

Report

Report to:	Education Resources Committee
Date of Meeting:	16 March 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 measured against the revenue budget for the period 1 April 2020 to 29 January 2021 for Education Resources
- ♦ provide a forecast for the year to 31 March 2021.

2. Recommendation(s)

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

- (1) that the forecast to 31 March 2021 of an overspend of £12.751m after approved transfers to reserves, as detailed in Appendix A of the report, be noted;
- (2) that an overspend of £6.108m as at 29 January 2021, as detailed in Appendix A, after approved transfers to reserves 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 2020/2021.

3.2. The Resources has completed its formal probable outturn exercise for the year. This exercise identifies the expected spend to 31 March 2021. Details are included in section 6.

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 2019/20 carry forward and £8.263m for the 2020/21 allocation. Spend and commitment to date as at 29 January 2021 is £6.905m, with £2.779m still to spend. This includes known staff costs for the period 1 April 2020 to 31 March 2021.

- 4.3. As previously reported, 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 professionals 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 £1.706m with £0.257m 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.

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 £12.751m after approved transfers to reserves of £6.261m. Reserves were approved by Executive Committee on 10 February 2021. This includes projected net costs of COVID to 31 March 2021 of £12.443m. The Resource position is outlined in appendix A.
- 6.2. The forecast cost of COVID is £12.443m. This is the net effect of expenditure of £12.755m as outlined in appendix B 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.

In addition, the Resource is projecting an impact as a result of loss of income due to the pandemic of £0.564m, including ELC fees, music tuition and nursery milk, as well as savings not achieved of £0.099m and an underspend in budget of £0.975m, in the main due to expenditure not incurred on breakfast clubs and holiday lunch clubs due to the pandemic and the rates budgets.

- 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. In addition, further funding has been recently received for additional staffing, digital inclusion, home learning and family support. At this stage, and this late in the financial year, it is unlikely that this will be spent this year, and, therefore, it is likely we will be looking to carry this funding into next year. The figures at the moment assume full spend.

As at 29 January 2021, total revenue funding for the year has been confirmed at £7.773m. These income sources are not netted off against the expenditure in the appendices. Instead, to allow consistent reporting of expenditure in relation to the pandemic, all costs are collated and reported to the Executive Committee where all income received is reported in its entirety.

- 6.4. The Resource is showing an overspend of £0.308m after the cost of COVID is removed. This overspend relates to transport costs for both mainstream and ASN transport, teachers costs due to pupil growth and school placements which are demand led, partially offset by underspends in Early Years core budget.
- 6.5. **Position as at 29 January 2021:** The Resource position as at 29 January 2021 is an overspend of £6.108m after approved transfers to reserves. Detailed variance explanations are outlined in appendix A.
- 6.6. 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. Other Implications**
- 7.1. 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 outturn exercise ensures early warning for corrective action to be taken where appropriate.
- 7.2. There are no implications for sustainability in terms of the information contained in this report.
- 8. Equality Impact Assessment and Consultation Arrangements**
- 8.1. 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.
- 8.2. 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 February 2021

Link(s) to Council Values/Objectives

- ◆ Accountable, Effective and Efficient

Previous References

- ◆ None

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 29 January 2021

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 January 2021 (No.11)

Education Resources Summary

Budget Category	Annual Budget £000	Forecast for Year BEFORE Transfers £000	Annual Forecast Variance BEFORE Transfers £000	Annual Forecast Variance AFTER Transfers £000	Budget Proportion 29/01/21 £000	Actual BEFORE Transfers 29/01/21 £000	Variance 29/01/21 £000		% Variance 29/01/21	Note
Employee Costs	282,216	287,591	(5,375)	(6,259)	227,289	229,157	(1,868)	over	(0.8%)	1,a,b,e,g
Property Costs	23,162	25,841	(2,679)	(2,679)	19,633	21,189	(1,556)	over	(7.9%)	2,a,c,e,f,g
Supplies & Services	12,093	12,536	(443)	(3,346)	8,756	7,434	1,322	under	15.1%	3,a,b,d
Transport & Plant	11,297	11,932	(635)	(635)	8,958	9,661	(703)	over	(7.8%)	4,f,g
Administration Costs	1,852	1,829	23	22	1,628	1,614	14	under	0.9%	f,g
Payments to Other Bodies	26,725	23,660	3,065	592	20,215	17,713	2,502	under	12.4%	5,b,e,g
Payments to Contractors	35,348	35,348	0	0	26,161	26,161	0	-	0.0%	f
Transfer Payments	2,517	2,602	(85)	(85)	2,505	2,596	(91)	over	(3.6%)	6,g
Financing Charges	382	377	5	5	250	250	0	-	0.0%	g
Total Controllable Exp.	395,592	401,716	(6,124)	(12,385)	315,395	315,775	(380)	over	(0.1%)	
Total Controllable Inc.	(44,189)	(43,823)	(366)	(366)	(42,215)	(41,784)	(431)	under recovered	(1.0%)	7,b,f,g
Net Controllable Exp.	351,403	357,893	(6,490)	(12,751)	273,180	273,991	(811)	over	(0.3%)	
Transfer to Reserves (as at 29/01/21)					0	5,297	(5,297)	over		
Position After Transfers to Reserves (as at 29/01/21)					273,180	279,288	(6,108)	over		

