

Report

Report to:	Education Resources Committee
Date of Meeting:	2 May 2023
Report by:	Executive Director (Finance and Corporate Resources) Executive Director (Education Resources)

Subject:	Revenue Budget Monitoring 2022/2023 - Education Resources
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ provide information on the actual expenditure measured against the revenue budget for the period 1 April 2022 to 24 February 2023 for Education Resources
- ♦ provide a forecast for the year to 31 March 2023

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the forecast to 31 March 2023 of a breakeven position after approved transfers to reserves, as detailed in Appendix A of the report, be noted;
- (2) that a breakeven position as at 24 February 2023, as detailed in Appendix A, after approved transfers to reserves be noted; and
- (3) that the proposed budget virements be approved.

3. Background

3.1. This is the fourth revenue budget monitoring report presented to the Education Resources Committee for the financial year 2022/2023.

3.2. The Resources has completed its formal probable outturn exercise for the year. This exercise identifies the expected spend to the 31 March 2023. Details are included in section 6.

3.3. The report details the financial position for Education Resources in Appendix A, along with variance explanations.

4. Scottish Attainment Challenge Funding

4.1. The current budget for Education contains £11.540m awarded for Pupil Equity Funding (PEF) and £1.473m for Strategic Equity Funding (SEF). Total budget for 2022/23 is £13.013m and this is contained within this reported position.

4.2. In relation to PEF funding, the £11.540m represents £2.590m 2021/22 carry forward and £8.950m for the 2022/23 allocation. Spend and commitment to date as at 24 February 2023 is £9.849m, with £1.691m still to spend. This includes known staff costs to 31 March 2023.

- 4.3. 2022/23 PEF funding is fully committed to spend by the end of the academic year June 2023 in line with the guidance. It is estimated that £1.500m will require to be carried forward at 31 March 2023 and used in April to June next year. This will be transferred to reserves at 31 March 2023 to meet spend and commitment in schools in line with 2022/23 School Improvement Plans. Schools continue to maximise spend where possible in line with these plans and therefore this will be monitored across the financial year.
- 4.4. In relation to SEF funding, spend and commitment to date is £1.376m with £0.097m still to spend. Staff costs to 31 March 2023 are reflected within this position, and as this is a specific grant allocation, funding is received based on actual spend.
- 4.5. Committee will continue to be updated with the spend position for 2022/23 throughout the year on both programmes.

5. Employee Implications

- 5.1. None

6. Financial Implications

- 6.1. **Probable Outturn:** Following the council's probable outturn exercise, the Resource is reporting a breakeven position after approved transfers to reserves of £1.500m, see section 4.3 above. The Resource position is outlined in Appendix A.
- 6.2. The Resource is showing a breakeven position including the cost of learning recovery, see section 6.5. This is the net effect of underspends in Early Years core budget, including Early Years fees, partially offset by overspends relating to mainstream transport costs and school placements which are demand led.
- 6.3. In relation to mainstream transport costs, the previous report to Committee outlined a potential significant increase in spend on transport by Strathclyde Passenger Transport (SPT) for school transport depending on the outcome of contract renewals. The most current update on this position is an overspend of £2.489m this financial year and this is being managed within the overall Resource position.
- 6.5. Learning recovery funding, provided by the Scottish Government and carried forward from prior years is £5.763m, and this is included within the reported position and this is fully committed to 31 March 2023. This has been used for increased staffing across schools and services, the continuation of enhanced cleaning and hygiene within schools to June 2022 and digital inclusion programmes. There is further £1.288m available that will be used to support staffing costs in April to June 2023 and the continuation of strategic programmes. This funding is all committed.
- 6.6. **Position as at 24 February 2023:** The Resource position as at 24 February 2023 is a breakeven position after approved transfers to reserves. Detailed variance explanations are outlined in Appendix A.
- 6.7. Virements are proposed to realign budgets across budget categories and with other Resources. These movements are detailed in the Appendix A of this report.
- ## **7. Climate Change, Sustainability and Environmental Implications**
- 7.1. There are no implications for climate change, sustainability or environment in terms of the information contained in the report

8. Other Implications

- 8.1. The main risk associated with the Council's revenue budget is that there is an overspend. There are inflationary and budget pressures including utilities and fuel (as well as general inflation pressures) this year which increase the risk of overspend however we have mitigated this going forward by providing additional funds in future years' budget strategy, and in this year, through some reserve funds available. There are also emerging underspends in employee costs which will help offset increasing inflationary pressures.
- 8.2. We will also continue to monitor the actual impact through four weekly budget monitoring meetings at which any variance is analysed. In addition, the probable outturn exercise ensures early warning for corrective action to be taken where appropriate.

9. Equality Impact Assessment and Consultation Arrangements

- 9.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.
- 9.2. There is also no requirement to undertake any consultation in terms of the information contained in the report.

