

REPORT TO EDUCATION & CHILDREN'S SERVICES COMMITTEE – 26th AUGUST 2021

Q1 FINANCIAL PERFORMANCE AS AT 30 JUNE 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 JUN 2021 and endorse the budget movement set out in Appendix 4b; 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.
- ii. Pupil Equity Funding (PEF) is additional funding allocated to specific schools targeted at closing the poverty related attainment gap. PEF funding is ring fenced and must be spent in accordance with the conditions of the programme. Initial allocations were included in the Revenue budget totalling £2.854m. The Scottish Government allocated additional PEF funding of £0.636m for 2021/22 academic year, this amount together with £1.473m funding brought forward from 2020/21 is reflected in the revised base budget.
- iii. The Devolved School Management Scheme DEM reserve was formed to allow Head Teachers to manage devolved budgets and spend within the current financial year and to allow carry forward budgets for school spending initiatives in

future years, Initiatives include school improvements, purchase of equipment and employment of additional staff. Secondary and Nursery 2020/21 carry forward devolved school budgets have been transferred from the Reserve to the individual schools totalling £1.04m and are reflected in the revised base budget. Primary and Special schools have been notified of carry forward budgets, these budgets will be processed to the individual schools for the 2021/22 academic year.

- iv. Additional funds totalling £2.6m were allocated to ECS revenue budget at a meeting of Full Council held on 24th June 2021. £2m allocated for Unitary charges and Design, Build, Finance & Maintenance charges to offset a pressure previously reported. A further £0.6m has been allocated for the Instrumental Music Service to offset a saving previously agreed. The restructure of the Instrumental Music Service is no longer appropriate at this time due to a pledge by the Scottish Government to provide free Music Tuition within schools from August 2021,
- v. Education & Children's Services Revised Base Revenue Budget at 30th Jun 2021 is **£354.9 million**.
- vi. The actual net expenditure incurred to 30th Jun 2021 totalled **£93.9 million**, the estimated forecast for the year is **£359.0 million**, therefore estimated net out-turn forecast is over budget by **£4.1 million**.

Appendices 1a, 1b and 2 show the position and forecast as at 30 Jun 2021 along with a breakdown of these figures. The Covid-19 pandemic continues to impact on the costs of service delivery, actual year to date Covid-19 expenditure is £1.1 million funded from additional Education Recovery income received from the Scottish Government.

- 4.3. The estimated over budget forecast includes:
 - **Primary** - 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.
 - **Primary/Secondary** - Previously reported pressure of £2.1m from Unitary charges and DBFM (Design, Build, Finance and Maintenance) contracts to meet ongoing contract and maintenance costs. The £2.1m pressure has been reduced to £0.1m after the additional allocation of £2m funds.
 - **Children's Services** - Out of authority placements current level of need higher than budgeted.
 - **Catering** – Income is generated from meals provided within schools and nursery setting and from secondary school vending machines. A pressure is reported from reduction in income due to lower number of meals paid for and vending machines out of operation due to Covid-19 restrictions. Savings from less provisions purchased only offsets part of the pressure from lost income.
- i. The Service acknowledge there are ongoing pressures within the budget and are actively working to manage current pressures forecast and mitigate emerging pressures by careful budget management and regular review of budgets.
- ii. School Transport contracts have been reviewed, service delivery fully considered and contract re-tenders completed. The new contracts for ASN Schools were confirmed in April 2021 and indicate an in year saving of £0.477m. Further contract re-tenders are almost concluded and will be reported in July financial

performance report. Savings may not be recurring and will be forecast against emerging pressures when the new contract information is available.

iii. Impact on Future Years -

- Unitary Charges and DBFM charges will continue to impact on future years budgets.
- Projected increases in Secondary school rolls from feeder Primary schools over the next 4 years will impact on the number of teachers and budgets required to staff our Secondary schools.

4.4 Savings

- i. Agreed savings totalling £3.103m after savings reallocations 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. The Instrumental Music Service saving will not be achieved, as explained at 4.2iv, additional budget has been allocated to offset this saving.
- 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 for savings that are not deliverable.

