

REPORT TO EDUCATION & CHILDREN'S SERVICES COMMITTEE – 27 MAY 2021

FINANCIAL PERFORMANCE AS AT 30 APRIL 2021

1 Reason for Report / Summary

- 1.1 This report provides the Committee with financial performance information pertaining to the areas of service delivery for which this Committee has responsibility for.

2 Recommendations

The Committee is recommended to:

- 2.1 Consider and discuss the financial information and forecast position as at 30 APRIL 2021; and
- 2.2 Consider and discuss the progress in achieving the agreed savings set out in Appendix 3.

3 Purpose and Decision-Making Route

- 3.1 The purpose of this report is to provide the Committee with the financial information in relation to expenditure and income for the services for which the Committee has responsibility.
- 3.2 The financial information includes a forecast of the expected levels of expenditure and income by Type of Spend and by Budget Page for the financial year. Major variances of £100,000 or more are indicated by a red flag.
- 3.3 The financial information is set out in the following Appendices:
- **Appendix 1a:** provides details of the financial position in relation to the Type of Spend, including the service led forecast.
 - **Appendix 1b:** provides details of the financial position by Budget Page, including the service led forecast.
 - **Appendix 2:** provides a graphical representation of the financial position by Type of Spend and Budget Page.
 - **Appendix 3:** is a RAG report on the service savings that fall within the remit of the Committee.
 - **Appendix 4a:** sets out the revenue budget movements that have been previously agreed by the Director, Committee or Full Council. These are reflected in the Revised Budget.
 - **Appendix 4b:** sets out the proposed budget movements that require Director, Committee or Full Council approval. These are not reflected in the revised budget.
 - **Appendix 5:** sets out the elements of the Council's approved Capital Plan, which fall within the remit of the Committee.
 - **Appendix 6:** details of the reserves held by the Council, which are specifically related to the services within the Committee's remit.

- 3.4 The Committee will receive further reports on the financial performance at each Committee cycle and elected members will be able to access financial information out with the Committee cycle through a set of high-level interactive reports that have been developed.
- 3.5 Full Council will receive Financial Performance Reports at the end of each quarter.

4 Discussion

- 4.1 The Council's budget, which was approved on 17th March 2021 is in essence the monetary expression of the Council Priorities and the Council Plan which was agreed on 7th October 2020. The Committee's budget is the agreed financial envelope within which the Service Plan can be delivered.

The Table below provides a summary of the Council budget and the element relating to Education & Children's Services Committee, which was approved on 17th March 2021.

	Full Council Budget £'000	ECS Committee Budget £'000
Gross Revenue Budget	635,530	348,309
Service Savings	(9,889)	(3,707)
Corporate Savings	(11,238)	
Other Budget Movements	10,048	3,500
Net Revenue Budget	624,451	348,102
Capital	108,316	17,793
Reserves	72,532	2,000

4.2 Revenue – Expenditure and Income

- i. On 17th March 2021 Full Council approved a Revenue Budget of £350.1 million in respect of those services for which Education and Children's Services Committee is responsible. It further agreed that £2 million of expenditure relating to the Education and Children's Service Directorate be funded from borrowing, therefore reducing the overall budget to £348.1 million.

The actual net expenditure incurred during the first month was £24.8 million, the estimated forecast for the year is £353.4 million, therefore estimated net out-turn forecast is over budget by £5.3 million. **Appendices 1a, 1b and 2** show the position and forecast as at 30 April 2021 along with a breakdown of these figures. The Covid-19 pandemic continues to impact on the cost of service delivery, actual year to date Covid-19 expenditure is £0.522 million and will be funded from additional Education Recovery income received from the Scottish Government.

- ii. The estimated over budget forecast highlights several issues. Staff costs over budget from vacancy management assumptions within Primary Schools where it would not be possible to delay filling vacancies without contravention to policies with regards to staff class contact time and class size. A pressure has accumulated for Unitary charges and DBFM (Design, Build, Finance and Maintenance) contracts to meet ongoing contract and maintenance costs.

Children's services out of authority placements current level of need is higher than budgeted. Chargeable activities within schools have been delayed due to Covid-19 restrictions.

- iii. The Service acknowledge there are ongoing pressures within the budget and are actively working to manage these pressures by careful budget management and regular review of budgets.
- iv. Projected increases in Secondary school rolls from feeder Primary schools over the next 4 years will impact on the number of teaching staff required.

