

Agenda Item	5.
Report No	EDU/19/25

The Highland Council

Committee: Education

Date: 27 August 2025

Report Title: Revenue Budget Monitoring Report Final Outturn 2024/25 & Quarter 1 2025/26

Report By: Assistant Chief Executive - People

1. Purpose/Executive Summary

- 1.1 This report sets out the Education and Learning revenue budget final out turn for 2024/2025 and the predicted out turn for the first quarter of 2025/2026. Details are provided in **Appendix 1 and 1a** (2024/25 final outturn) and **Appendix 2 and 2a** to this report (2025/2026 Quarter 1).
- 1.2 The purpose of this report is to support the Council's overall financial management and budgetary control arrangements. This report also supports the Committee and its Members in fulfilling the Scheme of Delegation in relation to financial management and remit of Strategic Committees which includes: *"to scrutinise the management of the Revenue and Capital Budgets for the Services included in the Committee's remit and monitor and control these budgets, including dealing with over- expenditure."*
- 1.3 This report provides Members with commentary on any material variances within the forecast, and actions taken or proposed in relation to variances.
- 1.4 The report also provides a forecast position regarding all budget savings within the remit of the Service.
- 1.5 The Service is reporting a year end outturn position for 2024//25 of £0.437m underspend. Budget savings for 2024/25 in the sum of £3.3m were achieved in full. The main factors which relate to this outturn position are set out within this report and are detailed in **Appendix 1 and 1a**.
- 1.6 Revenue monitoring statements showing actual expenditure up to Quarter 1 and year-end estimates are set out in **Appendix 2**. The position in terms of Quarter 1 shows a forecasted end of year underspend of £0.318m. The main variances contributing to the Service pressures and underspends are shown in more detail at **Appendix 2a** and the following sub-sections.

2. Recommendations

2.1 Members are asked to:

- i. scrutinise and approve the 2024/2025 final end of year outturn as set out in this report and Appendices 1 & 1a;
- ii. scrutinise and approve the forecast financial position for 2025/26 as set out in this report and Appendices 2 & 2a;
- iii. consider and note the explanations provided for any material variances and actions taken or proposed; and
- iv. consider and note the update provided regarding savings delivery.

3. Implications

3.1 Resource – this report provides key financial information regarding the Service budget and forecast financial performance against that budget, including progress with Service delivery. There are no particular resource implications arising as a result of this report which are not detailed in other sections of this report.

3.2 Legal - There are no particular legal implications to highlight.

3.4 Risk – There are no particular areas of risk to highlight.

3.5 Health and Safety (risks arising from changes to plant, equipment, process, or people) – There are no particular implications to highlight.

3.6 Gaelic – There are no particular implications to highlight.

4. Impacts

4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children’s Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.

4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.

4.3 This is a monitoring and/or update report and therefore an impact assessment is not required.

5. Final outturn 2024/25 Overview

5.1 The statements in terms of the final outturn reflect an underspend of £0.437m which equates to 0.15% of the total budget for the service for the year (**Appendix 1**). This represents a decrease in the level of underspend anticipated at Quarter 3 when the underspend was reported at £1.258m. Commentary in relation to that change is provided in paragraph 6 below.

6. Commentary on Variances

6.1 In terms of the overall position there are underspends in some areas, including the following: -

- ELC - £0.8m generally arising as a result of vacancies and preparing for savings required in future years;
- Schools General – £0.4m generally arising as a result of demographic change resulting in reduced allocations to DSM budgets; and
- Vacancies in various specialist teams.

Those underspends are offset, in part, by overspends including legacy staffing pressures in special schools £0.864m, historic income targets and staffing pressures in relation to school hostels £0.183m, as well as staff absence cover resulting in increased supply costs in the Class Contact Reduction (CCR) budget of £0.152m. These pressures have been offset by the underspends referenced above, such that the net position amounts to an underspend of £0.437m.

6.2 The movement from Quarter 3 is attributed to a reduction in the level of underspends from vacancies following recruitment activity and some increased costs. These issues are being monitored going forward.

7. Actions Taken or Proposed

7.1 No specific actions are being proposed at this time. In general, the Service is delivering on budget and the variances referenced in the preceding paragraph are being actively managed.

8. 2025/26 Quarter 1 Forecast Out Turn Position and Commentary on Variances

8.1 **Appendix 2** sets out the Quarter 1 forecast position for the 2025/26 revenue budget. This shows a forecasted end of year underspend of £0.318m, which represents 0.11% of the total revenue budget.