4.5 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 consider any slippages from 2020/21 at September's meeting 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.

4.6 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 19th July 2021

List of Appendices

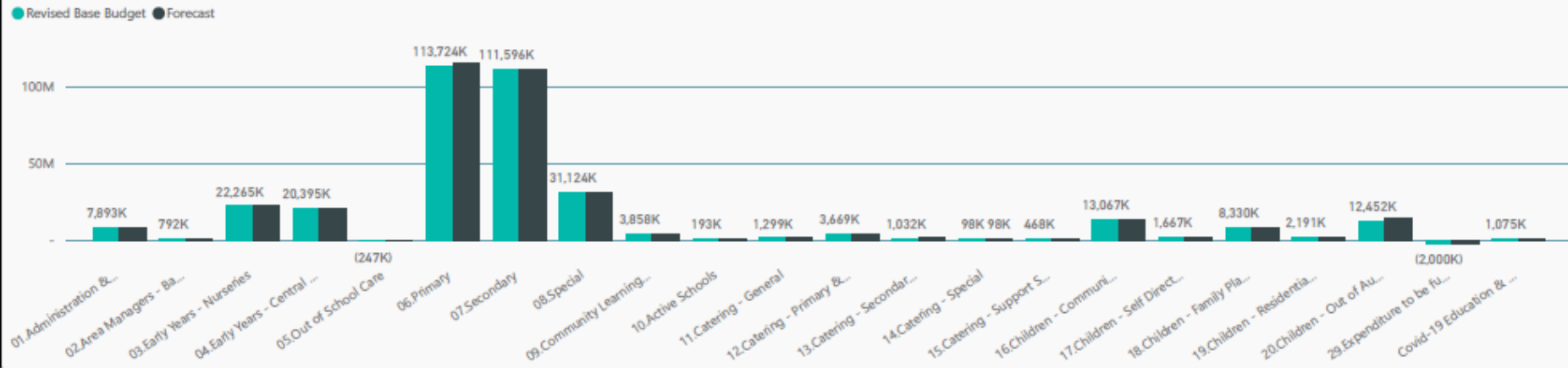
- Appendix 1a - Financial Position by Type of Spend as at 30 Jun 2021
- Appendix 1b - Financial Position by Budget Page as at 30 Jun 2021
- Appendix 2 - Financial Position as at 30 Jun 2021 graphical representation
- Appendix 3 - RAG report on the service savings
- Appendix 4a - Movements in Base Budget previously agreed
- Appendix 4b - Proposed Movements in Base Budget
- Appendix 5 - Capital Plan position as at 30 Jun 2021
- Appendix 6 - ECS Reserves Jun 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	(1,397,000)	1,000,294	247,797,194	63,193,850	63,379,832	249,297,194	(1,500,000)
02.Premises Costs	24,853,000	(500,000)	-	24,353,000	6,346,900	10,667,926	24,353,000	-
03.Transport	20,908,700	(6,000)	4,300	20,907,000	5,307,700	3,261,430	20,907,000	-
04.Supplies & Services	33,599,600		8,229,150	41,828,750	12,312,827	8,617,790	41,663,750	165,000
05.Third Parties	40,953,900	(900,000)	500,000	40,553,900	10,075,800	10,531,486	42,343,900	(1,790,000)
08.Financing Costs				-		15		-
09.Grants	(8,840,100)			(8,840,100)	(2,212,600)	(1,022,738)	(8,840,100)	-
10.Income	(11,360,200)	(300,000)	300	(11,659,900)	(2,585,700)	(1,557,725)	(10,645,900)	(1,014,000)
11.Other				-		738	-	-
12.Capital				-		99		-
Total	348,308,800	(3,103,000)	9,734,044	354,939,844	92,438,777	93,878,853	359,078,844	(4,139,000)

