

# Report

Report to:	<b>Education Resources Committee</b>
Date of Meeting:	<b>31 August 2021</b>
Report by:	<b>Executive Director (Finance and Corporate Resources) Executive Director (Education Resources)</b>

Subject:	<b>Revenue Budget Monitoring 2020/2021 - Education Resources</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 2020 to 31 March 2021 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 2021 of an overspend of £3.928m 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 2020/2021.
- 3.2. The report details the financial position for Education Resources in Appendix A, for the full financial year 2020/21 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 £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 2020/2021 is £11.648m and this is contained within this reported position.
- 4.2. In relation to PEF, spend as at 31 March 2021 was £7.359m, with £2.326m still to spend of the 2020/2021 allocation.
- 4.3. As previously reported, PEF spend this year was impacted by the restrictions schools faced because of the pandemic. Programmes supporting groups of children and young people, trips and extra-curricular activities and those provided via external professionals have all been restricted as a result with an impact on this year's spend.

- 4.4. As a result, the PEF 2020/2021 carry forward as at 31 March 2021 was £2.326m and this will be available for the school session April to June 2021. This is in line with the PEF guidance and will be transferred to reserves to meet spend and commitment in schools in line with 2021/22 School Improvement Plans.
- 4.5. In relation to SAC funding, actual spend at the end of the financial year was £1.928m. 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 2021:** The year end position is an underspend of £9.457m before approved transfers to reserves and, after approved transfer to reserves an overspend of £3.928m. Removing the cost of COVID leaves an underspend of £0.032m for the Resource's core budget position. This is an improvement of £0.340m on the reported probable outturn position.
- 6.2. The total cost of COVID for the Resource is £8.133m. This is the net effect of expenditure of £8.493m 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.
- 6.3. The Resource COVID position also includes the impact of loss of income of £0.516m including ELC fees, music tuition and nursery milk, as well as savings not achieved of £0.099m. This is offset by unspent budget of £0.975m in the main relating to the provision of Breakfast and Holiday Lunch Clubs and rates.
- 6.4. The overall cost of COVID for Education is funded via specific grant received for Teachers, Digital Inclusion and agency payments to partners in ELC and transport providers and this has been allocated to offset costs in Appendix B - £4.463m. An element of this specific funding has been carried forward to meet commitment in schools following school openings in April 2021 - £0.290m.

The balance of costs of £4.030m is funded via general revenue support grant held corporately for Education COVID costs including Mobilisation and discretionary payments for Winter Clothing and further Digital Inclusion and other general COVID costs funded from corporate COVID funding.

- 6.5. The core budget position for the Resource, an underspend of £0.032m, reflects an underspend in various specific funding areas which are part of transfers to reserves. This includes Pupil Equity Fund as outlined at 4.4 above; Early Learning and Childcare 1140 expansion programme - reflecting the timing of programme delivery and underspends in new programmes for Additional Support for Learning, Developing Young Workforce, Sanitary programmes and Counselling in Schools where, given the restrictions in schools and school closures during the year, it was not fully utilised in the current year and has been carried forward to meet future programme commitments.

The Executive Committee (23 June 2021) approved the transfers to reserves of £13.385m to meet ongoing commitments. The revised Resource position after approved transfers and the details of all reserves is outlined in Appendix A

- 6.6. In relation to the core budget areas there were underspends within property costs relating to rates, offset by overspends in ASN and mainstream transport, external placements and teachers' salaries as a result of pupil growth.
- 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 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)**

20 July 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 31 March 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 31 March 2021 (No.14)

