

# Report

Report to:	<b>Education Resources Committee</b>
Date of Meeting:	<b>19 May 2020</b>
Report by:	<b>Executive Director (Finance and Corporate Resources) Executive Director (Education Resources)</b>

Subject:	<b>Education Resources - Revenue Budget Monitoring 2019/2020</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 2019 to 28 February 2020 for Education Resources.
- ♦ provide a forecast for the year to 31 March 2020.

## 2. Recommendation(s)

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

- (1) that the forecast to 31 March 2020 of an overspend of £0.038m, after approved transfers to reserves, as detailed in Appendix A of the report, be noted;
- (2) that an overspend of £0.125m as at 28 February 2020 after approved transfers to reserves, 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 fifth revenue budget monitoring report presented to the Education Resources Committee for the financial year 2019/2020.
- 3.2. The Resource has completed its formal probable outturn exercise for the year. This exercise identifies the expected spend to the 31 March 2020. Details are included in section 6.
- 3.3. The report details the financial position for Education Resources in Appendix A, including the probable outturn position, and the position to 28 February 2020, along with variance explanations.

## 4. Scottish Attainment Challenge Funding

- 4.1. The current budget for Education contains £9.278million awarded for Pupil Equity Funding (PEF) and £1.964million for Scottish Attainment Challenge (SAC) as part of the schools programme. The total budget for these two items for 2019/2020 is £11.242 million and this is contained within this reported position.
- 4.2. In relation to PEF funding, the £9.278m represents £1.534m 2018/2019 carry forward allocation and £7.744m for 2019/2020 allocation. Spend and commitment to date, as at 28 February 2020, is £7.644m, with £1.634m still to spend. Staff costs are included and reflect known costs for the period 1 April 2019 to 31 March 2020.

- 4.3. 2019/2020 PEF funding is fully committed to spend by the end of the academic year June 2020 in line with the guidance. It is estimated that £1m will require to be carried forward at 31 March 2020 and used in April to June 2020. This will be transferred to reserves at the 31 March 2020 to meet spend and commitment in schools in line with 2019/2020 School Improvement Plans. The impact of COVID-19 on the delivery of the School Improvement plans is being considered.
- 4.4. In relation to SAC funding, spend and commitment to date is £1.773m with £0.191m still to spend. Staff costs are included and reflect known costs for the period 1 April 2019 to 31 March 2020. As this is a specific grant allocation, funding will be received based on actual spend.

## **5. Employee Implications**

- 5.1. None

## **6. Financial Implications**

- 6.1. **Probable Outturn:** Following the Council's formal probable outturn exercise, the Resource position is an overspend of £0.038m after approved transfers to reserves of £3.023m. The transfers and the overall position is detailed in Appendix A.
- 6.2. This net overspend reflects the cost of teachers' salaries due to pupil growth and the cost of school transport offset by underspends due to the timing of expenditure in relation to the delivery of ELC 1140 hours expansion and school counselling projects, an underspend in property costs and supplies and services in relation to PEF and an over recovery of income from Early Years' fees.
- 6.3. **Position as at 28 February 2020:** The Resource position as at 28 February 2020, after approved transfers to reserves, is an overspend of £0.125m. This is slightly higher than the previous forecast of £0.038m as a result of further costs in relation to ASN transport being anticipated. Appendix A shows this position highlighting an underspend of £2.898m against the phased budget before transfers to reserves are made. Detailed variance explanations for the Resource position is included in Appendix A as well as the approved transfers to reserves.
- 6.4. 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. 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 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.

## **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 April 2020

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

- ◆ Accountable, Effective, Efficient and Transparent

**Previous References**

- ◆ Education Resources Committee – 3 March 2020

**List of Background Papers**

- ◆ Financial ledger and budget monitoring results to 28 February 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 28 February 2020 (No.12)