4.3 Savings

- i. Agreed savings totalling £3.706m are detailed on **Appendix 3**.
- ii. Work has been progressed to achieve agreed savings from restructuring teams and applying vacancy management whenever possible. The facilities management review has been delayed due to Covid-19 impacting on the ability to achieve all savings.
- iii. The Service acknowledge achieving the savings will be challenging and continue to work to mitigate and contain risks by careful budget management.
- iv. Future impact will be considered in the coming months if any savings are not deliverable.

4.4 Capital

- i. The approved Capital Budget for 2021/22 in respect of Education & Children's Services Committee totalled £17.793 million as detailed in **Appendix 5**. Full Council will receive a report on 24th June 2021 setting out the 2020/21 year-end position and this may, subject to approval by Full Council, result in a revision to the capital budget. At this time forecast expenditure is anticipated to be in line with budget.
- ii. The Service anticipate the Capital Plan will progress as planned and shall monitor regularly during the financial year.
- iii. Any risks arising will be identified and actions considered to mitigate the risk.
- iv. Impact on future years will be assessed and reported as necessary during the financial year as the plan progresses.

4.5 Reserves

- i. The total reserves falling within the Education & Children's Services Committee remit are detailed in **Appendix 6**. £2m for ECS Holiday Recovery Programme and £0.14m 1 + 2 Languages programme.
- ii. The funds are fully committed to be allocated to planned programmes.

5 Council Priorities, Implications and Risk

- 5.1 The work and outcomes delivered through the various services reporting to the Business Services Committee helps in the delivery of the following council priorities:

Pillar	Priority
Our People	<ul style="list-style-type: none"> • Education • Health & Wellbeing
Our Environment	<ul style="list-style-type: none"> • Infrastructure • Resilient Communities
Our Economy	<ul style="list-style-type: none"> • Economy & Enterprise • Estate Modernisation

- 5.2 This report sets out the financial resources which have been used to deliver the priorities of the Business Services Committee and as such link into the actions and outcomes set out in the Strategies, Policies and Actions Plans of the services within the Committee's remit.

- 5.3 The table below shows whether risks and implications apply if the recommendations are agreed.

Subject	Yes	No	N/A
Financial	X		
Staffing		X	
Equalities			X
Fairer Scotland Duty			X
Town Centre First			X
Sustainability			X
Children and Young People's Rights and Wellbeing			X

- 5.4 An Equalities Impact Assessment and a Town Centre Impact Assessment are not required for this report as the report deals with the monitoring of expenditure against budgets which have been approved previously, and the re-profiling of some expenditure.

- 5.5 There are no staffing or children and young people's wellbeing implications arising from this report.

- 5.6 The following Risks have been identified as relevant to this matter on a Corporate Level: Budget Pressures ([Corporate Risk Register](#)) and on a Strategic Level: Balancing the Books ([Directorate Risk Registers](#)). Actions being taken to mitigate these risks are set out in the report.

6 Scheme of Governance

- 6.1 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and are satisfied that the report complies with the Scheme of Governance and relevant legislation.

- 6.2 The Committee is able to consider this item in terms of Section E.1.1 of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to resource matters (within agreed budgets) that have been delegated to the Committee.

Laurence Findlay
Director of Education & Children's Services

Report Prepared by Diane Bain, Business Partner
Date: 13/05/2021

List of Appendices

- Appendix 1a - Financial Position by Type of Spend as at 30 April 2021
- Appendix 1b - Financial Position by Budget Page as at 30 April 2021
- Appendix 2 - Financial Position as at 30 April 2021 graphical representation
- Appendix 3 - RAG report on the service savings
- Appendix 4a - Movements in Base Budget agreed
- Appendix 5 - Capital Plan position as at April 2021
- Appendix 6 - ECS Reserves April 2021



