

REPORT TO EDUCATION & CHILDREN'S SERVICES COMMITTEE - 2 DECEMBER 2021

FINANCIAL PERFORMANCE AS AT 31 OCT 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 comment on the financial information and forecast position as at 31 Oct 2021 and endorse the budget movement set out in Appendix 4b; and**
- 2.2 **Consider and comment on 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 and also includes additional £12m funding allocated on 24th June 2021. £2.6m additional funding has been allocated to ECS detailed at 4.2.iv

	Full Council Budget £'000	ECS Committee Budget £'000
Gross Revenue Budget	647,863	350,309
Service Savings	(8,626)	(3,107)
Corporate Savings	(11,238)	
Other Budget Movements	11,520	3,500
Net Revenue Budget	639,519	350,702
Capital	121,316	17,793
Reserves	89,218	2,140

4.2 Revenue – Expenditure & Income

Financial Facts

- 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 £2million of expenditure relating to the Education and Children's Service Directorate be funded from borrowing, therefore reducing the initial budget to £348.1 million. On 24th June 2021 Full Council approved additional £2.6m budget allocation increasing the overall budget to £350.7m.
- 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. The additional funding and brought forward funding of £1.473m are reflected in the revised base budget.

The table below provides a summary of PEF budgets and expenditure at 31 Oct 2021.

PEF	Revised 2020-21 Budget £'000	YTD 2020-21 Budget £'000	Carry Forward 2020-21 Budget £'000	Actual YTD Oct 21 £'000	YTD Variance £'000
Secondary	805	470	204	306	367
Primary	2,605	1,519	1,236	1,111	1,645
Special	80	47	33	28	52
TOTALS	3,490	2,036	1,473	1,445	2,064

- 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. Carry forward devolved school budgets have been transferred from the Reserve to the individual schools totalling £2.7m and are reflected in the revised base budget.
- 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.
- v. Education & Children's Services Revised Base Revenue Budget at 31 Oct 2021 is **£357.8 million**.
- vi. The actual net expenditure incurred to 31 Oct 2021 totalled **£213.8 million**, the estimated forecast for the year is **£364.6 million**, therefore estimated net out-turn forecast is over budget by **£6.8 million**. **Appendices 1a, 1b and 2** show the position and forecast as at 31 Oct 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 **£2.9 million** funded from additional Education Recovery income received from the Scottish Government.

Service Commentary

The main pressures identified within the service are:

Primary - Staff costs pressure 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.

Secondary – Reduction in additional Probationer Income due to the number of Probationers allocated this academic year, and the ongoing requirement to upgrade ICT equipment within schools.

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 – There are pressures within Children's Services, out of authority placements, residential care 24 hours sleep in allowances, foster care and self-directed support where the current level of provision is higher than

budgeted. Charges by providers of care have increased by 5-6% which is higher than inflation estimated in the current budget.

Catering – Income is generated from meals provided within schools and nursery settings and from secondary school vending machines. A pressure is reported from reduction in income due to a reduction in the number of paid meals provided and vending machines out of operation due to Covid-19 restrictions. Savings from less provisions purchased offsets part of the pressure from lost income.

Risks/Mitigations

- viii The Service acknowledge there are ongoing pressures within the budget and are actively working to manage current pressures and mitigate emerging pressures by careful budget management and regular review of budgets.
- ix School Transport contracts have been reviewed and contract re-tenders completed. In year savings totalling £1.6m are anticipated and are included in the forecast.
- x **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.

4.3 Savings

Financial Facts

- i. Agreed savings totalling £3.103m after savings reallocations are detailed on **Appendix 3**.

Service Commentary

- ii. Seven savings are Green on target to be achieved.

Three savings are Amber and under progress.

Work has been progressed to achieve agreed savings from restructuring teams and administration review.

Out of School Care Fee review is under progress but will not achieve the level of saving anticipated due to Covid-19 closures and delaying the review of fees.

Two savings are Red and have been delayed.

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 reported at 4.2iv, additional budget has been allocated to offset this saving.

Risks/Mitigations

- iii. The Service acknowledge achieving the savings will be challenging and continue to work to mitigate and contain risks by careful budget management.

Future Impact

- iv. Future impact will be considered in the coming months for savings that are not deliverable.