There are continuing pressures in terms of the legacy staffing positions for special schools of £0.851m which have been offset by underspends in the following budget headings:

- £0.454m as a result of staff turnover in the Early Learning and Childcare budget;
- £0.442m in Schools General related to part-year vacancies as part of the on-going service restructure, recruitment is expected to be completed within the current financial year.

9. Actions Taken or Proposed

9.1 No specific actions are being proposed at this time. In general, the Service is delivering on budget and the variances referenced in the preceding paragraph are being actively managed.

10. Savings Delivery 2025/26

- 10.1 Details in relation to required savings are set out in **Appendix 3** to this report. Members will note the progress made to date with savings having been attributed to the relevant budget headings for Q1 or those which are on track to be delivered as part of the year end accounting entries under the DSM scheme.

Designation: Assistant Chief Executive - People

Date: 19 August 2025

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Background Papers: n/a

Appendices Appendix 1 & 1a - Final Outturn statements 2024/25
Appendix 2 & 2a – Quarter 1 Budget Monitoring 2025/26
Appendix 3 – Savings Forecast

EDUCATION & LEARNING MONITORING STATEMENT 2024-25 OUTTURN

APPENDIX 1

31/03/2025	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Outturn	£'000 Year End Variance
BY ACTIVITY				
Service Management Team & Support	(317)	(178)	(317)	(139)
Pensions, Insurance and Other Pan-Service Costs	2,322	2,319	2,322	3
Commissioned HLH Services	20,047	20,047	20,047	0
CLD - Adult Learning	178	247	178	(69)
CLD - Youth Work	620	644	620	(24)
Grants to Voluntary Organisations	813	775	813	37
Hostels	1,619	1,436	1,619	183
Crossing Patrollers & School Escorts	816	777	816	39
Secondary Schools	97,591	97,591	97,591	0
Primary Schools	83,600	83,448	83,600	152
Schools General	3,345	3,779	3,345	(434)
Learning & Teaching	452	489	452	(37)
Early Learning & Childcare	34,905	35,667	34,905	(762)
Additional Support - Schools	33,510	33,673	33,510	(164)
Additional Support - Special Schools	6,484	5,620	6,484	864
Specialist Additional Support Services	3,163	3,249	3,163	(86)
Grand Total ECO Education	289,146	289,583	289,146	(437)

BY SUBJECTIVE				
Staff Costs	246,548	250,729	246,548	(4,181)
Other Expenditure	57,221	53,019	57,221	4,202
Gross Expenditure	303,770	303,748	303,770	22
Grant Income	(12,225)	(12,045)	(12,225)	(180)
Other Income	(2,399)	(2,119)	(2,399)	(279)
Total Income	(14,623)	(14,164)	(14,623)	(459)
NET TOTAL	289,146	289,583	289,146	(437)

