

Agenda Item	10.
Report No	EDU/19/22

HIGHLAND COUNCIL

Committee: Education Committee

Date: 23 November 2022

Report Title: Revenue Budget Monitoring - Quarter 2 Forecast for 2022/23

Report By: Executive Chief Officer – Education and Learning

1. Purpose/Executive Summary

1.1 This report provides Members with a forecast for Quarter 2 of the current 2022/23 financial year. Details are set out on **Appendix 1**.

1.2 The year-end forecast is an underspend of £0.050m, representing 0.02% of the annual budget. This represents a slight change of £0.009m against the Quarter 1 forecast. The main factors in the improved position, and the budget variances shown, are set out within this report.

1.3 The report also provides an update on delivery of agreed budget savings, with this set out on **Appendix 2**.

1.4 These figures are prepared based on best available information. There remains considerable uncertainty and risk in the current financial climate, particularly in relation to staff pay awards, inflationary and other pressures, with the potential these factors have further impact as the year progresses.

2. Recommendations

2.1 Members are asked to:

- i. Note the forecast revenue position for Quarter 2 of the 2022/23 financial year, as set out on **Appendix 1**, and;
- ii. Note the progress update provided in relation to budget savings delivery as set out on **Appendix 2**.

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, in particular relating to pay award, inflationary and other pressures. Consequently, the current forecasted out-turns have the potential to change as the year progresses.
- 3.2 **Legal:** no particular implications to highlight.
- 3.3 **Community (Equality, Poverty and Rural):** the budget position reflects planned spending and service delivery to deliver and sustain Services, 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 1 and 2 reflect best available information and assessment of expected service impacts. As noted elsewhere in this report, there remain significant risks and uncertainties relating to pay awards, inflation and other pressures, and the impact on the Service budget.
- 3.6 **Gaelic:** no particular implications to highlight.

4. Quarter 2 Forecast 2022/23

- 4.1 At Quarter 2 an underspend of £0.050m is forecast, this reflects a variance of 0.02% against the annual budget. The main variances, factors and action being taken are described below.
- 4.2 Corporate Staffing Savings – as had been indicated in the Quarter 1 report, the Service allocation of £0.684m of corporate staff savings has now been delivered.
- 4.3 High Life Highland (HLH) – a NIL variance is shown, to align with the decisions made at the 27 October Council regarding an increase in the earmarked balance held by the Council to provide support to HLH. Members will be aware from previous reports, and the separate agenda item from HLH, of the financial pressures faced by HLH, the mitigating actions they have and continue to take, and that a sum of £1.4m has been earmarked by the Council, to be drawn down at financial year end as required, to ensure HLH avoid entering a negative reserves position and provide assurance that they can implement the SJC pay award for HLH's own staff in the current year. The NIL variance within this monitoring report assumes that the HLH year-end position remains within the earmarked reserves sum, and that is drawn down at year end and therefore avoids an overspend against the Education & Learning Service budget.
- 4.4 School Hostels £0.089m overspend – while the level of overspend has reduced from that shown at Quarter 1, there remains an overspend and pressures related to staffing budgets and income targets relating to commercial letting income. Review of both is taking place to develop actions and recommendations relating to this budget pressure area.

- 4.5 Early Learning and Childcare – the budget position reflects decisions made by the Council on 27 October regarding in-year funding to be paid to partners for funded ELC delivery.
- 4.6 Additional Support for Learning – the modest underspend is reflective of the year to date, and with there typically being a slightly higher spend pattern in the second half of the year.
- 4.7 Special Schools overspend - consistent with the out-turn position for the prior year, there remains a legacy need to review the basis of budget allocation to the Council's three Special schools, to ensure that the level of provision and budget align. This work is being taken forward with the intention to conclude this year and bring change into effect for the new financial year.

5. Budget Savings Delivery

- 5.1 Also enclosed with this report is an updated assessment of progress with delivery of budget savings, including corporate savings as currently allocated to the Service. **Appendix 2** sets out a Red/Amber/Green (RAG) assessment of those savings.

