

Agenda Item	11
Report No	EDU/27/21

HIGHLAND COUNCIL

Committee: Education

Date: 17 November 2021

Report Title: Revenue Budget monitoring for Quarter 2 of 2021-22

Report By: Executive Chief Officer–Education and Learning

1. Purpose/Executive Summary

- 1.1 This report provides Members with a revenue monitoring position and year end forecast as at Quarter 2 of the current financial year.
- 1.2 The year end forecast is an overspend of £2.529m, representing 1.2% of the annual budget. This contrasts with a forecast overspend of £3.287m at Quarter 1, therefore an improvement of £0.758m.
- 1.3 The monitoring statement continues to reflect significant additional costs related to Covid-19, with the year-end forecast of £6.9m of specific costs attributable to Covid-19, in addition to those costs being met from core budgets.

2. Recommendations

- 2.1 Members are asked to:
- i. note the forecast revenue position for the 2021/22 financial year, including the additional scrutiny and management action being taken and the risks and uncertainties set out within the report; and
 - ii. note the progress update provided in relation to budget savings delivery;

3. Implications

- 3.1 **Resource (Budget and Staffing):** the report and appendices provide an up to date forecast of the financial position, including progress with delivery of savings. As noted below in the risk section, there remains ongoing uncertainty and challenges in financial forecasting as a result of the pandemic. Consequently, the current forecasted out-turns have the potential to change as the year progresses. There also remain significant Covid-related High Life Highland budget pressures, currently forecasted at £2.666m. While these have reduced significantly over the year to date, these remain

a likely call on Council reserves, with the Council having recognised this risk in setting its reserve levels for the year.

3.2 **Legal:** no particular implications to highlight.

3.3 **Community (Equality, Poverty and Rural):** the budget position, including the ongoing Covid-19 response, reflects the Services response and actions to deliver and sustain Service, and support Education recovery across our Highland communities.

3.4 **Climate Change / Carbon Clever:** no particular implications to highlight.

3.5 **Risk:** this report and appendix reflects best available information and assessment of expected service impacts, including those related to the Covid-19 pandemic. Despite the easing of restrictions, there remains the risk of changes in circumstance that may have an adverse variance on financial forecasts. There are further potential risks and impact should there be a future teacher pay claim ask.

3.6 **Gaelic:** no particular implications to highlight.

4. Overview

4.1 **Appendix 1** sets out the monitoring statement for Quarter 2, the period to end September 2021. As noted above, the forecast overspend is an improvement of £0.758m compared to the position as at Quarter 1.

4.2 The main factors in the movement between Quarters are as summarised below. With further explanation in the following paragraphs.

- £0.534m improvement in the forecast deficit for High Life Highland (HLH).
- £0.246m improvement in the forecast position against the Covid-19 response line, being adjustment to funding related to Personal Protective Equipment (PPE) spend.

4.3 The following paragraphs provide further narrative on the main forecast variances across the budget monitoring statement.

4.4 **Service Management Team and Support:** there has been re-alignment of budget within the Service, as part of the re-design of service structures, and to ensure budget holding codes are correctly allocated against the service activity headings to which they relate. This is an ongoing process, with further budget adjustment over the course of this year. These changes have the effect of reducing the overspend previously shown against this budget heading. The budget re-alignment changes are within the Service budget, and don't impact on the bottom line position for the Service as a whole.

4.5 **High Life Highland (HLH) Services:** as per the last Committee report, Members will recall that in setting the Council budget this year, the Council had noted the risk arising from the pandemic's significant impact on HLH. HLH were forecasting a £5.4m deficit at the start of the year, which after allowing for offsetting by their own reserves, resulted in a potential £3.4m impact on the Council. This had been taken account of

in setting the Council reserve levels for the year. HLH have reported a continuing improvement in forecast through the year, with customer and income levels improving ahead of expectations, and ongoing cost control. The deficit had reduced to £3.2m at Quarter 1 and has now further improved to £2.666m at Quarter 2. There does remain the risk and uncertainty relating to 2022/23 and how quickly HLH can return to a sustainable and balanced financial position. There is a separate report from HLH on the agenda of this meeting which will provide further commentary on HLH's performance and recovery plans.