4.4 **Capital**

Financial Facts

The approved Revised Capital Budget for 2021/22 in respect of Education & Children's Services Committee is £19.348 million as detailed in **Appendix 5**. At this time forecast expenditure is anticipated to be £4.7m under budget due to slippages.

Service Commentary

The reasons for the main variances are:

Programme	Note	Budget Reprofiled £'000
Early Learning Childcare (1140 Hours Projects)	A review of final delivery options is underway. Service has identified additional strategic priorities not covered by the 1140 budget. Discussions are ongoing, resulting in delays of award of works to complete the programme. The variance of £4.135m requires to be reprofiled to 22/23 along with matched funding.	(4,135)
Kintore Primary School	Connection works to the main sewer require to be undertaken. These works, in conjunction with Scottish Water will not take place until next financial year which means that budget amounting to £333k requires to be deferred until 2022/23.	(333)

Risks/Mitigations

- ii. A material deferral of budget to later years adds to the risk that the Capital Plan may become unaffordable in a specific year and resource availability would need to be considered if major projects have previously been programmed.

Future Impact

- iii. A slippage of award of works to complete the 1140 programme will impact on 2022/23. The variance is supported by Scottish Government matched funding and will need to be carried over to 2022/23.

4.5 **Reserves**

Financial Facts

- 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.

Service Commentary

- ii. The Summer of Play project was delivered during the school holidays. The total cost of the project is estimated at £0.73m. The Scottish Government provided funding of £0.562m towards the project. When the final costs are paid a draw down from the ECS Holiday Recovery Reserve will be processed. Further activities have taken place during the October break and more activities will be offered during the Easter holidays. The 1+2 Languages reserve is fully committed to be allocated to the planned programme.

Risks/Mitigations

- iii. No risks have been identified at the present time.

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 Education & Children’s 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 & Fairer Duty Scotland			X
Children and Young People’s Rights and Wellbeing			X
Climate Change and Sustainability			X
Health and Wellbeing			X
Town Centre First			X

- 5.4 There are no direct financial or staffing implications arising from this report.
- 5.5 An integrated Impact Assessment is 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.
- 5.6 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, Interim ECS Business Partner
Date 16/11/2021

List of Appendices:

- Appendix 1a - Financial Position by Type of Spend as at 31 Oct 2021
- Appendix 1b - Financial Position by Budget Page as at 31 Oct 2021
- Appendix 2 - Financial Position as at 31 Oct 2021 graphical representation
- Appendix 3 - RAG Oct 21 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 31 Oct 2021
- Appendix 6 - ECS Reserves as at 31 Oct 2021



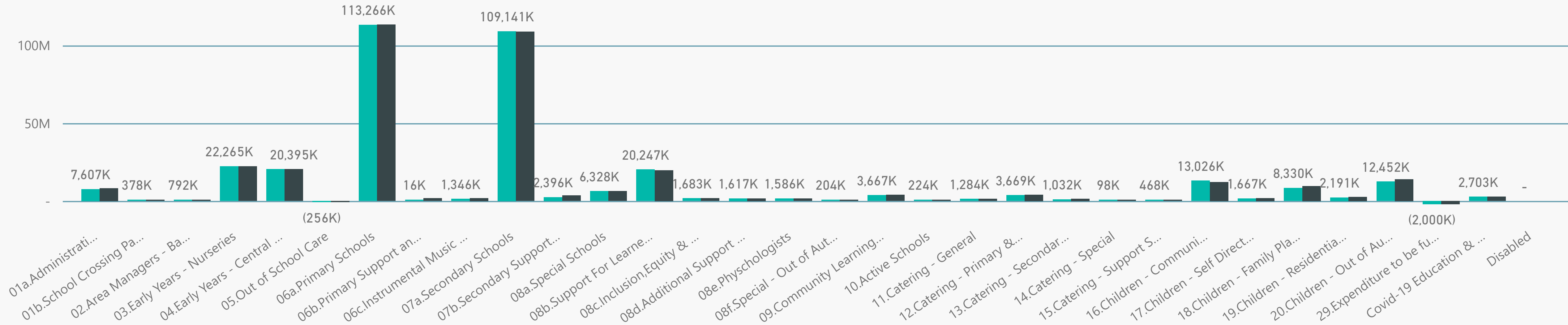
Type of Spend	Gross Base Budget	Savings	Other Budget Movements	Revised Base Budget	YTD Budget	YTD Actual	Forecast	Variance Revised Base Budget less Forecast
01.Staff Costs	248,193,900	(1,397,000)	2,297,515	249,094,415	146,773,103	147,991,380	251,540,115	(2,445,700)
02.Premises Costs	24,853,000	(500,000)	-	24,353,000	17,742,600	18,091,815	25,415,000	(1,062,000)
03.Transport	20,908,700	(6,000)	52,300	20,955,000	10,691,900	8,475,666	19,309,000	1,646,000
04.Supplies & Services	33,598,600		10,194,406	43,793,006	28,953,676	25,442,298	44,228,006	(435,000)
05.Third Parties	40,953,900	(900,000)	500,000	40,553,900	23,283,400	22,929,367	43,507,900	(2,954,000)
08.Financing Costs				-		17		-
09.Grants	(8,840,100)		(427,228)	(9,267,328)	(3,892,078)	(5,740,669)	(8,824,328)	(443,000)
10.Income	(11,360,200)	(300,000)	500	(11,659,700)	(6,074,400)	(3,350,197)	(10,505,700)	(1,154,000)
11.Other				-			-	-
12.Capital				-		183		-
99.Closed				-		204		-
Total	348,307,800	(3,103,000)	12,617,493	357,822,293	217,478,201	213,840,066	364,669,993	(6,847,700)

