

North Lanarkshire Council Report

Education, Children and Families Committee

Does this report require to be approved? Yes No

Ref BS/ SMcC Date 26/05/26

EF Revenue Budget Monitoring Report Period 12

From Barry Smedley (Chief Officer – Education North)

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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 2025 to 27 February 2026 (Period 12). The report highlights the projected outturn position as at 31 March 2026, 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 £546.345m for the 2025/26 financial year. In addition, in terms of the utilisation of earmarked reserves, it is anticipated that the Service will utilise c. £11.144m to support in-year initiatives / programmes and other cost pressures.

Incorporated within the revenue budget are approved savings totalling £2.343m. It is anticipated that £1.982m (85%) of these savings will be realised during the current financial year with service management action addressing the in-year gap of £0.361m (15%).

In summary, as at Period 12, the Service is currently forecasting a balanced budget position for the 2025/26 financial year. This position reflects a net underspend of £0.912m which is intended to be earmarked in line with the Council's approved Reserves Policy to support the Service's teacher number target in session 2026/27.

Recommendations

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

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

The Plan for North Lanarkshire

Priority	Improve North Lanarkshire's resource base
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.

2. Report

Summary of Financial Position

- 2.1.1. At the meeting of Council on 20 February 2025, North Lanarkshire Council approved its General Fund Revenue Budget of c. £1,095.241m for the 2025/26 Financial Year, of which, c. £552.563m represented the approved net revenue budget for the Education and Families Service.
- 2.1.2. During the 2025/26 financial year, there has been a net budget decrease of c. £6.218m to £546.345m. These movements include the service restructure realignment of 'Home to School Transport' to Fleet Services (Enterprise and Communities Service) (£23.522m) along with confirmed 2025/26 redeterminations across service areas, as well as in year pay award allocations.
- 2.1.3. The 2025/26 revenue budget of the Service incorporates £2.343m of savings previously approved by the Council. Further information regarding particularly challenging savings, along with associated management actions and replacement in-year savings, is included within **Appendix 5** of this report.
- 2.1.4. In summary, as at Period 12 (1 April 2025 to 27 February 2026), the Service is forecasting a balanced budget position for the 2025/26 financial year. This position reflects a net underspend of £0.912m which is intended to be earmarked by the Service in line with the Council's approved Reserves Policy to support the Service's teacher number target in session 2026/27. Further analysis of major variances is provided within **Section 2.2** of this report.

Analysis of Significant Variances

- 2.2.1. The Service has a total employee budget of c. £423.559m and currently anticipates a projected net underspend of £0.844m. This position reflects actual and projected vacancies, along with the roll-out of finalised HQ, cluster, and school staffing structures partially offset by other employee cost pressures within the Service.
- 2.2.2. From an education service delivery perspective, 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. In line with the provisions of the DSM Scheme, establishments receive budgetary allocations based on agreed formulas and distribution methods. As part of the recent triennial review of the scheme, to provide members with further information regarding the operation of the scheme in practice, an all-elected members briefing was held on 1 May 2025. In addition, members will recall that the updated DSM Scheme (2025/26 to 2027/28) was approved at the meeting of Education, Children and Families Committee on 20 May 2025.

- 2.2.3 The Service is anticipating a net overspend of £0.049m within Property Costs linked to property modifications and increased FSS costs.
- 2.2.4 The Service is anticipating a net overspend of £0.116m within Supplies and Services primarily linked to activity within Education HQ, partially offset by compensatory variances in Children & Families and Employability.
- 2.2.5 The Service is anticipating a net overspend of £0.087m within Transport & plant primarily linked to increased costs within Attainment and Achievement, partially offset by underspends within Children and Families.
- 2.2.6 The Service is anticipating a net overspend of £0.051m within Administration Costs which is driven by increased legal fees within the Service.
- 2.2.7 The Service is anticipating a net underspend of £0.237m within Payments to Other Bodies (PTOB). This underspend is partly explained by the level of demand for Family Placements partially offset by cumulative minor overspends across the Service. **Appendix 3** of this report provides further detail concerning PTOB classifications and their associated outturn position.
- 2.2.8 The Service is anticipating a net overspend of £0.208m within Transfer Payments resulting from increased care plan payment costs in year.
- 2.2.9 The Service is anticipating a net overspend of £0.030m within Other Expenditure, as a result of minor cumulative overspends across the Service.
- 2.2.10 The Service is anticipating a net under-recovery of Income of £0.541m primarily linked to a net under-recovery of overhead income recharges due to a reduction in Scottish Attainment Challenge grant (£0.150m) along with reduced anticipated income in relation to Supported Employment activity (£0.180m).

