It is recommended that the Committee note the contents of this report.

Director of Education

NORTH LANARKSHIRE COUNCIL

FINANCIAL MONITORING REPORT

1 April 2000 to 4 February 2001

COMMITTEE : EDUCATION

SERVICE : EDUCATION SUMMARY

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE £	ACTUAL TO DATE £ (4)	YEAR TO DATE VARIANCES (5)		(6)	ANNUAL BUDGET £ (7)	PROJECTED OUTTURN £ (8)	PROJECTED OUTTURN VARIANCES (9)		(10)
1.	EMPLOYEE COSTS	108,867,205	105,347,385	3,519,820	Underspend	3.23%	132,283,584	131,344,717	938,867	Underspend	0.71%
2.	PROPERTY COSTS	18,736,011	18,483,491	252,520	Underspend	1.35%	27,179,443	27,152,486	26,957	Underspend	0.10%
3.	SUPPLIES AND SERVICES	9,823,265	8,232,815	1,590,450	Underspend	16.19%	12,233,527	12,172,924	60,603	Underspend	0.50%
4.	TRANSPORT & PLANT	4,010,224	4,150,361	(140,137)	Overspend	-3.49%	5,348,180	5,909,180	(561,000)	Overspend	-10.49%
5.	ADMINISTRATION COSTS	1,373,547	1,242,850	130,697	Underspend	9.52%	1,739,192	1,739,192	0	Underspend	0.00%
6.	PAYMENTS TO OTHER BODIES	6,296,492	6,472,455	(175,963)	Overspend	-2.79%	11,074,074	11,072,379	1,695	Underspend	0.02%
7.	OTHER EXPENDITURE	2,075,982	1,272,659	803,323	Underspend	38.70%	2,443,838	2,519,638	(75,800)	Overspend	-3.10%
8.	APPORTIONED EXPENSES	0	0	0	Underspend	0.00%	2,708,870	2,708,870	0		0.00%
9.	CAPITAL FINANCING COSTS	36,000	1,436,739	(1,400,739)	Overspend	0.00%	22,510,253	22,510,253	0		0.00%
10.	TOTAL EXPENDITURE	151,218,726	146,638,755	4,579,971	Underspend	3.03%	217,520,961	217,129,639	391,322	Underspend	0.18%
11.	INCOME	12,484,711	13,342,700	857,989	Over-recovered	6.87%	22,845,476	22,454,154	(391,322)	Under-Recovery	-1.71%
12.	NET EXPENDITURE	138,734,015	133,296,055	5,437,960	Underspend	3.92%	194,675,485	194,675,485	0	Underspend	0.00%

NORTH LANARKSHIRE COUNCIL

FINANCIAL MONITORING REPORT

1 April 2000 to 4 February 2001

SERVICE: EARLY YEARS SERVICE

COMMITTEE : EDUCATION

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)			ANNUAL BUDGET (7)	PROJECTED OUTTURN (8)	PROJECTED OUTTURN VARIANCES (9)		
		£	£	£		%	£	£	£		%
1.	EMPLOYEE COSTS	6,062,759	5,571,510	491,249	Underspend	8.1%	7,438,838	7,191,065	247,773	Underspend	3.33%
2.	PROPERTY COSTS	438,157	730,798	(292,641)	Overspend	-66.8%	1,307,752	1,262,546	45,206	Underspend	3.46%
3.	SUPPLIES AND SERVICES	279,295	244,435	34,860	Underspend	12.5%	312,710	312,710	0		0.00%
4.	TRANSPORT & PLANT	132,113	97,864	34,249	Underspend	25.9%	169,490	169,490	0		0.00%
5.	ADMINISTRATION COSTS	88,428	56,582	31,846	Underspend	36.0%	108,340	108,340	0		0.00%
6.	PAYMENTS TO OTHER BODIES	1,171,086	1,161,202	9,884	Underspend	0.8%	1,320,548	1,269,791	50,757	Underspend	3.84%
7.	OTHER EXPENDITURE	431,958	75,033	356,925	Underspend	82.6%	510,890	510,890	0		0.00%
8.	APPORTIONED EXPENSES	0	0	0	Underspend	0.0%	66,178	66,178	0		0.00%
9.	CAPITAL FINANCING COSTS	0	1,172	(1,172)	Overspend	0.0%	0	0	0		
10.	TOTAL EXPENDITURE	8,603,796	7,938,596	665,200	Underspend	7.7%	11,234,746	10,891,010	343,736	Underspend	3.06%
11.	INCOME	4,271,486	4,547,867	276,381	Over-recovered	6.5%	6,950,527	6,718,921	(231,606)	Under-recovery	-3.33%
12.	NET EXPENDITURE	4,332,310	3,390,729	941,581	Underspend	21.7%	4,284,219	4,172,089	112,130	Underspend	2.62%

