

Report

Report to:	Education Resources Committee
Date of Meeting:	6 September 2022
Report by:	Executive Director (Finance and Corporate Resources) Executive Director (Education Resources)

Subject:	Education Resources - Revenue Budget Monitoring 2021/2022
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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 2021 to 31 March 2022 for Education Resources

2. Recommendation(s)

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

- (1) that the Education outturn position as at 31 March 2022 of an overspend of £1.702m after approved transfers to reserves, as detailed in Appendix A of the report, be noted, and that this is COVID related and is funded corporately as part of the overall Council COVID position; and
- (2) that the proposed budget virements be approved.

3. Background

3.1. This is the final revenue budget monitoring report presented to the Education Resources Committee for the financial year 2021/2022.

3.2. The report details the financial position for Education Resources in Appendix A, for the full financial year 2021/2022 compared to the probable outturn position, as well as the relevant variance explanations and the COVID position in Appendix B.

4. Scottish Attainment Challenge Funding

4.1. The current budget for Education contains £12.235m awarded for Pupil Equity Funding (PEF) and £1.952m for Scottish Attainment Challenge (SAC) as part of the schools programme. Total budget for 2021/2022 is £14.187m, including the additional PEF premium awarded during the year, and this is contained within this reported position.

4.2. In relation to PEF, spend at 31 March 2022 was £9.645m, with £2.590m still to spend of the 2021/2022 allocation.

4.3. As a result, the PEF 2021/2022 carry forward as at 31 March 2021 was £2.590m and this is available for the school session April to June 2022. This is in line with the PEF guidance and has been approved as a transfer to reserves at the yearend to meet spend and commitment in schools in line with School Improvement Plans.

- 4.4. In relation to SAC funding, actual spend at the end of the financial year was £1.946m. As this is a specific grant allocation, funding was received based on actual spend.

5. Employee Implications

- 5.1. None

6. Financial Implications

- 6.1. **Year End Position as at 31 March 2022:** The yearend position is a reported overspend of £1.702m after approved transfers to reserves. Removing the net cost of COVID leaves a breakeven position for the Resource. This is in line with the reported probable outturn position.
- 6.2. The total net cost of COVID for the Resource is £1.702m. There is an overspend on the costs associated with COVID of £1.684m this financial year, as outlined in Appendix B. This is mainly as a result of increased utilities costs due to increased ventilation requirements within schools and establishments and the increased cost of placements for pupils with additional support needs in Independent Schools.
- 6.3. In addition, the Resource COVID position also includes the impact of loss of income of £0.078m, in relation to music tuition, and an underspend of £0.060m due to expenditure not incurred on breakfast clubs due to the pandemic. Net cost £1.702m.
- 6.4. Learning recovery funding of £8.927m including logistics and funding for CO2 monitors as well as the Council's investments for Education learning recovery of £2.245m – total £ 11.172m has been included in Education's reported COVID position in Appendix B. This represents direct funding received for Recovery and to offset some of Education's costs of COVID. There is further specific grant available (currently held centrally) that will be used to support staffing costs in April to June 2022 and the continuation of strategic programmes. This funding is all committed.

Council strategic investment supported study support and tutoring programmes, digital inclusion as well as learning recovery staffing. Full spend of £2.245m was achieved in the financial year.

- 6.5. The core budget position for the Resource, a breakeven position, reflects an underspend in various specific funding areas which are part of transfers to reserves. This includes Pupil Equity Fund as outlined at 4.3 above; Early Learning and Childcare 1140 expansion programme - reflecting the timing of programme delivery and underspends in new programmes for Additional Teachers and Child Disability Payment Support which have been carried forward to meet future staffing commitments for the school session April to June 2022.

The Executive Committee (29 June 2022) approved the transfers to reserves of £7.883m to meet ongoing commitments. The revised Resource position after approved transfers and the details of all reserves is outlined in Appendix A.

