

WEST DUNBARTONSHIRE COUNCIL

Report by the Strategic Lead (Resources)

Educational Services Committee: 2 December 2020

**Subject: Educational Services Budgetary Control Report to
31 October 2020 (Period 7)**

1. Purpose

1.1 The purpose of the report is to provide Committee with an update on the financial performance of Educational Services to 31 October 2020 (Period 7).

2. Recommendations

2.1 Committee is asked to:

(a) note that the revenue account currently shows a projected annual adverse revenue variance of £0.899m (less than 1%) of which £0.242m (27%) is covid-related; and

(b) note that the capital account shows a projected in-year variance of £4.632m made up of £0.127m overspend (less than 1% of the current year budget), and slippage to 2021/22 of £4.759m (30.78% of the current year budget). The slippage of £4.759m includes covid-related delays to three projects of £3.533m (22.85% of the current year budget). The remaining £1.226m of slippage relates to non covid-related delays as detailed in appendix 6.

3. Background

Revenue

3.1 At the meeting of West Dunbartonshire Council on 4 March 2020, Members agreed the revenue estimates for 2020/2021, including a total net Educational Services Committee budget of £101.307m. Since then the following budget adjustments have taken place revising the budget to £100.987m.

Budget Agreed by Council 27 March 2019	£101.307m
Probationers	(£0.550m)
Various reductions re covid	(£0.431m)
Annual Recurring variance exercise	£0.393m
Additional Support Learning Funding	£0.268m
Revised Budget	£100.987

3.2 Covid 19 Related Budget Adjustments

The completion of an exercise to identify spend which is controllable by services (such as utility costs and transport) has resulted in movement of budget worth £0.431m between services and the Contingency fund. This has transferred some favourable variances which would have been reported by the service to the contingency fund and will alleviate some of the additional spend pressure being identified due to Covid-19.

3.3 Annual Recurring Variances Exercise

Following the completion of the Annual Accounts 2019/20, an exercise was undertaken to identify recurring variances in all service areas. This has resulted in a net addition to the budget of £0.393 from the Contingency Fund (principally to cover additional day and residential placements with some reduction in our budget within PPP unitary charges).

Capital

3.2 At the meeting of Council on 4 March 2020, Members also agreed the updated 10 year General Services Capital Plan for 2020/21 to 2029/30. The three years from 2020/21 to 2022/23 have been approved in detail with the remaining seven years from 2023/24 to 2029/30 being indicative at this stage. After adjusting for anticipated slippage from 2019/20 into 2020/21, the budget agreed for 2020/21 was £14.638m

3.3 Since then, budget adjustments have taken place (through further 2019/20 capital slippage), and new funding in 2020/21 from Scottish Government through the Digital Inclusion Fund, revising the 2020/21 annual budget to £15.461m, as follows:

	£m
Base Budget 2020/21	£16.120
Anticipated Slippage from 2019/20 – March 2020	<u>(£1.482)</u>
Anticipated budget 2019/20 (Council – March 2020)	£14.638
Additional slippage from 2019/20 – following year end	£0.405
New Scottish Government Digital Inclusion Funding	<u>£0.418</u>
Revised Base Budget 2020/21 – following year end	<u>£15.461</u>

4. **Main Issues**

Revenue Budget

4.1 The current departmental budgetary position is summarised in Appendix 1, with detailed analysis by service in Appendix 2.

4.2 The overall projected full year variance is £0.899m adverse. Some £0.242m of this variance is attributable to covid-related expenditure or income loss (mainly non-capitalisation of salaries and delays in terminating placements in residential schools). Information and all individual variances of over £50,000 are detailed in Appendix 3.

4.3 During the pandemic for schools and early years establishments to open and remain open as safe environments to both learn and to work in, considerable additional costs are being and will be incurred. From August 2020 to March 2021 it is estimated that our total additional cost to counter the covid impact on our school estate will be £2.6m. To minimise any additional cost to our General Fund this cost will need to be met from our allocation of additional Scottish Government resources and our own resources released as part of our financial flexibilities exercise.

4.4 Financial flexibility has been granted to local authorities with regards to the use of three Education ring-fenced grants - Early Years Expansion , Scottish Attainment Challenge (SAC) and Pupil Equity Funding (PEF). The financial flexibility identified from SAC is £0.350m and from Early Years is £1.404m.

Our total flexibilities are therefore £1.754m. The Scottish Government has allocated £50m towards the cost of education recovery and our estimated share of this assistance is £0.852m (the Scottish Government funding is in two parts: an initial £20m – already allocated (£0.326m for WDC); and a potential further £30m to be confirmed should Councils evidence the need for additional support : if confirmed then WDC share is estimated at £0.526m). Total resources from identified financial flexibilities plus Scottish Government funding therefore cover our estimated costs of recovery.

4.5 Within our budgetary control reports where additional spending (eg additional cleaning) has been incurred income has been brought in to cover this expenditure.

4.6 Agreed savings and management adjustments for 2020/21 are monitored and of the total being monitored (£0.287m), it is anticipated that all will be achieved (see Appendix 4).

Capital

4.7 Appendix 6 highlight projects as showing in-year overspends. The overall Educational Services programme summary report at Appendix 5 shows that the expected overspend on the project life is anticipated to be £127k over the original budget for these projects. Appendix 7 highlights all projects at green status, of which none have an in-year adverse variance of over £50k. The only significant variances are with The Schools Estate Improvement Plan and Early Years Learning & Childcare which has been severely impacted by covid19 restrictions on construction works.

5. People Implications

5.1 There are no direct people implications.

6. Financial and Procurement Implications

6.1 Other than the financial position noted above and within the appendices, there are no financial or procurement implications of the budgetary control report.

7. Risk Analysis

7.1 The main financial risks to the ongoing financial position relate to unforeseen costs and/or reduced income streams being identified between now and the end of the financial year. This is particularly sensitive to the ongoing impact of covid19. Finance staff are in regular discussion with budget holders to ensure potential issues are identified as early as possible in order to mitigate this risk.

8. Equalities Impact Assessment (EIA)

8.1 The report is for noting and therefore, no Equalities Impact Assessment was completed for this report.

9. Consultation

9.1 The views of both Finance and Legal services have been requested on this report and they have advised there are neither any issues nor concerns with the proposal. As the report is for noting no further consultation is envisaged.

10. Strategic Assessment

10.1 Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and officers to pursue the 5 strategic priorities of the Council's Strategic Plan. This report forms part of the financial governance of the Council.

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Date: 17 November 2020

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Appendices:	<p>Appendix 1 - Revenue Budgetary Control 2020/2021 - Summary Report</p> <p>Appendix 2 - Revenue Budgetary Control 2020/2021 - Service Reports -</p> <p>Appendix 3 - Analysis of Revenue Variances over £50,000</p> <p>Appendix 4 - Monitoring of Management Adjustments & Savings 2020/21</p> <p>Appendix 5 - Capital Programme summary</p> <p>Appendix 6 - Capital Projects at Red Status</p> <p>Appendix 7 - Capital Projects at Amber Status</p> <p>Appendix 8 – Capital Projects at Green Status</p>
Background Papers:	<p>Ledger output – period 7</p> <p>General Services Revenue Estimates 2020/21</p>
Wards Affected:	All