EDUCATION & LEARNING MONITORING STATEMENT 2024-25 OUTTURN

Appendix 1a

	STAFF COSTS				OTHER COSTS				GRANT INCOME				OTHER INCOME				NET TOTAL			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
	Annual Budget	Actual YTD	Year End Outturn	Year End Variance	Annual Budget	Actual YTD	Year End Outturn	Year End Variance	Annual Budget	Actual YTD	Year End Outturn	Year End Variance	Annual Budget	Actual YTD	Year End Outturn	Year End Variance	Annual Budget	Actual YTD	Year End Outturn	Year End Variance
31/03/2025																				
BY ACTIVITY																				
Service Management Team & Support	1,582	1,361	1,361	(221)	260	331	331	71	(1,986)	(1,986)	(1,986)	(0)	(34)	(24)	(24)	11	(178)	(317)	(317)	(139)
Pensions, Insurance and Other Pan-Service Costs	2,097	2,099	2,099	3	222	222	222	0	0	0	0	0	0	0	0	0	2,319	2,322	2,322	3
Commissioned HLH Services	0	0	0	0	21,527	21,527	21,527	0	(1,124)	(1,124)	(1,124)	0	(356)	(356)	(356)	(0)	20,047	20,047	20,047	0
CLD - Adult Learning	282	277	277	(6)	16	13	13	(3)	(45)	(69)	(69)	(24)	(6)	(44)	(44)	(37)	247	178	178	(69)
CLD - Youth Work	670	590	590	(80)	30	51	51	22	(51)	(18)	(18)	33	(5)	(3)	(3)	2	644	620	620	(24)
Grants to Voluntary Organisations	0	0	0	0	775	813	813	37	0	0	0	0	0	0	0	0	775	813	813	37
Hostels	1,295	1,401	1,401	106	226	226	226	0	(28)	(0)	(0)	28	(57)	(8)	(8)	49	1,436	1,619	1,619	183
Crossing Patrolters & School Escorts	771	814	814	43	6	2	2	(4)	0	0	0	0	0	0	0	0	777	816	816	39
Secondary Schools	91,530	89,271	89,271	(2,259)	7,222	9,557	9,557	2,335	(1,172)	(1,213)	(1,213)	(41)	12	(23)	(23)	(34)	97,591	97,591	97,591	0
Primary Schools	79,895	78,515	78,515	(1,380)	6,650	8,195	8,195	1,545	(3,094)	(3,100)	(3,100)	(6)	(3)	(10)	(10)	(7)	83,448	83,600	83,600	152
Schools General	4,436	4,565	4,565	129	1,263	720	720	(544)	(1,148)	(1,161)	(1,161)	(13)	(772)	(779)	(779)	(7)	3,779	3,345	3,345	(434)
Learning & Teaching	1,770	1,766	1,766	(4)	276	245	245	(31)	(1,557)	(1,559)	(1,559)	(2)	0	0	0	0	489	452	452	(37)
Early Learning & Childcare	24,331	23,874	23,874	(457)	12,797	12,731	12,731	(66)	(563)	(563)	(563)	(0)	(898)	(1,137)	(1,137)	(239)	35,667	34,905	34,905	(762)
Additional Support - Schools	33,584	32,861	32,861	(723)	1,288	1,998	1,998	710	(1,199)	(1,350)	(1,350)	(151)	0	0	0	0	33,673	33,510	33,510	(164)
Additional Support - Special Schools	5,544	6,379	6,379	835	146	175	175	30	(70)	(70)	(70)	(0)	0	0	0	0	5,620	6,484	6,484	864
Specialist Additional Support Services	2,943	2,776	2,776	(167)	315	415	415	100	(9)	(12)	(12)	(3)	0	(16)	(16)	(16)	3,249	3,163	3,163	(86)
Grand Total Education & Learning	250,729	246,548	246,548	(4,181)	53,019	57,221	57,221	4,202	(12,045)	(12,225)	(12,225)	(180)	(2,119)	(2,399)	(2,399)	(279)	289,583	289,146	289,146	(437)

EDUCATION & LEARNING MONITORING STATEMENT 2025-26

APPENDIX 2

Jun-25	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Service Management Team & Support	328	1,601	1,503	(98)
Pensions, Insurance and Other Pan-Service Costs	524	2,319	2,323	3
Commissioned HLH Services	(2,730)	16,483	16,483	0
CLD - Adult Learning	301	822	791	(30)
CLD - Youth Work	585	2,117	2,023	(94)
Grants to Voluntary Organisations	252	775	813	38
Hostels	305	1,498	1,565	66
Crossing Patrollers & School Escorts	200	945	935	(11)
Secondary Schools	23,054	99,734	99,734	0
Primary Schools	19,928	81,023	80,999	(25)
Schools General	3,535	7,913	7,471	(442)
Learning & Teaching	305	497	409	(88)
Early Learning & Childcare	9,503	36,937	36,483	(454)
Additional Support - Schools	8,557	34,936	34,905	(31)
Additional Support - Special Schools	1,593	5,723	6,575	851
Specialist Additional Support Services	808	3,114	3,108	(5)
Grand Total Education & Learning	67,049	296,438	296,120	(318)

BY SUBJECTIVE				
Staff Costs	62,578	258,930	257,794	(1,136)
Other Expenditure	6,544	48,354	49,138	784
Gross Expenditure	69,122	307,284	306,932	(351)
Grant Income	(1,781)	(8,778)	(8,742)	36
Other Income	(292)	(2,068)	(2,071)	(3)
Total Income	(2,073)	(10,846)	(10,813)	33
NET TOTAL	67,049	296,438	296,120	(318)

