Agenda Item	8
Report No	EDU/26/26

The Highland Council

Committee: **Education**

Date: **26 August 2026**

Report Title: **Revenue Budget Monitoring Report – Final Outturn 2025/26 & Quarter 1 2026/27**

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

1. Purpose/Executive Summary

1.1 This report sets out the Education and Learning revenue budget final outturn for 2025/2026 and the predicted outturn for the first quarter of 2026/2027. Details are provided in **Appendix 1 and 1a** (2025/26 final outturn) and **Appendix 2 and 2a** to this report (2026/2027 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 material variances from the previous financial year as well as those affecting the current forecast, and actions taken or proposed in relation to them.

1.4 The report also provides a forecast position regarding all budget savings within the remit of the Service.

1.5 For the last financial year, 2025/26, the Service had a year-end overspend of **£0.278m** against a total budget of **£310.869m**, which represents less than 0.09% of the total budget. Budget savings for 2025/26 in the sum of **£1.919m** were achieved in full.

The main factors which relate to this outturn position are set out within this report at section 6 and are detailed in **Appendix 1 and 1a**. Actions to ensure improved forecasting and budget management are set out in sections 8 and 9.

1.6 For the current financial year 2026/27, actual expenditure up to Period 2 of Quarter 1 and year-end estimates are set out in revenue monitoring statements at **Appendix 2**. The position in terms of Quarter 1 shows a forecasted end of year overspend of **£0.636m** against a budget **of £314.167m**, equivalent to 0.2% of the budget. This is a net position, where pressures across a number of service headings (section 8.2) are being offset by a range of underspends (section 8.3).

The main variances contributing to the Service pressures and underspends are shown in more detail at **Appendix 2a** and the following sub-sections. Actions and mitigation are set out in section 9. An update on 2025/26 savings delivery is provided at section 10 and **Appendix 3**.

2. Recommendations

2.1 Members are asked to:

i. Scrutinise and approve the 2025/2026 final end of year out-turn (**Appendix 1 & 1a**);
ii. Scrutinise and approve the forecast financial position for the year 2026/2027 as set out in this report and **Appendix 2 & 2a**;
iii. Note the explanations provided for any material variances and actions taken or proposed;
iv. Note the update provided regarding savings delivery in **Appendix 3**.

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 – Significant savings are required to be delivered in-year. Failure to achieve these savings as planned would create a financial risk unless offsetting underspends are identified through mitigating actions. Further commentary on the approved savings & the deliverability can be found in the body of the report and associated appendices.

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/or update report and therefore an impact assessment is not required.

5. Final Outturn 2025/26 Overview

5.1 The statements in terms of the final outturn reflect an overspend of £0.278m which equates to 0.09% of the total budget for the service for the year (**Appendix 1**). Whilst this overspend is a small variance in terms of the overall budget, it represents a sizeable movement from the underspend of £0.897m reported at Quarter 3. Commentary on the factors contributing to this movement is provided in section 6 below.

6. Commentary on Variances 2025/26

6.1 The movement of £1.157m, from the forecast underspend of £0.879m at Quarter 3 to the final reported overspend of £0.278m, is attributable to the following factors.

6.2 **Additional Support Schools**
This budget comprises 3 key areas of activity; the Additional Support for Learning (ASL) Staffing Standard, Area Specialist Provisions and Educational Out of Authority Placements. The position has moved from a forecast underspend of £0.247m at Quarter 3 to a final reported overspend of £0.664m, representing an adverse movement of £0.911m. The movements in each of the areas are as follows;

- The ASL Staffing Standard deteriorated by £0.692m compared with the Quarter 3 forecast resulting in an overspend of £1.240m, equivalent to 4% of the budget. This was as a result of overspending on the provision of ASL staff both in terms of recruitment to posts and relief cover.
- Area Specialist Provision had a £0.093m reduction in its forecast underspend from Quarter 3, primarily due to recruitment to vacant posts. This expenditure was within budget but contributed to the adverse movement between Q3 and Q4.
- Educational Out of Authority Placements increased by £0.126m from Quarter 3, reflecting additional placement activity during Quarter 4. This was in excess of budget.

