

# Report

Report to:	<b>Education Resources Committee</b>
Date of Meeting:	<b>21 May 2024</b>
Report by:	<b>Executive Director (Finance and Corporate Resources) Executive Director (Education Resources)</b>

Subject:	<b>Education Resources - Revenue Budget Monitoring 2023/2024</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 2023 to 23 February 2024 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 £0.170m as at 23 February 2024, 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 fifth 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 the 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 2023/2024 is £11.339m and this is contained within this reported position.

- 4.2. In relation to PEF funding, the £9.866m represents £0.905m 2022/2023 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 23 February 2024 is £8.369m, with £1.497m still to spend. This includes known staff costs for the period April 2023 to March 2024. The anticipated 23/24 PEF underspend is £0.400m. As reported at the last committee, this underspend was to be used to support pay agreements in the short term. Given the low level of anticipated carry forward, the Scottish Government have now confirmed that the PEF underspend will not be required to fund the pay award, with required funding being received, and it will therefore be carried forward at 31 March 2024 and used in April to June 2024 in line with standard PEF guidance. This will be transferred to reserves at 31 March 2024 to meet spend and commitment in schools.
- 4.3. In relation to SEF funding, spend and commitment to date is £1.404m with £0.069m 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. **Probable Outturn:** Following the Council's probable outturn exercise, the Resource is reporting an overspend of £0.295m. There were no proposed transfers to reserves, however, the anticipated PEF underspend of £0.400m will now require to be transferred 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. The most current update on this position is an overspend of £4.030m this financial year and this is being managed within the overall Resource position including through some reserve funds available.
- 6.3. **Teacher Numbers:** As teacher numbers were maintained as part of the census exercise; there was no impact on the grant funding and £2.934 million was received in 2023/2024.

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. Discussions are ongoing with all local authorities, COSLA and the Scottish Government in terms of the impact of this position at this time and updates will be provided in due course.

- 6.4. **Position as at 23 February 2024:** The Resource position as at 23 February 2024 is an overspend of £0.170m. 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 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**

**Executive Director (Finance and Corporate Resources)**

**Carole McKenzie**

**Executive Director (Education Resources)**

25 April 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 23 February 2024

**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 23 February 2024 (No.12)

## Education Resources Summary

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 23/02/24	Actual 23/02/24	Variance 23/02/24		% Variance 23/02/24	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	344,633	344,647	(14)	303,852	303,486	366	under	0.1%	1, b, c, d
Property Costs	36,504	36,510	(6)	28,945	28,971	(26)	over	(0.1%)	c, d
Supplies & Services	11,134	11,447	(313)	8,334	8,614	(280)	over	(3.4%)	2, b, c, d
Transport & Plant	16,530	19,274	(2,744)	14,794	17,530	(2,736)	over	(18.5%)	3, d
Administration Costs	1,887	1,808	79	1,746	1,669	77	under	4.4%	4, a, c, d
Payments to Other Bodies	32,239	32,306	(67)	28,014	28,057	(43)	over	(0.2%)	5, c, d
Payments to Contractors	44,117	43,876	241	36,270	36,029	241	under	0.7%	d
Transfer Payments	2,980	2,657	323	2,859	2,577	282	under	9.9%	6, d
Financing Charges	380	359	21	291	272	19	under	6.5%	c, d
<b>Total Controllable Exp.</b>	<b>490,404</b>	<b>492,884</b>	<b>(2,480)</b>	<b>425,105</b>	<b>427,205</b>	<b>(2,100)</b>	<b>over</b>	<b>(0.5%)</b>	
<b>Total Controllable Inc.</b>	<b>(50,638)</b>	<b>(52,823)</b>	<b>2,185</b>	<b>(40,699)</b>	<b>(42,629)</b>	<b>1,930</b>	<b>over recovered</b>	<b>4.7%</b>	<b>7, c, d</b>
<b>Net Controllable Exp.</b>	<b>439,766</b>	<b>440,061</b>	<b>(295)</b>	<b>384,406</b>	<b>384,576</b>	<b>(170)</b>	<b>over</b>	<b>(0.0%)</b>	

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

- Establish budget to reflect general revenue grant funding in relation to support for school staff training. Net Effect £0.057m: Administration Costs £0.057m.
- Realignment of budget to reflect Strategic Equity Fund and Pupil Equity Fund programme delivery. Net Effect £0.000m: Employee Costs £0.112m and Supplies and Services (£0.112m).
- Realignment of budget to reflect current service delivery. Net Effect £0.000m: Employee Costs £0.002m, Property Costs £0.006m, Supplies and Services £0.097m, Administration Costs £0.001m, Payments to Other Bodies £0.136m, Finance Costs £0.011m and Income (£0.253m).
- Realignment of Education Maintenance Allowance budget and DMS. Net Effect £0.000m: Employee Costs £0.048m, Property Costs £0.075m, Supplies and Services (£0.425m), Transport Costs £0.045m, Administration Costs £0.172m, Payments to Other Bodies £0.096m, Payments to Contractors £0.001m, Transfer Payments £0.114m, Financing Charges (£0.008m) and Income (£0.118m).