

# Report

Report to:	<b>Education Resources Committee</b>
Date of Meeting:	<b>8 February 2022</b>
Report by:	<b>Executive Director (Finance and Corporate Resources) Executive Director (Education Resources)</b>

Subject:	<b>Revenue Budget Monitoring 2021/2022 - 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 2021 to 31 December 2021 for Education Resources
- ♦ provide a forecast for the year to 31 March 2022

## 2. Recommendation(s)

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

- (1) that the forecast to 31 March 2022 of an overspend of £2.028m after proposed transfers to reserves, as detailed in Appendix A of the report, be noted;
- (2) that an overspend of £1.151m as at 31 December 2021, as detailed in Appendix A, after proposed transfers to reserves be noted; and
- (3) that the proposed budget virements be approved.

## 3. Background

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

3.2. The Resources has completed its formal probable outturn exercise for the year. This exercise identifies the expected spend to the 31 March 2022. Details are included in section 6.

3.3. 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 £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 and this is contained within this reported position.

4.2. In relation to PEF funding, the £12.235m represents £2.326m 2020/21 carry forward and £8.617m for the 2021/22 allocation. In addition, a PEF premium of £1.292m (15% of 2021/22 allocation) has been awarded for this financial year. Spend and

commitment to date as at 31 December 2021 is £7.792m, with £4.443m still to spend. This includes known staff costs for the period 1 April 2021 to 31 March 2022.

- 4.3. 2021/2022 PEF funding is fully committed to spend by the end of the academic year June 2022 in line with the guidance. It is estimated that £3.500m will require to be carried forward at 31 March 2022 and used in April to June next year. This will be transferred to reserves at 31 March 2022 to meet spend and commitment in schools in line with 2021/22 School Improvement Plans. Schools continue to maximise spend, where possible, in line with these plans and, therefore, this will be monitored across the financial year.
- 4.4. In relation to SAC funding, spend and commitment to date is £1.709m with £0.243m still to spend. Staff costs to 31 March 2022 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 £2.028m after proposed transfers to reserves of £7.295m. Reserves are being considered for approval as part of the overall Council position at the Executive Committee on 2 February 2022. This includes projected net costs of COVID to 31 March 2022 of £2.028m. The Resource position is outlined in Appendix A.
- 6.2. The forecast cost of COVID is £2.028m. There is a projected overspend on the costs associated with COVID of £2.009m 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 is projecting an impact as a result of loss of income of £0.079m, mainly for music tuition, and an underspend in budget of £0.060m due to expenditure not incurred on breakfast clubs due to the pandemic. Net cost £2.028m.
- 6.4. 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.
- 6.5. Learning recovery funding of £9.658m, including logistics and funding for CO2 monitors as well as the Council's investments for Education learning recovery of £2.245m – total £ 11.903m, 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 of £3.292m available for this financial year (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 is supporting study support and tutoring programmes, digital inclusion as well as learning recovery staffing.

- 6.6. **Position as at 31 December 2021:** The Resource position as at 31 December 2021 is an overspend of £1.151m after proposed transfers to reserves. Detailed variance explanations are outlined in Appendix A.
- 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 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)**

12 January 2022

**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 December 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 December 2021 (No.10)

## Education Resources Summary

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 31/12/21	Actual BEFORE Transfers 31/12/21	Variance 31/12/21	% Variance 31/12/21	Note
	£000	£000	£000	£000	£000	£000	£000		
Employee Costs	298,629	295,871	2,758	461	214,709	212,604	2,105 under	1.0%	1,a,b,e,g,h,i,j
Property Costs	27,406	28,165	(759)	(829)	22,360	22,704	(344) over	(1.5%)	2,g,h,i,j
Supplies & Services	16,658	12,742	3,916	(72)	10,701	7,661	3,040 under	28.4%	3,a,d,f,g,h,i,j
Transport & Plant	12,670	13,257	(587)	(587)	8,935	9,386	(451) over	(5.0%)	4,i,j
Administration Costs	1,616	1,548	68	68	1,337	1,287	50 under	3.7%	d,h,i,j
Payments to Other Bodies	28,118	28,805	(687)	(1,627)	18,424	18,866	(442) over	(2.4%)	5,c,f,h,i,j
Payments to Contractors	35,830	35,830	0	0	23,472	23,472	0 -	0.0%	i,j
Transfer Payments	2,568	2,537	31	31	2,427	2,402	25 under	1.0%	b,i,j
Financing Charges	371	373	(2)	(2)	238	239	(1) over	(0.4%)	j
<b>Total Controllable Exp.</b>	<b>423,866</b>	<b>419,128</b>	<b>4,738</b>	<b>(2,557)</b>	<b>302,603</b>	<b>298,621</b>	<b>3,982 under</b>	<b>(1.3%)</b>	
<b>Total Controllable Inc.</b>	<b>(49,220)</b>	<b>(49,749)</b>	<b>529</b>	<b>529</b>	<b>(47,326)</b>	<b>(47,750)</b>	<b>424 over recovered</b>	<b>0.9%</b>	<b>6,b,f,h,i,j</b>
<b>Net Controllable Exp.</b>	<b>374,646</b>	<b>369,379</b>	<b>5,267</b>	<b>(2,028)</b>	<b>255,277</b>	<b>250,871</b>	<b>4,406 under</b>	<b>1.7%</b>	
<b>Transfer to Reserves (as at 31/12/21)</b>					<b>0</b>	<b>5,557</b>	<b>(5,557) over</b>		
<b>Position After Transfers to Reserves (as at 31/12/21)</b>					<b>255,277</b>	<b>256,428</b>	<b>(1,151) over</b>		

