

Report

Report to:	Education Resources Committee
Date of Meeting:	27 October 2020
Report by:	Executive Director (Finance and Corporate Resources) Executive Director (Education Resources)

Subject:	Education Resources - Revenue Budget Monitoring 2020/2021
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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 2020 to 14 August 2020 for Education Resources.

2. Recommendation(s)

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

- (1) that an overspend of £1.474m as at 14 August 2020 on Education Resources' revenue budget as detailed in Appendix A of the report 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 2020/2021.

3.2. The report details the financial position for Education Resources in Appendix A, along with variance explanations and outlines the specific costs incurred in relation to the Resources' COVID response in Appendix B.

4. Scottish Attainment Challenge Funding

4.1. The current budget for Education contains £9.685m awarded for Pupil Equity Funding (PEF) and £1.963m for Scottish Attainment Challenge (SAC) as part of the schools programme. Total budget for 2020/2021 is £11.648m and this is contained within this reported position.

4.2. In relation to PEF funding, the £9.685m represents £1.422m 2019/2020 carry forward and £8.263m for the 2020/2021 allocation. Spend and commitment to date as at 14 August 2020 is £2.761m, with £6.924m still to spend. This includes known staff costs for the period April 2020 to August 2020, however staffing for the new school session from 11 August 2020 is not yet reflected within this position. Committee will be updated with the spend position for 2020/2021 throughout the year.

4.3. Scottish Government announcements have given councils flexibility on how they use their Pupil Equity Fund (PEF) monies this financial year. For the Council, there is up to £3.100 million of Pupil Equity funding that could be used to contribute towards the cost of COVID-19. £1.500 million is required by schools to address inequity, leaving

a balance of £1.600 million that could be spent on COVID-19 costs. This situation continues to be monitored.

- 4.4. In relation to SAC funding, spend and commitment to date is £1.290m with £0.673m still to spend. Staff costs to 31 March 2021 are reflected within this position, and as this is a specific grant allocation, funding is received based on actual spend. Committee will continue to be updated with the spend position for 2020/2021 throughout the year.

5. Employee Implications

- 5.1. None

6. Financial Implications

- 6.1. As at 14 August 2020, there is an overspend of £1.474m against the phased budget.
- 6.2. Variance explanations are outlined in appendix A and this overspend in the main is COVID related and reflects an overspend relating to the increased cost of supply teachers in relation to the application of the SNCT guidance on payment arrangements for staff; expenditure incurred in the operation of the hubs for key worker children during lockdown; costs of sanitising stations, PPE, cleaning supplies and enhanced cleaning regimes for our schools and establishments and a reduction in budgeted income from Early Years' fees and music tuition, all as a result of the ongoing pandemic.
- 6.3. 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. Climate Change, Sustainability and Environmental Implications

- 7.1 There are no climate change, sustainability or environmental implications arising from the information in this report.

8 Other Implications

- 8.1 The main risk associated with the Council's Revenue Budget is that there is an overspend. 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.

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)

24 September 2020

Link(s) to Council Values/Objectives

- ◆ Accountable, Effective and Efficient

Previous References

- ◆ Education Resources Committee – 18 August 2020

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 14 August 2020

Contact for Further Information

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

Louise Harvey, Finance Manager (Resources)

Ext: 2658 (Tel: 01698 452658)

E-mail: louise.harvey@southlanarkshire.gov.uk

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Education Resources Committee: Period Ended 14 August 2020 (No.5)

Education Resources Summary

<u>Budget Category</u>	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 14/08/20	Actual 14/08/20	Variance 14/08/20		% Variance 14/08/20	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	276,239	276,239	0	98,162	98,781	(619)	over	(0.6%)	1,a,g
Property Costs	25,439	25,439	0	2,627	2,497	130	under	4.9%	2,b,g
Supplies & Services	16,183	16,183	0	1,281	1,540	(259)	over	(20.2%)	3,c,g
Transport & Plant	10,613	10,613	0	3,360	3,656	(296)	over	(8.8%)	4,d,f
Administration Costs	1,255	1,255	0	362	442	(80)	over	(22.1%)	5,g
Payments to Other Bodies	27,412	27,412	0	6,961	7,004	(43)	over	(0.6%)	b,e,g
Payments to Contractors	35,548	35,54	0	11,049	11,009	40	under	0.4%	
Transfer Payments	2,027	2,027	0	1,842	1,842	0	-	0.0%	f,g
Financing Charges	390	390	0	176	176	0	-	0.0%	g
Total Controllable Exp.	395,106	395,106	0	125,820	126,947	(1,127)	over	(0.9%)	
Total Controllable Inc.	(41,977)	(41,977)	0	(29,614)	(29,267)	(347)	under recovered	(1.2%)	6,c,f,g
Net Controllable Exp.	353,129	353,129	0	96,206	97,680	(1,474)	over	(1.5%)	

