

To: Education and Children’s Services Policy Board

On: 18 August 2022

Report by: Director of Finance and Resources and Director of Children’s Services

Heading: Revenue and Capital Budget Monitoring as at 24 June 2022

1. Summary of Financial Position

- 1.1. The projected Revenue outturn at 31 March 2023 for Children’s Services is an overspend of £4.390m (2.0%) against the revised budget for the year.
- 1.2. The projected Capital outturn at 31 March 2023 for Children’s Services is an underspend of £0.100m (0.6%).
- 1.3. This is summarised over the relevant service in the table below and further analysis is provided in the Appendices.

Table 1: Revenue

Division	Revised Annual Budget	Projected Outturn	Budget Variance	Budget Variance
	£000	£000	£000	%
Children’s Services	£224,996	£229,386	(£4,390)	(2.0%)

Table 2: Capital

Division	Revised Annual Budget	Projected Outturn	Budget Variance	Budget Variance
	£000	£000	£000	%
Children’s Services	£15,488	£15,388	£100	0.6%

2. Recommendations

Members are requested to:

- 2.1. Note the projected Revenue outturn position for Children’s Services detailed in Table 1 above, and further note that the forecast position is based on best estimates and confirmed government support at this point in time; forecasts are likely to be subject to fluctuation as the year progresses.

- 2.2. Note projected Capital outturn position for Children's Services detailed in Table 2 above; and
- 2.3. Note the budget adjustments detailed in sections 4 and 6.

3. Children's Services Revenue

- 3.1. The Revenue Budget Monitoring report at Appendix 1 identifies a projected annual overspend of £4.390m (2.0% of total budget). Detailed division service reports can be found in Appendix 2, along with an explanation of each significant projected variance.
- 3.2. The projected outturn is based on available information and assumptions made by service budget holders in June 2022. These assumptions will be refined during the year as more information becomes available.
- 3.3. The main reasons for the projected outturn position are indicated below the tables showing the objective analysis (which division is spending the budget).
- 3.4. In particular, a £4.884m overspend is anticipated within Children & Families relating to external Residential Accommodation placements, the number of which is currently around 80% higher than it had been around eighteen months ago in 2020-21. Due to the complexity of cases arising in recent months, the average weekly cost per external placement is expected to be around 5% higher during 2022-23 than it was in 2020-21 and, coupled with the additional number of placements required, this presents a significant cost pressure to the service.
- 3.5. The cost pressures relating to external Residential Accommodation placements have continued to build since the latter part of 2021-22, and in that financial year the impact was mitigated through the application of COVID-19 funding where appropriate. The service is currently reviewing the detail and purpose of all external placements in order to explore options to mitigate the ongoing cost pressure going forward.

4. Revenue Budget Adjustments

- 4.1. Members are requested to note from Appendix 1 that budget adjustments totalling £4.278m have been processed since the budget was approved. These relate mainly to an adjustment to reflect the teachers' pay award for 2021-22, which was agreed after the budget was approved, and the carry forward of budget from previous years for a number of service areas.

5. Children's Services Capital

- 5.1. The Capital Investment Programme 2022/23 to 2026/27 was approved by the Council on 3rd March 2022.
- 5.2. The Capital Monitoring report at Appendix 3 indicates changes totalling £2.129m in the approved capital programme for Education and Children's Services. This largely relates to budget carried forward from 2021-22 into

2022-23 and new budget awarded by Council on 3rd March 2022 from the Strategic Asset Management Fund.

- 5.3. Further detail, including reasons for significant variances, can be found at Appendix 3.

6. Capital Budget Adjustments

- 6.1. There have been budget changes totalling £2.129m since the last report:

Budget brought forward from 2021-22 to 2022-23 (£1.494m):

- Primary School Estate Programme (£0.233m) for timing of outstanding work to be completed and projected underspends;
- Other Schools Investment Programmes (£1.261m):
 - To reflect timing of toilet upgrade projects including Trinity High School and Auchenlodment Primary School.