6.3 **Additional Support - Special Schools**
A further pressure of £0.279m from Q3 was required to support ongoing transformation at Drummond School following the recent HMIE Inspection. These costs are not recurring and will be brought down over the coming year.

Funding of £0.400m was provided in the budget agreed in March 2026 to contribute to historical pressures in this budget area.

6.4 **Early Learning & Childcare (ELC)**
There was a movement in the Early Learning & Childcare Budget of £0.106m, from an estimated underspend of £0.098m at Q3 to a small year-end overspend of £0.008m which resulted from the following:

- Within Highland Council ELC settings, increased staffing costs arose from the requirement to provide absence cover while maintaining Care Inspectorate staffing ratio requirements. This has resulted in a staffing pressure of £0.109m, representing 0.47% of the total staffing budget across all provisions.

- ELC provision delivered via Partner centre's payments also increased by £0.058m due to higher demand, mainly in relation to Additional Support Needs (ASN) provision.
- Pressures were offset in part by vacancies in the central team £0.374m.

Section 7.1 provides information on mitigation & actions to be taken to address the overspend in the next financial year.

6.5 **Adult and Youth Learning**
There was a reduction in the anticipated underspend across these budgets of £0.242. This was due to unachieved income targets which were offset in part by vacancies.

6.6 There were also a number of mitigating underspends which helped to offset a number of pressures which included:

- An increase of £0.091m from the estimated Class Contact Reduction (CCR) staff turnover at Q3.
- An increase of £0.333m in the Schools General budget as a result of the ongoing service restructure and impact of demographic change.

7. Quarter 4 Actions Taken

7.1 A £1.3m saving for 25/26 was approved to be delivered through Devolved School Management (DSM) via a change in the parameters of the scheme in relation to the percentage carry forward limits. This was to align with Scottish National averages which permit a 2% surplus on the annual budget allocation to be carried forward into the next financial year and any surplus above this to be taken as a saving.

It was not possible to recover the total saving of £1.3m and maintain the 2% level, which meant that the carry forward was adjusted to 1.5% in order to mitigate the impact on the general fund reserves. There is flexibility within the DSM scheme to take cognisance of savings agreed as part of the Medium-Term Financial Plan as reflected in the extract below;

"*It may be necessary to update the DSM scheme if required following formal agreement of the Council's budget, or to recognise any Council policy decisions which may have an impact on the scheme*"

8. 2026/27 Quarter 1 Forecast Outturn Position

8.1 **Appendix 2** sets out the Quarter 1 forecast position for the 2026/27 revenue budget. This shows a forecasted end of year overspend of £0.636m, which represents 0.20% of the total revenue budget.

A number of the pressures that resulted in the adverse movement from Quarter 3 to Quarter 4 in the previous financial year are also impacting on the current year and are reflected in the forecasted overspend position. Detailed commentary on current Service pressures is set out in the remainder of section 8.

Section 9 provides Elected Members with information in the actions being taken to address these pressures in the current year and also the longer-term approach being taken through the implementation of a 2026/29 financial strategy. The latter establishes a consistent approach across all Clusters to ensuring strong budget management across multiple years, reflecting the requirements of the medium-term financial plan approved by the Council in March 2026.

8.2 Commentary on Variances and Budget Pressures Areas

8.2.1 **Schools General**

An emerging pressure for Q1 26/27 of £0.062m is anticipated against this budget area comprising;

- Pressure arising from the anticipated under-delivery of the £1.800m savings target associated with E&L:16 Efficiency Savings - DSM Adjustment. The forecast assumes that the additional £0.500m savings requirement for 2026/27, increasing the target from £1.300m to £1.800m, is unlikely to be achieved. This assumption reflects the challenges experienced in delivering the £1.300m target in 2025/26 and referred to at paragraph 7.1. Given the challenging nature of this saving, there remains a significant risk to achieving the full target on a recurring basis.
- Slippage in the delivery of Savings Measure E&L:2 Common Framework for Management and Support Arrangements. Initial scoping work has identified Secondary schools operating above their DSM entitlement in relation to management structures. All secondary Head Teachers are aware of the savings requirement and the need to align management structures with the DSM formula. A programme of engagement has been planned with affected schools to progress the realignment of management structures and support delivery of the savings target.
- Slippage in the delivery of Savings Measure E&L:7 Operating Model, relating to the review of school needs to design integrated Single Status roles. Modelling of options to deliver this saving is currently being undertaken.