EDUCATION & LEARNING MONITORING STATEMENT 2025-26

Appendix 2a

Jun-25	STAFF COSTS				OTHER COSTS				GRANT INCOME				OTHER INCOME				NET TOTAL			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
	Annual Budget	Actual YTD	Year End Estimate	Year End Variance	Annual Budget	Actual YTD	Year End Estimate	Year End Variance	Annual Budget	Actual YTD	Year End Estimate	Year End Variance	Annual Budget	Actual YTD	Year End Estimate	Year End Variance	Annual Budget	Actual YTD	Year End Estimate	Year End Variance
BY ACTIVITY																				
Service Management Team & Support	1,388	322	1,246	(142)	260	6	304	44	0	0	0	0	(47)	0	(47)	0	1,601	328	1,503	(98)
Pensions, Insurance and Other Pan-Service Costs	2,097	524	2,100	3	223	0	223	0	0	0	0	0	0	0	0	0	2,319	524	2,323	3
Commissioned HLH Services	0	0	0	0	17,963	(2,168)	17,963	0	(1,124)	(563)	(1,124)	0	(356)	1	(356)	0	16,483	(2,730)	16,483	0
CLD - Adult Learning	839	204	823	(16)	48	44	27	(22)	(46)	53	(45)	2	(19)	(1)	(13)	6	822	301	791	(30)
CLD - Youth Work	2,159	550	2,084	(76)	89	17	55	(34)	(116)	18	(107)	9	(15)	0	(8)	6	2,117	585	2,023	(94)
Grants to Voluntary Organisations	0	0	0	0	775	252	813	38	0	0	0	0	0	0	0	0	775	252	813	38
Hostels	1,308	300	1,365	57	226	5	208	(18)	(28)	0	(0)	28	(8)	(0)	(8)	(1)	1,498	305	1,565	66
Crossing Patrollers & School Escorts	939	200	935	(5)	6	0	0	(6)	0	0	0	0	0	0	0	0	945	200	935	(11)
Secondary Schools	93,591	22,565	93,591	0	7,040	944	7,040	0	(898)	(478)	(898)	0	0	23	0	0	99,734	23,054	99,734	0
Primary Schools	77,283	20,048	77,273	(11)	6,236	1,245	6,222	(14)	(2,493)	(1,359)	(2,493)	0	(4)	(6)	(4)	0	81,023	19,928	80,999	(25)
Schools General	8,802	1,162	8,373	(430)	798	1,476	786	(12)	(1,148)	904	(1,148)	0	(540)	(7)	(540)	0	7,913	3,535	7,471	(442)
Learning & Teaching	2,208	387	2,158	(50)	276	3	240	(36)	(1,988)	(85)	(1,989)	(2)	0	0	0	0	497	305	409	(88)
Early Learning & Childcare	25,516	5,789	25,055	(462)	13,065	4,126	13,073	8	(563)	(124)	(563)	(0)	(1,081)	(288)	(1,081)	0	36,937	9,503	36,483	(454)
Additional Support - Schools	34,181	8,238	33,455	(726)	1,026	423	1,722	696	(272)	(105)	(273)	(1)	0	0	0	0	34,936	8,557	34,905	(31)
Additional Support - Special Schools	5,647	1,590	6,470	823	178	45	206	28	(102)	(42)	(101)	0	0	0	0	0	5,723	1,593	6,575	851
Specialist Additional Support Services	2,970	698	2,866	(103)	144	125	257	113	0	0	0	0	0	(15)	(15)	(15)	3,114	808	3,108	(5)
Grand Total Education & Learning	258,930	62,578	257,794	(1,136)	48,354	6,544	49,138	784	(8,778)	(1,781)	(8,742)	36	(2,068)	(292)	(2,071)	(3)	296,438	67,049	296,120	(318)

Budget Savings Forecasts

Appendix 3

Saving / Income Generation	Latest Annual Forecast	Latest RAG	Annual Target	Forecast Under / Over Target	Comment
Efficiency Savings: Improvements in workforce practice - FY 25-27	£30,000	●	£30,000	£0	This action forms part of the year end accounting for DSM budgets and is expected to be delivered in full.
Operating Model: Realign resources to an area-based model to ensure better alignment - FY 25-28 Annual	£369,000	●	£369,000	£0	Budgets adjusted accordingly and saving expected to be delivered in full.
Efficiency Savings: DSM adjustments and digital learning - FY 24-27	£1,300,000	●	£1,300,000	£0	This action forms part of the year end accounting for DSM budgets and is expected to be delivered in full.
Operating Model: Common framework for management & support arrangements - FY 25-28	£180,000	●	£180,000	£0	Budgets adjusted accordingly and saving expected to be delivered in full.
Operating Model: New School Clusters - management - FY 25-28	£40,000	●	£40,000	£0	Budgets adjusted accordingly and saving expected to be delivered in full.