

# The Highland Council

Agenda Item	5
Report No	EDU/29/25

**Committee:** Education

**Date:** 19 November 2025

**Report Title:** Revenue Budget Monitoring Report Quarter 2 2025/26

**Report By:** Assistant Chief Executive – People

## 1. Purpose/Executive Summary

- 1.1 The report details the Quarter 2 budget monitoring and forecast position for the Education and Learning Budget 2025/26. The annual service budget is £301m with a predicted end of year underspend forecast of £0.833m, which represents 0.28% of the total revenue budget.
- 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 Revenue monitoring statements showing actual expenditure up to Quarter 2 and year-end estimates are set out in **Appendix 1**. The main variances contributing to the Service pressures and underspends are shown in more detail at **Appendix 2** and the following sub-sections.

## 2. Recommendations

- 2.1 Members are asked to:
  - i. Scrutinise and approve the forecast financial position for Quarter 2 2025/26 as set out in this report and Appendices;
  - ii. Consider and note the explanations provided for any material variances and actions taken or proposed; and
  - iii. 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.
- 3.3 Risk – There remain some risks and uncertainty around pay settlements for SNCT staff groups (teachers and associated professionals) which could still impact the financial position for the year.
- 3.4 Health and Safety (risks arising from changes to plant, equipment, process, or people) – There are no particular implications to highlight.
- 3.5 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 update report and therefore an impact assessment is not required.

### **5. Service Revenue Quarter 2 Monitoring – 1 July 2025 to 30 September 2025**

- 5.1 The statements reflect a forecast underspend of £0.833m which equates to 0.28% of the total budget for the service for the year (**Appendix 1**). This represents an increase in the level of underspend anticipated at Quarter 1 when the underspend was reported at £0.318m. Commentary in relation to that change is provided in paragraph 6 below.

### **6. Commentary on Variances**

- 6.1 There are continuing pressures in terms of the legacy and new staffing expenditure for special schools of £0.739m which have been offset by underspends in the following budget headings:
- £0.219m Early Learning and Childcare staffing, reflecting work to deliver approved savings next year;
  - £0.509m in Schools General related to the on-going service restructure. Progress is being made with recruitment to new teams and is expected to be completed within the current financial year.

- The quarter 2 figures reflect the transfer of the employability service from Infrastructure, Environment and Economy service to Education & Learning. The budget reflects an anticipated underspend of £0.129m taking account of staff vacancies and historic expenditure trends.
- The service management & support budget shows a forecast underspend of £0.106m primarily due to vacancies.
- The Additional Support – Schools budget has a forecast underspend of £0.212m (0.58%) representing the net effect of £0.653m pressure in other costs as a result of Out of Authority Educational placements offset by the impact of part year vacancies.

## **7. Actions Taken or Proposed**

- 7.1 The Service continues to deliver within budget and the variances referenced in the preceding paragraph are being actively monitored and managed.

## **8. Savings Delivery 2025/26**

- 8.1 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 from Q1 onwards 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: 7 November 2025

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Background Papers: n/a

Appendices: Appendices 1 & 2 – Quarter 2 Budget Monitoring 2025/26  
Appendix 3 – Savings Forecast

**EDUCATION & LEARNING MONITORING STATEMENT 2025-26**

**APPENDIX 1**

Sep-25	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
<b>BY ACTIVITY</b>				
Service Management Team & Support	851	1,656	1,550	(106)
Pensions, Insurance and Other Pan-Service Costs	1,044	2,319	2,318	(2)
Commissioned HLH Services	(2,721)	16,481	16,481	0
CLD - Adult Learning	484	781	673	(109)
CLD - Youth Work	1,055	2,222	2,013	(209)
Employability	(602)	1,416	1,286	(129)
Grants to Voluntary Organisations	422	775	813	38
Hostels	679	1,552	1,619	67
Crossing Patrollers & School Escorts	388	984	877	(108)
Secondary Schools	47,698	100,138	100,138	0
Primary Schools	41,432	81,341	81,325	(16)
Schools General	4,158	6,520	6,011	(509)
Learning & Teaching	967	516	447	(68)
Early Learning & Childcare	19,879	38,293	38,073	(219)
Additional Support - Schools	17,922	36,160	35,948	(212)
Additional Support - Special Schools	3,415	6,353	7,092	739
Specialist Additional Support Services	1,696	3,122	3,133	10
<b>Grand Total Education &amp; Learning</b>	<b>138,767</b>	<b>300,630</b>	<b>299,797</b>	<b>(833)</b>
<b>BY SUBJECTIVE</b>				
Staff Costs	128,082	264,157	262,274	(1,883)
Other Expenditure	15,736	50,628	51,668	1,041
<b>Gross Expenditure</b>	<b>143,818</b>	<b>314,785</b>	<b>313,942</b>	<b>(843)</b>
Grant Income	(4,076)	(12,090)	(12,083)	7
Other Income	(975)	(2,065)	(2,062)	3
<b>Total Income</b>	<b>(5,051)</b>	<b>(14,154)</b>	<b>(14,145)</b>	<b>10</b>
<b>NET TOTAL</b>	<b>138,767</b>	<b>300,630</b>	<b>299,797</b>	<b>(833)</b>