Variance Explanations

- The overspend is mainly due to additional Education recovery teachers employed on 1 year fixed term contracts. In addition, there is an increased cost of supply teachers in relation to SNCT guidance on payment arrangements for staff due to COVID-19 and an overspend in teacher costs due to pupil growth. These are partially offset by an underspend in Early Years staff costs, due to the timing of the recruitment of Early Years posts. The 1,140 expansion element of Early Years staff costs underspend will be carried forward at year end for future commitments.
- 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. In addition, there has been increased utilities costs due to increased ventilation requirements within schools and establishments. These are partially offset by the timing of rates charges from schools and establishments becoming operational.
- The underspend is due to the Pupil Equity Fund and less than anticipated expenditure on the provision of lunches within Early Years establishments, both of which will be carried forward at the end of the financial year for future commitments. In addition, there is 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 underspends are partially offset by expenditure incurred on personal protective equipment and wipes following the return to schools in August.
- The overspend is mainly due to the cost of school transport for both ASN and mainstream schools.
- The underspend is mainly due to less than anticipated expenditure on Early Years 1,140 expansion and core budget to date. The 1,140 expansion element will be carried forward at year end for future commitments. 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 overspend is due to increased expenditure on footwear and clothing grants as a result of additional claimants due to COVID-19.
- The under recovery of income relates to reduced income received from Early Years Childcare fees and Instrumental Music Service fees in the financial year to date as a result of the ongoing pandemic. These are partially offset by increased Section 23 income received for placements in other local authorities. This is a demand led service.

Budget Virements

- Transfers from reserves in relation to Teacher growth, ICT and Utilities. Net Effect £1.297m: Employee Costs £0.716m, Property Costs £0.261m and Supplies and Services £0.320m.
- Establish budget to reflect the receipt of funding for Teachers Induction, Education Psychologists redeterminations, DYW funding, SDS Foundation Apprenticeship programme and Inter Authority funding. Net Effect £2.364m: Employee Costs £2.808m, Supplies and Services £0.013m, Payments to Other Bodies £0.168m and Income (£0.625m).
- Transfer to reserves in relation to reversal of reserve drawdowns during financial year to date. Net Effect (£2.043m): Property Costs (£2.043m).
- CFCR transfer for WAN capitalisation. Net Effect (£0.700m): Supplies and Services (£0.700m).
- Realignment of Early Years budget to reflect current service delivery. Net Effect £0.000m: Employee Costs £0.550m, Property Costs £0.050m and Payments to Other Bodies (£0.600m).

- f. Realignment of budget to reflect service delivery changes: Net Effect £0.000m: Property Costs (£0.528m), Transport Costs £0.748m, Administration £0.053m, Payments to Contractors (£0.220m) and Income (£0.053m).
- g. Realignment of Education Maintenance Allowance budget and DMS. Net Effect £0.000m: Employee Costs £0.211m, Property Costs £0.079m, Supplies and Services (£0.674m), Transport and Plant £0.006m, Administration Costs £0.371m, Payments to Other Bodies (£0.008m), Transfer Payments £0.272m, Financing Charges (£0.014m) and Income (£0.243m).

Transfers to Reserves (£6.261m):

- i. PEF (£2.450m) - PEF carry forward for April to June 2021.
- ii. ELC 1,140 Specific Grant (£3.811m) - This transfer relates to the underspend on the current year grant allocation to be carried forward to meet the commitments in line with the spend profile of the project.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Education Resources Committee: Period Ended 29 January 2021 (No.11)

Education Resources COVID

	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 29/01/21	Actual BEFORE Transfers 29/01/21	Variance 29/01/21	% Variance 29/01/21	Note
	£000	£000	£000	£000	£000	£000	£000		
<u>Budget Category</u>									
Employee Costs	0	6,002	(6,002)	(6,002)	0	3,051	(3,051)	over	1
Property Costs	0	2,974	(2,974)	(2,974)	0	1,861	(1,861)	over	2
Supplies & Services	0	3,563	(3,563)	(3,563)	0	1,358	(1,358)	over	3
Transport & Plant	0	0	0	0	0	0	0	over	n/a
Administration Costs	0	88	(88)	(88)	0	88	(88)	over	4
Payments to Other Bodies	0	43	(43)	(43)	0	43	(43)	over	5
Payments to Contractors	0	0	0	0	0	0	0	-	n/a
Transfer Payments	0	85	(85)	(85)	0	91	(91)	over	6
Financing Charges	0	0	0	0	0	0	0	-	n/a
Total Controllable Exp.	0	12,755	(12,755)	(12,755)	0	6,492	(6,492)	over	n/a
Total Controllable Inc.	0	0	0	0	0	0	0	-	n/a
Net Controllable Exp.	0	12,755	(12,755)	(12,755)	0	6,492	(6,492)	over	n/a
Transfer to Reserves (as at 01/01/21)					0	0	0		
Position After Transfers to Reserves (as at 01/01/21)					0	6,492	(6,492)		

Variance Explanations

1. The overspend is mainly due to additional Education recovery teachers employed on 1 year fixed term contracts. 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.
3. The overspend is mainly due to expenditure incurred on personal protective equipment and wipes following the return to schools in August.
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.