

Report

Report to:	Education Resources Committee
Date of Meeting:	7 May 2019
Report by:	Executive Director (Finance and Corporate Resources) Executive Director (Education Resources)

Subject:	Education Resources - Revenue Budget Monitoring 2018/2019
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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 2018 to 1 March 2019 for Education Resources
- ◆ provide a forecast for the year to 31 March 2019

2. Recommendation(s)

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

- (1) that the forecast to 31 March 2019 of an underspend of £4.462m before transfers to reserves, as detailed in Appendix A of the report, and the forecast after transfers to reserves of £0.038m, be noted;
- (2) that an underspend of £3.848m as at 1 March 2019, as detailed in Appendix A of the report, and the underspend of £0.032m, after 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 2018/2019.
- 3.2. The Resources has completed its formal probable outturn exercise for the year. This exercise identifies the expected spend to 31 March 2019. Details are included in section 6.
- 3.3. The report details the financial position for Education Resources in Appendix A, including the probable outturn position, and the position to 1 March 2019, along with variance explanations.

4. Scottish Attainment Challenge Funding

- 4.1. The current budget for Education contains £10.847 million for Pupil Equity Funding (PEF) and £1.980 million for Scottish Attainment Challenge (SAC) as part of the schools programme. Total budget for 2018/2019 is £12.827 million and this is contained within this reported position.

- 4.2. In relation to PEF funding, spend and commitment to date as at 1 March 2019 is £8.822 million, with £2.024 million still to spend. This includes known staffing costs for the period April 2018 to March 2019.
- 4.3. PEF funding for 2018/2019 can be carried forward to support spend and commitment for the full academic session 2018/2019 covering the period April to June 2019. It is now estimated that £1.700 million will be carried forward at the end of the financial year. This will be transferred to reserves at 31 March 2019 to meet spend and commitment in schools in line with 2018/2019 School Improvement Plans. This will be available to those schools from 1 April 2019 for their use. Schools continue to maximise spend where possible in line with these plans and this will be finalised at the financial year end.
- 4.4. In relation to SAC funding, spend and commitment to date is £1.691 million with £0.289 million still to spend. As this is a specific grant allocation, funding will be received based on actual spend. Known staffing for the period April 2018 to March 2019 is included in the £1.691 million.

5. Employee Implications

- 5.1. None

6. Financial Implications

- 6.1. **Probable Outturn:** Following the Council's formal Probable Outturn exercise, the Resource position before any transfers to reserves is an underspend of £4.462 million.
- 6.2. The Resource is proposing transfers to reserves totalling £4.424 million. These have been approved by Executive Committee on 13 February 2019, and take the reported position **after transfers** to reserves to an underspend of £0.038 million. The transfers and the overall position are detailed in Appendix A.
- 6.3. **Position as 1 March 2019:** Appendix 1 shows the position as at 1 March 2019, being a £3.848 million underspend against the phased budget. This is the position **before** transfers to reserves.
- 6.4. This underspend relates to Early Years' recruitment as well as additional funding relating to the ELC graduate programme; PEF underspend; underspends within property costs relating to utilities, offset by overspends in ASN transport and external placements. ELC 1,140 hours specific funding will be transferred to reserves to meet the costs of Early Years in the future and PEF will be carried forward to next financial year as outlined in paragraph 4.3 above as at 31 March 2019. This position is shown in Appendix A.
- 6.5. The Resource position as at 1 March 2019 **after** transfers to reserves are taken into account, is an underspend of £0.032 million. This is in line with the forecast underspend to 31 March, **after** transfers to reserves, of £0.038 million.
- 6.6. The Resource position as outlined in Appendix A reflects transfers from reserves.
- 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. Other Implications

- 7.1. The main risk associated with the Council's Revenue Budget is that there is an overspend. The risk has been assessed as low given the detailed budget management applied across the Resources. The risk is managed 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.
- 7.2. There are no implications for sustainability in terms of the information contained in this report.

