

Report

Report to:	Education Resources Committee
Date of Meeting:	19 January 2021
Report by:	Executive Director (Finance and Corporate Resources) Executive Director (Education Resources)

Subject:	Revenue Budget Monitoring 2020/2021 - 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 against the revenue budget for the period 1 April 2020 to 6 November 2020 for Education Resources.

2. Recommendation(s)

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

- (1) that an overspend of £4.008m as at 6 November 2020 on Education Resources' revenue budget as detailed in Appendix A of the report be noted.
- (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 2020/2021.

3.2. The report details the financial position for Education Resources in Appendix A, along with variance explanations and outlines the specific costs incurred in relation to the Resources' COVID response in Appendix B.

4. Scottish Attainment Challenge Funding

4.1. The current budget for Education contains £9.685m awarded for Pupil Equity Funding (PEF) and £1.963m for Scottish Attainment Challenge (SAC) as part of the schools programme. Total budget for 2020/21 is £11.648m and this is contained within this reported position.

4.2. In relation to PEF funding, the £9.685m represents £1.422m 2019/2020 carry forward and £8.263m for the 2020/2021 allocation. Spend and commitment as at 6 November 2020 is £6.031m, with £3.654m still to spend. This includes known staff costs for the period 1 April 2020 to 31 March 2021.

4.3. PEF spend this year is expected to be impacted by the restriction schools are facing as a result of the pandemic. Programmes supporting groups of children and young people, trips and extra curricular activities and those provided via external professional are all restricted as a result with an impact on this year's spend. It is anticipated PEF 2020/2021 carry forward as at 31 March 2021 will be around £2.450m and this will be available for the school session April to June 2021 in line with the PEF guidance.

- 4.4 Scottish Government announcements have given councils flexibility on how they use their Pupil Equity Fund (PEF) monies this financial year. This situation continues to be monitored.
- 4.5. In relation to SAC funding, spend and commitment to date is £1.577m with £0.386m still to spend. Staff costs to 31 March 2021 are reflected within this position and, as this is a specific grant allocation, funding is received based on actual spend. The Committee will continue to be updated with the spend position for 2020/2021 throughout the year.

5. Employee Implications

- 5.1. None

6. Financial Implications

- 6.1. As at 6 November 2020, there is an overspend of £4.008m against the phased budget.
- 6.2. Variance explanations are outlined in Appendix A and this overspend, in the main, is COVID related and reflects additional Education recovery teachers employed on 1 year fixed term contracts and short term supply; the increased cost of supply teachers in relation to the application of the SNCT guidance on payment arrangements for staff; expenditure incurred in the operation of the hubs for key worker children during lockdown; costs of sanitising stations, PPE, cleaning supplies and enhanced cleaning regimes for our schools and establishments and a reduction in budgeted income from Early Years fees and music tuition, all as a result of the ongoing pandemic.
- 6.3. The council has received funding for specific education costs relating to the pandemic including additional teachers, support staff and mobilising schools for reopening, including ongoing cleaning and PPE costs. This is £2.127m at 6 November 2020 (period 8) with total revenue funding for the year of £4.939m confirmed. This funding is not included in the appendices. Instead, it is reported at a corporate level to the Executive Committee where all COVID spend and income is reported in its entirety.
- 6.4. 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 this report.

8. Other Implications

- 8.1. The main risk associated with the Council's Revenue Budget is that there is an overspend. The risk is managed through four weekly Budget Monitoring Meetings at which any variance is analysed. In addition, the probable outcome 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)

14 December 2020

Link(s) to Council Values/Objectives

- ◆ Accountable, Effective and Efficient

Previous References

- ◆ None

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 6 November 2020

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 November 2020 (No.8)

Education Resources Summary

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 06/11/20	Actual 06/11/20	Variance 06/11/20		% Variance 06/11/20	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	277,932	277,932	0	162,074	163,944	(1,870)	over	(1.2%)	1,a,b,c,d,e,h
Property Costs	24,766	24,766	0	18,810	19,951	(1,141)	over	(6.1%)	2,h
Supplies & Services	13,134	13,134	0	3,257	3,703	(446)	over	(13.7%)	3,b,d,h
Transport & Plant	11,121	11,121	0	6,052	6,263	(211)	over	(3.5%)	4,b,h
Administration Costs	1,430	1,430	0	1,009	1,047	(38)	over	(3.8%)	h
Payments to Other Bodies	27,144	27,144	0	12,296	12,182	114	under	0.9%	5,e,f,h
Payments to Contractors	35,565	35,565	0	17,198	17,128	70	under	0.4%	h
Transfer Payments	2,245	2,245	0	2,233	2,273	(40)	over	(1.8%)	g,h
Financing Charges	396	396	0	187	187	0	-	0.0%	h
Total Controllable Exp.	393,733	393,733	0	223,116	226,678	(3,562)	over	(1.6%)	
Total Controllable Inc.	(43,268)	(43,268)	0	(39,226)	(38,780)	(446)	under recovered	(1.1%)	6,e,f,g,h
Net Controllable Exp.	350,465	350,465	0	183,890	187,898	(4,008)	over	(2.2%)	