Paul Manning

Executive Director (Finance and Corporate Resources)

Tony McDaid

Executive Director (Education Resources)

28 March 2023

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ None

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 24 February 2023

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Education Resources Committee: Period Ended 24 February 2023 (No.11)

Education Resources Summary

Budget Category	Annual Budget £000	Forecast for Year BEFORE Transfers £000	Annual Forecast Variance BEFORE Transfers £000	Annual Forecast Variance AFTER Transfers £000	Budget Proportion 24/02/23 £000	Actual BEFORE Transfers 24/02/23 £000	Variance 24/02/23 £000		% Variance 24/02/23	Note
Employee Costs	312,356	311,429	927	927	272,862	272,209	653	under	0.2%	1, a, b, c, d, e, f
Property Costs	30,177	30,191	(14)	(14)	27,231	27,251	(20)	over	(-0.1%)	c, e, f
Supplies & Services	13,702	12,415	1,287	(213)	10,703	9,462	1,241	under	11.6%	2, d, e, f, g
Transport & Plant	14,760	17,000	(2,240)	(2,240)	12,678	14,703	(2,025)	over	(16.0%)	3, c, e, f
Administration Costs	1,898	1,718	180	180	1,715	1,548	167	under	9.7%	4, c, e, f
Payments to Other Bodies	30,909	31,830	(921)	(921)	27,692	28,498	(806)	over	(2.9%)	5, b, c, e, f
Payments to Contractors	38,674	38,674	0	0	31,750	31,750	0	-	0.0%	f
Transfer Payments	2,659	2,534	125	125	2,641	2,519	122	under	4.6%	6, c, f
Financing Charges	377	377	0	0	352	352	0	-	0.0%	f
Total Controllable Exp.	445,512	446,168	(656)	(2,156)	387,624	388,292	(668)	over	(0.2%)	
Total Controllable Inc.	(47,926)	(50,082)	2,156	2,156	(46,947)	(48,999)	2,052	over recovered	4.4%	7, c, e, f
Net Controllable Exp.	397,586	396,086	1,500	0	340,677	339,293	1,384	under	0.4%	
Transfer to Reserves (as at 24/02/23)					0	1,384	(1,384)	Over		
Position After Transfers to Reserves (as at 24/02/23)					340,677	340,677	0	-		

Variance Explanations

1. The position mainly represents an underspend in Early Years core staff costs due to vacancies and turnover of staff.
2. The underspend is due to the Pupil Equity Fund which will be carried forward at the end of the financial year for future commitments.
3. The overspend is due to the cost of school transport for mainstream schools' contracts.
4. The underspend relates to reduced expenditure on Early Years core budgets including training and conferences.
5. The overspend is mainly due to the increased cost of placements for pupils within Other Local Authorities and Independent Schools.
6. The underspend is due to expenditure to date on footwear and clothing grants reflecting demand.
7. The over recovery of income relates to increased income from Early Years fees and Other Local Authorities for placements within South Lanarkshire Council establishments.

Budget Virements

- a. Establish budget to reflect the receipt of general revenue grant funding for Teacher Induction Scheme 2022/23 and Psych Services trainee funding. Net Effect £1.916m: Employee Costs £1.916m.
- b. Transfer from Social Work Resources for various projects. Net Effect £0.771m: Employee £0.706m and Payments to Other Bodies £0.065m.
- c. Establish budget for additional income received for Youth Employability. Net Effect £0.000m: Employee Costs £0.009m, Property £0.001m, Transport £0.117m, Administration £0.004m, Payments to Other Bodies £0.038m, Transfer £0.009m and Income (£0.178m).
- d. Realignment of budget to reflect Pupil Equity Fund programme delivery. Net Effect £0.000m: Employee Costs £0.019m and Supplies and Services £0.019m.
- e. Realignment of budget to reflect current service delivery. Net Effect £0.000m: Employee Costs £0.65m, Property Costs £0.058m, Supplies and Services (0.038m), Transport Costs £0.003m, Administration Costs £0.018m, Payments to Other Bodies (£0.040m) and Income (£0.066m).
- f. Realignment of Education Maintenance Allowance budget and DMS. Net Effect £0.000m: Employee Costs £0.325m, Property Costs £0.034m, Supplies and Services (£0.934m), Transport and Plant £0.044m, Administration Costs £0.281m, Payments to Other Bodies £0.254m, Payments to Contractors £0.002m, Transfer Payments £0.088m, Financing Charges £0.009m and Income (£0.103m).

Transfers to Reserves (£1.500m):

- i. Pupil Equity Fund (£1.500m) - The funding received from the Government can be used up to the end of the school term (June 2023). The underspend reflects the element of the funding that will be utilised in April to June 2023.