

# Report

Report to:	<b>Education Resources Committee</b>
Date of Meeting:	<b>10 December 2019</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 to 11 October 2019 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 breakeven position on Education Resources' revenue budget, as detailed in Appendix A of the report, as at 11 October 2019, and the forecast to 31 March 2020 of a breakeven position, be noted; and
- (2) 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 2019/2020.

3.2. The report details the financial position for Education Resources in Appendix A, 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. 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 2019/20 allocation. Spend and commitment to date, as at 11 October 2019, is £5.990m, with £3.288m 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. At this point in the financial year, it is anticipated that there will be a similar level of carry forward to 2018/2019. It is estimated that £1.5m will require to be carried forward at 31 March 2020 and used in April to June next year. This estimate will be updated as spend plans progress through the year and any change in position reported at a later date.

4.4 In relation to SAC funding, spend and commitment to date is £1.437m with £0.553m 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. As at 11 October 2019, there is a breakeven position against the phased budget.

6.2. Variance explanations are outlined in Appendix A and, in the main, reflect a minor underspend within Early Years in relation to vacant posts for expansion which are in the process of being filled; an overspend on Teachers' salaries due to pupil growth; underspends in property costs and supplies and services; an over recovery of Early Years' fee income and an overspend on the cost of school transport.

6.3. Virements are also proposed to realign budgets across budget categories and with other Resources. These movements have been detailed in Appendix A to this report.

## **7. Other Implications (Including Environmental and Risk Issues)**

7.1. 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.

7.2. There are no implications for sustainability in terms of the information contained in this report.

## **8. Equality Impact Assessment and Consultation Arrangements**

8.1. 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.

8.2. 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)**

6 November 2019

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

◆ Accountable, Effective and Efficient

## **Previous References**

◆ Education Resources Committee – 1 October 2019

## **List of Background Papers**

- ◆ Financial ledger and budget monitoring results to 11 October 2019

## **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 11 October 2019 (No.7)

## Education Resources Summary

<b>Budget Category</b>	<b>Annual Budget</b>	<b>Forecast for Year</b>	<b>Annual Forecast Variance</b>	<b>Budget Proportion 11/10/19</b>	<b>Actual 11/10/19</b>	<b>Variance 11/10/19</b>		<b>% Variance 16/08/19</b>	<b>Note</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>			
Employee Costs	258,954	258,954	0	130,747	130,746	1	under	0.0%	1,a,d,e
Property Costs	24,964	24,964	0	18,957	18,892	65	under	0.3%	2,c
Supplies & Services	11,441	9,941	1,500	4,793	4,740	53	under	1.1%	3,b
Transport & Plant	10,568	10,568	0	5,211	5,438	(227)	over	(4.4%)	4,e
Administration Costs	1,418	1,418	0	791	766	25	under	3.2%	5,e
Payments to Other Bodies	20,529	20,529	0	8,933	8,975	(42)	over	(0.5%)	6,c,e
Payments to Contractors	34,590	34,590	0	16,631	16,631	0	-	0.0%	
Transfer Payments	2,042	2,042	0	1,901	1,901	0	-	0.0%	e
Financing Charges	333	333	0	66	66	0	-	0.0%	e
<b>Total Controllable Exp.</b>	<b>364,839</b>	<b>363,339</b>	<b>1,500</b>	<b>188,030</b>	<b>188,155</b>	<b>(125)</b>	<b>over</b>	<b>(0.1%)</b>	
<b>Total Controllable Inc.</b>	<b>(30,386)</b>	<b>(30,386)</b>	<b>0</b>	<b>(26,232)</b>	<b>(26,357)</b>	<b>125</b>	<b>over recovered</b>	<b>(0.5%)</b>	<b>7,e</b>
<b>Net Controllable Exp.</b>	<b>334,453</b>	<b>332,953</b>	<b>1,500</b>	<b>161,798</b>	<b>161,798</b>	<b>0</b>	<b>-</b>	<b>0.0%</b>	

**Variance Explanations**

- The position represents the net effect of an underspend due to the timing of recruitment of Early Years posts which is offset by an overspend in Teacher's salaries due to pupil growth.
- The underspend is due to lower than anticipated Water and Gas costs, partially offset by an overspend on Electricity costs.
- The underspend mainly relates to less than anticipated expenditure on the provision of lunches in Early Years establishments.
- The transport overspend relates to the cost of transporting children to school; both ASN and mainstream transport. This is a demand led service.
- The underspend relates mainly to expenditure on Early Years conferences being lower than anticipated.
- This overspend reflects increased costs of Independent School placements as a result of the new Scotland Excel pricing framework.
- The over recovery in Early Years' fees relates to increased uptake of nursery places.

**Budget Virements**

- Budget uploaded in respect of 19/20 increment change. Net effect £0.113m: Employee Costs £0.113m
- Transfer from reserves in relation to funding for Breakfast and Holiday Lunch Clubs, Developing Scotland's Young Workforce and New Initiative. Net effect £2.013m: Employee Costs £1.815m, Supplies and Services £0.198m
- Transfer to Community and Enterprise Resources in relation to Cleaning and Janitorial Services. Net effect (£0.059m): Property Costs (£0.034m) and Payment to Other Bodies (£0.025m)
- Funding received in respect of Counselling in Schools Initiative. Net effect £0.709m: Employee Costs £0.045m and Payments to Other Bodies £0.664m
- Realignment of DMS. Net Effect £0.000m: Employee Costs £3.144m, Property Costs (£0.034m), Supplies and Services (£4.148m), Transport and Plant £1.302m, Administration Costs £0.171m, Payments to Other Bodies £0.263m, Transfer Payments £0.106m, Financing Charges £0.001m, Income (£0.499m)