97

NORTH LANARKSHIRE COUNCIL

FINANCIAL MONITORING REPORT

1 April 2000 to 4 February 2001

SERVICE : PRIMARY SCHOOLS

COMMITTEE : EDUCATION

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)		(6)	ANNUAL BUDGET (7)	PROJECTED OUTTURN (8)	VARIANCES (9)		(10)
		£	£	£	%		£	£	£	%	
1.	EMPLOYEE COSTS	40,424,697	39,772,959	651,738	Underspend	1.61%	49,182,170	49,131,289	50,881	Underspend	0.10%
2.	PROPERTY COSTS	9,385,308	8,927,512	457,796	Underspend	4.88%	13,590,698	13,576,262	14,436	Underspend	0.11%
3.	SUPPLIES AND SERVICES	5,178,281	3,846,120	1,332,161	Underspend	25.73%	6,020,718	6,020,718	0		0.00%
4.	TRANSPORT & PLANT	2,043,910	1,972,875	71,035	Underspend	3.48%	1,472,590	1,562,590	(90,000)	Overspend	-6.11%
5.	ADMINISTRATION COSTS	308,062	332,053	(23,991)	Overspend	-7.79%	407,259	407,259	0		0.00%
6.	PAYMENTS TO OTHER BODIES	549,545	453,622	95,923	Underspend	17.45%	1,837,935	1,837,935	0		0.00%
7.	OTHER EXPENDITURE	635,064	603,765	31,299	Underspend	4.93%	686,392	724,392	(38,000)	Overspend	-5.54%
8.	APPORTIONED EXPENSES	0	0	0		0.00%	1,203,304	1,203,304	0		0.00%
9.	CAPITAL FINANCING COSTS	0	32,915	(32,915)	Overspend	0.00%	122,933	122,933	0		
10.	TOTAL EXPENDITURE	58,524,867	55,941,821	2,583,046	Underspend	4.41%	74,523,999	74,586,682	(62,683)	Overspend	-0.08%
11.	INCOME	1,805,303	1,891,105	85,802	Over-recovered	4.75%	7,079,156	7,079,156	0		0.00%
12.	NET EXPENDITURE	56,719,564	54,050,716	2,668,848	Underspend	4.71%	67,444,843	67,507,526	(62,683)	Overspend	-0.09%

NORTH LANARKSHIRE COUNCIL

FINANCIAL MONITORING REPORT

1 April 2000 to 4 February 2001

SERVICE : SECONDARY SCHOOLS

COMMITTEE : EDUCATION

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)		(6)	ANNUAL BUDGET (7)	PROJECTED OUTTURN (8)	VARIANCES (9)		(10)
		£	£	£			£	£	£	%	
1.	EMPLOYEE COSTS	49,336,852	47,913,331	1,423,521	Underspend	2.89%	59,855,634	59,761,019	94,615	Underspend	0.16%
2.	PROPERTY COSTS	8,335,036	8,330,408	4,628	Underspend	0.06%	11,315,859	11,262,037	53,822	Underspend	0.48%
3.	SUPPLIES AND SERVICES	3,582,073	3,484,995	97,078	Underspend	2.71%	4,983,419	4,923,419	60,000	Underspend	1.20%
4.	TRANSPORT & PLANT	224,061	196,527	27,534	Underspend	12.29%	1,574,220	1,614,220	(40,000)	Overspend	-2.54%
5.	ADMINISTRATION COSTS	284,997	298,635	(13,638)	Overspend	-4.79%	384,390	384,390	0		0.00%
6.	PAYMENTS TO OTHER BODIES	1,824,904	1,879,426	(54,522)	Overspend	-2.99%	3,520,331	3,487,151	33,180		0.94%
7.	OTHER EXPENDITURE	889,105	534,263	354,842	Underspend	39.91%	1,053,462	1,083,462	(30,000)	Overspend	-2.85%
8.	APPORTIONED EXPENSES	0	0	0	Underspend	0.00%	1,135,491	1,135,491	0		0.00%
9.	CAPITAL FINANCING COSTS	0	1,362,834	(1,362,834)	Overspend	0.00%	537,320	537,320	0		
10.	TOTAL EXPENDITURE	64,477,028	64,000,419	476,609	Underspend	0.74%	84,360,126	84,188,509	171,617	Underspend	0.20%
11.	INCOME	4,931,838	5,454,708	522,870	Over-recovered	10.60%	4,768,686	4,768,686	0		0.00%
12.	NET EXPENDITURE	59,545,190	58,545,711	999,479	Underspend	1.68%	79,591,440	79,419,823	171,617	Underspend	0.22%

