

Report

Report to:	Education Resources Committee
Date of Meeting:	18 August 2020
Report by:	Executive Director (Finance and Corporate Resources) Executive Director (Education Resources)

Subject:	Education Resources - Revenue Budget Monitoring 2019/2020
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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 31 March 2020 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 2020 of an underspend of £4.452m before transfers to reserves, as detailed in Appendix A of the report, and after transfers to reserves an overspend of £0.076m, be noted;
- (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 2019/2020.

3.2. The report details the actual financial position for Education Resources in Appendix A, for the full financial year 2019/2020 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 £9.278m awarded for Pupil Equity Funding (PEF) and £1.964m for Scottish Attainment Challenge (SAC) as part of the schools programme. The total budget for 2019/20 is £11.242m and this is contained within this reported position.

4.2. In relation to PEF, spend as at 31 March 2020 was £7.856m, with £1.422m still to spend of the 2019/2020 allocation.

4.3. PEF funding for 2019/2020 will be carried forward to support spend and commitment for the full academic session 2019/2020 covering the period April to June 2020. £1.422m will be carried forward at the end of the financial year. This will be transferred to reserves to meet spend and commitment in schools in line with 2019/2020 School Improvement Plans.

4.4. In relation to SAC funding; actual spend at the end of the financial year was £1.913m. 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. **Yearend Outturn Position as 31 March 2020:** The outturn position is an underspend of £4.451m before approved transfers to reserves. This is an improved position of £1.466m from the probable outturn reported during the year mainly due to additional funding received for Counselling in Schools and Additional Support for Learning.
- 6.2. The underspend in the main relates to the 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 Additional Support for Learning and Counselling in Schools where given the timing of receipt of funding it was not fully utilised in the current year and will be carried forward to meet future programme commitments; underspends within property costs relating to rates and utilities, offset by overspends in ASN transport, external placements and teachers' salaries as a result of pupil growth.
- 6.3. The Resource also spent £0.026m on COVID-19 related items as outlined in Appendix B. This mostly included PPE and cleaning products.
- 6.4. The final Resource position as at 31 March 2020, after all transfers to reserves, is an overspend of £0.076m, compared to a probable outturn overspend position of £0.038m, mainly due to the expenditure of £0.026m on the Resources COVID-19 response.
- 6.5. The Executive Committee (24 June 2020) approved the transfers to reserves of £4.527m to meet ongoing commitments. The revised Resource position after approved transfers and the details of the reserves is 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. 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.
- 8.2. There are no implications for sustainability in terms of the information contained in this report.

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)

23 July 2020

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Education Resources Committee 19 May 2020

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 31 March 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 31 March 2020 (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 31/03/20 £000	Actual BEFORE Transfers 31/03/20 £000	Variance 31/03/20 £000		% Variance 31/03/20	Note
Employee Costs	269,491	269,582	(91)	(167)	269,491	268,526	965	under	0.4%	1,a,b,e
Property Costs	25,917	24,908	1,009	1,009	25,917	25,153	764	under	2.9%	2,a,b,e
Supplies & Services	9,697	8,525	1,172	(329)	9,697	7,790	1,907	under	19.7%	3,a,b,e
Transport & Plant	10,737	11,623	(886)	(886)	10,737	12,195	(1,458)	over	(13.6%)	4,b,e
Administration Costs	2,158	2,079	79	79	2,158	2,054	104	under	4.8%	b,e
Payments to Other Bodies	20,369	19,321	1,048	(398)	20,369	18,940	1,429	under	7.0%	5,a,b,c,e
Payments to Contractors	34,416	34,408	8	8	34,416	34,356	60	under	0.2%	
Transfer Payments	2,683	2,636	47	47	2,683	2,621	62	under	2.3%	d,e
Financing Charges	341	335	6	6	341	337	4	under	1.2%	b,e
Total Controllable Exp.	375,809	373,417	2,392	(631)	375,809	371,972	3,837	under	1.0%	
Total Controllable Inc.	(32,812)	(33,405)	593	593	(32,812)	(33,426)	614	over recovered	1.9%	6,b,c,d
Net Controllable Exp.	342,997	340,012	2,985	(38)	342,997	338,546	4,451	under	1.3%	
Transfer to Reserves (as at 31/03/20)					-	4,527	(4,527)	over		
Position After Transfers to Reserves (as at 31/03/20)					342,997	343,073	(76)	over		

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 and an underspend on Additional Support for Learning funding 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 have been carried forward at the end of the financial year.
- 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 have been 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

- Transfers from reserves in relation to Capital Items Replacement Fund; GIRFEC; School Improvements and Teachers' Salaries. Net Effect £2.124m: Employee Costs £1.582m, Property Costs £0.089m, Supplies and Services £0.389m and Payments to Other Bodies £0.064m.
- Realignment of budget to reflect current service delivery. Net Effect £0.000m: Employee Costs £0.572m, Property Costs £0.343m, Supplies and Services (£0.318m), Transport and Plant £0.003m, Administration £0.101m, Payments to Other Bodies (£0.231m), Financing Charges £0.020m and Income (£0.490m).
- Establish budget to reflect the receipt of Youth Employability Funding. Net Effect £0.000m: Payments to Other Bodies £0.221m and Income (£0.221m).
- Realignment of Education Maintenance Allowance budget. Net Effect £0.000m: Transfer Payments £0.185m and Income (£0.185m).
- Realignment of DMS. Net Effect £0.000m: Employee Costs £0.178m, Property Costs £0.011m, Supplies and Services (£0.432m), Transport and Plant £0.047m, Administration Costs £0.199m, Payments to Other Bodies £0.017m, Transfer Payments (£0.009m) and Financing Charges (£0.011m).

Transfers to Reserves (£4.527m):

- ELC 1140 Specific Grant (£1.603m)
- Counselling (£0.543m)
- Additional Support for Learning (£0.959m)
- Pupil Equity Fund (£1.422m)

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Education Resources Committee: Period Ended 31 March 2020 (No.14)

Education Resources COVID

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 31/03/20	Actual 31/03/20	Variance 31/03/20	% Variance 31/03/20	Note
	£000	£000	£000	£000	£000	£000		
<u>Budget Category</u>								
Employee Costs	0	0	0	0	0	0	-	n/a
Property Costs	0	0	0	0	19	(19)	over	n/a
Supplies & Services	0	0	0	0	4	(4)	over	n/a
Transport & Plant	0	0	0	0	0	0	-	n/a
Administration Costs	0	0	0	0	3	(3)	over	n/a
Payments to Other Bodies	0	0	0	0	0	0	-	n/a
Payments to Contractors	0	0	0	0	0	0	-	n/a
Transfer Payments	0	0	0	0	0	0	-	n/a
Financing Charges	0	0	0	0	0	0	-	n/a
Total Controllable Exp.	0	0	0	0	26	(26)	over	n/a
Total Controllable Inc.	0	0	0	0	0	0	-	n/a
Net Controllable Exp.	0	0	0	0	26	(26)	over	n/a

Variance Explanations