

# North Lanarkshire Council Report

## Education, Children and Families Committee

Does this report require to be approved?  Yes  No

Ref: BS / TO'H

Date 19/11/24

## Revenue Budget Monitoring Report

**From:** Barry Smedley (Chief Officer – Education South)

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### Executive Summary

This report provides a summary of the financial performance of the Education, Children and Families Service for the period 1 April 2024 to 13 September 2024 (Period 6). 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, Children and Families Service has a net revenue budget of £513.356m 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, Children 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 & Families Service. During 2024/25 there has been a net budget increase of £0.229m to £513.356m. These movements include the incorporation of confirmed 2024/25 redeterminations aligned to the Service.
- 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 £376.793m and currently anticipates a projected net underspend of £0.664m. 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 £0.257m within Property Costs primarily due to utility cost pressures within the education estate.
- 2.2.4 The Service is anticipating a minor net overspend of £0.028m within Supplies & Services which encompass various compensatory variances across the Service.
- 2.2.5 The Service is anticipating a net overspend of £0.253m within Transport & Plant which reflects current 'Home to School' contractual commitments and aligned cost pressures within ASN and Gaelic provision.

- 2.2.6 The Service is anticipating a minor net underspend of £0.003m within Administration Costs which encompass various compensatory variances across the Service.
- 2.2.7 The Service is anticipating an underspend of £0.176m 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 (£0.400m) and expenditure aligned to Gaelic provision (£0.203m).
- 2.2.8 The Service is anticipating an underspend of £0.195m within Other Expenditure which is aggregated across a number of budget areas including the music programme and various minor underspends within Children & Families.
- 2.2.9 The Service is anticipating an under-recovery of income of £0.501m which reflects the ongoing trend in reduced cross-boundary ASN placements within NLC educational settings.
- 2.2.10 At this stage of the financial year the Service is anticipating a balanced budget position across several budgetary categories including Transfer Payments, and 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, Children 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 £24.358m of allocated earmarked reserves in the current financial year. This in-year projection reflects the planned phasing of resources (£9.938m) 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 6, 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 saving 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

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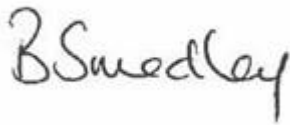
### **3. Measures of success**

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

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### **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 – South)**

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## 5. Impacts

<b>5.1 Public Sector Equality Duty and Fairer Scotland Duty</b> 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?  If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.2 Financial impact</b> 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?  As stated within the main body of the report.
<b>5.3 HR policy impact</b> 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?
<b>5.4 Legal impact</b> 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?
<b>5.5 Data protection impact</b> 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 <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.6 Technology / Digital impact</b> 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?

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 06 (01 April 2024 - 13 September 2024)**  
**Education, Children & Families**

DIVISION OF SERVICE [1]	ANNUAL BUDGET [2]	PROJECTED OUT-TURN [3]	PROJECTED OUT-TURN VARIANCE [4]	%	PERIOD MOVEMENT [6]	ANALYSIS [7]
<b>Early Years</b>	33,841,264	33,841,264	0	0.0%	0	Balanced Budget
<b>Primary Schools</b>	156,200,787	156,200,787	0	0.0%	0	Balanced Budget
<b>Secondary Schools</b>	146,348,721	146,348,721	0	0.0%	0	Balanced Budget
<b>Special Schools</b>	25,674,788	25,674,788	0	0.0%	0	Balanced Budget
<b>Education Service Delivery</b>	101,587,567	101,766,076	(178,509) <i>ADV</i>	(0.2%)	377,395	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
<b>Children &amp; Families</b>	39,681,963	40,104,682	(422,719) <i>ADV</i>	(1.1%)	(838,438)	Overspend primarily in relation to cost pressures observed within staffing structures offset by underspends aligned to Family Placement Payments coupled within curtailment of non-essential expenditure within various budget headings
<b>Justice Services</b>	91,690	(36,561)	128,251 <i>FAV</i>	139.9%	188,066	Underspend primarily in relation to vacancies within employee costs
<b>Employability</b>	2,861,086	2,631,046	230,040 <i>FAV</i>	8.0%	155,040	Underspend primarily in relation to vacancies within employee costs
<b>Community Learning</b>	5,142,950	5,004,038	138,912 <i>FAV</i>	2.7%	13,912	Underspend primarily in relation to vacancies within employee costs and payments to other bodies offset by various minor overspends
<b>Tackling Poverty</b>	1,925,071	1,821,046	104,025 <i>FAV</i>	5.4%	104,025	Underspend primarily in relation to vacancies within employee costs
<b>NET EXPENDITURE</b>	<b>513,355,887</b>	<b>513,355,887</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	Balanced Budget