Earmarked Reserves

- 2.3.1. In finalising North Lanarkshire Council's annual accounts to 31 March 2025, the Education and Families Service was given approval to earmark £97.663m of resources to fund key projects and initiatives. The largest reserve (£66.330m) is earmarked for future years commitments regarding school building / hub programmes. Other specific reserves include Pupil Equity Fund (PEF) and Devolved School Management (DSM) carry forwards; resettlement initiatives, Whole Family Wellbeing Fund; whole family support initiatives; and ELC / 1140 funding.
- 2.3.2. The Service anticipates utilising c. £11.144m of allocated earmarked reserves in the current financial year. This in-year projection reflects the planned phasing of resources to future years, and other assumptions, following the completion of strategic reviews in relation to the operational requirements and financial planning assumptions aligned to individual programmes and areas of service delivery.
- 2.3.3. Future monitoring reports will continue to provide updates on the planned use of reserves during 2025/26, and in future financial years, as outlined in **Appendix 4**.

2025/26 Budget Savings

- 2.4.1. Incorporating base budget adjustments and specific proposals, the Council previously approved total service savings of £2.343m to be achieved during financial year

2025/26. 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 £1.982m (85%) of the approved in-year savings target will be realised in the current financial year with full implementation expected from 2026/27.

2.4.2. Through a combination of the utilisation and prioritisation of earmarked reserves, and other management actions, the Service has identified replacement funding streams to fully offset the in-year savings gap of £0.361m (15%). Future monitoring reports will continue to provide updates on the deliverability of approved savings during 2025/26, and future financial years if applicable, as outlined in **Appendix 5**.

2.4.3. To enable the delivery of Council approved savings in the 2025/26 financial year, the Service have drawn down c. £1.731m from the Council's Change Management Fund. The current draw down balance pertains to the delivery of the saving linked to the review of CLD service delivery.

Management Actions

2.5.1. With the aim of ensuring the Service continues to operate within its overall financial envelope, senior officers within the Service continue to review and implement actions through to the financial year end. These actions include:

- 1) Vacancy management
- 2) Creating efficiencies through the use of grants / 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 Education and Families Service operates within approved budget resources and the 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 type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>As stated within 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"/></p>

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 12 (01 April 2025 - 27 February 2026)
Education & Families

DIVISION OF SERVICE [1]	ANNUAL BUDGET [2]	PROJECTED OUT-TURN [3]	PROJECTED OUT-TURN VARIANCE [4]	%	PERIOD MOVEMENT [6]	ANALYSIS [7]
Early Years	33,880,269	33,880,269	0	0.0%	0	Balanced Budget
Primary Schools	153,653,314	153,653,314	0	0.0%	0	Balanced Budget
Secondary Schools	147,710,288	147,710,288	0	0.0%	0	Balanced Budget
Special Schools	30,784,211	30,784,211	0	0.0%	0	Balanced Budget
Education Service Delivery	126,488,372	126,934,258	(445,886) ADV	(0.4%)	(445,886)	Overspend primarily due to employee costs within service delivery HQ partially offset within School Support
Children & Families	43,048,820	42,817,615	231,205 FAV	0.5%	231,205	Underspend primarily due to employee costs and family placements
Justice Services	78,081	(221,920)	300,001 FAV	384.2%	300,001	Underspends in employee costs due to grant synergies.
Employability	3,213,981	3,204,845	9,136 FAV	0.3%	9,136	Minor underspend
Community Learning	5,066,030	5,162,088	(96,058) ADV	(1.9%)	(96,058)	Primarily due to cumulative overspends within employee costs
Tackling Poverty	2,421,822	2,420,220	1,602 FAV	0.1%	1,602	Minor underspend
NET EXPENDITURE	546,345,188	546,345,188	0	0.0%	0	Balanced Budget