8.2.2 **Additional Support – Schools**

The Additional Support – Schools budget is reporting an adverse variance of £0.053m comprising of the following;

- A forecasted overspend of £0.919m within the ASL Staffing Standard budget, driven principally by the non-delivery of the legacy £1.0m vacancy management target, as staff turnover levels have not been sufficient to realise the required savings, largely due to the need to maintain staffing ratios in many instances. There remains a pressure in relation to the overprovision of ASL staff both in terms of recruitment to posts and relief cover.
- A pressure of £0.238m in respect of Educational Out of Authority Placements. This has reduced from the £0.927m pressure reported in 2025/26 following a reduction in expenditure & the allocation of pressure funding to the value of £0.350m in the March 2026 Budget.
- These pressures are partially offset by an underspend of £0.994m within the Area Specialist Teams budget due to the phased implementation of the new structure, including Inclusion Officer posts.
- A pressure of £0.4m arising from the transfer of the Educational Provision at Clachnaharry from the Health, Wellbeing & Social Care budget, which included an associated legacy staffing pressure.

8.2.3 **Additional Support - Special Schools**

A continuing pressure of £0.601m remains in respect of legacy staffing positions within Special Schools. This has reduced from the level reported in 2025/26 following the allocation of £0.400m of recurring pressure funding through the March 2026 Budget. As set out in sections 7 and 9, there is ongoing management action to support continued improvement and management of staff costs to bring them within the budgeted allocation.

8.2.4 **Early Learning & Childcare (ELC)**

ELC is currently forecasting an end of year overspend of £0.110m, attributable to the following factors

- £0.464m forecast pressure due to increased levels of demand for hours delivered via PVI (Private, Voluntary, Independent) partners for both 3-5's and ASL.
- £0.049m pressure in other costs mainly resulting from an increase the cost of meals within Highland Council (HC) ELC settings.
- £0.089m current estimated shortfall on the £0.500m approved savings target for ELC in 2026/27. Work will continue in year with a view to identifying scope to address the remaining balance.
- These pressure areas are being offset in part by current levels of staff turnover in HC provisions of £0.261m and vacancies in the central ELC team of £0.231m.

Staffing ratio requirements in ELC settings can create unavoidable inefficiencies where parental choice leads to placements being split across Council-operated settings and PVI providers, reducing opportunities to optimise staffing resources and effectively resulting in facilities running "at a loss" where 1140 funding provision does not cover the cost of delivery.

8.2.5 **Crossing Patrollers & Escorts**

An incremental approach to delivery of the approved saving from March 2026 is in progress with Road Safety Surveys being undertaken where vacancies occur. The current estimated pressure of £0.083m on this line reflects the phased approach to delivery.

8.3 **Mitigating Underspends**

The Budget pressures noted above are currently offset in part by the following:

- £0.171m underspend in the Service Management & Support budget arising from vacant posts within the Service Information & Support Team.

- £0.141m underspend within the CCR budget as a result of current staff turnover levels.

- £0.229m mitigation from underspends driven primarily by part-year vacancy savings incurred during the transition to the new structure.

- £0.113m underspend across Learning Without Boundaries provisions due to vacancies.

9. Budget Recovery – Rapid Review Actions and Financial Strategy 2026-2029

9.1 The variations and pressures noted in the above sections will require significant and ongoing action by senior managers to ensure the budget is delivered in a balanced position by the end of the current financial year and the Service is well placed to deliver approved budget savings in future years.

In line with the Annual Accounts Outturns reported to Council on 25 June, these actions have included:-

I. A Rapid Review through the Officer Budget Review Group during June 2026;
II. Senior Officer Implementation of actions as a matter of urgency and priority as set out in the sections below; and
III. Development of a detailed 3 Year Budget Strategy for the Service, using a corporate format that ensures consistency across all Clusters in delivering strong budget management across multiple years, reflecting the requirements of the medium-term financial plan approved by the Council in March 2026. This will be brought to the next meeting of the Committee.

