

# Report

Report to:	<b>Education Resources Committee</b>
Date of Meeting:	<b>14 February 2023</b>
Report by:	<b>Executive Director (Finance and Corporate Resources) Executive Director (Education Resources)</b>

Subject:	<b>Education Resources - Revenue Budget Monitoring 2022/2023</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 to 29 December 2022 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 proposed transfers to reserves, as detailed in Appendix A of the report, be noted;
- (2) that a breakeven position as at 29 December 2022, as detailed in Appendix A, after proposed transfers to reserves be noted; and
- (3) 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 2022/2023.

3.2. The Resource 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 2022/2023 is £13.013m and this is contained within this reported position.

4.2. In relation to PEF funding, the £11.540m represents £2.590m 2021/2022 carry forward and £8.950m for the 2022/2023 allocation. Spend and commitment to date as at 29 December 2022 is £8.607m, with £2.933m still to spend. This includes known staff costs to 31 March 2023.

- 4.3. 2022/2023 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 2022/2023 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 £1.190m with £0.283m 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 2022/2023 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 proposed transfers to reserves of £1.500m, see section 4.3 above. Reserves are being considered for approval as part of the overall Council position at the Executive Committee on 1 February 2023. 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 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 Partnership for Transport (SPT) for school transport depending on the outcome of contract renewals. This has now been quantified at £2.240m overspend this financial year and is being managed within the overall Resource position.
- 6.5. Learning recovery funding, provided by the Scottish Government, carried forward from prior years of £5.763m 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 a 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 29 December 2022:** The Resource position as at 29 December 2022 is a breakeven position after proposed 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)**

11 January 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 29 December 2022

### **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 29 December 2022 (No.10)

## Education Resources Summary

<b>Budget Category</b>	<b>Annual Budget</b>	<b>Forecast for Year BEFORE Transfers</b>	<b>Annual Forecast Variance BEFORE Transfers</b>	<b>Annual Forecast Variance AFTER Transfers</b>	<b>Budget Proportion 29/12/22</b>	<b>Actual BEFORE Transfers 29/12/22</b>	<b>Variance 29/12/22</b>	<b>% Variance 29/12/22</b>	<b>Note</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>		
Employee Costs	311,178	310,251	927	927	225,197	224,515	682	under	0.3% 1, a, b, c, f, g, h, i
Property Costs	30,181	30,195	(14)	(14)	23,378	23,389	(11)	over	0.0% b, e, h, i
Supplies & Services	14,600	13,313	1,287	(213)	8,542	7,556	986	under	11.5% 2, a, d, e, f, g, h, i
Transport & Plant	14,597	16,837	(2,240)	(2,240)	9,978	11,306	(1,328)	over	(13.3%) 3, e, h, i
Administration Costs	1,585	1,405	180	180	1,395	1,255	140	under	10.0% 4, f, h, i
Payments to Other Bodies	30,664	31,585	(921)	(921)	22,334	22,927	(593)	over	(2.7%) 5, a, h, i
Payments to Contractors	38,670	38,670	0	0	25,097	25,097	0	-	0.0% h
Transfer Payments	2,519	2,394	125	125	2,449	2,353	96	under	3.9% 6, h, i
Financing Charges	367	367	0	0	237	237	0	-	0.0% h, i
<b>Total Controllable Exp.</b>	<b>444,361</b>	<b>445,017</b>	<b>(656)</b>	<b>(2,156)</b>	<b>318,607</b>	<b>318,635</b>	<b>(28)</b>	<b>over</b>	<b>0.0%</b>
<b>Total Controllable Inc.</b>	<b>(47,546)</b>	<b>(49,702)</b>	<b>2,156</b>	<b>2,156</b>	<b>(45,063)</b>	<b>(46,245)</b>	<b>1,182</b>	<b>over recovered</b>	<b>2.6%</b> 7, f, g, h, i
<b>Net Controllable Exp.</b>	<b>396,815</b>	<b>395,315</b>	<b>1,500</b>	<b>0</b>	<b>273,544</b>	<b>272,390</b>	<b>1,154</b>	<b>under</b>	<b>0.4%</b>
<b>Transfer to Reserves (as at 29/12/22)</b>					<b>0</b>	<b>1,154</b>	<b>(1,154)</b>	<b>over</b>	
<b>Position After Transfers to Reserves (as at 29/12/22)</b>					<b>273,544</b>	<b>273,544</b>	<b>0</b>	<b>-</b>	

**Variance Explanations**

- The position mainly represents an underspend in Early Years core staff costs due to vacancies and turnover of staff.
- The underspend is due to the Pupil Equity Fund which will be carried forward at the end of the financial year for future commitments.
- The overspend is due to the cost of school transport for mainstream schools' contracts.
- The underspend relates to reduced expenditure on Early Years core budgets including training and conferences.
- The overspend is mainly due to the increased cost of placements for pupils within Other Local Authorities and Independent Schools.
- The underspend is due to expenditure to date on footwear and clothing grants reflecting demand.
- 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**

- Transfers from reserves in relation to Early Years job evaluation, Youth Guarantee funding, learning recovery and ICT. Net Effect £0.300m: Employee Costs £0.315m, Supplies and Services (£0.175m) and Payments to Other Bodies £0.160m.
- Transfers from corporate items in relation to APT&C pay award, NI clawback and utilities. Net Effect £5.812m: Employee Costs £4.130m and Property Costs £1.682m.
- 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.
- Transfer to Finance and Corporate Resources in relation to maximising attendance support. Net Effect (£0.048m): Supplies and Services (£0.048m).
- Transfer from Community and Enterprise Resources in relation to Facilities Services pay award allocation. Net Effect £0.162m: Property Costs £0.023m, Supplies and Services £0.102m and Transport £0.037m.
- Establish budget for additional income received for Food for Thought, STEM, West Partnership and Inter Authority funding. Net Effect £0.000m: Employee Costs £0.392m, Supplies and Services £0.031m, Administration £0.010m and Income (£0.433m).
- Realignment of budget to reflect Pupil Equity Fund programme delivery. Net Effect £0.000m: Employee Costs £0.251m, Supplies and Services £0.601m and Income (£0.852m).
- Realignment of budget to reflect current service delivery. Net Effect £0.000m: Employee Costs (£0.475m), Property Costs £0.156m, Supplies and Services (0.083m), Transport Costs £0.251m, Administration Costs £0.031m, Payments to Other Bodies £0.068m, Payments to Contractors (£0.108m), Transfer Payments (£0.075m), Financing Charges £0.020m and Income £0.215m.
- Realignment of Education Maintenance Allowance budget and DMS. Net Effect £0.000m: Employee Costs £0.247m, Property Costs £0.083m, Supplies and Services (£0.974m), Transport and Plant £0.090m, Administration Costs £0.261m, Payments to Other Bodies £0.296m, Transfer Payments £0.304m, Financing Charges £0.003m and Income (£0.310m).

**Transfers to Reserves (£1.500m):**

- 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.