Designation: Executive Chief Officer – Education and Learning

Date: 31 October 2022

Author: Brian Porter, Head of Resources

EDUCATION & LEARNING MONITORING STATEMENT 2022-23

ANNEX 1

30/09/2022	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Service Management Team & Support	928	1,668	1,647	(21)
Corporate Staffing Savings	0	0	0	0
Pensions, Insurance and Other Pan-Service Costs	953	2,065	2,063	(2)
Commissioned HLH Services	3,969	17,901	17,901	0
Grants to Voluntary Organisations	539	925	864	(61)
Hostels	575	1,082	1,171	89
Crossing Patrollers/School Escorts	293	577	587	10
Secondary Schools	36,729	80,532	80,532	0
Primary Schools	32,825	69,734	69,715	(19)
Schools General	1,206	7,078	7,011	(67)
Learning and Teaching	361	567	478	(89)
Early Learning & Childcare	(9,915)	6,797	6,785	(12)
Additional Support - Schools	13,253	28,263	28,094	(169)
Additional Support - Special Schools	2,625	4,962	5,274	312
Specialist Additional Support Services	1,200	2,317	2,288	(29)
COVID-19 Response	2,000	4,100	4,108	8
Grand Total ECO Education	87,541	228,568	228,518	(50)
BY SUBJECTIVE				
Staff Costs	102,062	211,944	211,350	(594)
Other Expenditure	15,809	47,864	48,290	426
Gross Expenditure	117,870	259,808	259,641	(168)
Grant Income	(29,899)	(30,252)	(30,295)	(44)
Other Income	(430)	(989)	(827)	162
Total Income	(30,329)	(31,240)	(31,123)	118
NET TOTAL	87,541	228,568	228,518	(50)

Service Ref	Budget Area	Savings Description	2022/23 £m	2023/24 £m	2024/25 £m	Total £m	Saving RAG
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	1.000			1.000	G
C&L/16	Funding for external sports culture and leisure organisations	Revised funding for Sports, Leisure, Culture and Community organisations	0.100			0.100	G
E&L/4	ELC	One off savings from Phasing of 1140 Implementation	-0.500			-0.500	n/a
E&L/5	ELC	ELC phase 1 into phase 2 Implementation	0.449			0.449	G
E&L/14	DSM	Job Sizing Review Promoted Teaching Posts	0.728	0.257		0.985	G
E&L/3	Service Wide	Reduction in Service Level Agreement relating to management services provided to playgroups	0.037			0.037	G
E&L/6	Service Wide	Realigning non DSM budget to match spend	0.336			0.336	G
E&L/10	ELC	Re-alignment of early level class provision	0.095			0.095	G
E&L/12	DSM	Alignment of primary teacher band 16-19	0.104			0.104	G
E&L/15	Primary Education	Review of school provision – declining school rolls	0.150			0.150	G
E&L/16	ELC	Re-alignment of ELC budget to deliver efficiency savings and mitigate grant funding reduction	1.000			1.000	G
R&F/8 - Allocation	Finance	Salary sacrifice saving from newly introduced AVC scheme	0.010			0.010	G
Corp/2 - Allocation	Managed Print Service (MPS)	Reductions in printing Printing/Photocopying and reduce Multi-Function Devices (MFDs) in offices and schools	0.190			0.190	G
Corp/7 - Allocation (Relocation Exps)	Staff Benefits	Review of staff benefits in particular around relocation expenses and meals and refreshment expenditure across the Council	0.100			0.100	G
Corp/20 - Allocation	Realignment of staffing	Removing unspent budget associated with historic vacancies	0.173			0.173	G
Corp/21 - Allocation	Corporate- staffing	Staff alignment, agility and redesign	0.345			0.345	G
Corp/22 - Allocation	Corporate- staffing	Reduction in overtime	0.001			0.001	G
Corp/23 - Allocation	Corporate- staffing	Recruitment timelines- removal of budget to reflect recruitment process timelines	0.338			0.338	G
Corp/24 - Allocation	Corporate- non staffing	A review of non-staffing spend has identified opportunities for savings across services from improved contract management, stopping/reducing demand, alternative delivery, and actions relating to suppliers, specification, productivity, process, negotiation, contracts and analysis	0.080			0.080	G
Corp/26 - Allocation	Corporate- full cost recovery	Full cost recovery and commercialisation	0.100			0.100	A

TOTALS **4.836** **0.257** **0.000** **5.093**