

Report

Report to:	Education Resources Committee
Date of Meeting:	5 March 2024
Report by:	Head of Finance (Strategy) Executive Director (Education Resources)

Subject:	Revenue Budget Monitoring 2023/2024 - Education Resources
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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 2023 to 28 December 2023 for Education Resources
- ♦ provide a forecast for the year to 31 March 2024

2. Recommendation(s)

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

- (1) that the forecast to 31 March 2024 of an overspend of £0.295m as detailed in Appendix A of the report be noted;
- (2) that an overspend of £0.188m as at 28 December 2023 as detailed in Appendix A of the report 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 2023/2024.
- 3.2. The Resource has completed its formal probable outturn exercise for the year. This exercise identifies the expected spend to 31 March 2024. 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 £9.866m awarded for Pupil Equity Funding (PEF) and £1.473m for Strategic Equity Funding (SEF). Total budget for 2023/24 is £11.339m and this is contained within this reported position.
- 4.2. In relation to PEF funding, the £9.866m represents £0.905m 2022/2023 carry forward, plus a previous year adjustment of £0.012m and £8.949m for the 2023/2024 allocation. Spend and commitment to date as at 28 December 2023 is £7.384m, with £2.482m still to spend. This includes known staff costs for the period April 2023 to March 2024. The anticipated 2023/2024 PEF underspend is £0.400m. This underspend is being used to help fund the Council's pay award in 2023/2024, however, this will not be to

the detriment of schools and schools will receive their 2023/2024 carry forward balance over the life of the PEF programme.

- 4.4. In relation to SEF funding, spend and commitment to date is £1.391m with £0.082m 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.
- 4.5. 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. **Probable Outturn:** Following the council's probable outturn exercise, the Resource is reporting an overspend of £0.295m. There are no proposed transfers to reserves. The Resource position is outlined in Appendix A. 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. There is also an overspend on Teacher costs due to cover which is being offset by an underspend on Early Years staff costs due to vacancies and turnover.
- 6.2. **Cost of Transport:** In relation to mainstream transport costs, the previous report to committee outlined the significant increase in spend on transport by Strathclyde Passenger Transport (SPT) for school transport after contract renewals. This was quantified at £4.328m overspend this financial year and is being managed within the overall Resource position, including through some reserve funds available.
- 6.3. **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. 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.

In relation to 2024/2025, the Council has now received notification that the allocation of funding for teacher numbers of £145.5 million for 2024/2025 will be distributed via Specific Resource Grants, and those grants will be conditional on councils agreeing at the outset to maintain teacher numbers. Further information on the conditions of this grant is awaited.

- 6.4. **Position as at 28 December 2023:** The Resource position as at 28 December 2023 is an overspend of £0.188m. Detailed variance explanations are outlined in Appendix A.
- 6.5. 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 and, in this year, through some reserve funds available.

- 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.

Jackie Taylor
Head of Finance (Strategy)

Carole McKenzie
Executive Director (Education Resources)

22 January 2024

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 28 December 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 28 December 2023 (No.10)

Education Resources Summary

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 28/12/23	Actual 28/12/23	Variance 28/12/23		% Variance 28/12/23	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	344,471	344,485	(14)	250,453	250,450	3	under	0.0%	1, a, c, d, e, f, g
Property Costs	36,423	36,429	(6)	27,699	27,728	(29)	over	(0.1%)	a, b, f, g
Supplies & Services	11,574	11,887	(313)	7,624	7,874	(250)	over	(3.3%)	2, b, d, e, f, g
Transport & Plant	16,485	19,229	(2,744)	11,988	14,104	(2,116)	over	(17.7%)	3, c, f, g
Administration Costs	1,657	1,578	79	1,421	1,356	65	under	4.6%	4, f, g
Payments to Other Bodies	32,007	32,074	(67)	22,576	22,670	(94)	over	(0.4%)	5, c, f, g
Payments to Contractors	44,116	43,875	241	28,736	28,495	241	under	0.8%	g
Transfer Payments	2,866	2,543	323	2,734	2,434	300	under	11.0%	6, g
Financing Charges	377	356	21	214	198	16	under	7.5%	g
Total Controllable Exp.	489,976	492,456	(2,480)	353,445	355,309	(1,864)	over	(0.5%)	
Total Controllable Inc.	(50,267)	(52,452)	2,185	(39,842)	(41,518)	1,676	over recovered	4.2%	7, f, g
Net Controllable Exp.	439,709	440,004	(295)	313,603	313,791	(188)	over	(0.1%)	

Variance Explanations

- The position represents the net effect of an underspend in Early Years staff costs due to vacancies and turnover offset by an overspend in Teacher costs due to cover.
- The overspend is due to the additional cost of per capita expenditure reflecting the growth in pupil numbers and the increased demand for equipment required by children with additional support and complex needs.
- The overspend is mainly due to the cost of school transport for mainstream schools.
- The underspend relates to Early Years core conferences spend being lower than anticipated.
- 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.
- The underspend is due to spend on footwear and clothing grants reflecting current demand.
- The over recovery of income relates to increased income from Early Years fees and Other Local Authorities income for placements within South Lanarkshire Council establishments.

Budget Virements

- Transfer from corporate items in relation to funding for utilities and pay award. Net Effect £14.250m: Employee Costs £11.420m and Property Costs £2.830m.
- Removal of budget in respect of procurement savings. Net Effect (£0.113m): Property Costs (£0.039m) and Supplies and Services (£0.074m).
- Transfer from reserves for Teachers, School Transport and Independent Schools. Net Effect £3.059m: Employee Costs £0.262m, Transport £1.397m and Payments to Other Bodies £1.400m.
- Establish budget to reflect general revenue grant funding in relation to Psychologists, Teacher Induction Scheme and Pupil Equity Fund. Net Effect £1.936m: Employee Costs £2.271m and Supplies and Services (£0.335m).
- Realignment of budget to reflect Strategic Equity Fund and Pupil Equity Fund programme delivery. Net Effect £0.000m: Employee Costs £0.288m and Supplies and Services (£0.288m).
- Realignment of budget to reflect current service delivery. Net Effect £0.000m: Employee Costs £0.476m, Property Costs (£0.032m), Supplies and Services £0.395m, Transport Costs £0.773m, Administration Costs £0.022m, Payments to Other Bodies £0.438m and Income (£2.072m).
- Realignment of Education Maintenance Allowance budget and DMS. Net Effect £0.000m: Employee Costs £0.160m, Property Costs £0.120m, Supplies and Services (£0.914m), Transport Costs £0.095m, Administration Costs £0.261m, Payments to Other Bodies £0.264m, Payments to Contractors £0.001m, Transfer Payments £0.223m, Financing Charges (£0.006m) and Income (£0.204m).