- 6.6. The Resource is showing a breakeven position after the cost of COVID is removed. This is the net effect of underspends in Early Years core budget partially offset by overspends relating to transport costs, for both mainstream and ASN transport, and school placements which are demand led.
- 6.7. 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 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. 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)

27 July 2022

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, effective, efficient and transparent

Previous References

- ◆ Education Resources Committee – 8 February 2022
- ◆ Executive Committee – 29 June 2022

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 31 March 2022

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 31 March 2022 (No.14)

Education Resources Summary

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 31/03/22	Actual BEFORE Transfers 31/03/22	Variance 31/03/22	% Variance 31/03/22	Note
	£000	£000	£000	£000	£000	£000	£000		
Employee Costs	301,430	298,672	2,758	461	301,430	298,364	3,066	under	1.0% 1, b, e, f, g, h
Property Costs	27,410	28,169	(759)	(829)	27,410	28,163	(753)	over	(2.7%) 2, e, f, g, h
Supplies & Services	15,484	11,568	3,916	(72)	15,484	11,352	4,132	under	26.7% 3, b, e, f, g, h
Transport & Plant	12,748	13,335	(587)	(587)	12,748	13,631	(883)	over	(6.9%) 4, c, f, g, h
Administration Costs	2,103	2,035	68	68	2,103	2,040	63	under	3.0% f, g, h
Payments to Other Bodies	28,818	29,505	(687)	(1,627)	28,118	29,009	(191)	over	(0.7%) 5, a, d, e, f, g, h
Payments to Contractors	35,836	35,836	0	0	35,836	35,777	59	under	0.2% h
Transfer Payments	2,873	2,842	31	31	2,873	2,760	113	under	3.9% h
Financing Charges	346	348	(2)	(2)	346	327	19	under	5.5% f, g, h
Total Controllable Exp.	427,048	422,310	4,738	(2,557)	427,048	421,423	5,625	under	1.3%
Total Controllable Inc.	(50,257)	(50,786)	529	529	(50,257)	(50,813)	556	over recovered	1.1% 6, f, g, h
Net Controllable Exp.	376,791	371,524	5,267	(2,028)	376,791	370,610	6,181	under	1.6%
Transfer to Reserves (as at 31/03/22)					0	7,883	(7,883)	over	
Position After Transfers to Reserves (as at 31/03/22)					376,791	378,493	(1,702)	over	

Variance Explanations

- The position is mainly due to an underspend in Early Years staff costs due to the timing of the recruitment of Early Years posts. The 1140 expansion element of Early Years staff costs underspend has been carried forward at year end for future commitments. In addition, there is an underspend on the current year grant allocation for additional teachers which has been carried forward to meet the costs up to the end of the school term.
- There has been increased utilities costs due to increased ventilation requirements within schools and establishments.
- 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 have been carried forward at the end of the financial year for future commitments. In addition, there is unspent budget in relation to Breakfast Club programmes this financial year.
- The overspend is mainly due to the cost of school transport for both ASN and mainstream schools.
- The overspend is mainly due to the increased cost of placements for pupils within Other Local Authorities and Independent Schools. This is partially offset by less than anticipated expenditure on Early Years 1140 expansion and core budget to date. The 1140 expansion element has been carried forward at year end for future commitments.
- The over recovery of income relates to increased income from received from Other Local Authorities for placements within South Lanarkshire Council establishments and Early Years Childcare fees.