Budget carried from 2022-23 into 2021-22 (£1.494m):

- Paisley Grammar new Campus (£0.215m):
 - For updated cash flows for the project to reflect payments made in March 2022.

Budget transfers in 2022-23 (£0.850m):

- Other Schools Investment Programmes (£0.850m):
 - Budget transfer from Strategic Asset Management Fund of £0.650m as approved by Council on 4th March 2022 to support programme of improvements across schools and early years estate.
 - Budget transfer from Lifecycle Capital Maintenance of £0.200m to support fabric works at Bishopton Primary refurbishment following tender evaluations.

Implications of this report

1. **Financial** – The projected budget outturn position for Children’s Services’ Revenue budget is an overspend of £4.390m. Income and expenditure will continue to be monitored closely for the rest of the financial year and, where necessary, steps will be taken to mitigate any overspend including applying flexibility within specific grant funding as permitted by the Scottish Government.

The projected outturn position for Children’s Services’ Capital budget is an underspend of £0,100m. The Capital programme will continue to be monitored closely for the rest of the financial year.

Any changes to current projections in either Revenue or Capital budgets will be reported to the board as early as possible, along with an explanation for the movement.

2. **HR and Organisational Development**
None directly arising from this report.
3. **Community/Council Planning**
None directly arising from this report.
4. **Legal**
None directly arising from this report.
5. **Property/Assets**
None directly arising from this report.
6. **Information Technology**
None directly arising from this report.
7. **Equality and Human Rights**
The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because for example it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health and Safety**
None directly arising from this report.
9. **Procurement**
None directly arising from this report.
10. **Risk**
The potential risk that the Council will overspend its approved budgets for the year will be managed at a Council-wide level by the Chief Executive and Directors.
11. **Privacy Impact**
None directly arising from this report.
12. **Cosla Policy Position**
N/a.
13. **Climate Risk**
None directly arising from this report.

List of Background Papers: None

Authors: Richard Conway, Extension 6133
Kevin Festorazzi, Extension 4885

RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2022/23
1 April 2022 to 24 June 2022

POLICY BOARD : EDUCATION & CHILDREN'S SERVICES

Subjective Summary	Approved Annual Budget	Budget Adjustments	Revised Annual Budget P3	Projected Outturn Core Business	Total Projected Outturn	Budget Variance (Adverse) or Favourable	
	£000	£000	£000	£000	£000	£000	%
Employees	151,930	3,069	154,999	154,062	154,062	937	0.6%
Premises Related	9,190	52	9,242	9,255	9,255	(13)	(0.1%)
Transport Related	4,425	176	4,601	5,308	5,308	(707)	(15.4%)
Supplies and Services	30,695	4,547	35,242	35,241	35,241	1	0.0%
Third Party Payments	13,983	(832)	13,151	17,852	17,852	(4,701)	(35.7%)
Transfer Payments	11,983	2,190	14,173	14,152	14,152	21	0.1%
Support Services	41	1	42	90	90	(48)	(113.6%)
Depreciation and Impairment Losses	0	0	0	0	0	0	0.0%
GROSS EXPENDITURE	222,247	9,203	231,450	235,961	235,961	(4,511)	(1.9%)
Income	(1,529)	(4,925)	(6,454)	(6,575)	(6,575)	121	1.9%
NET EXPENDITURE	220,718	4,278	224,996	229,386	229,386	(4,390)	(2.0%)

RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2022/23
1 April 2022 to 24 June 2022