## 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 31/03/21 £000	Actual BEFORE Transfers 31/03/21 £000	Variance 31/03/21 £000		% Variance 31/03/21	Note
Employee Costs	286,793	288,678	(1,885)	(6,259)	286,793	281,513	5,280	under	1.8%	1,a,d,e,f,g,h
Property Costs	22,916	25,595	(2,679)	(2,679)	22,916	24,405	(1,489)	over	(6.5%)	2,e,g,h
Supplies & Services	12,507	12,729	(222)	(3,346)	12,507	9,793	2,714	under	21.7%	3,b,c,d,e,f,g,h
Transport & Plant	11,644	12,279	(635)	(635)	11,644	12,538	(894)	over	(7.7%)	4,f,g,h
Administration Costs	2,189	2,166	23	22	2,189	2,144	45	under	2.1%	d,e,g,h
Payments to Other Bodies	27,332	24,267	3,065	592	27,332	23,366	3,966	under	14.5%	5,d,e,f,g,h
Payments to Contractors	35,381	35,381	0	0	35,381	35,382	(1)	over	0.0%	h
Transfer Payments	2,826	2,911	(85)	(85)	2,826	2,941	(115)	over	(4.1%)	6,h
Financing Charges	365	360	5	5	365	335	30	under	8.2%	g,h
<b>Total Controllable Exp.</b>	<b>401,953</b>	<b>404,366</b>	<b>(2,413)</b>	<b>(12,385)</b>	<b>401,953</b>	<b>392,417</b>	<b>9,536</b>	<b>under</b>	<b>2.4%</b>	
<b>Total Controllable Inc.</b>	<b>(49,341)</b>	<b>(48,975)</b>	<b>(366)</b>	<b>(366)</b>	<b>(49,341)</b>	<b>(49,262)</b>	<b>(79)</b>	<b>under recovered</b>	<b>(0.2%)</b>	<b>7,d,e,f,g,h</b>
<b>Net Controllable Exp.</b>	<b>352,612</b>	<b>355,391</b>	<b>(2,779)</b>	<b>(12,751)</b>	<b>352,612</b>	<b>343,155</b>	<b>9,457</b>	<b>under</b>	<b>2.7%</b>	
<b>Transfer to Reserves (as at 31/03/21)</b>					<b>0</b>	<b>13,385</b>	<b>(13,385)</b>	<b>over</b>		
<b>Position After Transfers to Reserves (as at 31/03/21)</b>					<b>352,612</b>	<b>356,540</b>	<b>(3,928)</b>	<b>over</b>		

Variance Explanations

- The underspend mainly relates to 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 has been carried forward at year end for future commitments. The underspend also reflects an adjustment in teachers' salaries for payment across the academic year and has been transferred to reserves to support the ongoing cost of teachers' salaries next year. This is partially offset by additional teacher costs due to pupil growth.
- 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 have been 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 underspend is also due to the inability of schools to spend in year due to the school closures and has been carried forward at year end as part of the Devolved Management Scheme in schools. 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. The 1,140 expansion element has been carried forward at year end for future commitments. There is also an underspend in school counselling funding which has also been carried forward at year end to meet commitments going forward. 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

- Transfer of budget in relation to apprenticeship levy. Net Effect £1.064m: Employee Costs £1.064m
- Transfer from reserves in relation to ICT. Net Effect £0.222m: Supplies and Services £0.222m.
- CFCR transfer for WAN capitalisation. Net Effect (£0.077m): Supplies and Services (£0.077m).
- Realignment of Early Years budget to reflect current service delivery. Net Effect £0.000m: Employee Costs £0.254m, Supplies and Services (£0.112m), Administration £0.031m, Payments to Other Bodies (£0.316m) and Income £0.143m.

- e. Realignment of Youth Employability budget to reflect service delivery. Net Effect £0.000m: Employee Costs (£0.014m), Property Costs £0.004m, Supplies and Services £0.008m, Administration £0.090m, Payments to Other Bodies £0.261m and Income (£0.349m).
- f. Transfer of budget for COVID funding received. Net Effect £0.00m. Employee Costs £3.490m, Supplies & Services £0.190m, Transport & Plant £0.056m, Payments to Other Bodies £0.727m and Income (£4.463m).
- g. Realignment of budget to reflect current service delivery. Net Effect £0.000m: Employee Costs (£0.009m), Property Costs (£0.163m), Supplies and Services £0.016m, Transport and Plant £0.284m, Administration £0.008m, Payments to Other Bodies (£0.130m), Financing Charges £0.001m and Income (£0.007m).
- h. Realignment of Education Maintenance Allowance budget and DMS. Net Effect £0.000m: Employee Costs (£0.226m), Property Costs (£0.093m), Supplies and Services £0.283m, Transport and Plant £0.002m, Administration Costs £0.085m, Payments to Other Bodies (£0.547m), Payments to Contractors £0.044m, Transfer Payments £0.185m, Financing Charges (£0.012m) and Income £0.279m.