Budget Virements

- Transfers to reserves in relation to GIRFEC. Net Effect (£0.048m): Payments to Other Bodies (£0.048m).
- Transfer from Corporate Items in relation to APT&C 2021/22 Pay Award, Teachers 2021/22 Pay Award (£100 Payment) and Apprenticeship Levy. Net Effect £3.079m: Employee Costs £3.063m and Supplies and Services £0.016m.
- Transfer from Community & Enterprise in respect of Bus Escorts. Net Effect £0.016m: Transport and Plant £0.016m.
- Transfer to Finance & Corporate in respect of NOLB Employability funding. Net Effect (£0.160m): Payments to Other Bodies (£0.160m).
- Transfers of budget to centre for Education COVID Learning Recovery and CO2 monitors funding received. Net Effect (£0.732m): Employee Costs (£0.503m), Property Costs (£0.010m), Supplies and Services (£0.229m) and Payments to Other Bodies £0.010m.
- Realignment of Early Years budget to reflect current service delivery. Net Effect £0.000m: Employee Costs £0.214m, Property Costs (£0.042m), Supplies and Services £0.049m, Transport and Plant £0.001m, Administration Costs (£0.029m), Payments to Other Bodies (£0.112m), Financing Charges £0.005m and Income (£0.086m).
- Realignment of budget to reflect service delivery changes: Net Effect £0.000m: Employee Costs £0.102m, Property Costs £0.055m, Supplies and Services (£0.489m), Transport and Plant £0.007m, Administration £0.148m, Payments to Other Bodies £0.961m, Financing Charges £0.017m and Income (£0.801m).
- Realignment of Education Maintenance Allowance budget and DMS. Net Effect £0.000m: Employee Costs (£0.079m), Property Costs £0.001m, Supplies and Services (£0.514m), Transport and Plant £0.054m, Administration Costs £0.379m, Payments to Other Bodies £0.045m, Payment to Contractors £0.006m, Transfer Payments £0.305m, Financing Charges (£0.047m) and Income (£0.150m).

Approved Transfers to Reserves (£7.883m):

- i. Pupil Equity Fund (£2.590m)
- ii. Early Years 1,140 Hours (£3.415m)
- iii. Additional Teachers (April-June element) (£0.845m)
- iv. Child Disability Payment Support (£0.083m)
- v. Teachers NQT Group 2 (£0.293m)
- vi. School Support Job Evaluation (£0.086m)
- vii. Education – Capital Items Replacement Fund (£0.571m)

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Education Resources Committee: Period Ended 31 March 2022 (No.14)

Education Resources COVID

	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 31/03/22	Actual BEFORE Transfers 31/03/22	Variance 31/03/22		% Variance 31/03/22	Note
	£000	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>										
Employee Costs	8,585	8,625	(40)	(40)	8,585	8,628	(43)	over	(0.5%)	a
Property Costs	2,014	2,844	(830)	(900)	2,014	2,734	(720)	over	(35.7%)	1, a
Supplies & Services	563	663	(100)	(100)	563	487	76	under	13.5%	a
Transport & Plant	0	0	0	0	0	3	(3)	over	n/a	
Administration Costs	0	0	0	0	0	7	(7)	over	n/a	
Payments to Other Bodies	10	979	(969)	(969)	10	996	(986)	over	(9860.0%)	2, a
Payments to Contractors	0	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	0	0	0	0	0	1	(1)	over	n/a	
Total Controllable Exp.	11,172	13,111	(1,939)	(2,009)	11,172	12,856	(1,684)	over	(15.1%)	
Total Controllable Inc.	0	0	0	0	0	0	0	-	n/a	
Net Controllable Exp.	11,172	13,111	(1,939)	(2,009)	11,172	12,856	(1,684)	over	(15.1%)	
Transfer to Reserves (as at 31/12/21)					0	0	0	-		
Position After Transfers to Reserves (as at 31/12/21)					11,172	12,856	(1,684)	over		

Variance Explanations

1. There has been increased utilities costs due to increased ventilation requirements within schools and establishments.
2. This overspend reflects the increased cost of placements for pupils with additional support needs in Independent Schools due to COVID.

Budget Virements

- a. Transfers of budget to centre for Education COVID Learning Recovery and CO2 monitors funding received. Net Effect (£0.732m): Employee Costs (£0.503m), Property Costs (£0.010m), Supplies and Services (£0.229m) and Payments to Other Bodies £0.010m.