

Report

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| Report to: | Education Resources Committee |
| Date of Meeting: | 5 December 2023 |
| Report by: | Executive Director (Finance and Corporate Resources) Executive Director (Education Resources) |

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| Subject: | Education Resources - Revenue Budget Monitoring 2023/2024 |
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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 to 6 October 2023 for Education Resources.

2. Recommendation(s)

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

- (1) that the breakeven position on Education Resources' revenue budget as detailed in Appendix A of the report be noted; and
- (2) that the proposed budget virements be approved.

3. Background

3.1. This is the third revenue budget monitoring report presented to the Education Resources Committee for the financial year 2023/2024.

3.2. 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 £9.866m awarded for Pupil Equity Funding (PEF) and £1.473m for Strategic Equity Funding (SEF). Total budget for 2023/2024 is £11.339m and this is contained within this reported position.

4.2. In relation to PEF funding, the £9.866m represents £0.905m 2022/23 carry forward, plus a previous year adjustment of £0.012m and £8.949m for the 2023/24 allocation. Spend and commitment to date as at 6 October 2023 is £6.011m, with £3.855m still to spend. This includes known staff costs for the period April 2023 to March 2024.

4.3. In relation to SEF funding, spend and commitment to date is £1.360m with £0.113m still to spend. Known staff costs to 31 March 2024 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 2023/2024 throughout the year for both Scottish Attainment Challenge funded areas.

5. Employee Implications

- 5.1. None

6. Financial Implications

- 6.1. As at 6 October 2023, there is a breakeven position against the phased budget.
- 6.2. The Resource is currently showing a balanced financial position as at 6 October 2023. This is the net effect of underspends in Early Years core budget offset by overspends relating to mainstream transport costs and school placements which are demand led.
- 6.3. There are several areas of financial risk to Education's budget this year that have been identified. The update from the last report to Committee on each area is as follows:

Cost of Transport: 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. This has now been quantified at £4.328m overspend this financial year and is being considered as part of management of the overall Resource budget this financial year.

Teacher Numbers: Following the conclusion of the pupil teachers census 2023, teacher numbers have been maintained at last year's levels. Pupil support numbers are not yet available from the Scottish Government for reporting. Whilst not confirmed, it is anticipated that grant levels will not be reduced for 2023/24 financial year and withheld grant of £2.934 million will be forthcoming.

Committee will continue to be updated on the financial implications as we have further clarification at the appropriate time.

- 6.4. Variance explanations are outlined in Appendix A to this report. 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 implications for climate change, sustainability or the 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, this year which increase the risk of overspend, however, we have mitigated this going forward by providing additional funds in the budget strategy. In addition, the risks outlined at paragraph 6.2 above are also noted.
- 8.2. 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)

Carole McKenzie
Executive Director (Education Resources)

27 October 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 6 October 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 6 October 2023 (No.7)

Education Resources Summary

| | Annual Budget | Forecast for Year | Annual Forecast Variance | Budget Proportion 06/10/23 | Actual 06/10/23 | Variance 06/10/23 | | % Variance 06/10/23 | Note |
|--------------------------------|------------------|----------------------|--------------------------------|----------------------------------|--------------------|----------------------|---------------------------|---------------------------|----------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | | | |
| <u>Budget Category</u> | | | | | | | | | |
| Employee Costs | 329,594 | 329,594 | 0 | 167,965 | 167,538 | 427 | under | 0.3% | 1, c, d, e |
| Property Costs | 33,544 | 33,544 | 0 | 23,126 | 23,227 | (101) | over | (0.4%) | a, d, e |
| Supplies & Services | 12,790 | 12,790 | 0 | 3,561 | 3,588 | (27) | over | (0.8%) | b, c, d, e |
| Transport & Plant | 14,220 | 14,220 | 0 | 7,478 | 8,966 | (1,488) | over | (19.9%) | 2, d, e |
| Administration Costs | 1,374 | 1,374 | 0 | 842 | 807 | 35 | under | 4.2% | c, d, e |
| Payments to Other Bodies | 29,905 | 29,905 | 0 | 15,088 | 15,263 | (175) | over | (1.2%) | 3, d, e |
| Payments to Contractors | 44,115 | 44,115 | 0 | 21,052 | 20,977 | 75 | under | 0.4% | |
| Transfer Payments | 2,643 | 2,643 | 0 | 2,392 | 2,133 | 259 | under | 10.8% | 4, e |
| Financing Charges | 383 | 383 | 0 | 133 | 133 | 0 | - | 0.0% | e |
| Total Controllable Exp. | 468,568 | 468,568 | 0 | 241,637 | 242,632 | (995) | over | (0.4%) | |
| Total Controllable Inc. | (47,991) | (47,991) | 0 | (35,328) | (36,323) | 995 | over recovered | 2.8% | 5, b, e |
| Net Controllable Exp. | 420,577 | 420,577 | 0 | 206,309 | 206,309 | 0 | - | 0.0% | |

Variance Explanations

1. The position represents an underspend in Early Years core staff costs due to vacancies and turnover of staff.
2. The overspend is mainly due to the cost of school transport for mainstream schools.
3. This overspend reflects the increased cost of placements for pupils with additional support needs in Independent Schools partially offset by less than anticipated core Early Years spend to date including cross boundary charges to other local authorities.
4. The underspend is due to spend on footwear and clothing grants reflecting current demand.
5. The over recovery of income relates to increased income from Early Years Childcare fees and Other Local Authorities for placements within South Lanarkshire Council establishments.

Budget Virements

- a. Transfer from corporate items in relation to funding for rates. Net Effect £2.788m: Property Costs £2.788m.
- b. Establish budget for additional income received for Food for Thought. Net Effect £0.000m: Supplies and Services £0.026m and Income (£0.026m).
- c. Realignment of budget to reflect Strategic Equity Fund and Pupil Equity Fund programme delivery. Net Effect £0.000m: Employee Costs £2.242m, Supplies and Services (£2.322m) and Administration Costs £0.080m.
- d. Realignment of budget to reflect current service delivery. Net Effect £0.000m: Employee Costs £0.497m, Property Costs (£0.264m), Supplies and Services (£0.059m), Transport Costs £0.361m, Administration Costs £0.027m and Payments to Other Bodies (£0.562m).
- e. Realignment of Education Maintenance Allowance budget and DMS. Net Effect £0.000m: Employee Costs £0.269m, Property Costs £0.113m, Supplies and Services (£0.775m), Transport Costs £0.023m, Administration Costs £0.182m, Payments to Other Bodies £0.218m, Transfer Payments £0.069m, Financing Charges (£0.004m) and Income (£0.095m).