Type of Spend	Gross Base Budget	Savings	Other Budget Movements	Revised Base Budget	YTD Budget	YTD Actual	Forecast	Variance Revised Base Budget less Forecast
01.Staff Costs	248,193,900	(1,949,000)		246,244,900	21,095,150	19,800,584	247,744,900	(1,500,000)
02.Premises Costs	24,853,000	(500,000)		24,353,000	2,300,000	26,588	24,353,000	-
03.Transport	20,908,700	(6,000)		20,902,700	1,833,900	(192,853)	20,902,700	-
04.Supplies & Services	33,599,600		3,000,000	36,599,600	3,433,700	2,608,391	38,699,600	(2,100,000)
05.Third Parties	40,953,900	(900,000)	500,000	40,553,900	3,399,500	3,463,315	42,253,900	(1,700,000)
09.Grants	(8,840,100)			(8,840,100)	(739,400)	(574,451)	(8,840,100)	-
10.Income	(11,360,200)	(351,000)		(11,711,200)	(1,045,400)	(304,860)	(11,711,200)	-
11.Other				-		601		-
12.Capital				-		1		-
Total	348,308,800	(3,706,000)	3,500,000	348,102,800	30,277,450	24,827,316	353,402,800	(5,300,000)

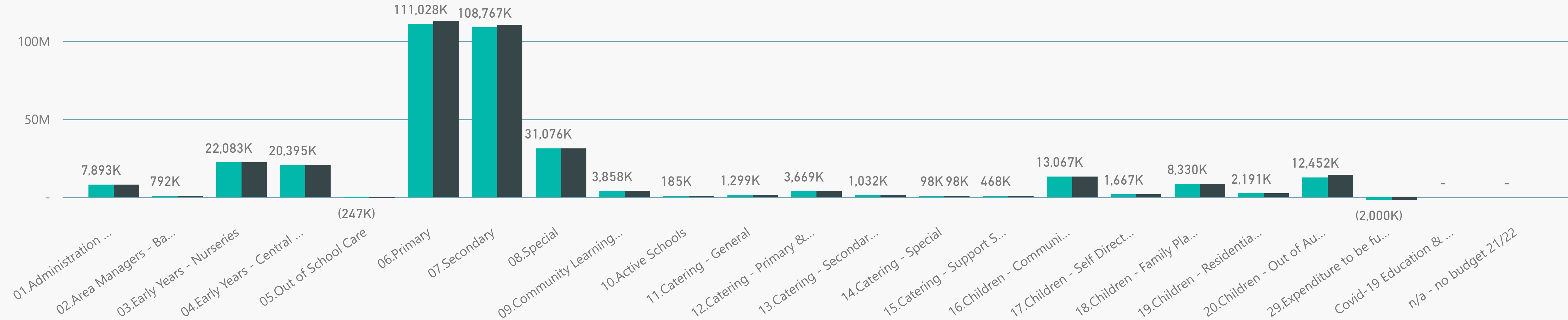


Committee Budget Page	Gross Base Budget	Savings	Other Budget Movements	Revised Base Budget	YTD Budget	YTD Actual	Forecast	Variance Revised Base Budget less Forecast
01.Administration & Management	9,464,000	(1,571,000)		7,893,000	673,850	227,016	7,893,000	-
02.Area Managers - Banff & Buchan and Garioch	791,800			791,800	74,200	23,918	791,800	-
03.Early Years - Nurseries	19,083,000		3,000,000	22,083,000	1,910,300	1,554,850	22,083,000	-
04.Early Years - Central Costs	21,295,000	(900,000)		20,395,000	1,705,400	1,538,820	20,395,000	-
05.Out of School Care	53,000	(300,000)		(247,000)	(2,600)	65,849	(247,000)	-
06.Primary	111,655,000	(627,000)		111,028,000	10,064,200	7,881,646	112,958,000	(1,930,000)
07.Secondary	108,935,000	(168,000)		108,767,000	9,114,200	7,456,009	110,437,000	(1,670,000)
08.Special	31,076,000			31,076,000	2,678,500	2,088,086	31,076,000	-
09.Community Learning and Development	3,908,000	(50,000)		3,858,000	375,100	(164,417)	3,858,000	-
10.Active Schools	185,000			185,000	48,300	(62,658)	185,000	-
11.Catering - General	1,299,000			1,299,000	115,000	(24,033)	1,299,000	-
12.Catering - Primary & Early Years	3,669,000			3,669,000	325,400	364,851	3,669,000	-
13.Catering - Secondary & Vending	1,032,000			1,032,000	88,700	129,774	1,032,000	-
14.Catering - Special	98,000			98,000	12,000	7,863	98,000	-
15.Catering - Support Staff	468,000			468,000	40,700	43,884	468,000	-
16.Children - Community Care	13,157,000	(90,000)		13,067,000	1,123,000	833,127	13,067,000	-
17.Children - Self Directed Support	1,667,000			1,667,000	151,500	285,715	1,667,000	-
18.Children - Family Placement	8,330,000			8,330,000	701,900	650,543	8,330,000	-
19.Children - Residential Care	2,191,000			2,191,000	206,800	179,440	2,191,000	-
20.Children - Out of Authority Placements	11,952,000		500,000	12,452,000	1,037,700	1,223,355	14,152,000	(1,700,000)
29.Expenditure to be funded from Borrowing - ECS	(2,000,000)			(2,000,000)	(166,700)		(2,000,000)	-
Covid-19 Education & Children's Services				-		520,504		-
n/a - no budget 21/22				-		3,174		-
Total	348,308,800	(3,706,000)	3,500,000	348,102,800	30,277,450	24,827,316	353,402,800	(5,300,000)