9.2 Detailed Actions taken or underway

9.2.1 **Additional Support - Schools**

The implementation of the new service management structure provides an opportunity to strengthen financial governance and improve budget accountability across the service.

Responsibility for budget management will be aligned more closely with operational delivery, supported by enhanced financial monitoring and workforce planning arrangements to ensure regular review of expenditure and emerging pressures. Strategic oversight of the overall budget will be maintained through monthly monitoring meetings, enabling early identification of risks and supporting timely corrective action where required. In addition, strengthened approval processes for additional hours and relief cover will ensure that expenditure decisions are made within the context of available resources and affordability, helping to maintain financial sustainability while supporting service delivery objectives.

There will be a need to adjust spending on ASL staffing to bring it back into line with the approved budget. In addition, an improved process has been established for determining expenditure regarding supply costs based on historic trends, to profile more accurately across the year. The Service has also been allocated an additional Attendance Support Officer which will help support efforts to reduce sickness absence which will have a positive impact on the cost of supply staff.

Pressure Funding of £0.350m was allocated within the 26/27 budget to create a modest budget for Out of Authority placements required on educational grounds. This budget will be considered as part of the Learning Without Boundaries Workstream of the Person Centre Solutions Portfolio which aims to develop and deliver a coherent, system-wide approach to supporting children and young people who are out of school or at risk of losing their school placement.

9.2.3 **Additional Support - Special Schools**
In terms of the Special Schools a contribution of £0.400m to address the legacy overspend was made in March 2026 which will assist with historic pressures.
In addition, there will be management action to gradually bring costs within approved budget allocations following the decision to bring in extra targeted resources to support school improvement in Drummond School on a temporary basis.

9.2.4 **Early Learning & Childcare**
Enhanced monitoring processes have been introduced as a double-check on staffing budgets, assisted by budgets being loaded earlier in the year. The service is undertaking a review of the commissioning of PVI contracts to ensure value for money and maximisation of income which has been informed and supported by an internal audit of the current arrangements.

9.2.5 **CLD – Youth Work**
There is a review and restructure underway for CLD which is focused on delivering improved outcomes on a sustainable basis, within approved budgets. This will include picking up on some of the areas where budgeted income is no longer being received and introducing enhanced monitoring processes for staffing and recruitment.

9.2.6 **Schools General**
A number of pressures occurring in Q4 of the previous financial year were one-off, and therefore corrective action on these is not required in the current year. However, there is a risk regarding the achievability of a number of 2026/27 savings measures as set out in paragraph 8.2.3.

The new Finance system, earlier loading of budgets, and recruitment to a number of finance officer vacancies, together with the new service management structure, will assist School Leaders in having improved visibility and grip and control of their finances. Targeted support will also be given to new head teachers to ensure they are able to get up to speed quickly to understand and manage their new budgets.

Transitional Funding of £0.509m, which was earmarked in 2024/25 to support the delivery of Savings and Transformation measures, will be fully applied in 2026/27 to partially offset these budget pressures.

10. Savings Delivery

10.1 Appendix 3 provides details of the actions being taken to deliver the £5.027m savings target for 2026/27.

Members will note that significant progress has been made, with nine savings measures, totalling £1.963m, currently rated green, indicating that they are on track to be delivered in full.

Six savings measures are currently rated red, meaning that less than 90% of the planned saving is expected to be achieved within the financial year. Of these, five relate to implementation delays, with full delivery anticipated after 31 March 2027. As noted above, provision has been made within the Savings & Transformation and Education Innovation earmarked reserves to mitigate the financial impact of any in-year slippage.

However, as set out in section 9, there remains a significant risk to the delivery of the recurring Efficiency Savings: DSM Adjustments saving of £1.8m. Current projections suggest that there will be a shortfall of £0.500m in the current financial year, although this position will continue to be closely monitored and reviewed as the year progresses with management actions already identified.

Progress against all savings measures will continue to be closely monitored by the Senior Leadership Team, working in partnership with Finance, and updates on delivery will be provided through future reports and the Education and Learning Financial Strategy.