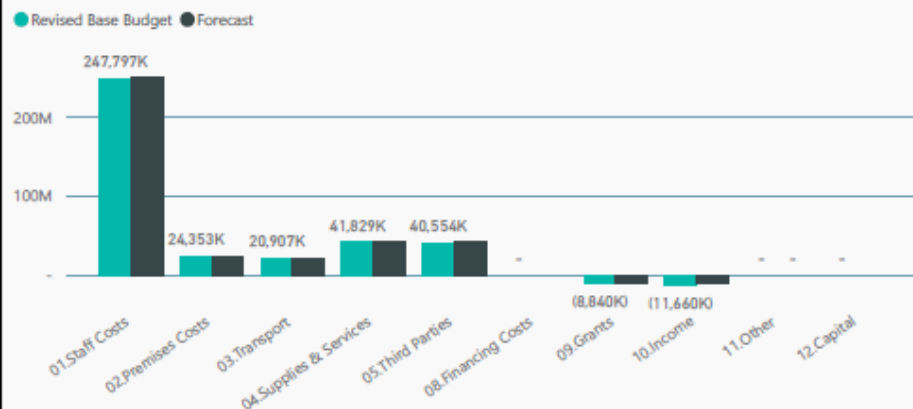
Committee Budget Page	Gross Base Budget	Savings	Other Budget Movements	Revised Base Budget	YTD Budget	YTD Actual	Forecast	Variance Revised Base Budget less Forecast
01.Administration & Management	9,464,000	(1,571,000)		7,893,000	1,983,650	2,328,010	7,893,000	-
02.Area Managers - Banff & Buchan and Garioch	791,800			791,800	205,400	142,978	791,800	-
03.Early Years - Nurseries	19,083,000		3,181,548	22,264,548	5,764,648	4,762,793	22,264,548	-
04.Early Years - Central Costs	21,295,000	(900,000)	-	20,395,000	4,595,300	4,118,888	20,395,000	-
05.Out of School Care	53,000	(300,000)		(247,000)	(47,800)	148,057	(247,000)	-
06.Primary	111,655,000	(50,000)	2,118,585	113,723,585	30,051,312	31,383,417	115,245,985	(1,522,400)
07.Secondary	108,935,000	(142,000)	2,802,906	111,595,906	28,743,990	29,546,519	111,673,506	(77,600)
08.Special	31,076,000		48,111	31,124,111	7,881,977	7,051,735	31,124,111	-
09.Community Learning and Development	3,908,000	(50,000)		3,858,000	1,009,300	1,126,981	3,858,000	-
10.Active Schools	185,000		8,094	193,094	74,900	249,423	193,094	-
11.Catering - General	1,299,000		-	1,299,000	288,200	515,917	1,389,000	(90,000)
12.Catering - Primary & Early Years	3,669,000		-	3,669,000	1,400,400	1,322,116	4,023,000	(354,000)
13.Catering - Secondary & Vending	1,032,000		-	1,032,000	245,100	379,382	1,427,000	(395,000)
14.Catering - Special	98,000			98,000	28,000	26,744	98,000	-
15.Catering - Support Staff	468,000			468,000	118,900	138,654	468,000	-
16.Children - Community Care	13,157,000	(90,000)	-	13,067,000	3,188,000	2,834,363	13,067,000	-
17.Children - Self Directed Support	1,667,000		-	1,667,000	563,200	614,690	1,667,000	-
18.Children - Family Placement	8,330,000			8,330,000	2,089,300	2,100,899	8,330,000	-
19.Children - Residential Care	2,191,000			2,191,000	567,200	622,923	2,191,000	-
20.Children - Out of Authority Placements	11,952,000		500,000	12,452,000	3,113,100	3,356,720	14,152,000	(1,700,000)
29.Expenditure to be funded from Borrowing - ECS	(2,000,000)			(2,000,000)	(500,100)		(2,000,000)	-
Covid-19 Education & Children's Services			1,074,800	1,074,800	1,074,800	1,107,645	1,074,800	-
Total	348,308,800	(3,103,000)	9,734,044	354,939,844	92,438,777	93,878,853	359,078,844	(4,139,000)