Committee Budget Page	Gross Base Budget	Savings	Other Budget Movements	Revised Base Budget	YTD Budget	YTD Actual	Forecast	Variance Revised Base Budget less Forecast
01a.Administration & Management	9,464,000	(1,571,000)	(285,536)	7,607,464	5,060,699	5,946,088	8,225,464	(618,000)
01b.School Crossing Patrollers	378,200			378,200	221,100	206,110	378,200	-
02.Area Managers - Banff & Buchan and Garioch	791,800		-	791,800	431,800	368,976	791,800	-
03.Early Years - Nurseries	19,083,000		3,181,912	22,264,912	13,110,612	11,258,392	22,264,912	
04.Early Years - Central Costs	21,295,000	(900,000)	-	20,395,000	11,493,100	9,059,478	20,395,000	-
05.Out of School Care	53,000	(300,000)	(9,040)	(256,040)	(141,590)	299,124	(256,040)	-
06a.Primary Schools	106,587,500		6,678,965	113,266,465	68,628,118	65,398,036	113,406,465	(140,000)
06b.Primary Support and Initiatives	3,542,100	(50,000)	(3,475,609)	16,491	355,691	4,582,939	1,744,591	(1,728,100)
06c.Instrumental Music Service	1,311,000	-	34,700	1,345,700	777,050	896,604	1,825,700	(480,000)
07a.Secondary Schools	106,003,000	(142,000)	3,280,306	109,141,306	65,803,615	60,263,694	108,876,306	265,000
07b.Secondary Support and Initiatives	2,767,200		(371,200)	2,396,000	1,846,900	6,181,144	3,475,600	(1,079,600)
08a.Special Schools	5,925,400		402,231	6,327,631	3,747,169	3,341,162	6,327,631	
08b.Support For Learners Cluster	20,060,300		186,373	20,246,673	11,803,873	10,846,192	19,769,673	477,000
08c.Inclusion,Equity & Wellbeing, Capacity Building & Resources	1,683,400		-	1,683,400	951,100	389,406	1,683,400	-
08d.Additional Support Needs Specialists	1,617,100		-	1,617,100	941,600	862,705	1,617,100	-
08e.Physchologists	1,586,100		-	1,586,100	933,600	939,396	1,586,100	-
08f.Special - Out of Authority	203,700		-	203,700	376,000	700,629	203,700	-
09.Community Learning and Development	3,908,000	(50,000)	(191,125)	3,666,875	2,270,400	2,110,515	3,876,875	(210,000)
10.Active Schools	185,000		38,840	223,840	103,208	135,184	223,840	-
11.Catering - General	1,299,000		(14,805)	1,284,195	737,620	779,589	1,374,195	(90,000)
12.Catering - Primary & Early Years	3,669,000		-	3,669,000	2,421,200	3,057,994	4,023,000	(354,000)
13.Catering - Secondary & Vending	1,032,000		-	1,032,000	726,600	867,049	1,427,000	(395,000)
14.Catering - Special	98,000			98,000	60,000	58,190	98,000	-
15.Catering - Support Staff	468,000			468,000	275,300	275,492	468,000	-
16.Children - Community Care	13,157,000	(90,000)	(41,319)	13,025,681	7,304,136	6,661,664	12,195,681	830,000
17.Children - Self Directed Support	1,667,000		-	1,667,000	1,117,200	1,119,687	1,817,000	(150,000)
18.Children - Family Placement	8,330,000		-	8,330,000	4,865,900	5,307,382	9,565,000	(1,235,000)
19.Children - Residential Care	2,191,000		-	2,191,000	1,289,500	1,495,691	2,631,000	(440,000)
Total	348,307,800	(3,103,000)	12,617,493	357,822,293	217,478,201	213,840,066	364,669,993	(6,847,700)