Designation: Assistant Chief Executive - People

Date: 12 August 2026

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Background Papers: n/a

Appendices: Appendix 1 & 1a - Final Outturn statements 2025/26
Appendix 2 & 2a – Quarter 1 Budget Monitoring 2026/27
Appendix 3 – Savings Forecast

EDUCATION & LEARNING MONITORING STATEMENT 2025-26 **APPENDIX 1**

Mar-26	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Outturn	£'000 Year End Variance
BY ACTIVITY				
Service Management Team & Support	(27)	59	(27)	(86)
Pensions, Insurance and Other Pan-Service Costs	2,361	2,347	2,361	14
Commissioned HLH Services	20,930	20,930	20,930	0
CLD - Adult Learning	768	837	768	(69)
CLD - Youth Work	1,813	1,884	1,813	(72)
Employability	1,332	1,416	1,332	(85)
Grants to Voluntary Organisations	737	700	737	36
Hostels	1,558	1,552	1,558	6
Crossing Patrollers & School Escorts	897	1,006	897	(109)
Secondary Schools	103,160	103,159	103,160	1
Primary Schools	87,013	87,124	87,013	(112)
Schools General	3,874	4,869	3,874	(995)
Learning & Teaching	455	553	455	(98)
Early Learning & Childcare	38,405	38,397	38,405	8
Additional Support - Schools	37,064	36,401	37,064	664
Additional Support - Special Schools	7,451	6,389	7,451	1,062
Specialist Additional Support Services	3,358	3,246	3,358	112
Grand Total Education & Learning	**311,147**	**310,869**	**311,147**	**278**
BY SUBJECTIVE				
Staff Costs	265,742	270,319	265,742	(4,577)
Other Expenditure	61,373	56,488	61,373	4,885
Gross Expenditure	**327,115**	**326,807**	**327,115**	**308**
Grant Income	(14,097)	(14,130)	(14,097)	33
Other Income	(1,871)	(1,807)	(1,871)	(63)
Total Income	**(15,968)**	**(15,937)**	**(15,968)**	**(31)**
NET TOTAL	**311,147**	**310,869**	**311,147**	**278**