EDUCATION & LEARNING MONITORING STATEMENT 2025-26

Appendix 2

	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
<b>Sep-25</b>																				
<b>BY ACTIVITY</b>																				
Service Management Team & Support	1,444	755	1,277	(167)	260	115	320	60	0	(13)	0	0	(47)	(6)	(47)	0	1,656	851	1,550	(106)
Pensions, Insurance and Other Pan-Service Costs	2,097	1,044	2,095	(2)	223	0	223	0	0	0	0	0	0	0	0	0	2,319	1,044	2,318	(2)
Commissioned HLH Services	0	0	0	0	17,961	(2,086)	17,961	0	(1,124)	(563)	(1,124)	0	(356)	(72)	(356)	0	16,481	(2,721)	16,481	0
CLD - Adult Learning	899	416	784	(114)	48	55	35	(13)	(147)	14	(147)	(0)	(19)	(1)	0	19	781	484	673	(109)
CLD - Youth Work	2,343	989	2,112	(230)	89	35	109	21	(195)	38	(197)	(3)	(15)	(7)	(11)	3	2,222	1,055	2,013	(209)
Employability	1,588	801	1,544	(45)	1,880	717	1,803	(77)	(2,053)	(2,120)	(2,061)	(8)	0	0	0	0	1,416	(602)	1,286	(129)
Grants to Voluntary Organisations	0	0	0	0	775	422	813	38	0	0	0	0	0	0	0	0	775	422	813	38
Hostels	1,362	633	1,405	44	226	50	222	(4)	(28)	0	(0)	28	(8)	(4)	(8)	(1)	1,552	679	1,619	67
Crossing Patrollers & School Escorts	978	388	876	(102)	6	0	0	(6)	0	0	0	0	0	0	0	0	984	388	877	(108)
Secondary Schools	94,242	45,613	94,242	0	7,081	2,559	7,076	(5)	(1,184)	(478)	(1,184)	0	0	5	5	5	100,138	47,698	100,138	0
Primary Schools	78,355	39,765	78,357	2	6,189	3,031	6,174	(15)	(3,203)	(1,357)	(3,203)	0	0	(7)	(4)	(4)	81,341	41,432	81,325	(16)
Schools General	7,509	2,096	6,988	(522)	798	1,550	816	18	(1,247)	845	(1,247)	0	(540)	(333)	(545)	(5)	6,520	4,158	6,011	(509)
Learning & Teaching	2,213	1,057	2,170	(43)	291	71	266	(25)	(1,988)	(161)	(1,988)	(1)	0	0	0	0	516	967	447	(68)
Early Learning & Childcare	26,456	12,692	25,974	(483)	13,480	7,846	13,744	264	(563)	(124)	(563)	(0)	(1,081)	(535)	(1,081)	(0)	38,293	19,879	38,073	(219)
Additional Support - Schools	35,405	17,063	34,550	(856)	1,026	974	1,680	653	(272)	(115)	(282)	(10)	0	0	0	0	36,160	17,922	35,948	(212)
Additional Support - Special Schools	6,288	3,338	6,996	708	151	119	182	31	(86)	(42)	(86)	0	0	0	0	0	6,353	3,415	7,092	739
Specialist Additional Support Services	2,978	1,432	2,904	(74)	144	279	244	100	0	0	0	0	0	(15)	(15)	(15)	3,122	1,696	3,133	10
<b>Grand Total Education &amp; Learning</b>	<b>264,157</b>	<b>128,082</b>	<b>262,274</b>	<b>(1,883)</b>	<b>50,628</b>	<b>15,736</b>	<b>51,668</b>	<b>1,041</b>	<b>(12,090)</b>	<b>(4,076)</b>	<b>(12,083)</b>	<b>7</b>	<b>(2,065)</b>	<b>(975)</b>	<b>(2,062)</b>	<b>3</b>	<b>300,630</b>	<b>138,767</b>	<b>299,797</b>	<b>(833)</b>

**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.