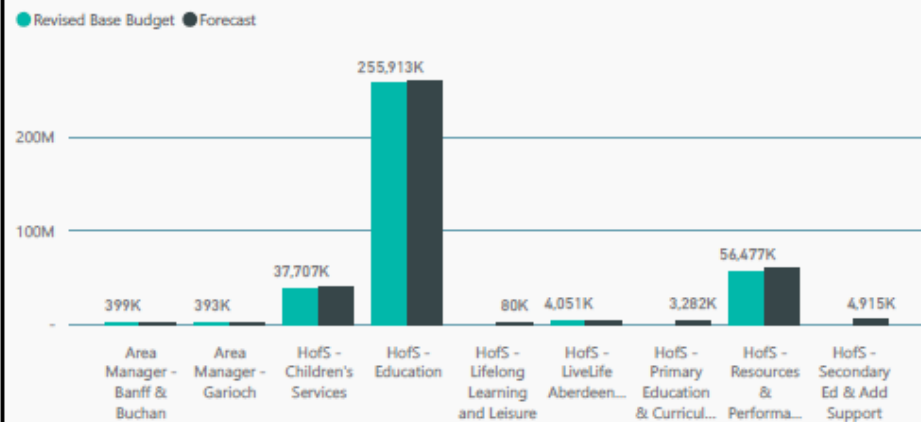
Revised Base Budget and Forecast by Committee Budget Page



Revised Base Budget and Forecast by Type of Spend



Revised Base Budget and Forecast by Head of Service



APPENDIX 3							
EDUCATION & CHILDREN'S SERVICES - Agreed Budget Savings 2021-22							
Number	Budget Page	Original saving agreed at Council 17 March 2021 £,000	Service / Description	Responsible Officer	Update June 2021	RAG Status ECS Committee May 21	Current RAG Status Jul 21
1	01 Admin & Management	300	Provision of a quality improvement and support offer for early years and schools	Head of Education	Revised structure is implemented. Overall reduction from 17 cluster leads to 11 QIM/QIOs.		
		500	Provision of a facilities management service to schools.	Head of Resources & Performance	Delivery of full savings was dependent on outcome of corporate review which has not concluded. Depending on outcome of corporate review some ECS savings could be achieved however these will be smaller scale.		
		300	Directorate and central management posts within ECS / Provision of a business support function	Heads of Service	Management and administration savings have been made. To be kept under review to determine if full saving can be achieved.		
1a		300	Remove ALEC service	Head of Education	Reduction posts is ongoing. Equipment including vehicle has been disposed of. Expect to achieve £250k saving rather than the full £300k saving.		
2	03 Early Years	400	Increasing charges for out of school care provision	Head of Resources & Performance	Planned to break even however closure due to Covid meant no income. Promotion of summer opening to increase income. Review at end of summer to project year end saving.		
2a		800	Implementation of the 1140 staffing model	Head of Resources & Performance	On track		
	04 Primary	50	Ongoing review of management arrangements in primary schools including opportunities for the appointment of shared Head Teachers.	Head of Education	On track		
4	05 Secondary	145	Full year effect of previous year's reduction in secondary teaching staff	Head of Education	On track		
7	Secondary and Primary	600	Redesign of the instrumental music delivery model including an adjustment of staffing, recharging transport and revised fees for the Music Centre whilst maintaining current exemptions for free schools meals, SQA and siblings.	Head of Education	Saving has been removed by reallocation of £600K budget allocated at meeting of Full Council on 24th June 2021. The saving is not possible as a result of the Scottish Government pledge to provide free music lessons from August 2021.		
8	07 Community Learning & Development	50	Recruitment freeze	Head of Education	On track		
9	10. Children's Community Care	90	Reduction in staffing	Head of Children's Services	On track		
10	01. Admin & Management	171	Restructure of LLA service management team. (Reallocated savings to Education & Children's Services Admin & Management)	Head of Communities, Wellbeing and Partnerships	Management savings have been made. To be kept under review to determine if full saving can be achieved.		
	TOTAL agreed at Council 17.3.2021	3,706					
	Secondary and Primary	-600	Reallocation of savings agreed at Full Council meeting 24th Jun 2021. As a result of Scottish Government pledge to provide free Music Tuition from August 2021 it is not possible to implement the plans for these savings.	Head of Education	Saving removed by reallocation	N/A	N/A