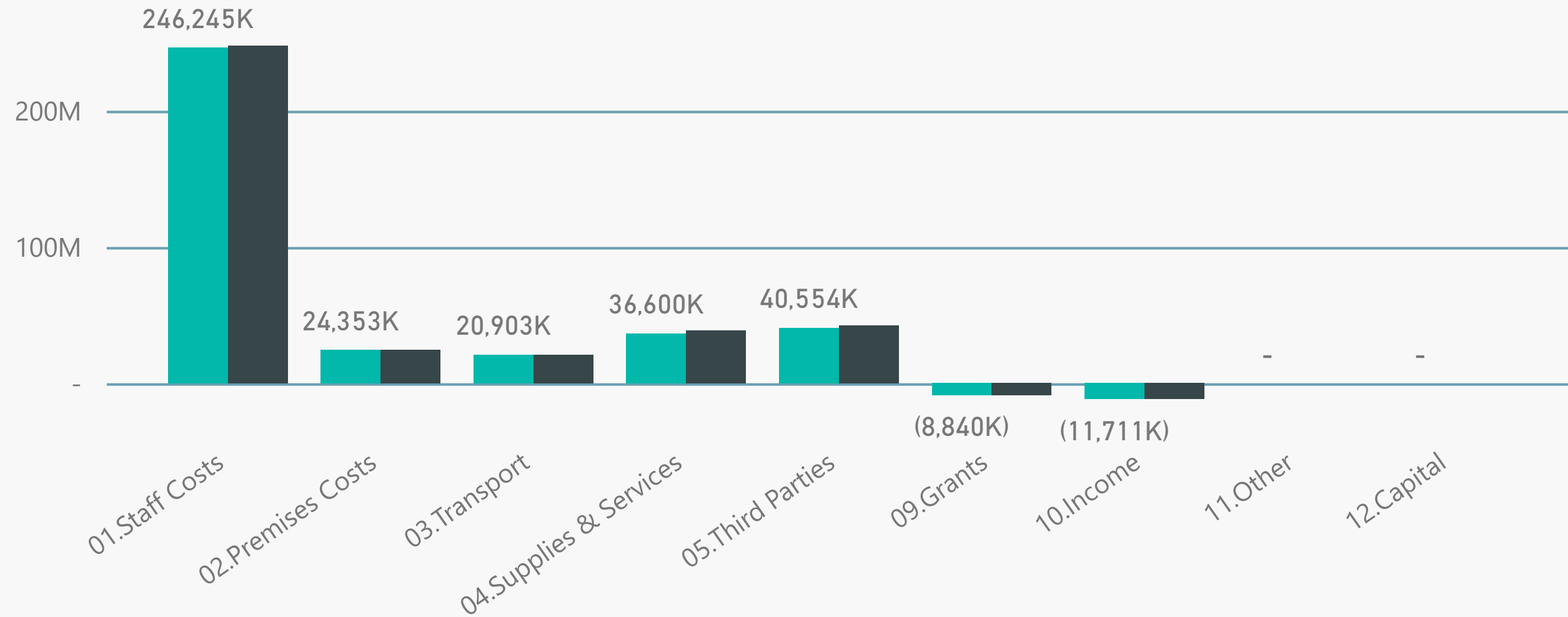
Revised Base Budget and Forecast by Committee Budget Page

