

Education, Children and Families Committee

Does this report require to be approved? Yes No

Ref: BS / SMcC

Date 20/05/25

Revenue Budget Monitoring Report

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Executive Summary

This report provides a summary of the financial performance of the Education and Families Service for the period 1 April 2024 to 28 February 2025 (Period 12). The report highlights the projected outturn position as at 31 March 2025, including explanations of major variances in accordance with North Lanarkshire Council's approved Financial Regulations.

The Education and Families Service has a net revenue budget of £535.999m for the 2024/25 financial year.

Incorporated within the revenue budget are approved savings totalling £9.595m. It is anticipated that £8.258m (86%) of these savings will be realised during the current financial year with Service management action addressing the in-year gap of £1.337m (14%).

The Service is currently forecasting a balanced budget position for the 2024/25 financial year.

Recommendations

It is recommended that the Education, Children and Families Committee:

- (1) Review the financial position of the Education and Families revenue budget.
- (2) Review the contents of the report.

The Plan for North Lanarkshire

Priority	All priorities
Ambition statement	(25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning
Programme of Work	Statutory / corporate / service requirement

1. Background

- 1.1. North Lanarkshire Council's approved Financial Regulations require Deputy Chief Executives and Chief Officers to remain within their approved budgetary provision, and to report all significant deviations - defined as the higher of £100,000 or 5% - within their budget monitoring reports. Where significant deviations are identified, officers must provide explanatory commentary, outline the action required to rectify such deviations and where relevant, must also highlight the impact this has on other budget headings.
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2. Report

Summary of Financial Position

- 2.1.1. At the meeting of Council on 15 February 2024, North Lanarkshire Council approved its General Fund Revenue Budget of £1,016.750m for the 2024/25 Financial Year, of which, £513.127m (50.5%) represented the approved net revenue budget for the Education, Children and Families Service. During 2024/25 there has been a net budget increase of £22.872m to £535.999m. These movements include the incorporation of the 2024/25 pay award for single status and teaching staffing cohorts (£11.978m); along with confirmed 2024/25 redeterminations which include additional funding for teacher's pension contributions (£6.128m) and teacher's induction scheme (£3.883m).
- 2.1.2. The Service is forecasting a balanced budget position the end of the financial year. Further analysis of major variances is provided within **Section 2.2** of this report.
- 2.1.3. The current 2024/25 budget incorporates £9.595m of savings previously approved by the Council. Further information regarding particularly challenging savings, along with associated management actions and replacement in-year savings, are included within this report at **Appendix 5**.

Analysis of Significant Variances

- 2.2.1 The Service has a total employee budget of £395.808m and currently anticipates a projected net underspend of £0.516m. The underspend reflects actual and projected vacancies, along with the roll-out of finalised HQ, cluster, and school staffing structures offset by other employee cost pressures within the Service.
- 2.2.2 Service employee budgets are partly devolved to establishments per the Devolved School Management (DSM) scheme, with the remaining budgets held at HQ level. Under the DSM scheme, devolved school / nursery staffing budgets for teaching and non-teaching posts are delegated to Head of Establishment management. Establishments receive budgetary allocations based on agreed formulas and distribution methods.
- 2.2.3 The Service is anticipating a net overspend of £0.233m within Property Costs primarily due to utility cost pressures within the education estate.
- 2.2.4 The Service is anticipating a net underspend of £0.822m within Supplies & Services which encompass various compensatory variances across the Service.