EDUCATION & LEARNING MONITORING STATEMENT 2025-26 **Appendix 1a**

Mar-26	STAFF COSTS				OTHER COSTS				GRANT INCOME				OTHER INCOME				NET TOTAL			
	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY																				
Service Management Team & Support	1,670	1,473	1,473	(197)	340	429	429	89	(1,904)	(1,904)	(1,904)	0	(47)	(25)	(25)	22	59	(27)	(27)	(86)
Pensions, Insurance and Other Pan-Service Costs	2,102	2,116	2,116	14	245	245	245	0	0	0	0	0	0	0	0	0	2,347	2,361	2,361	14
Commissioned HLH Services	0	0	0	0	22,325	22,325	22,325	0	(1,129)	(1,129)	(1,129)	0	(266)	(266)	(266)	(0)	20,930	20,930	20,930	0
CLD - Adult Learning	955	772	772	(183)	48	117	117	68	(147)	(119)	(119)	28	(19)	(2)	(2)	18	837	768	768	(69)
CLD - Youth Work	2,270	2,003	2,003	(267)	89	110	110	22	(460)	(285)	(285)	174	(15)	(16)	(16)	(1)	1,884	1,813	1,813	(72)
Employability	1,489	1,418	1,418	(70)	2,268	2,262	2,262	(6)	(2,340)	(2,348)	(2,348)	(8)	0	0	0	0	1,416	1,332	1,332	(85)
Grants to Voluntary Organisations	0	0	0	0	700	737	737	36	0	0	0	0	0	0	0	0	700	737	737	36
Hostels	1,362	1,381	1,381	19	226	182	182	(43)	(28)	0	0	28	(8)	(6)	(6)	2	1,552	1,558	1,558	6
Crossing Patrollers & School Escorts	1,000	894	894	(106)	6	3	3	(3)	0	0	0	0	0	0	0	0	1,006	897	897	(109)
Secondary Schools	96,560	95,201	95,201	(1,359)	7,708	9,137	9,137	1,429	(1,109)	(1,146)	(1,146)	(37)	(0)	(33)	(33)	(33)	103,159	103,160	103,160	1
Primary Schools	83,483	82,008	82,008	(1,474)	6,623	8,018	8,018	1,395	(2,978)	(3,002)	(3,002)	(24)	(4)	(12)	(12)	(8)	87,124	87,013	87,013	(112)
Schools General	5,820	4,422	4,422	(1,398)	720	1,115	1,115	395	(1,318)	(1,318)	(1,318)	(1)	(354)	(345)	(345)	9	4,869	3,874	3,874	(995)
Learning & Teaching	2,204	2,138	2,138	(66)	298	267	267	(31)	(1,949)	(1,950)	(1,950)	(0)	0	0	0	0	553	455	455	(98)
Early Learning & Childcare	26,645	26,212	26,212	(433)	13,396	13,899	13,899	502	(563)	(552)	(552)	11	(1,081)	(1,153)	(1,153)	(72)	38,397	38,405	38,405	8
Additional Support - Schools	35,489	35,418	35,418	(71)	1,041	1,914	1,914	873	(129)	(268)	(268)	(139)	0	0	0	0	36,401	37,064	37,064	664
Additional Support - Special Schools	6,314	7,329	7,329	1,015	151	197	197	47	(76)	(76)	(76)	(0)	0	0	0	0	6,389	7,451	7,451	1,062
Specialist Additional Support Services	2,957	2,956	2,956	(1)	304	416	416	113	0	0	0	0	(15)	(15)	(15)	0	3,246	3,358	3,358	112
Grand Total Education & Learning	**270,319**	**265,742**	**265,742**	**(4,577)**	**56,488**	**61,373**	**61,373**	**4,885**	**(14,130)**	**(14,097)**	**(14,097)**	**33**	**(1,807)**	**(1,871)**	**(1,871)**	**(63)**	**310,869**	**311,147**	**311,147**	**278**

EDUCATION & LEARNING MONITORING STATEMENT 2026-27 **APPENDIX 2**

30/05/2026	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Service Management Team & Support	289	2,254	2,083	(171)
Pensions, Insurance and Other Pan-Service Costs	353	2,347	2,347	0
Commissioned HLH Services	(6,428)	17,989	17,989	0
CLD - Adult Learning	132	696	692	(4)
CLD - Youth Work	376	2,090	2,060	(30)
Employability	(1,211)	1,396	1,390	(6)
Grants to Voluntary Organisations	353	700	744	44
Hostels	210	1,668	1,662	(6)
Crossing Patrollers & School Escorts	130	947	1,030	83
Secondary Schools	15,693	102,920	102,920	0
Primary Schools	12,701	85,847	85,706	(141)
Schools General	3,243	7,588	7,650	62
Learning & Teaching	220	384	376	(7)
Early Learning & Childcare	8,122	39,696	39,805	110
Additional Support - Schools	6,095	37,456	37,509	53
Additional Support - Special Schools	1,264	6,961	7,562	601
Specialist Additional Support Services	497	3,228	3,277	49
Grand Total Education & Learning	**42,037**	**314,167**	**314,804**	**636**

BY SUBJECTIVE

Staff Costs	44,148	272,953	272,593	(361)
Other Expenditure	568	52,130	53,079	949
Gross Expenditure	**44,717**	**325,083**	**325,672**	**589**
Grant Income	(2,632)	(9,306)	(9,292)	14
Other Income	(48)	(1,610)	(1,576)	34
Total Income	**(2,679)**	**(10,916)**	**(10,868)**	**47**
NET TOTAL	**42,037**	**314,167**	**314,804**	**636**