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 1,140 expansion element of Early Years staff costs underspend will be carried forward at year end for future commitments. In addition, there is an underspend on the current year grant allocation for additional teachers which will be 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 will be 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 1,140 expansion and core budget to date. The 1,140 expansion element will be 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 from reserves in relation to ICT, Schools carry forward and Teachers. Net Effect £1.943m: Employee Costs £1.668m and Supplies and Services £0.275m.
- Establish budget to reflect the receipt of funding for Child Disability Payments, Teacher Induction, School Clothing Grant, Psychology Trainees and CO2 monitors. Net Effect £2.564m: Employee Costs £2.481m, Transfer Payments £0.040m, Income £0.043m.
- CFCR transfer for Early Years Expansion. Net Effect (£0.540m): Payments to Other Bodies (£0.540m).
- Transfer from Corporate Items in relation to MFD recharges refund. Net Effect £0.100m: Supplies and Services £0.063m and Administration Costs £0.037m.
- Transfer from Community & Enterprise in respect of Universal Free School Meals budget. Net Effect £0.156m: Employee Costs £0.156m.
- Transfer to / from Finance & Corporate in respect of Photography saving, Physiotherapy budget and NOLB Employability funding. Net Effect £0.186m: Supplies and Services (£0.001m) and Payments to Other Bodies (£0.094m), Income £0.281m.
- Transfers of budget for Education COVID Learning Recovery funding received. Net Effect £0.355m: Employee Costs (£0.336m), Property Costs £0.298m and Supplies and Services £0.393m.
- Realignment of Early Years budget to reflect current service delivery. Net Effect £0.000m: Employee Costs £0.063m, Property Costs £0.220m, Supplies and Services £0.075m, Administration Costs £0.090m, Payments to Other Bodies (£0.278m) and Income (£0.170m).

- i. Realignment of budget to reflect service delivery changes: Net Effect £0.000m: Employee Costs (£0.918m), Property Costs (£0.431m), Supplies and Services £0.344m, Transport Costs £1.502m, Administration £0.034m, Payments to Other Bodies £0.291m, Payments to Contractors (£0.220m), Transfer Payments (£0.080m) and Income (£0.522m).
- j. Realignment of Education Maintenance Allowance budget and DMS. Net Effect £0.000m: Employee Costs £0.901m, Property Costs (£0.007m), Supplies and Services (£0.651m), Transport and Plant £0.014m, Administration Costs £0.247m, Payments to Other Bodies (£0.012m), Payment to Contractors £0.002m, Transfer Payments £0.345m, Financing Charges £0.024m and Income (£0.863m).

**Transfers to Reserves (£7.295m):**

- i. Pupil Equity Fund (£3.500m) - The funding received from the Government can be used up to the end of the school term (June 2022). The underspend reflects the element of the funding that will be utilised in April to June 2022.
- ii. Early Years 1,140 Hours (£2.797m) - This transfer relates to the underspend on the current year specific grant allocation to be carried forward to meet the commitments in line with the spend profile of the project.
- iii. Additional Teachers (£0.845m) - This transfer relates to the underspend on the current year grant allocation to be carried forward to meet the cost of the additional teachers up to the end of the school term (i.e. April to June 2022).
- iv. Child Disability Payment Support (£0.083m) - The funding received covers the new burden associated with the introduction of Child Disability Payment with staffing not expected to be in post until 2022/23 following Committee approval in February 2022.
- v. CO2 Monitors (£0.070m) - This transfer relates to the underspend on the current year grant allocation to be carried forward to meet the commitments for further works, interventions and consultancy up to the end of the school term (June 2022).

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Education Resources Committee: Period Ended 31 December 2021 (No.10)

## Education Resources COVID

	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 31/12/21	Actual BEFORE Transfers 31/12/21	Variance 31/12/21		% Variance 31/12/21	Note
	£000	£000	£000	£000	£000	£000	£000			
<b><u>Budget Category</u></b>										
Employee Costs	9,088	9,128	(40)	(40)	6,134	6,155	(21)	over	(0.3%)	a, b
Property Costs	2,023	2,853	(830)	(900)	1,664	2,070	(406)	over	(24.4%)	1, a
Supplies & Services	792	892	(100)	(100)	350	400	(50)	over	(14.3%)	a
Transport & Plant	0	0	0	0	0	0	0	-	n/a	
Administration Costs	0	0	0	0	0	0	0	-	n/a	
Payments to Other Bodies	0	969	(969)	(969)	0	655	(655)	over	n/a	2
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	0	0	-	n/a	
<b>Total Controllable Exp.</b>	11,903	13,842	(1,939)	(2,009)	8,148	9,280	(1,132)	over	(13.9%)	
<b>Total Controllable Inc.</b>	0	0	0	0	0	0	0	-	n/a	
<b>Net Controllable Exp.</b>	11,903	13,842	(1,939)	(2,009)	8,148	9,280	(1,132)	over	(13.9%)	
<b>Transfer to Reserves (as at 31/12/21)</b>					0	0	0			
<b>Position After Transfers to Reserves (as at 31/12/21)</b>					8,148	9,280	(1,132)	over	(13.9%)	

**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 for Education COVID Learning Recovery funding received. Net Effect £0.355m: Employee Costs (£0.336m), Property Costs £0.298m and Supplies and Services £0.393m.
- b. Establish budget to reflect the receipt of funding for CO2 monitors. Net Effect £0.187m: Employee Costs £0.187m.

**Transfers to Reserves (£0.070m):**

- i. CO2 Monitors (£0.070m) - This transfer relates to the underspend on the current year grant allocation to be carried forward to meet the commitments for further works, interventions and consultancy up to the end of the school term (June 2022).