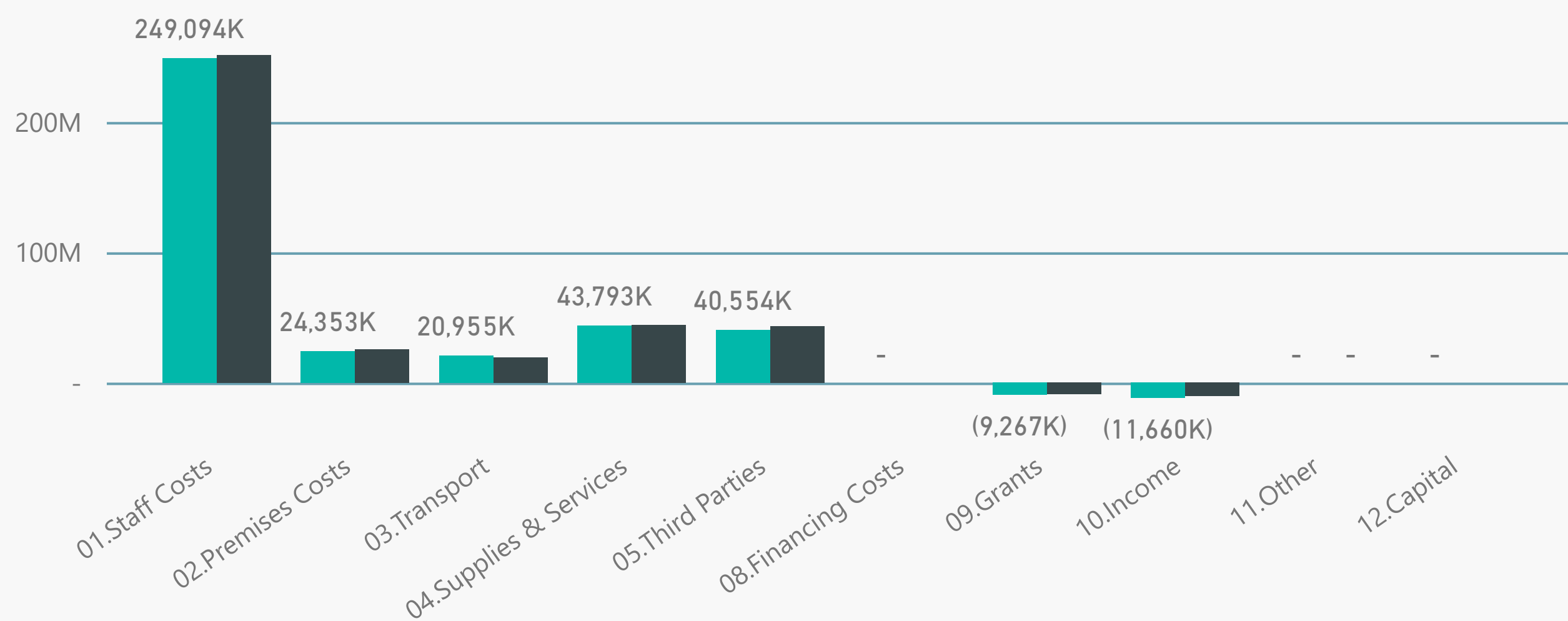
Revised Base Budget and Forecast by Committee Budget Page