EDUCATION & LEARNING MONITORING STATEMENT 2026-27

Appendix 2a

30/05/2026	STAFF COSTS				OTHER COSTS				GRANT INCOME				OTHER INCOME				NET TOTAL			
	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY																				
Service Management Team & Support	2,095	240	1,883	(212)	170	49	200	29	0	0	0	0	(11)	0	0	11	2,254	289	2,083	(171)
Pensions, Insurance and Other Pan-Service Costs	2,102	353	2,102	0	245	0	245	0	0	0	0	0	0	0	0	0	2,347	353	2,347	0
Commissioned HLH Services	0	0	0	0	19,469	(6,520)	19,469	0	(1,124)	0	(1,124)	0	(356)	92	(356)	0	17,989	(6,428)	17,989	0
CLD - Adult Learning	813	123	783	(31)	48	9	56	8	(147)	0	(145)	2	(19)	0	(2)	18	696	132	692	(4)
CLD - Youth Work	2,106	333	2,076	(30)	89	42	87	(2)	(90)	0	(89)	0	(15)	2	(13)	1	2,090	376	2,060	(30)
Employability	1,448	214	1,408	(40)	1,833	64	1,867	33	(1,885)	(1,490)	(1,885)	0	0	(0)	0	0	1,396	(1,211)	1,390	(6)
Grants to Voluntary Organisations	0	0	0	0	700	353	744	44	0	0	0	0	0	0	0	0	700	353	744	44
Hostels	1,451	195	1,450	(0)	223	15	218	(5)	0	0	0	0	(6)	(0)	(6)	(0)	1,668	210	1,662	(6)
Crossing Patrollers & School Escorts	941	130	1,030	89	6	0	0	(6)	0	0	0	0	0	0	0	0	947	130	1,030	83
Secondary Schools	96,254	15,685	96,254	0	7,142	495	7,142	0	(476)	(488)	(476)	0	0	0	0	0	102,920	15,693	102,920	0
Primary Schools	80,786	13,528	80,662	(124)	6,513	635	6,497	(17)	(1,452)	(1,463)	(1,452)	0	0	0	0	0	85,847	12,701	85,706	(141)
Schools General	8,342	785	8,418	76	474	1,315	461	(13)	(1,210)	1,143	(1,210)	0	(19)	(1)	(19)	0	7,588	3,243	7,650	62
Learning & Teaching	2,099	330	2,095	(4)	291	6	275	(16)	(2,007)	(116)	(1,994)	12	0	0	0	0	384	220	376	(7)
Early Learning & Childcare	27,633	4,439	27,142	(491)	13,762	3,974	14,363	601	(563)	(147)	(563)	0	(1,136)	(143)	(1,136)	0	39,696	8,122	39,805	110
Additional Support - Schools	37,204	6,030	37,038	(166)	567	100	786	218	(315)	(35)	(316)	(0)	0	0	1	1	37,456	6,095	37,509	53
Additional Support - Special Schools	6,852	1,276	7,400	548	145	22	196	51	(37)	(37)	(37)	(0)	0	2	2	2	6,961	1,264	7,562	601
Specialist Additional Support Services	2,826	488	2,851	25	451	9	475	24	0	0	0	0	(49)	0	(49)	0	3,228	497	3,277	49
Grand Total Education & Learning	**272,953**	**44,148**	**272,593**	**(361)**	**52,130**	**568**	**53,079**	**949**	**(9,306)**	**(2,632)**	**(9,292)**	**14**	**(1,610)**	**(48)**	**(1,576)**	**34**	**314,167**	**42,037**	**314,804**	**636**