- 2.2.5 The Service is anticipating a net overspend of £2.192m within Transport & Plant which reflects cost pressures aligned to 'Home to School' contractual commitments within mainstream (£0.111m), ASN (£1.912m) and Gaelic provision (£0.237m) partially offset by cumulative minor underspends across the Service (£0.068m).
- 2.2.6 The Service is anticipating a net underspend of £0.223m within Administration Costs which encompass various compensatory variances across the Service.
- 2.2.7 The Service is anticipating an underspend of £0.693m within Payments to Other Bodies. This underspend is partly explained by the level of demand for Family Placements in comparison to overall resources currently available following the receipt of an additional £1.162m Scottish Government funding for the start of the 2024/25 financial year. There are offsetting financial pressures within ASN pupil placements (£0.200m), expenditure aligned to Gaelic provision (£0.203m) along with various compensatory variances across the Service.
- 2.2.8 The Service is anticipating an underspend of £0.080m which encompasses various compensatory variances across the service.
- 2.2.9 The Service is anticipating an underspend of £0.554m within Other Expenditure which is aggregated across several budget areas including the music programme (£0.100m) and various minor underspends within Children & Families (£0.116m).
- 2.2.10 The Service is anticipating an under-recovery of income of £0.463m which reflects the ongoing trend in reduced cross-boundary ASN placements within NLC educational settings (£0.516m) and minor over-recoveries across the Service.
- 2.2.11 At this stage of the financial year the Service is anticipating a balanced budget position across budgetary categories aligned to Capital & Revenue Financing Costs as outlined in **Appendix 2**.

Earmarked Reserves

- 2.3.1 In finalising North Lanarkshire Council's annual accounts to 31 March 2024, the Education and Families Service was given approval to earmark £95.265m of resources to fund key projects and initiatives. The largest reserve (£60.969m) is earmarked for future years commitments to school building / hub programmes. Other specific reserves include Pupil Equity Fund (PEF) carry forwards; Devolved School Management (DSM) carry forwards; resettlement initiatives, Whole Family Wellbeing Fund; and ELC / 1140 funding.
- 2.3.2 The Service anticipates utilising £17.531m of allocated earmarked reserves in the current financial year. This in-year projection reflects the planned phasing of resources (£16.765m) to future years following the completion of strategic reviews in relation to the operational requirements and financial planning assumptions aligned to individual programmes.
- 2.3.3 Future monitoring reports will continue to provide updates on the planned use of reserves during 2024/25, and in future financial years, as outlined in **Appendix 4**.

2024/25 Budget Savings

- 2.4.1 Incorporating base budget adjustments and specific proposals, the Council previously approved total Service savings of £9.595m to be achieved during financial year

2024/25. The Service assesses a variety of records and management information to monitor and review the achievement of its approved budget savings. As at Period 12, it is anticipated that £8.258m (86%) of the approved in-year savings target will be realised in the current financial year.

- 2.4.2 The majority of the unmet in-year saving has resulted from the formal introduction of the Early Years restructure occurring at a later date than was envisaged in the original programme timeline.
- 2.4.2 Through a combination of utilisation of aligned EMRs and other management actions, the Service has identified replacement funding streams to fully offset the in-year savings gap of £1.337m (14%). Future monitoring reports will continue to provide updates on the deliverability of approved savings during 2024/25, and future financial years if applicable, as outlined in **Appendix 5**.

Management Actions


- 2.5.1 Senior officers will review and implement actions through to financial year end with the aim of ensuring the Service continues to operate within its overall financial envelope. These actions will include:
- 1) Vacancy management
 - 2) Creating efficiencies through the use of grant / external funding
 - 3) Curtailment of non-essential expenditure
 - 4) Application and utilisation of earmarked reserves to offset in-year cost pressures

3. Measures of success

- 3.1. The service operates within approved budget resources and requirements of the Council's approved Financial Regulations.

4. Supporting documentation

Appendix 1: Objective Analysis
Appendix 2: Subjective Analysis
Appendix 3: Payments to Other Bodies
Appendix 4: Status of Earmarked Reserves
Appendix 5: Savings



Barry Smedley
Chief Officer (Education – North)

5. Impacts

<p>5.1 Public Sector Equality Duty and Fairer Scotland Duty Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>If Yes, has an assessment been carried out and published on the council's website? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>5.2 Financial impact Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>As stated within the main body of the report.</p>
<p>5.3 HR policy impact Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p>5.4 Legal impact Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p>5.5 Data protection impact Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to dataprotection@northlan.gov.uk Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>5.6 Technology / Digital impact Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>

Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?

Yes No

5.7 Environmental / Carbon impact

Does the report / project / practice contain information that has an impact on any environmental or carbon matters?

Yes No

If Yes, please provide a brief summary of the impact?