**NORTH LANARKSHIRE COUNCIL**  
**Revenue Budget Monitoring Report - Subjective Analysis**  
**Period 06 (01 April 2024 - 13 September 2024)**  
**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	376,793,301	376,129,017	664,284 FAV	0.2%	266,674	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	53,239,801	53,496,939	(257,138) ADV	(0.5%)	62,189	Overspend primarily due to utility costs within the education estate
SUPPLIES & SERVICES	15,514,074	15,541,877	(27,803) ADV	(0.2%)	(27,803)	Net overspend due to various compensatory variances across the Service
TRANSPORT & PLANT	22,819,661	23,072,531	(252,870) ADV	(1.1%)	(439,712)	Overspend primarily due to observed cost pressures within 'Home to School Transport' aligned to ASN and Gaelic provision
ADMINISTRATION COSTS	4,410,716	4,407,522	3,194 FAV	0.1%	3,194	Minor underspend
PAYMENTS TO OTHER BODIES	48,343,435	48,167,052	176,383 FAV	0.4%	42,348	Underspend within Family Placement Payments offset by overspends in relation to external ASN placements and Gaelic Education provision
TRANSFER PAYMENTS	4,210,529	4,210,529	0	0.0%	0	Balanced Budget
CAPITAL FINANCING COSTS	41,096,297	41,096,297	0	0.0%	0	Balanced Budget
REVENUE FINANCING COSTS	0	0	0	0.0%	0	Balanced Budget
OTHER EXPENDITURE	23,940,801	23,745,801	195,000 FAV	0.8%	100,000	Underspend primarily in relation to external grant synergies aligned to Music provision and various minor underspends within Children & Families
<b>TOTAL EXPENDITURE</b>	<b>590,368,615</b>	<b>589,867,565</b>	<b>501,050 FAV</b>	<b>0.1%</b>	<b>6,890</b>	As stated above
<b>INCOME</b>	<b>(77,012,728)</b>	<b>(76,511,678)</b>	<b>(501,050) ADV</b>	<b>0.7%</b>	<b>(6,890)</b>	Under-recovery of income primarily in relation to ASN placements and service provision within NLC settings
<b>NET EXPENDITURE</b>	<b>513,355,887</b>	<b>513,355,887</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	Balanced Budget



**NORTH LANARKSHIRE COUNCIL**  
**Revenue Budget Monitoring Report - Payments to Other Bodies**  
**Period 06 (01 April 2024 - 13 September 2024)**  
**Education, Children & Families**

CATEGORY [1]	ANNUAL BUDGET [2]	PROJECTED OUT-TURN [3]	PROJECTED OUT-TURN VARIANCE [4]	% [5]	PERIOD MOVEMENT [6]	ANALYSIS [7]
General PTOBs	9,000,119	9,159,372	(159,253) ADV	(1.8%)	49,322	Overspend in relation to payments aligned to Gaelic Education offset by various minor underspends within the Service
Additional Support Needs	8,833,581	9,233,581	(400,000) ADV	(4.5%)	(50,000)	Net overspend in relation to external ASN placements
Early Years	16,364,000	16,364,000	0	0.0%	0	Balanced Budget
Voluntary Organisations	1,136,697	1,093,671	43,026 FAV	3.8%	43,026	Minor underspend
Family Placements	12,786,752	12,094,142	692,610 FAV	5.4%	0	Net underspend within Family Placement Payments aligned to fostering, kinship, and adoption fees and allowances
Children's Services - General	222,286	222,286	0	0.0%	0	Balanced Budget
<b>TOTAL EXPENDITURE</b>	<b>48,343,435</b>	<b>48,167,052</b>	<b>176,383 FAV</b>	<b>0.4%</b>	<b>42,348</b>	As stated above

**NORTH LANARKSHIRE COUNCIL**  
**Revenue Budget Monitoring Report - Status of Earmarked Reserves**  
**Period 06 (01 April 2024 - 13 September 2024)**  
**Education, Children & Families**