8. Equality Impact Assessment and Consultation Arrangements

- 8.1. 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.
- 8.2. 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)

3 April 2019

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective and Efficient and Transparent

Previous References

- ◆ Education Resources Committee 19 February 2019

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 1 March 2019

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 1 March 2019 (No.13)

Education Resources Summary

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 01/03/19	Actual BEFORE Transfers 01/03/19	Variance 01/03/19		% Variance 01/03/19	Note
	£000	£000	£000	£000	£000	£000	£000			
Employee Costs	229,697	228,284	1,413	195	202,378	201,014	1,364	under	0.7%	1,b,c,d
Property Costs	24,944	23,964	980	990	22,660	21,735	925	under	4.1%	2,b,c
Supplies & Services	12,340	9,570	2,770	70	10,102	7,800	2,302	under	22.8%	3,b,c
Transport & Plant	10,104	10,794	(690)	(690)	9,333	9,976	(643)	over	(6.9%)	4,b,c
Administration Costs	1,798	1,736	62	62	1,736	1,690	46	under	2.6%	b,c
Payments to Other Bodies	15,004	15,456	(452)	(634)	13,100	13,507	(407)	over	(3.1%)	5,b,c,e
Payments to Contractors	33,672	33,622	50	50	27,837	27,837	0	-	0.0%	
Transfer Payments	2,147	2,147	0	0	2,076	2,076	0	-	0.0%	b
Financing Charges	396	391	5	0	232	232	0	-	0.0%	
Total Controllable Exp.	330,102	325,964	4,138	38	289,454	285,867	3,587	under	1.2%	
Total Controllable Inc.	(19,711)	(20,035)	324	0	(17,897)	(18,158)	261	over recovered-	(1.5%)	6,a,b,c
Net Controllable Exp.	310,391	305,929	4,462	38	271,557	267,709	3,848	under	1.5%	
Transfer to Reserves (as at 01/3/19)					-	3,816	3,816	over		
Position After Transfers to Reserves (as at 01/3/19)					271,557	271,525	32	under		

Variance Explanations

1. This underspend reflects the timing of staff recruitment and vacancies within the Early Years' service.
2. This underspend reflects consumption efficiencies within gas and water and also a timing difference with rates charges.
3. This underspend is due to the Pupil Equity Fund which will be carried forward at the end of the financial year.
4. The transport overspend relates to the cost of additional demand in respect of transporting children with Additional Support Needs to school.
5. This overspend reflects the increased costs of Independent School Placements as a result of the new Scot Excel pricing Framework.
6. The over recovery in income relates to Graduate funding received for Early Years.

Budget Virements

- a. Realignment of Education Maintenance Allowance budget. Net Effect £0.000m: Transfer Payments £0.218m, Income (£0.218m).
- b. Realignment of DMS. Net Effect £0.000m: Employee Costs (£2.244m), Property £0.043m, Supplies and Services (£0.844m), Transport and Plant £0.040m, Administration Costs £0.241m, Payments to Other Bodies £0.211m, Payment to Contractors £0.001m, Transfer Payments (£0.003m), (Income £1.934m).
- c. Establish budget to reflect receipt of additional Income from a number of external organisations. Net Effect £0.000m: Employee Costs £0.641m, Property Costs £0.001m Supplies & Services £0.015m, Transport £0.047m, Administration Costs £0.043m, Payment to Other Bodies £0.111m, Income (£0.858m).
- d. Establish budget to reflect the receipt of Teachers Induction Scheme funding. Net Effect £1.934m: Employee Costs £1.934m
- e. Transfer from reserves for Early Years Collaborative, Net effect £0.029m: Payment to other Bodies £0.029m

Transfers to Reserves (£4.424m):

- i. ELC 1140 Specific Grant (£0.927m)
- ii. Provision to manage future staffing commitment (£0.300m)
- iii. Early Years non specific grant (£0.497m)
- iv. Pupil Equity Fund (£2.300m) – to be updated at yearend. Current p13 forecast £1.700m.
- v. ICT funding (£0.400m)