POLICY BOARD : EDUCATION & CHILDREN'S SERVICES

Objective Summary	Approved Annual Budget	Budget Adjustments	Revised Annual Budget P3	Projected Outturn Core Business	Total Projected Outturn	Budget Variance (Adverse) or Favourable	
	£000	£000	£000	£000	£000	£000	%
Directorate	485	0	485	485	485	0	0.0%
Early learning and childcare	33,834	179	34,013	32,778	32,778	1,235	3.6%
Primary	53,793	2,681	56,474	56,608	56,608	(134)	(0.2%)
Secondary	75,293	2,896	78,189	78,331	78,331	(142)	(0.2%)
ASN (Special) Schools	6,273	88	6,361	6,266	6,266	95	1.5%
Additional support for learning (ASL)	15,143	152	15,295	15,711	15,711	(416)	(2.7%)
Psychological services	730	11	741	786	786	(45)	(6.1%)
Education development	4,327	(2,482)	1,845	1,862	1,862	(17)	(0.9%)
Attainment Challenge	17	638	655	638	638	17	2.6%
Facilities management	597	1	598	697	697	(99)	(16.6%)
Child care	30,226	114	30,340	35,224	35,224	(4,884)	(16.1%)
NET EXPENDITURE	220,718	4,278	224,996	229,386	229,386	(4,390)	(2.0%)

Objective Heading	Key Reasons for Projected Variance
Directorate	No significant projected year end variances to report.
Early Learning and Childcare	An underspend in Employee Costs is projected.
Primary Schools	Overspends in Employee Costs and Transport Costs are projected.
Secondary Schools	An overspend in Transport Costs is projected.
ASN Schools	An overspend in Supplies & Services is projected.
Additional Support for Learning	An overspend in Transport Costs is projected.
Psychological Services	An overspend in Employee Costs is projected.
Education Development	No significant projected year end variances to report.
Facilities Management	An overspend in Employee Costs is projected.
Children & Families	An overspend in Transfer Payments is projected, mainly in relation to Residential Accommodation placements, where the number of complex, expensive packages has increased significantly. The service is currently reviewing all external placements in order to identify their purpose and to explore options for mitigation of cost pressure.

RENFREWSHIRE COUNCIL
CAPITAL INVESTMENT STRATEGY - NON-HOUSING SERVICES
1st April to 24th June 2022
POLICY BOARD: EDUCATION & CHILDREN'S SERVICES

Project Title	Prior Years Expenditure to 31/03/2022* £000	Current Year 2022-23						Full Programme - All years			
		Approved Budget 2022-23 £000	Budget Adjustments in 2022-23 £000	Revised Budget 2022-23 £000	Projected Outturn 2022-23 £000	Budget Variance (Adverse) or Favourable		Total Approved Budget to 31-Mar-27 £000	Projected Outturn to 31-Mar-27 £000	Budget Variance (Adverse) or Favourable	
EDUCATION & CHILDREN SERVICES											
Primary Schools Estate Programme(SEMP)	42,665	0	233	233	133	100	43%	42,898	42,798	100	0%
Paisley Grammar New Campus	1,110	10,950	(215)	10,735	10,735	0	0%	41,250	41,250	0	0%
Primary Schools Estate Programme(SEMP 2020)	0	0	0	0	0	0	0%	10,000	10,000	0	0%
Other Schools Investment Programmes	22,057	2,009	2,111	4,120	4,120	0	0%	26,231	26,231	0	0%
Technology Replacement Strategy ICT	0	400	0	400	400	0	0%	2,000	2,000	0	0%
TOTAL EDUCATION & CHILDREN'S SERVICES BOARD	81,011	13,359	2,129	15,488	15,388	100	1%	137,558	137,458	100	0%

*Rolling programmes have a prior year year expenditure of £0 as the expenditure is not directly linked from one year to the next as a singular project.

Objective Heading	Key Reasons for Projected Variance
Primary Schools Estate Programme(SEMP)	Minor underspends relate to St Fergus new build and St Anthony refurbishment.
Paisley Grammar New Campus	
Primary Schools Estate Programme(SEMP 2020)	
Other Schools Investment Programmes	
Technology Replacement Strategy ICT	