DESCRIPTION OF EARMARKED RESOURCE	FINANCIAL YEAR - 2024/25								
	Approved Reserve	Profiled in Future Years	In-Year Reserve Total	Spend to Date	Projected Spend Value	%	No Longer Required	Reserves Required In Year	Commentary Regards Usage
<b>Service Specific Earmarked Reserves:</b>									
School Carry Forward (DSM)	2,655,000	0	2,655,000	1,593,000	2,655,000	100.0%	0	2,655,000	
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	
Supporting Education Service Delivery	6,497,000	(68,941)	6,428,059	5,954,483	6,428,059	100.0%	0	6,428,059	
Early Learning & Childcare	5,213,000	(1,880,851)	3,332,149	2,301,343	3,332,149	100.0%	0	3,332,149	
Developing the Young Workforce Initiatives	680,000	(69,000)	611,000	154,018	611,000	100.0%	0	611,000	
Supporting Children & Families Service Delivery	40,000	0	40,000	28,000	40,000	100.0%	0	40,000	
Children & Families - Whole Family Wellbeing Fund	4,417,000	(3,146,000)	1,271,000	189,561	1,271,000	100.0%	0	1,271,000	
SEF / SAC Carry Forward	943,000	0	943,000	758,622	943,000	100.0%	0	943,000	
Shotts Prison SLA	116,000	(109,000)	7,000	626	7,000	100.0%	0	7,000	
Employability Initiatives (incl. 'NOLB')	2,784,000	(687,714)	2,096,286	295,532	2,096,286	100.0%	0	2,096,286	
CLD & Voluntary Organisations Youth Work Initiatives	248,000	0	248,000	79,169	248,000	100.0%	0	248,000	
Resettlement & Unaccompanied Minors	8,323,000	(3,976,000)	4,347,000	1,408,927	4,347,000	100.0%	0	4,347,000	
Tackling Poverty Initiatives	227,000	0	227,000	5,311	227,000	100.0%	0	227,000	
PPP/DBFM Contractual Commitments	60,969,075	(60,969,075)	0	0	0	0.0%	0	0	
<b>TOTAL</b>	<b>95,265,075</b>	<b>(70,906,581)</b>	<b>24,358,494</b>	<b>14,921,592</b>	<b>24,358,494</b>	<b>100.0%</b>	<b>0</b>	<b>24,358,494</b>	

**NORTH LANARKSHIRE COUNCIL**  
**Revenue Budget Monitoring Report - Savings**  
**Period 06 (01 April 2024 - 13 September 2024)**  
**Education, Children & Families**

Ref.	DESCRIPTION OF APPROVED SAVING	DIVISION	APPROVED SAVINGS				REPLACEMENT SAVING / FUNDING			
			Target Value £000	Value Deliverable £000	Savings Gap £000	Reasons for Savings Gap	DESCRIPTION	Value £000	Revised Savings Gap £000	Commentary
-	<b>Base Budget Adjustments:</b> Reduction in Children's Services HQ Employee Costs	Children & Families	117	117	0			0		
	<b>Sub-Total Base Budget Adjustments</b>		<b>117</b>	<b>117</b>	<b>0</b>			<b>0</b>		
	<b>Approved Savings</b>									
-	Review of ELC: Single Status Employee Resources	ELC	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	Education	375	375	0					
-	School Transport (Move distance threshold to statutory limit)	Education HQ	1,200	1,200	0					
	<b>Sub-Total 2023/24 impact of previously approved savings</b>		<b>3,575</b>	<b>2,325</b>	<b>1,250</b>			<b>1,250</b>	<b>0</b>	
	<b>Approved Savings (Operational Decisions)</b>									
16ECF	Removal of Early Years Absence Funding	Education HQ	294	294	0	Awaiting confirmation of discrete allocation within in-scope budgets.	Management action regarding curtailment of non-essential expenditure	45	0	
30ECF	Contracts and Provisions (Under-utilised budgets)	Education HQ	45	0	45					
42ECF	Under-utilised corporate parenting discretionary budget	Children & Families	21	21	0					
43ECF	Service redesign and efficiencies through transition to SDS	Children & Families	24	24	0					
44ECF	Reduce discretionary spend in training	Children & Families	54	54	0					
66ECF	Under-utilised budgets	Children & Families	125	125	0					
	<b>Sub-Total 'Operational Decisions'</b>		<b>563</b>	<b>518</b>	<b>45</b>					
	<b>Approved Savings (Budget Decisions)</b>									
28ECF	Network Support - Removal of unutilised budget	ASN	213	213	0	Awaiting confirmation of discrete allocation within in-scope budgets.	Management action regarding curtailment of non-essential expenditure	42	0	
62ECF	Service redesign and efficiencies through transition to SDS	Children & Families	42	42	0					
78-80ECF	Review if service delivery across Youth Employability Hubs	Employability	670	670	0					
81ECF	Review of CLD service delivery, including the provision of youth diversionary activities	CLD	163	121	42					
87ECF	Music Service - Reduction in staffing	Music	140	140	0					
88ECF	Removal of extra curricular activity delivered by existing staff	Club365	1,090	1,090	0					
-	Historic Recurring Underspends	EC&F	3,022	3,022	0				Current financial modelling assumptions indicate that this saving will be achieved. This will be kept under review during the course of the financial year.	
	<b>Sub-Total 'Budget Decisions'</b>		<b>5,340</b>	<b>5,298</b>	<b>42</b>			<b>42</b>	<b>0</b>	
	<b>TOTAL</b>		<b>9,595</b>	<b>8,258</b>	<b>1,337</b>			<b>1,337</b>	<b>0</b>	

<b>86.07%</b>	<b>13.93%</b>
<i>Delivered</i>	<i>Gap</i>

<b>13.93%</b>	<b>0.00%</b>
<i>Replacement</i>	<i>Revised-Gap</i>