NORTH LANARKSHIRE COUNCIL

FINANCIAL MONITORING REPORT

1 April 2000 to 4 February 2001

COMMITTEE : EDUCATION

SERVICE : SPECIAL SCHOOLS

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)		(6)	ANNUAL BUDGET (7)	PROJECTED OUTTURN (8)	VARIANCES (9)		(10)
		£	£	£			£	£	£		
1.	EMPLOYEE COSTS	5,432,046	4,925,665	506,381	Underspend	9.32%	6,571,331	6,342,827	228,504	Underspend	3.48%
2.	PROPERTY COSTS	474,129	405,317	68,812	Underspend	14.51%	751,243	820,006	(68,763)	Overspend	-9.15%
3.	SUPPLIES AND SERVICES	485,196	370,872	114,324	Underspend	23.56%	565,380	565,380	0	Underspend	0.00%
4.	TRANSPORT & PLANT	1,343,937	1,646,858	(302,921)	Overspend	-22.54%	1,750,240	2,181,240	(431,000)	Overspend	-24.63%
5.	ADMINISTRATION COSTS	28,937	29,810	(873)	Overspend	-3.02%	38,130	38,130	0		0.00%
6.	PAYMENTS TO OTHER BODIES	2,424,226	2,507,199	(82,973)	Overspend	-3.42%	3,755,840	3,909,526	(153,686)	Overspend	-4.09%
7.	OTHER EXPENDITURE	44,648	35,702	8,946	Underspend	20.04%	54,983	62,783	(7,800)	Overspend	-14.19%
8.	APPORTIONED EXPENSES	0	0	0		0.00%	154,947	154,947	0		0.00%
9.	CAPITAL FINANCING COSTS	0	297	(297)		0.00%	0	0	0		0.00%
10.	TOTAL EXPENDITURE	10,233,119	9,921,720	311,399	Underspend	3.04%	13,642,094	14,074,839	(432,745)	Overspend	-3.17%
11.	INCOME	1,211,293	1,157,685	(53,608)	Under-recovered	-4.43%	2,394,249	2,204,533	(189,716)	Under-Recovery	-7.92%
12.	NET EXPENDITURE	9,021,826	8,764,035	257,791	Underspend	2.86%	11,247,845	11,870,306	(622,461)	Overspend	-5.53%

100

NORTH LANARKSHIRE COUNCIL

FINANCIAL MONITORING REPORT

1 April 2000 to 4 February 2001

COMMITTEE : EDUCATION

SERVICE : OTHER EDUCATION HEADS

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)		(6)	ANNUAL BUDGET (7)	PROJECTED OUTTURN (8)	VARIANCES (9)		(10)
		£	£	£			£	£	£	%	
1.	EMPLOYEE COSTS	7,610,851	7,163,920	446,931	Underspend	5.87%	9,235,611	8,918,517	317,094	Underspend	3.43%
2.	PROPERTY COSTS	103,381	89,456	13,925	Underspend	13.47%	213,891	231,635	(17,744)	Overspend	-8.30%
3.	SUPPLIES AND SERVICES	298,420	286,393	12,027	Underspend	4.03%	351,300	350,697	603	Underspend	0.17%
4.	TRANSPORT & PLANT	266,203	236,237	29,966	Underspend	11.26%	381,640	381,640	0		0.00%
5.	ADMINISTRATION COSTS	663,123	525,770	137,353	Underspend	20.71%	801,073	801,073	0	Underspend	0.00%
6.	PAYMENTS TO OTHER BODIES	326,731	471,006	(144,275)	Overspend	-44.16%	639,420	567,976	71,444	Underspend	11.17%
7.	OTHER EXPENDITURE	75,207	23,896	51,311	Underspend	68.23%	138,111	138,111	0		0.0%
8.	APPORTIONED EXPENSES	0	0	0	Underspend	0.00%	148,950	148,950	0		0.00%
9.	CAPITAL FINANCING COSTS	36,000	39,521	(3,521)	Overspend	0.00%	21,850,000	21,850,000	0		0.00%
10.	TOTAL EXPENDITURE	9,379,916	8,836,199	543,717	Underspend	5.80%	33,759,996	33,388,599	371,397	Underspend	1.10%
11.	INCOME	264,791	291,335	26,544	Over-recovered	10.02%	1,652,858	1,682,858	30,000	Over-recovery	1.82%
12.	NET EXPENDITURE	9,115,125	8,544,864	570,261	Underspend	6.26%	32,107,138	31,705,741	401,397	Underspend	1.25%