5.8 Communications impact

Does the report contain any information that has an impact on the council's communications activities?

Yes No

If Yes, please provide a brief summary of the impact?

5.9 Risk impact

Is there a risk impact?

Yes No

If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?

The approach outlined in this report supports the Council's actions in managing financial sustainability and financial management risks. Financial pressures and risks are reviewed on a regular basis by the Service Management Team (SMT), Business Management Team (BMT), Corporate Management Team (CMT) and Committee.

5.10 Armed Forces Covenant Duty

Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?

Yes No

If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.

5.11 Children's rights and wellbeing impact

Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?

Yes No

If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).

If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?

Yes No

NORTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report - Objective Analysis
Period 12 (01 April 2024 - 28 February 2025)
Education, Children & Families

DIVISION OF SERVICE [1]	ANNUAL BUDGET [2]	PROJECTED OUT-TURN [3]	PROJECTED OUT-TURN VARIANCE [4]	%	PERIOD MOVEMENT [6]	ANALYSIS [7]
Early Years	31,417,926	31,417,926	0	0.0%	0	Balanced Budget
Primary Schools	147,761,754	147,761,754	0	0.0%	0	Balanced Budget
Secondary Schools	133,474,732	133,474,732	0	0.0%	0	Balanced Budget
Special Schools	26,779,053	26,779,053	0	0.0%	0	Balanced Budget
Education Service Delivery	145,397,572	147,788,873	(2,391,301) ADV	(1.6%)	(1,250,042)	Overspend primarily in relation to external placements / income under-recovery within the ASN sector coupled with observed cost pressures within 'Home to School Transport' aligned to ASN and Gaelic provision offset by establishment vacancies curtailment of non-essential expenditure
Children & Families	40,648,864	38,818,993	1,829,871 FAV	4.5%	1,331,719	Underspend primarily due to grant synergies and utilisation of other funding streams; Family Placement Payments; curtailment of non-essential expenditure within various budget headings; offset by cost pressures observed within staffing structures
Justice Services	91,691	(414,847)	506,538 FAV	552.4%	481,243	Underspend primarily in relation to vacancies within employee costs
Employability	3,014,911	2,766,524	248,387 FAV	8.2%	(259,875)	Underspend primarily in relation to vacancies within employee costs and payments to external providers
Community Learning	5,393,020	5,518,798	(125,778) ADV	(2.3%)	(198,721)	Overspend primarily relating to employee costs and removal of union rep recharge income.
Tackling Poverty	2,001,954	2,069,671	(67,717) ADV	(3.4%)	(104,324)	Overspend primarily relating to employee costs
NET EXPENDITURE	535,981,477	535,981,477	0	0.0%	0	Balanced Budget

NORTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report - Subjective Analysis
Period 12 (01 April 2024 - 28 February 2025)
Education, Children & Families

CATEGORY [1]	ANNUAL BUDGET [2]	PROJECTED OUT-TURN [3]	PROJECTED OUT-TURN VARIANCE [4]	% [5]	PERIOD MOVEMENT [6]	ANALYSIS [7]
EMPLOYEE COSTS	395,788,930	395,272,646	516,284 FAV	0.1%	15,129	Underspend primarily due to phasing of external funding; timing of recruitment to reflect operational requirements; Service vacancy management; offset by other employee cost pressures
PROPERTY COSTS	53,958,199	54,191,418	(233,219) ADV	(0.4%)	42,339	Overspend primarily due to utility costs within the education estate
SUPPLIES & SERVICES	16,980,941	16,159,309	821,632 FAV	4.8%	720,374	Net underspend due to various compensatory variances across the Service
TRANSPORT & PLANT	23,497,650	25,689,284	(2,191,634) ADV	(9.3%)	(1,341,883)	Overspend primarily due to observed cost pressures within 'Home to School Transport' aligned to ASN and Gaelic provision
ADMINISTRATION COSTS	4,144,065	3,921,006	223,059 FAV	5.4%	185,489	Minor underspend
PAYMENTS TO OTHER BODIES	50,079,519	49,386,731	692,788 FAV	1.4%	329,615	Underspends within Family Placement Payments and various other Service areas offset by overspends in relation to external ASN placements and Gaelic Education provision
TRANSFER PAYMENTS	4,072,963	3,993,035	79,928 FAV	2.0%	(204,483)	Underspend primarily in relation to education provisions aligned to the Early Years sector and care plan payments within Children & Families
CAPITAL FINANCING COSTS	41,246,297	41,246,297	0	0.0%	0	Balanced Budget
REVENUE FINANCING COSTS	0	0	0	0.0%	0	Balanced Budget
OTHER EXPENDITURE	19,103,525	18,549,100	554,425 FAV	2.9%	183,828	Underspend primarily in relation to external grant synergies aligned to Music provision; various minor underspends within Children & Families; and external company payments within Employability
TOTAL EXPENDITURE	608,872,089	608,408,826	463,263 FAV	0.1%	(69,592)	As stated above
INCOME	(72,890,612)	(72,427,349)	(463,263) ADV	0.6%	69,592	Under-recovery of income primarily in relation to ASN placements and service provision within NLC settings offset by some small over recoveries in HQ
NET EXPENDITURE	535,981,477	535,981,477	0	0.0%	0	Balanced Budget

NORTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report - Payments to Other Bodies
Period 12 (01 April 2024 - 28 February 2025)
Education, Children & Families

CATEGORY [1]	ANNUAL BUDGET [2]	PROJECTED OUT-TURN [3]	PROJECTED OUT-TURN VARIANCE [4]	%	PERIOD MOVEMENT [6]	ANALYSIS [7]
General PTOBs	10,071,801	10,191,504	(119,703) <i>ADV</i>	(1.2%)	55,120	Overspend in relation to payments aligned to Gaelic Education offset by various minor underspends within the Service
Additional Support Needs	8,831,422	9,031,422	(200,000) <i>ADV</i>	(2.3%)	200,000	Net overspend in relation to external ASN placements
Early Years	17,018,049	17,018,049	0	0.0%	0	Balanced Budget
Voluntary Organisations	1,184,413	1,176,163	8,250 <i>FAV</i>	0.7%	(2,750)	Minor underspend
Family Placements	12,791,100	11,856,414	934,686 <i>FAV</i>	7.3%	95,743	Net underspend within Family Placement Payments aligned to fostering, kinship, and adoption fees and allowances
Children's Services - General	182,734	113,179	69,555 <i>FAV</i>	38.1%	(18,498)	Underspend in relation to various non-family placement allowances and payments
TOTAL EXPENDITURE	50,079,519	49,386,731	692,788 <i>FAV</i>	1.4%	329,615	As stated above

NORTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report - Status of Earmarked Reserves
Period 12 (01 April 2024 - 28 February 2025)
Education, Children & Families