● Revised Base Budget ● Forecast



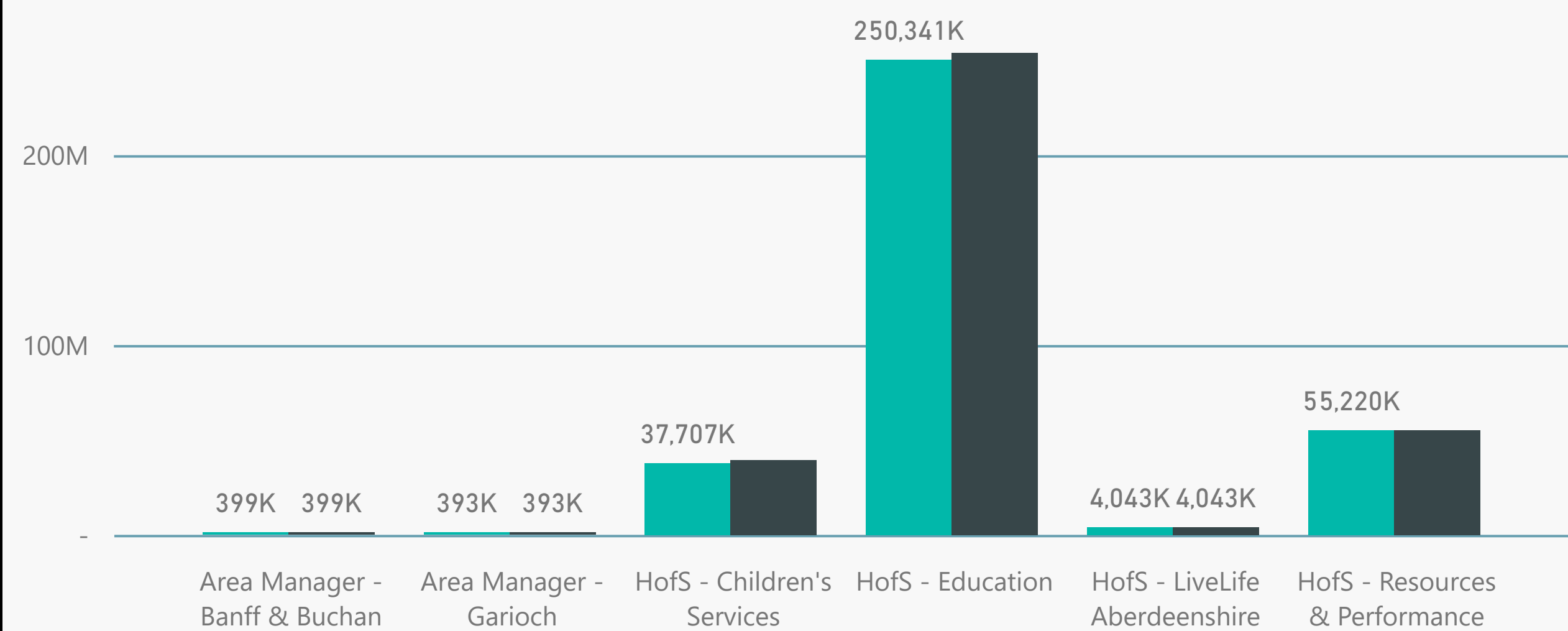
Revised Base Budget and Forecast by Type of Spend

● Revised Base Budget ● Forecast



Revised Base Budget and Forecast by Head of Service

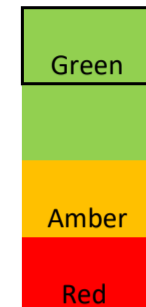
● Revised Base Budget ● Forecast



Education and Childrens Services - Agreed budget savings 2021/22

Appendix 3

Number	Service area	Service change required to deliver proposed saving	Original saving as agreed at Council 17 March 2021 £(000)	RAG Status
1	Admin & Management	Restricting recruitment, restructuring treams and the implementation of School Support Model	1,100	Amber
1a	Admin & Management	Remove ALEC in schools	300	Amber
2	Early Years	Increasing charges for Out of School Care	400	Amber
2a	Early Years	Implemtation of the planned 1140 staffing model	800	Green
3	Primary	Ongoing review of management arrangements in primary schools including opportunities for the apointment of shared Head Teachers.	50	Green
4	Secondary	Full year effect of previous year's reduction in secondary teaching staff	145	Green
7	Secondary & Primary	Redesign of the instrumental music delivery model including an adjustment of staffing, re-charging transport and revised fees for the Music Centre whilst maintaining current exemptions for free schools meals, SQA and siblings.	600	Green
8	Community Learning & Development	Recruitment freeze	50	Green
9	Children's Community Care	Reduction in staffing	90	Green
10	Admin & Management	Restructure of service management team. (Reallocated savings to Education & Children's Services Admin & Management)	171	Amber
TOTAL			3706	