- 4.6 **Early Learning and Childcare (ELC):** the modest underspend is broadly in line with the forecast as at Quarter 1. As noted in past reports to Committee, with some settings only moving to delivery of 1140 hours from August, this has resulted in a one-off in-year underspend against budget with the Council not facing full year cost increases in those settings. All other things being equal, these underspends would not be expected to recur into 2022/23. As reflected within the separate ELC report on this agenda, there is a recommendation relating to the rates of funding paid to partners.
- 4.7 **Additional Support – Special Schools:** Consistent with the position reported at Quarter 1, there is a forecast overspend against the Council's three special schools, albeit the level of pressure is considerably lower than circa 2-3 years ago due to action taken over recent years.

5. **Budget Savings Delivery**

- 5.1 Also enclosed with this report is an updated assessment of progress with delivery of budget savings. **Appendix 2** sets out a Red/Amber/Green (RAG) assessment of those savings.

Designation: Executive Chief Officer – Education and Learning

Date: 28 October 2021

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EDUCATION & LEARNING MONITORING STATEMENT 2021-22

Annex 1

30/09/2021	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Service Management Team & Support	909	1,681	1,975	294
Pensions, Insurance and Other Pan-Service Costs	1,096	2,053	2,035	(18)
High Life Highland Services	7,268	16,816	19,482	2,666
Grants to Voluntary Organisations	219	1,025	979	(46)
Hostels	520	1,001	1,076	75
Crossing Patrollers/School Escorts	287	614	574	(40)
Secondary Schools	34,815	74,830	74,830	0
Primary Schools	32,296	67,394	67,392	(2)
Schools General	(3,406)	4,778	4,597	(181)
Learning and Teaching	368	767	681	(86)
Early Learning & Childcare	(12,050)	6,610	6,344	(266)
Additional Support - Schools	12,299	24,298	24,321	23
Additional Support - Special Schools	2,439	4,778	4,967	189
Specialist Additional Support Services	1,068	2,266	2,161	(105)
COVID-19 Response	573	6,945	6,971	26
Grand Total ECO Education	78,701	215,856	218,385	2,529

BY SUBJECTIVE

Staff Costs	97,643	200,842	199,808	(1,033)
Other Expenditure	17,705	47,373	50,878	3,505
Gross Expenditure	115,349	248,215	250,686	2,472
Grant Income	(36,244)	(31,291)	(31,294)	(3)
Other Income	(404)	(1,068)	(1,007)	61
Total Income	(36,648)	(32,358)	(32,301)	57
NET TOTAL	78,701	215,856	218,385	2,529

Service	Date	Ref	Budget Area	Savings Description	2021/22 Savings £m	Status R A G
E&L	HC 14/02/19	C&L/6	Early Years/ELCC	A review of the whole early years' service will impact positively on the effectiveness and efficiency of the delivery of the expanded ELC provision. This will be based on the principles of quality, flexibility, affordability and accessibility. Additional funding from the Scottish Government is available.	0.250	G
E&L	HC 14/02/19	C&L/7a	Specialist Teachers	Integrating services by maximising the deployment of specialist teachers to support mainstream teaching staff in meeting the needs of pupils with a high level of need	1.575	G
E&L	HC 14/02/19	C&L/7b	Benchmarking of Support in Schools	Building on the findings of the redesign review, a change to the allocation of resource, monitoring and training of staff and assessment of need, where ASGs control allocation of resource. Supports embedding this approach into the daily functioning of a school and can target support to those pupils with the greatest need.	1.050	G
E&L	HC 04/03/21	E&L/4	ELC	One off savings from Phasing of 1140 Implementation	0.500	G
E&L	HC 04/03/21	E&L/5	ELC	ELC phase 1 into phase 2 Implementation	1.237	G
E&L	HC 04/03/21	E&L/7	Procurement	Software ICT Licensing Best Value Review	0.150	G
E&L	HC 04/03/21	E&L/8	ICTI Development Team / Virtual Academy	Income Generation ICT Consultancy / Virtual Academy / Advertising on Chromebooks	0.150	G
E&L	HC 04/03/21	E&L/13	School General	Review of Probationer Allocations	0.168	G
E&L	HC 04/03/21	E&L/14	DSM	Job Sizing Review Promoted Teaching Posts	0.288	G
E&L	HC 04/03/21	E&L/18	Learning & Teaching	Non-Staff costs review	0.130	G