APPENDIX 2

NORTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report - Subjective Analysis
Period 12 (01 April 2025 - 27 February 2026)
Education & Families

CATEGORY [1]	ANNUAL BUDGET [2]	PROJECTED OUT-TURN [3]	PROJECTED OUT-TURN VARIANCE [4]	% [5]	PERIOD MOVEMENT [6]	ANALYSIS [7]
EMPLOYEE COSTS	423,559,202	422,715,363	843,839 FAV	0.2%	377,054	Underspends generally within C&F linked to vacancy management and B&A redesign, partially offset by overspends within HQ Service delivery and CLD.
PROPERTY COSTS	53,454,924	53,503,517	(48,593) ADV	(0.1%)	(48,593)	Minor overspend
SUPPLIES & SERVICES	16,753,384	16,868,945	(115,561) ADV	(0.7%)	42,432	Overspends within Education HQ, partially offset by underspends within C&F and Employability.
TRANSPORT & PLANT	1,148,787	1,235,479	(86,692) ADV	(7.6%)	(51,693)	Overspends linked to DYW Apprenticeship travel, partially offset by underspend in C&F.
ADMINISTRATION COSTS	3,639,336	3,689,880	(50,544) ADV	(1.4%)	94,712	Overspend driven by increasing unbudgeted legal fees within C&F.
PAYMENTS TO OTHER BODIES	48,314,621	48,077,775	236,846 FAV	0.5%	100,976	Underspend on family placements within C&F, partially offset by overspends within Gaelic, DYW, Early Years & HQ.
TRANSFER PAYMENTS	3,746,533	3,954,834	(208,301) ADV	(5.6%)	17,951	Overspend driven by care plan payments.
CAPITAL FINANCING COSTS	41,699,733	41,699,733	0	0.0%	0	N/a
REVENUE FINANCING COSTS	0	0	0	0.0%	0	N/a
OTHER EXPENDITURE	17,394,360	17,424,228	(29,868) ADV	(0.2%)	(179,868)	Minor overspend
TOTAL EXPENDITURE	609,710,880	609,169,754	541,126 FAV	0.1%	352,971	0
INCOME	(63,365,692)	(62,824,566)	(541,126) ADV	0.9%	(352,971)	Under-recovery of overhead recharges linked to reduced SAC grant, coupled with reduced income linked to Supported Employment activity.
NET EXPENDITURE	546,345,188	546,345,188	0	0.0%	0	Balanced position

NORTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report - Payments to Other Bodies
Period 12 (01 April 2025 - 27 February 2026)
Education & Families

CATEGORY [1]	ANNUAL BUDGET [2]	PROJECTED OUT-TURN [3]	PROJECTED OUT-TURN VARIANCE [4]	%	PERIOD MOVEMENT [6]	ANALYSIS [7]
General PTOBs	8,516,884	9,353,793	(836,909) ADV	(9.8%)	(836,909)	Resulting from Gaelic, DYW, Voc Ed and C&F activity.
Additional Support Needs	9,056,674	8,531,593	525,081 FAV	5.8%	525,081	Underspend resulting from reduced costs in relation to external provisions
Early Years	16,519,000	16,603,840	(84,840) ADV	(0.5%)	(84,840)	Resulting from increased costs in pre-school commission placements and cross-boundary charges.
Voluntary Organisations	1,260,918	1,395,484	(134,566) ADV	(10.7%)	(134,566)	Cumulative overspends within C&F activity.
Family Placements	12,718,579	12,031,240	687,339 FAV	5.4%	687,339	Underspend on family placements.
Children's Services - General	242,566	161,826	80,740 FAV	33.3%	80,740	Underspends within C&F on amounts paid to respite carers.
TOTAL EXPENDITURE	48,314,621	48,077,776	236,845 FAV	0.5%	236,845	

NORTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report - Status of Earmarked Reserves
Period 12 (01 April 2025 - 27 February 2026)
Education & Families