● Revised Base Budget ● Forecast



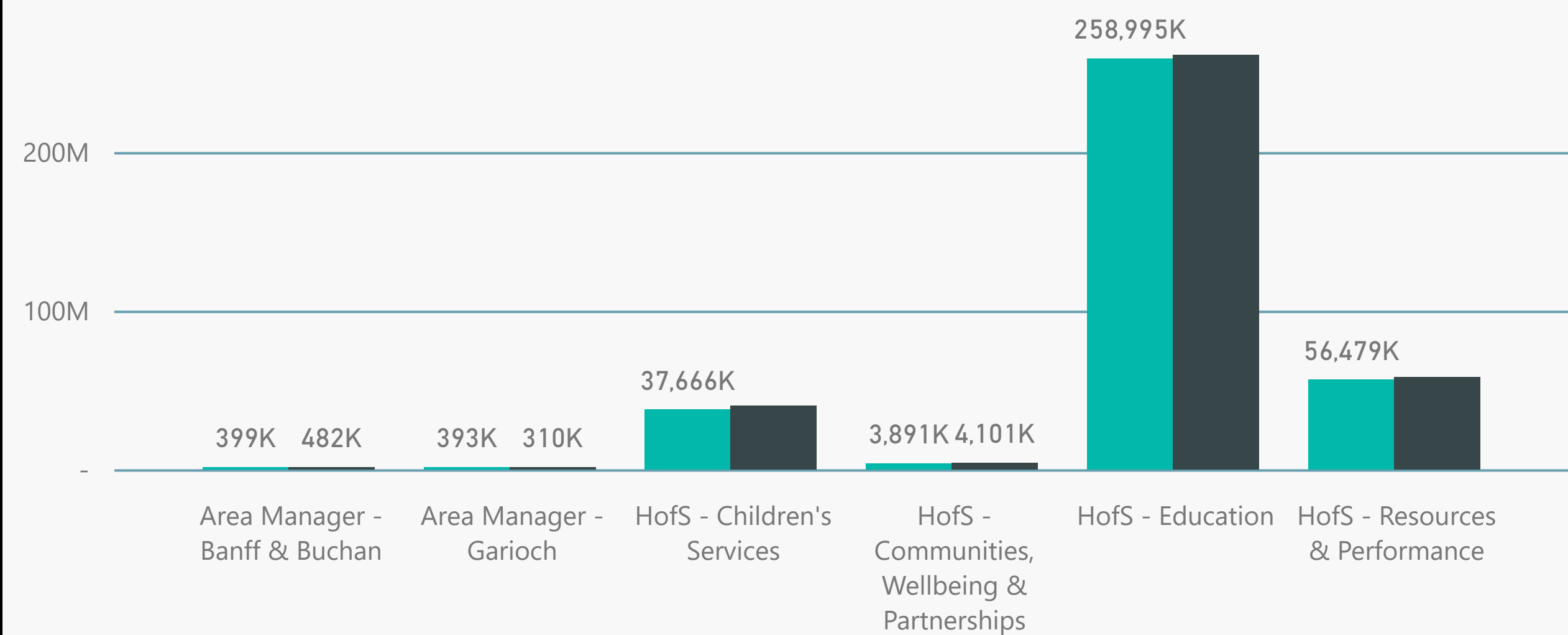
Revised Base Budget and Forecast by Type of Spend

● Revised Base Budget ● Forecast



Revised Base Budget and Forecast by Head of Service

● Revised Base Budget ● Forecast



APPENDIX 3
EDUCATION & CHILDREN'S SERVICES RAG SAVINGS

Number	Budget Page	Original saving agreed at Council 17 March 2021 £,000	Service / Description	Responsible Officer	Update Oct 2021	RAG Status ECS Committee Sep 21	Current RAG Status YTD OCT 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 £150k saving rather than the full £300k saving.				
2	03 Early Years	300	Increasing charges for out of school care provision	Head of Resources & Performance	Planned to break even however closure due to Covid meant no income and charge increase was delayed. Reduced demand was also reported over summer. The charges are currently under review in line with Charging Policy.				
		900	Implementation of the 1140 staffing model	Head of Resources & Performance	On track				
2a	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 Communities, Wellbeing and Partnerships	Saving has been removed by reallocation of £600K budget allocated at meeting of Full Council on 24th June 2021. The Scottish Government's commitment to provide free music tuition has impacted on the ability to review some charges. Work is ongoing within the service exploring how it can be more efficient and to ensure longer term sustainability.				
8	07 Community Learning & Development	50	Recruitment freeze	Head of Communities, Wellbeing and Partnerships	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 from structure review.				
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				
Revised Total after reallocations on 24.6.2021		3,106						N/A	N/A