## Education Resources Summary

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 28/02/20	Actual BEFORE Transfers 28/02/20	Variance 28/02/20	% Variance 28/02/20	Note
	£000	£000	£000	£000	£000	£000	£000		
Employee Costs	266,144	266,235	(91)	(167)	233,795	233,473	322	under	0.1% 1,a,b,c,d,f
Property Costs	25,561	24,552	1,009	1,009	23,156	22,589	567	under	2.4% 2,d,f
Supplies & Services	9,398	8,226	1,172	(329)	6,922	5,799	1,123	under	16.2% 3,c,d,f
Transport & Plant	10,689	11,575	(886)	(886)	9,999	11,107	(1,108)	over	(11.1%) 4,d,f
Administration Costs	2,256	2,177	79	79	1,868	1,810	58	under	3.1% c,d,f
Payments to Other Bodies	20,447	19,399	1,048	(398)	18,047	16,659	1,388	under	7.7% 5,c,d,f
Payments to Contractors	34,415	34,407	8	8	28,453	28,446	7	under	0.0%
Transfer Payments	2,507	2,460	47	47	2,473	2,430	43	under	1.7% e
Financing Charges	333	327	6	6	289	284	5	under	1.7% f
<b>Total Controllable Exp.</b>	<b>371,750</b>	<b>369,358</b>	<b>2,392</b>	<b>(631)</b>	<b>325,002</b>	<b>322,597</b>	<b>2,405</b>	<b>under</b>	<b>0.7%</b>
<b>Total Controllable Inc.</b>	<b>(31,857)</b>	<b>(32,450)</b>	<b>593</b>	<b>593</b>	<b>(29,422)</b>	<b>(29,915)</b>	<b>493</b>	<b>over recovered</b>	<b>1.7% 6,b,c,d,e,f</b>
<b>Net Controllable Exp.</b>	<b>339,893</b>	<b>336,908</b>	<b>2,985</b>	<b>(38)</b>	<b>295,580</b>	<b>292,682</b>	<b>2,898</b>	<b>under</b>	<b>1.0%</b>
<b>Transfer to Reserves (as at 28/02/20)</b>					-	3,023	(3,023)	over	
<b>Position After Transfers to Reserves (as at 28/02/20)</b>					<b>295,580</b>	<b>295,705</b>	<b>(125)</b>	<b>over</b>	

Variance Explanations

- The position represents the net effect of an underspend in Early Years staff costs due to the timing of recruitment of Early Years posts partially offset by an overspend in Teacher costs due to pupil growth.
- The variance is due to timing of rates charges and gas costs, partially offset by an overspend on electricity costs.
- This variance is due to the Pupil Equity Fund and less than anticipated expenditure on the provision of lunches in Early Years establishments which will be carried forward at the end of the financial year. This is partially offset by an overspend on classroom materials in schools due to pupil growth.
- The transport overspend relates to the cost of transporting children to school; both ASN and mainstream transport. This is a demand led service.
- The variance is partially due to less than anticipated expenditure on Counselling funding and also an underspend on Early Years expansion funding and both streams will be transferred to reserves to meet ongoing programme commitments and Early Years expansion going forward. This is partially offset by an overspend from the increased cost of Independent School Placements as a result of the new Scotland Excel Pricing Framework.
- The over recovery in Early Years' fees relates to the increased uptake of nursery places.

Budget Virements

- Funding received in respect of Teachers Induction Scheme Funding. Net Effect £1.743m: Employee Costs £1.743m.
- Establish budget to reflect the receipt of Inter Authority Funding. Net Effect £0.000m: Employee Costs £0.305m and Income (£0.305m).
- Establish budget to reflect the receipt of Youth Employability Funding. Net Effect £0.000m: Employee Costs £0.002m, Supplies and Services £0.003m, Administration £0.002m, Payments to Other Bodies £0.278m and Income (£0.285m).
- Realignment of budget to reflect current service delivery. Net Effect £0.000m: Employee Costs (£0.056m), Property Costs £0.129m, Supplies and Services (£0.005m), Transport and Plant £0.022m, Administration £0.021m, Payments to Other Bodies (£0.219m) and Income £0.108m.
- Realignment of Education Maintenance Allowance budget. Net Effect £0.000m: Transfer Payments £0.266m and Income (£0.266m).
- Realignment of DMS. Net Effect £0.000m: Employee Costs £0.112m, Property Costs £0.019m, Supplies and Services (£0.417m), Transport and Plant £0.027m, Administration Costs £0.164m, Payments to Other Bodies £0.144m, Financing Charges (£0.006m) and Income (£0.043m).

Transfers to Reserves (£3.023m):

- ELC 1140 Specific Grant (£1.493m)
- Counselling (£0.489m)
- Sanitary Products (£0.041m)
- Pupil Equity Fund (£1.000m)