

# Report

Report to:	<b>Education Resources Committee</b>
Date of Meeting:	<b>27 November 2018</b>
Report by:	<b>Executive Director (Finance and Corporate Resources) Executive Director (Education Resources)</b>

Subject:	<b>Education Resources - Revenue Budget Monitoring 2018/2019</b>
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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 12 October 2018 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 an underspend of £0.620m on Education Resources' revenue budget, as detailed in Appendix A of the report, and the forecast to 31 March 2019 of an underspend of £2.3m be noted.
- (2) that the proposed budget virements be approved.

## 3. Background

3.1. This is the second revenue budget monitoring report presented to the Education Resources Committee for the financial year 2018/2019.

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

## 4. Scottish Attainment Challenge

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

4.2 In relation to PEF funding, spend and commitment to date as at 12 October 2018 is £6.427m, with £4.420m 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 2018/19 covering the period April to June 2019. It is estimated, based on a proportionate basis, that £2.3m 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 2018/19 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 SAC funding, spend and commitment to date is £1.331m, with £0.649m still to spend. As this is 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 £1.331m.

## **5 Employee Implications**

5.1 None

## **6. Financial Implications**

6.1. As at 12 October 2018, there is a £0.620m underspend against the phased budget. The forecast for the revenue budget to 31 March 2019 is an underspend of £2.3m.

6.2. The £0.620m reflects underspend within the Early Years service to date. In relation to Early Years' posts, recruitment has been progressing since August 2018. We will continue to update the position as we report to the end of the financial year. As specific funding has been provided for delivery of 1,140 hours of Early Years, then it is anticipated that an element of this underspend may be required to be transferred to reserves to meet the costs of Early Years in the future. £2.3m reflects the current estimate of PEF underspend as outlined in paragraph 4.3 above as at 31 March 2019.

6.3. The current revenue position reflects the following movement in reserves:

### Transfer to Reserves

- Funding for Investment and Priorities: As noted in the Revenue Budget Strategy for 2019/2020 (Executive Committee, June 2018), an underspend is anticipated in the spend on Holiday Lunch Clubs (£0.150 million) and School Breakfast Clubs (£0.100 million). To reflect this, £0.250m will be transferred to reserves to reflect the 2019/2020 costs associated with this investment.

6.4. Virements are also proposed to realign budgets across budget categories and with other Resources. These movements have been detailed in Appendix A to 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)**

23 October 2018

**Link(s) to Council Values/Ambitions/Objectives**

- ◆ Accountable, effective, efficient and transparent

**Previous References**

- ◆ Education Resources Committee – 18 September 2018

**List of Background Papers**

- ◆ Financial ledger and budget monitoring results to 12 October 2018

**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 12 October 2018 (No.8)

## Education Resources Summary

<b>Budget Category</b>	<b>Annual Budget</b>	<b>Forecast for Year</b>	<b>Annual Forecast Variance</b>	<b>Budget Proportion 12/10/18</b>	<b>Actual 12/10/18</b>	<b>Variance 12/10/18</b>		<b>% Variance 17/08/18</b>	<b>Note</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>			
Employee Costs	227,308	227,308	0	114,099	113,462	637	under	0.6%	1,e,f
Property Costs	24,840	24,840	0	18,665	18,642	23	under	0.1%	c,e
Supplies & Services	12,848	10,548	2,300	3,589	3,568	21	under	0.6%	a,b,e
Transport & Plant	9,260	9,260	0	4,919	5,047	(128)	over	(-2.6%)	2,e
Administration Costs	1,264	1,264	0	822	809	13	under	1.6%	e
Payments to Other Bodies	14,577	14,577	0	7,692	7,745	(53)	over	(0.7%)	3,e
Payments to Contractors	33,671	33,671	0	16,784	16,784	0	-	0.0%	
Transfer Payments	1,640	1,640	0	1,511	1,507	4	under	0.3%	d
Financing Charges	352	352	0	102	99	3	under	2.9%	
<b>Total Controllable Exp.</b>	<b>325,760</b>	<b>323,460</b>	<b>2,300</b>	<b>168,183</b>	<b>167,663</b>	<b>520</b>	<b>under</b>	<b>0.3%</b>	
<b>Total Controllable Inc.</b>	<b>(17,631)</b>	<b>(17,631)</b>	<b>0</b>	<b>(6,569)</b>	<b>(6,669)</b>	<b>100</b>	<b>over recovered-</b>	<b>(1.5%)</b>	<b>4,d,e,f</b>
<b>Net Controllable Exp.</b>	<b>308,129</b>	<b>305,829</b>	<b>2,300</b>	<b>161,614</b>	<b>160,994</b>	<b>620</b>	<b>under</b>	<b>0.4%</b>	

**Variance Explanations**

1. This underspend reflects the timing of staff recruitment and vacancies within the Early Years' service.
2. The transport overspend relates to the cost of additional demand in respect of transporting children with Additional Support Needs to school.
3. This overspend reflects the increased costs of Independent School Placements as a result of the new Scot Excel pricing Framework.
4. The over recovery in Early Years' fees relates to increased uptake of nursery places.

**Budget Virements**

- a. Transfer to reserves for Breakfast & Lunch Clubs. Net effect £0.250m: Supplies & Services £0.250m.
- b. Realignment of budget to Community & Enterprise Resources in respect of Facilities. Net Effect (£0.025m): Supplies and Services (£0.025m).
- c. Transfer of budget from Finance & Corporate Resources for Rates. Net Effect £0.313: Property Costs £0.313.
- d. Realignment of Education Maintenance Allowance budget. Net Effect £0.000m: Transfer Payments £0.090m, Income (£0.090m).
- e. Realignment of DMS. Net Effect £0.000m: Employee Costs £2.467m, Property (£0.004m), Supplies and Services (£2.585m), Transport and Plant £0.009m, Administration Costs £0.061m, Payments to Other Bodies £0.124m, (Income £0.080).
- f. Establish budget to reflect receipt of additional Income from a number of external organisations. Net Effect £0.000m: Employee Costs £0.051m, Income (£0.051m).