DESCRIPTION OF EARMARKED RESOURCE	FINANCIAL YEAR - 2025/26								
	Approved Reserve	Profiled in Future Years	In-Year Reserve Total	Spend to Date	Projected Spend Value	Projected Spend %	No Longer Required	Reserves Required In Year	Commentary Regards Usage
Service Specific Earmarked Reserves:									
School Carry Forward (DSM)	2,395,340	(2,466)	2,392,874	2,193,483	2,392,874	100.0%	0	2,392,874	0
Pupil Equity Fund (PEF) Carry Forward	1,940,969	2,466	1,943,435	1,943,435	1,943,435	100.0%	0	1,943,435	0
Supporting Education and Families Service Delivery	4,599,864	(4,583,712)	16,152	4,152	16,152	100.0%	0	16,152	0
Early Learning & Childcare	1,880,851	(300,851)	1,580,000	1,542,468	1,580,000	100.0%	0	1,580,000	0
Developing the Young Workforce Initiatives	357,877	(333,079)	24,798	24,798	24,798	100.0%	0	24,798	0
Windows 11 Upgrade - Education Estate	2,675,482	(1,852,266)	823,216	96,628	823,216	100.0%	0	823,216	0
Children & Families - Whole Family Wellbeing Fund	5,313,341	(5,313,341)	0	0	0	0.0%	0	0	0
SEF / SAC Carry Forward	1,052,425	0	1,052,425	1,052,424	1,052,425	100.0%	0	1,052,425	0
Shotts Prison SLA	148,590	(138,590)	10,000	9,289	10,000	100.0%	0	10,000	0
Whole Family Support (Incl. of Employability Initiatives)	2,275,513	(601,595)	1,673,918	1,560,534	1,673,918	100.0%	0	1,673,918	0
CLD & Voluntary Organisations Youth Work Initiatives	72,459	(66,459)	6,000	4,520	6,000	100.0%	0	6,000	0
Resettlement & Unaccompanied Minors	6,886,682	(5,281,704)	1,604,978	1,506,315	1,604,978	100.0%	0	1,604,978	0
Tackling Poverty Initiatives	233,253	(217,208)	16,045	16,045	16,045	100.0%	0	16,045	0
Home to School Transport - Service Transfer	1,500,000	(1,500,000)	0	0	0	0.0%	0	0	Transfer of EMR from E&F to E&C (Period 3)
PPP/DBFM Contractual Commitments	66,329,887	(66,329,887)	0	0	0	0.0%	0	0	0
TOTAL	97,662,533	(86,518,692)	11,143,841	9,954,091	11,143,841	100.0%	0	11,143,841	

NORTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report - Savings
Period 12 (01 April 2025 - 27 February 2026)
Education & 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
N/A	Base Budget Adjustments:				0			0	
	Sub-Total Base Budget Adjustments		0	0	0		0	0	
23/24	Approved Savings								
	Review of ELC: Single Status Employee Resources	ELC	1,000	1,000	0			0	
	Sub-Total impact of previously approved savings		1,000	1,000	0		0	0	
35ECF	Approved Savings (Operational Decisions)								
	Reduced E&F HQ recharges	E&F HQ	100	100	0			0	
	Sub-Total 'Operational Decisions'		100	100	0		0	0	
26ECF	Approved Savings (Budget Decisions)								
	Developing the Young Workforce - Review of Staffing Structures	C&F	80	80	0			0	
65ECF	Review of C&F and ASC Business Admin & Support Model	C&F	280	140	140	Anticipated delay regarding the implementation of the new delivery model	Vacancy management within aligned service delivery function	140	0
81ECF	Review of CLD service delivery, including the provision of youth diversionary activities	CLD	883	662	221	Saving phasing asymmetry with majority of staffing cohort ceasing employment with the Council at the end of May 2025	Phasing delay included within the financial assumptions of the Service's approved EMRs	221	0
	Sub-Total 'Budget Decisions'		1,243	882	361		361	0	
	TOTAL		2,343	1,982	361		361	0	

84.59% **15.41%**
Delivered Gap

15.41% **0.00%**
Replacement Revised-Gap