Variance Explanations

- The overspend is due to the increased cost of supply teachers in the financial year to date in relation to SNCT guidance on payment arrangements for staff during the ongoing pandemic.
- The underspend is due to the timing of rates charges from schools and establishments becoming operational and the reduced consumption of gas while schools were closed during April to June partially offset by expenditure incurred on sanitising stations and various cleaning supplies and enhance cleaning regimes in our schools and establishments.
- The overspend is mainly due to expenditure incurred on PPE and wipes in preparation for schools return in August.
- The overspend is due to the cost of school transport for both ASN and mainstream schools.
- The overspend is mainly due to costs associated with COVID related signage required for schools for their return in August.
- The under recovery of income relates to reduced income received from Early Years Childcare fees and Instrumental Music Service fees in the financial year to date as a result of the ongoing pandemic.

Budget Virements

- Establish budget to reflect the receipt of funding for Education Recovery for Teachers and Support staff. Net Effect £3.467m: Employee Costs £3.467m.
- Transfer to Community & Enterprise in relation to Cleaning and Janitor Services. Net Effect (£0.035m): Property Costs (£0.013m) and Payments to Other Bodies (£0.022m).
- Establish budget to reflect the receipt of Scottish Attainment Challenge Funding. Net Effect £0.000m: Supplies and Services £1.963m and Income (£1.963m).
- Establish budget to reflect the receipt of funding for Education Recovery for Transport. Net Effect £0.072m: Transport £0.072m.
- Transfers from reserves in relation to the Children's Neighbourhood Scotland Project. Net Effect £0.045m: Payments to Other Bodies £0.045m.
- Realignment of Education Maintenance Allowance budget. Net Effect £0.000m: Transfer Payments £0.102m and Income (£0.102m).
- Realignment of DMS. Net Effect £0.000m: Employee Costs £3.638m, Property Costs £0.002m, Supplies and Services (£1.311m), Transport and Plant £0.955m, Administration Costs £0.147m, Payments to Other Bodies (£0.313m), Transfer Payments (£0.002m), Financing Charges £0.001m, Income (£3.117m).

For budget virements a. and d. above, these will be received via GRG and reported separately through Corporate Items COVID funding throughout the remainder of the financial year.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Education Resources Committee: Period Ended 14 August 2020 (No.5)

Education Resources COVID

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 14/08/20	Actual 14/08/20	Variance 14/08/20		% Variance 14/08/20	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	0	0	0	0	760	(760)	over	n/a	1
Property Costs	0	0	0	0	221	(221)	over	n/a	2
Supplies & Services	0	0	0	0	259	(259)	over	n/a	3
Transport & Plant	0	0	0	0	1	(1)	over	n/a	
Administration Costs	0	0	0	0	79	(79)	over	n/a	4
Payments to Other Bodies	0	0	0	0	43	(43)	over	n/a	5
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	0	0	0	0	0	0	-	n/a	
Total Controllable Exp.	0	0	0	0	1,363	(1,363)	over	n/a	
Total Controllable Inc.	0	0	0	0	0	0	-	n/a	
Net Controllable Exp.	0	0	0	0	1,363	(1,363)	over	n/a	

Variance Explanations

1. The overspend is mainly due to the increased cost of supply teachers in the financial year to date in relation to SNCT guidance on payment arrangements for staff during the ongoing pandemic. In addition, sessional staff costs have been incurred for the provision of Summer Hubs as a result of COVID.
2. The overspend is mainly due to expenditure incurred on sanitising stations, various cleaning supplies and enhanced cleaning regimes for schools and establishments.
3. The overspend is mainly due to expenditure incurred on PPE and wipes in preparation for schools return in August.
4. The overspend is mainly due to costs associated with COVID related signage required for schools for their return in August.
5. The overspend is due to expenditure incurred on the provision of critical childcare for families of key workers to date.