**Transfers to Reserves (£13.385m):**

- i. PEF (£2.326m) – PEF carry forward for April to June 2021.
- ii. ELC 1,140 Specific Grant (£7.326m) – 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.
- iii. DSYW (£0.090m) – this transfer relates to the underspend following the impact of further restrictions on schools from January 2021 to be carried forward to meet the commitments in these areas from April 2021.
- iv. Counselling (£0.714m) – this transfer relates to the underspend following the impact of further restrictions on schools from January 2021 to be carried forward to meet the commitments in these areas from April 2021.
- v. Additional Support for Learning (£0.330m) – this transfer relates to the underspend following the impact of further restrictions on schools from January 2021 to be carried forward to meet the commitments in these areas from April 2021.
- vi. Teachers Salaries (£1.300m) – this transfer relates to the in-year underspend on teachers' salaries to be carried forward to pay for teachers pay in 2021/22.
- vii. Employability (£0.300m) – this transfer relates to the underspend on the deliverability of Youth Employability programmes, as a result of COVID, to be carried forward to allow enhanced programmes to be delivered in 2021/22.
- viii. Schools Carry Forward/REF (£0.596m) – in line with devolved school management guidelines within schools, carry forward for April to June 2021.
- ix. Sanitary Products (£0.113m) – this transfer relates to the underspend following the impact of further restrictions on schools from January 2021 to be carried forward to meet the commitments in these areas from April 2021.
- x. COVID Learning Recovery Teachers/Support (£0.281m) – this transfer relates to the underspend following the impact of further restrictions on schools from January 2021 to be carried forward for use on COVID expenditure in 2021/22.
- xi. COVID Digital Inclusion (£0.009m) – this transfer relates to the underspend following the impact of further restrictions on schools from January 2021 to be carried forward for use on COVID expenditure in 2021/22.

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Education Resources Committee: Period Ended 31 March 2021 (No.14)

## Education Resources COVID

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 31/03/21 £000	Actual BEFORE Transfers 31/03/21 £000	Variance 31/03/21 £000		% Variance 31/03/21	Note
Employee Costs	3,490	6,002	(2,512)	(2,512)	3,490	4,100	(610)	over	(17.5%)	1,a
Property Costs	0	2,974	(2,974)	(2,974)	0	1,918	(1,918)	over	n/a	2
Supplies & Services	190	3,532	(3,342)	(3,342)	190	1,407	(1,217)	over	(640.5%)	3,a
Transport & Plant	56	56	0	0	56	58	(2)	over	(3.6%)	a
Administration Costs	0	88	(88)	(88)	0	116	(116)	over	n/a	4
Payments to Other Bodies	727	770	(43)	(43)	727	777	(50)	over	(6.9%)	5,a
Payments to Contractors	0	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	85	(85)	(85)	0	117	(117)	over	n/a	6
Financing Charges	0	0	0	0	0	0	0	-	n/a	
<b>Total Controllable Exp.</b>	4,463	13,507	(9,044)	(9,044)	4,463	8,493	(4,030)	over	n/a	
<b>Total Controllable Inc.</b>	(4,463)	(4,463)	0	0	(4,463)	(4,463)	0	-	0.0%	a
<b>Net Controllable Exp.</b>	0	9,044	(9,044)	(9,044)	0	4,030	(4,030)	over	n/a	
<b>Transfer to Reserves (as at 31/03/21)</b>					0	290	(290)	over		
<b>Position After Transfers to Reserves (as at 31/03/21)</b>					0	4,320	(4,320)	over		

Variance Explanations

- The overspend is mainly due to 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. In addition, there has been increased utilities costs due to increased ventilation requirements within schools and establishments.
- The overspend is mainly due to expenditure incurred on personal protective equipment and wipes following the return to schools in August. In addition, expenditure has been incurred on Digital Inclusion.
- The overspend is mainly due to costs associated with COVID related signage required for schools for their return in August.
- The overspend is due to expenditure incurred on the provision of critical childcare for families of key workers to date.
- The overspend is due to increased expenditure on footwear and clothing grants as a result of additional claimants becoming eligible due to COVID-19.

Budget Virements

- Transfer of budget for COVID funding received. Net Effect £0.00m. Employee Costs £3.490m, Supplies & Services £0.190m, Transport & Plant £0.056m, Payments to Other Bodies £0.727m and Income (£4.463m).

Transfers to Reserves (£0.290m):

- COVID Learning Recovery Teachers/Support (£0.281m) – this transfer relates to the underspend following the impact of further restrictions on schools from January 2021 to be carried forward for use on COVID expenditure in 2021/22.
- COVID Digital Inclusion (£0.009m) – this transfer relates to the underspend following the impact of further restrictions on schools from January 2021 to be carried forward for use on COVID expenditure in 2021/22.