Variance Explanations

- The overspend is mainly due to additional Education recovery teachers employed on 1 year fixed term contracts with the funding for these held within the central Corporate Items COVID-19 budget. In addition, there is an increased cost of supply teachers in relation to SNCT guidance on payment arrangements for staff due to COVID-19.
- The overspend is mainly due to increased cleaning requirements within schools and Early Years establishments and expenditure incurred on sanitising stations and additional hand washing supplies following the return to schools in August. The funding for these is held within the central Corporate Items COVID-19 budget. This is partially offset by the timing of rates charges from schools and establishments becoming operational.
- The overspend is due to expenditure incurred on personal protective equipment and wipes following the return to schools in August. The funding for this is held within the central Corporate Items COVID-19 budget. This is partially offset by unspent budget in relation to both the Holiday Lunch Club and Breakfast Club programmes this financial year. These are being utilised, in part, to offset the sessional staff costs for the provision of Summer Hubs as a result of COVID.
- The overspend is due to the cost of school transport for both ASN and mainstream schools.
- The underspend is mainly due to less than anticipated core Early Years spend to date. In addition, there has been reduced placements within Other Local Authorities. These are partially offset by greater than anticipated expenditure on Independent School Placements. This is a demand led service.
- The under recovery of income relates to reduced income received from Early Learning & Childcare fees and Instrumental Music Service fees in the financial year to date as a result of the ongoing pandemic.

Budget Virements

- Establish budget to reflect the receipt of funding for Early Years Modern Apprentices. Net Effect £0.991m: Employee Costs £0.991m.
- Transfer budget to Corporate Items for funding for Education Recovery for Teachers, Support staff, Digital Inclusion and Transport. Net Effect (£3.755m): Employee Costs (£3.467m), Supplies and Services (£0.216m) and Transport (£0.072m).
- Transfers from reserves in relation to the DSYW project. Net Effect £0.090m: Employee Costs £0.090m.
- Realignment of Pupil Equity Fund budget to reflect current service delivery. Net Effect £0.000m: Employee Costs £2.486m and Supplies and Services (£2.486m).
- Realignment of Early Years budget to reflect current service delivery. Net Effect £0.000m: Employee Costs £1.230m, Payments to Other Bodies (£0.970m) and Income (£0.260m).
- Establish budget to reflect the receipt of Transitional Support Fund. Net Effect £0.000m: Payments to Other Bodies £0.608m and Income (£0.608m).
- Realignment of Education Maintenance Allowance budget. Net Effect £0.000m: Transfer Payments £0.234m and Income (£0.234m).
- Realignment of DMS. Net Effect £0.000m: Employee Costs £0.306m, Property Costs (£0.081m), Supplies and Services (£0.617m), Transport and Plant (£0.002m), Administration Costs £0.189m, Payments to Other Bodies £0.207m, Payments to Contractors £0.018m, Transfer Payments (£0.003m), Financing Charges £0.006m and Income (£0.023m).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Education Resources Committee: Period Ended 6 November 2020 (No.8)

Education Resources COVID

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 06/11/20	Actual 06/11/20	Variance 06/11/20		% Variance 06/11/20	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	0	0	0	0	1,700	(1,700)	Over	n/a	1
Property Costs	0	0	0	0	1,372	(1,372)	Over	n/a	2
Supplies & Services	0	0	0	0	888	(888)	Over	n/a	3
Transport & Plant	0	0	0	0	2	(2)	Over	n/a	
Administration Costs	0	0	0	0	90	(90)	Over	n/a	4
Payments to Other Bodies	0	0	0	0	50	(50)	Over	n/a	5
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	40	(40)	Over	n/a	6
Financing Charges	0	0	0	0	0	0	-	n/a	
Total Controllable Exp.	0	0	0	0	4,142	(4,142)	Over	n/a	
Total Controllable Inc.	0	0	0	0	0	0	-	n/a	
Net Controllable Exp.	0	0	0	0	4,142	(4,142)	Over	n/a	

Variance Explanations

1. The overspend is mainly due to additional Education recovery teachers employed on 1 year fixed term contracts with the funding for these held within the central Corporate Items COVID-19 budget. In addition, there is an increased cost of supply teachers in relation to SNCT guidance on payment arrangements for staff due to COVID-19.
2. The overspend is mainly due to increased cleaning requirements within schools and Early Years establishments and expenditure incurred on sanitising stations and additional hand washing supplies following the return to schools in August. The funding for these is held within the central Corporate Items COVID-19 budget.
3. The overspend is mainly due to expenditure incurred on personal protective equipment and wipes following the return to schools in August. The funding for this is held within the central Corporate Items COVID-19 budget.
4. The overspend is mainly due to costs associated with COVID related signage required for schools for their return in August.
5. The overspend is due to expenditure incurred on the provision of critical childcare for families of key workers to date.
6. The overspend is due to increased expenditure on footwear and clothing grants as a result of additional claimants becoming eligible due to COVID-19.