Committee Budget Page	Gross Base Budget	Savings	Net Base Budget as at Mar 2021 Committee	Reallocated Savings	Voluntary Severance	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			181,548	22,264,548
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	-		111,605,000		474,505	407,600	1,236,480	113,723,585
07.Secondary	108,935,000	(745,000)	108,190,000	603,000		108,793,000		146,650	1,592,400	1,063,856	111,595,906
08.Special	31,076,000		31,076,000			31,076,000		14,613		33,498	31,124,111
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			8,094		193,094
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)
Covid-19 Education & Children's Services										1,074,800	1,074,800
Total	348,308,800	(3,535,000)	344,773,800	432,000		345,205,800	3,500,000	635,768	2,008,094	3,590,182	354,939,844

Aberdeenshire Council
Education & Children's Services Committee

Appendix 4b

Financial Performance Report as at 30th Jun 2021 - Revenue Budget Movements								Virements to be approved by ECS Committee
Number	Cross Service	Service Pages		Reason for Movement	Amount	Approver	Date	Committee
		From	To		£		Approved	Date Approved
SFB220020	No	Secondary	Secondary	Budget move from redundant cost centre code to be disabled S316380 no longer used, to Secondary General Cost centre code S316999.	1,000	Laurence Findlay	28.6.2021	

**EDUCATION & CHILDREN'S SERVICES
CAPITAL PERFORMANCE REPORT - JUNE 2021**

Appendix 5

	2021/22 Approved Budget £,000	2021/22 Actual JUNE 2021 £,000	2021/22 Projected Variance £,000
SUMMARY			
1 Early Learning Childcare (1140 Hours Projects)	9,572	1,675	0
2 Early Learning Childcare (Children & Young Peoples Bill)	105	99	0
3 Early Learning Childcare (Digital Devices and Connectivity)	0	154	0
4 ECS Enhancements	3,591	528	0
5 Capitalisation of Other Projects	2,000	0	0
6 Improved Disabled Access (Education)	773	19	0
7 Inverurie Community Campus	354	19	0
8 Learning Estates Improvements	100	21	0
9 Kintore Primary School	0	21	0
11 PFI Lifecycle Replacement (CFCR)	1,283	321	0
12 Portlethen/Hillside PS Causeymouth Rd Upgrading Works	15	0	0
Education & Children's Services Total	17,793	2,857	0

Education & Children's Services Committee
Financial Performance Report as at 30th Jun 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

Reserves, details of approved movements reflected in the Revised Base Budget.							
Virement Number	RESERVES MOVEMENTS From	Amount £	to Budget Page	Month	Approved Director	Date	Description
SFB220010	PEF Reserve	203,509	Secondary	May	Laurence Findlay	21.05.2021	Scottish government PEF funding is for Academic year, PEF Reserve is used to carry forward funds unspent at financial year end.
SFB220010	PEF Reserve	1,236,480	Primary	May	Laurence Findlay	21.05.2021	
SFB220010	PEF Reserve	33,498	Special	May	Laurence Findlay	21.05.2021	
SFB220021	DSM Reserve	860,346	Secondary	Jun	Laurence Findlay	14.06.2021	DSM Reserve is used to allow underspend from a devolved budget to be available in the following financial year for planned spend.
SFB220021	DSM Reserve	181,548	Nursery	Jun	Laurence Findlay	14.06.2021	
SFB220028	Covid-19 Reserve	1,074,800	ECS Covid-19	Jun	Laurence Findlay	05.07.2021	Covid-19 Reserve is funds carried forward from 2020.21 to 2021.22 for Education Recovery
Total Movements on Appendix 4a		3,590,181					