DESCRIPTION OF EARMARKED RESOURCE	FINANCIAL YEAR - 2024/25							Reserves Required In Year	Commentary Regards Usage
	Approved Reserve	Profiled in Future Years	In-Year Reserve Total	Spend to Date	Projected Spend Value	Projected Spend %	No Longer Required		
Service Specific Earmarked Reserves:									
School Carry Forward (DSM)	2,655,000	0	2,655,000	2,655,000	2,655,000	100.0%	0	2,655,000	In-Year Reserve fully utilised
Pupil Equity Fund (PEF) Carry Forward	2,153,000	0	2,153,000	2,153,000	2,153,000	100.0%	0	2,153,000	In-Year Reserve fully utilised
Supporting Education Service Delivery	6,496,920	(3,963,409)	2,533,511	2,435,734	2,533,511	100.0%	0	2,533,511	Projecting full utilisation of In-Year Reserve
Early Learning & Childcare	5,213,000	(1,880,851)	3,332,149	3,045,249	3,332,149	100.0%	0	3,332,149	Projecting full utilisation of In-Year Reserve
Developing the Young Workforce Initiatives	680,000	(266,892)	413,108	413,108	413,108	100.0%	0	413,108	In-Year Reserve fully utilised
Supporting Children & Families Service Delivery	40,000	0	40,000	40,000	40,000	100.0%	0	40,000	In-Year Reserve fully utilised
Children & Families - Whole Family Wellbeing Fund	4,417,000	(2,946,000)	1,471,000	806,230	1,471,000	100.0%	0	1,471,000	Projecting full utilisation of In-Year Reserve
SEF / SAC Carry Forward	943,000	0	943,000	943,000	943,000	100.0%	0	943,000	In-Year Reserve fully utilised
Shotts Prison SLA	116,000	(106,000)	10,000	9,352	10,000	100.0%	0	10,000	Projecting full utilisation of In-Year Reserve
Employability Initiatives (incl. 'NOLB')	2,784,000	(2,135,867)	648,133	584,856	648,133	100.0%	0	648,133	Projecting full utilisation of In-Year Reserve
CLD & Voluntary Organisations Youth Work Initiatives	248,000	(29,492)	218,508	205,857	218,508	100.0%	0	218,508	Projecting full utilisation of In-Year Reserve
Resettlement & Unaccompanied Minors	8,323,000	(5,236,584)	3,086,416	2,929,944	3,086,416	100.0%	0	3,086,416	Projecting full utilisation of In-Year Reserve
Tackling Poverty Initiatives	227,000	(200,000)	27,000	19,626	27,000	100.0%	0	27,000	Projecting full utilisation of In-Year Reserve
PPP/DBFM Contractual Commitments	60,969,075	(60,969,075)	0	0	0	0.0%	0	0	
TOTAL	95,264,995	(77,734,170)	17,530,825	16,240,956	17,530,825	100.0%	0	17,530,825	

NORTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report - Savings
Period 12 (01 April 2024 - 28 February 2025)
Education, Children & Families

DESCRIPTION OF APPROVED SAVING	APPROVED SAVINGS				REPLACEMENT SAVING / FUNDING			Commentary
	Target Value £000	Value Deliverable £000	Savings Gap £000	Reasons for Savings Gap	DESCRIPTION	Value £000	Revised Savings Gap £000	
Base Budget Adjustments:								
Reduction in Children's Services HQ Employee Costs	117	117	0				0	
Sub-Total Base Budget Adjustments	117	117	0			0	0	
Approved Savings								
Review of ELC: Single Status Employee Resources	2,000	750	1,250	Gap primarily due to saving phasing asymmetry with majority of ELC staffing cohort ceasing employment with the Council at the end of June 2024.	Phasing delay included within the financial modelling assumptions of the ELC EMR.	1,250	0	
Review of Staffing Turnover Within Schools	375	375	0					
School Transport (Move distance threshold to statutory limit)	1,200	1,200	0					
Sub-Total 2023/24 impact of previously approved savings	3,575	2,325	1,250			1,250	0	
Approved Savings (Operational Decisions)								
Removal of Early Years Absence Funding	294	294	0	Awaiting confirmation of discrete allocation within in-scope budgets.	Management action regarding curtailment of non-essential expenditure	45	0	
Contracts and Provisions (Under-utilised budgets)	45	0	45					
Under-utilised corporate parenting discretionary budget	21	21	0					
Service redesign and efficiencies through transition to SDS	24	24	0					
Reduce discretionary spend in training	54	54	0					
Under-utilised budgets	125	125	0					
Sub-Total 'Operational Decisions'	563	518	45			45	0	
Approved Savings (Budget Decisions)								
Network Support - Removal of unutilised budget	213	213	0	Awaiting confirmation of discrete allocation within in-scope budgets.	Management action regarding curtailment of non-essential expenditure	42	0	
Service redesign and efficiencies through transition to SDS	42	42	0					
Review if service delivery across Youth Employability Hubs	670	670	0					
Review of CLD service delivery, including the provision of youth diversionary activities	163	121	42					
Music Service - Reduction in staffing	140	140	0					
Removal of extra curricular activity delivered by existing staff	1,090	1,090	0					
Historic Recurring Underspends	3,022	3,022	0					
Sub-Total 'Budget Decisions'	5,340	5,298	42			42	0	
TOTAL	9,595	8,258	1,337			1,337	0	

86.07% **13.93%**

13.93% **0.00%**