Committee Budget Page	Gross Base Budget	Savings	Net Base Budget as at Mar 2021 Committee	Reallocated Savings	Net Base Budget	MTFS	Additional Scottish Govt Funding	Budget Virements	Reserves Allocated	Revised Base Budget
01.Administration & Management	9,464,000	(1,400,000)	8,064,000	(171,000)	7,893,000			-		7,893,000
02.Area Managers - Banff & Buchan and Garioch	791,800		791,800		791,800					791,800
03.Early Years - Nurseries	19,083,000		19,083,000		19,083,000	3,000,000				22,083,000
04.Early Years - Central Costs	21,295,000	(900,000)	20,395,000		20,395,000					20,395,000
05.Out of School Care	53,000	(300,000)	(247,000)		(247,000)					(247,000)
06.Primary	111,655,000	(50,000)	111,605,000	(577,000)	111,028,000			-		111,028,000
07.Secondary	108,935,000	(745,000)	108,190,000	577,000	108,767,000			-		108,767,000
08.Special	31,076,000		31,076,000		31,076,000					31,076,000
09.Community Learning and Development	3,908,000	(50,000)	3,858,000		3,858,000					3,858,000
10.Active Schools	185,000		185,000		185,000					185,000
11.Catering - General	1,299,000		1,299,000		1,299,000					1,299,000
12.Catering - Primary & Early Years	3,669,000		3,669,000		3,669,000					3,669,000
13.Catering - Secondary & Vending	1,032,000		1,032,000		1,032,000					1,032,000
14.Catering - Special	98,000		98,000		98,000					98,000
15.Catering - Support Staff	468,000		468,000		468,000					468,000
16.Children - Community Care	13,157,000	(90,000)	13,067,000		13,067,000					13,067,000
17.Children - Self Directed Support	1,667,000		1,667,000		1,667,000					1,667,000
18.Children - Family Placement	8,330,000		8,330,000		8,330,000					8,330,000
19.Children - Residential Care	2,191,000		2,191,000		2,191,000					2,191,000
20.Children - Out of Authority Placements	11,952,000		11,952,000		11,952,000	500,000				12,452,000
29.Expenditure to be funded from Borrowing - ECS	(2,000,000)		(2,000,000)		(2,000,000)					(2,000,000)
Total	348,308,800	(3,535,000)	344,773,800	(171,000)	344,602,800	3,500,000		-		348,102,800

EDUCATION & CHILDREN'S SERVICES CAPITAL PERFORMANCE REPORT - APRIL 2021	2021/22 Approved Budget £,000	2021/22 Actual April 2021 £,000	2021/22 Projected Variance £,000
SUMMARY			
1 Early Learning Childcare (1140 Hours Projects)	9,572	21	0
2 Early Learning Childcare (Children & Young Peoples Bill)	105	29	0
3 Early Learning Childcare (Digital Devices and Connectivity)	0	168	0
4 ECS Enhancements	3,591	292	0
5 Capitalisation of Other Projects	2,000	0	0
6 Improved Disabled Access (Education)	773	3	0
7 Inverurie Community Campus	354	8	0
8 Learning Estates Improvements	100	0	0
9 Kintore Primary School	0	21	0
10 Markethill PS Replacement	0	0	0
11 PFI Lifecycle Replacement (CFRC)	1,283	0	0
12 Portlethen/Hillside PS Causeymouth Rd Upgrading Works	15	0	0
Education & Children's Services Total	17,793	542	0

**Education & Children's Services Committee
Financial Performance Report as at 30th April 2021**

Appendix 6

Reserves

Name of Reserve	Reserve £	2021.22 Expenditure	Balance in Reserve £
ECS Holiday Recovery Programme	£2,000,000	0	£2,000,000
Community Culture & Tourism (1+2 Languages)	£140,000	0	£140,000
Total	£2,140,000	£0	£2,140,000