Budget Savings Forecasts

Appendix 3

Saving / Income Generation	Month of Update	Latest Annual Forecast	Latest RAG	Annual Target	Forecast Under / Over Target	Comment	Scorecard
Service Redesign Pathways & Lifelong Learning - FY 26-29	M3 26/27	£193,000	●	£300,000	-£107,000	This figure is a combination of existing vacant and fixed-term posts which are being removed from the budget. Work continues on the redesign of the service which is intended to improve service delivery on a sustainable financial basis.	Savings & Income Non-DP
Efficiency Savings: Improvements in workforce practice - FY 25-27	M3 26/27	£20,000	●	£20,000	£0	Full Year Effect of Saving from 25/26 Academic Session.This action forms part of the year end accounting for DSM budgets and is expected to be delivered in full.	Savings & Income Non-DP
HLH Pathway to Sustainable Funding - FY 26-29	M3 26/27	£96,000	●	£96,000	£0	Adjustment made to the HLH Management Fee budget to reflect the implementation of this savings measure.	Savings & Income Non-DP
Improve Safer Routes to Schools - FY 26-29	M3 26/27	£64,000	●	£164,000	-£100,000	Savings have been applied to the Crossing Patrollers budget. Current vacancies are generating savings of £64k, which are contributing towards delivery of the agreed target. Safer routes to schools safety surveys are being carried out to identify where further adjustments can be made.	Savings & Income Non-DP
Non-Teaching Turnover Primary & Secondary - FY 26-29	M3 26/27	£821,000	●	£821,000	£0	Estimated to be on target per Q1 review.	Savings & Income Non-DP
Operating Model: Realign resources to an area-based model to ensure better alignment - FY 25-28	M3 26/27	£225,000	●	£225,000	£0	Review of non schools-based staff across the Cluster to maximise cross service collaboration and minimie duplication. Full delivery of the identified savings anticipated within the financial year.	Savings & Income Non-DP
Operating Model: Review school needs to design integrated Single Status roles - FY 25-28	M3 26/27	£0	●	£100,000	-£100,000	Modelling of options to deliver this saving is currently being undertaken.	Savings & Income Non-DP
Realign Pre-School Staff Resource to an area-based model - FY 26-29	M3 26/27	£150,000	●	£150,000	£0	The Pre-School Home Visiting Team budget has been reduced accordingly, with full delivery of the identified savings anticipated within the financial year.	Savings & Income Non-DP
Realign resource to establish Future Highland Academy - FY 26-29	M3 26/27	£100,000	●	£100,000	£0	Budgets adjusted accordingly and saving expected to be delivered in full.	Savings & Income Non-DP
Efficiency Savings: DSM adjustments and digital learning - FY 24-27	M4 26/27	£1,300,000	●	£1,800,000	-£500,000	This action forms part of the year-end accounting process for DSM budgets and is expected to underachive by approximately £0.500m based on indications from the previous financial year. Progress towards this target will be monitored in year and pro-active engagement with school leaders to deliver a higher level of underspend by the end of the financial year.	Savings & Income Non-DP: Previously classified as a Delivery Plan initiative under My Highland Future. However, this saving has no a direct strategic alignment with the portfolio and will therefore be reclassified as Non-DP from 2026/27 onwards. Progress and delivery will continue to be monitored through the SLT governance process.
Operating Model: Common framework for management & support arrangements - FY 25-28	M3 26/27	£0	●	£200,000	-£200,000	Initial scoping work has been undertaken to identify schools operating above their DSM entitlement in respect of management structures. All secondary Head Teachers have been advised of the savings requirement and the need to align management structures with DSM allocations. A targeted programme of engagement has been developed with affected schools to support the review and realignment of management structures, enabling the required savings to be delivered in a planned, sustainable, and equitable manner. Salary conservation entitlements mean that savings made are not immediatly bankable. Transitonal EMR Funding will be used to support this in year.	Savings & Income Non-DP

Income Generation: Flexible Childcare Income Uplift (Benchmarking Council Provision & Private Sector) - FY 26-29	M3 26/27	£54,000		£54,000	£0	Flexible Childcare income targets updated to reflect the approved uplift and are expected to be achieved in full in new session. Review of processes will consider whether additonal income can be made over the budgeted target to assist with delivering the wider Early Years' savings target.	Savings & Income Non-DP
Operating Model: Early Years Delivery Model: Savings FY 26-27	M3 26/27	£411,000		£500,000	-£89,000	HB Updated per Q1 Monitoring Review confirmed by Finance	Delivery Plan
Operating Model: Education: Primary Management Restructure - FY 26-27	M3 26/27	£495,000		£495,000	£0	Adjustments have been made to the Primary Staffing Entitlement with effect from August 2025, these changes along with the investment agreed as part of the budget in March 2025 has meant that the saving has been achieved	Savings & Income Non-DP
Reduction in overtime and agency spend | | Education & Learning	M3 26/27	£2,000		£2,000	£0	Budgets adjusted accordingly and saving expected to be delivered in full.	Savings & Income Non-DP