

# Report

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Report to:	<b>Education Resources Committee</b>
Date of Meeting:	<b>24 April 2018</b>
Report by:	<b>Executive Director (Finance and Corporate Resources) Executive Director (Education Resources)</b>

Subject:	<b>Education Resources - Revenue Budget Monitoring 2017/2018</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 2017 to 2 February 2018 for Education Resources
- ◆ provide a forecast for the year to 31 March 2018.

## 2. Recommendation(s)

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

- (1) that an underspend of £506,000 on Education Resources' revenue budget as detailed in Appendix A of the report, and the forecast to 31 March 2018 of an underspend of £642,000 be noted.
- (2) 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 2017/2018.

3.2. The report details the financial position for Education Resources in Appendix A, along with variance explanations.

## 4. Employee Implications

4.1. None

## 5. Financial Implications

5.1. As at 2 February 2018, there is a underspend of £506,000 against the phased budget and the forecast for the revenue budget to 31 March 2018 is an underspend position of £642,000. The underspend primarily reflects the 2017/2018 budgeted cost for teachers' pay award.

5.2. The outturn position also includes proposed transfers to reserves totalling £5.898m in respect of the Early Years (£1.900m), GIRFEC (£0.224m), Pupil Equity Funding (£2.189m) and Children and Young People (£1.585m) to meet future years commitments.

5.3. 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.

## **6. Other Implications**

6.1. The main risk associated with the Council's Revenue Budget is that there is an overspend. The risk has been assessed as low given the detailed budget management applied across the Resources. 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.

6.2. There are no implications for sustainability in terms of the information contained in this report.

## **7. Equality Impact Assessment and Consultation Arrangements**

7.1. 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.

7.2. 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)**

21 March 2018

### **Link(s) to Council Values/Ambitions/Objectives**

◆ Accountable, Effective, Efficient and Transparent

### **Previous References**

◆ None

### **List of Background Papers**

◆ Financial ledger and budget monitoring results to 2 February 2018

### **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 2 February 2018 (No.12)

## Education Resources Summary

<b>Budget Category</b>	<b>Annual Budget</b>	<b>Forecast for Year</b>	<b>Annual Forecast Variance</b>	<b>Budget Proportion 02/02/18</b>	<b>Actual 02/02/18</b>	<b>Variance 02/02/18</b>		<b>% Variance 02/02/18</b>	<b>Note</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>			
Employee Costs	217,499	217,322	177	176,917	176,789	128	under	0.1%	1,a,b,d
Property Costs	23,679	22,975	704	20,644	20,131	513	under	2.5%	2,d
Supplies & Services	12,152	12,281	(129)	5,570	5,666	(96)	over	(1.7%)	a,d
Transport & Plant	10,021	10,713	(692)	8,095	8,663	(568)	over	(7.0%)	3,d
Administration Costs	1,256	1,349	(93)	1,123	1,159	(36)	over	(3.2%)	d
Payments to Other Bodies	14,595	14,204	391	9,504	9,374	130	under	1.4%	4,a,d
Payments to Contractors	32,183	32,403	(220)	24,096	24,199	(103)	over	(0.4%)	5,d
Transfer Payments	1,347	1,266	81	1,325	1,247	78	under	5.9%	c
Financing Charges	327	334	(7)	181	181	0	-	0.0%	d
<b>Total Controllable Exp.</b>	<b>313,059</b>	<b>312,847</b>	<b>212</b>	<b>247,455</b>	<b>247,409</b>	<b>46</b>	<b>Under</b>	<b>0.0%</b>	
<b>Total Controllable Inc.</b>	<b>(16,687)</b>	<b>(17,117)</b>	<b>430</b>	<b>(14,309)</b>	<b>(14,769)</b>	<b>460</b>	<b>over recovered-</b>	<b>(3.2%)</b>	<b>6,a,c,d</b>
<b>Net Controllable Exp.</b>	<b>296,372</b>	<b>295,730</b>	<b>642</b>	<b>233,146</b>	<b>232,640</b>	<b>506</b>	<b>under</b>	<b>0.2%</b>	

**Variance Explanations**

1. The underspend in employee costs reflects the profiling of the payment and funding of the teachers' pay award
2. The underspend on property costs relates to primarily to the cost of gas and water charges.
3. The transport overspend reflects the demand and cost of providing ASN transport in schools.
4. This relates to a projected underspend in the cost of external placements reflecting the current level of demand.
5. The overspend in payments to contractors represents inflation costs greater than budget within the PPP contract.
6. The over recovery in income relates to Early Years fees due to increased flexibility for parents and more options to buy ELC hours.

**Budget Virements**

- a. Additional Income from external organisations. Net Effect £0.000m: Employee Costs £0.074m, Supplies and Services £0.021m, Payments to Other Bodies (£0.183m) and Income £0.088m.
- b. General Revenue Grant for Teachers' Induction Scheme 2017/18. Net Effect £2.213m: Employee Costs £2.213m.
- c. Realignment of Education Maintenance Allowance budget. Net Effect £0.000m: Transfer Payments £0.299m, Income (£0.299m).
- d. Realignment of DMS. Net Effect £0.000m: Employee Costs £1.670m, Property (£0.645m), Supplies and Services £0.560m, Transport and Plant £0.673m, Administration Costs £0.043m, Payments to Other Bodies (£0.088m), Payments to Contractors £0.001m, Finance Charges (£0.001m) and Income (£2.213m).