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**Report to: People Committee**

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**Date of Meeting: 27 January 2022**

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**Subject: Financial Performance 2021/22 - October Outturn**

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**Report by: Chief Finance Officer**

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## **1.0 Purpose**

- 1.1. This paper provides an update on the financial performance for the People Directorate of the Council in respect of revenue spend for the current financial year, 2021/22. This is based on forecast information as at October 2021.

## **2.0 Recommendation**

- 2.1 The Committee is asked to note this report, commenting and challenging as appropriate on:
- the forecast General Fund revenue overspend relating to the People Directorate for the year of £1.187m, and
  - delivery of planned savings in the year forecasted to achieve 85.3%.

## **3.0 Background**

- 3.1. The following service areas are within the remit of the People Directorate

Table 1

<b>PEOPLE</b>
<b>CARE &amp; PROTECTION</b>
<b>EDUCATION &amp; LEARNING</b>
<b>SUPPORT &amp; WELL-BEING</b>

*Source: General Services Revenue & Capital Budget 2018-19 (amended June 2018)*

## **4.0 General Fund Revenue**

- 4.1. Overall the Directorate's net service expenditure is forecasting an overspend of £1.187m for the year ended 31 March 2022. This is a favourable movement of £(0.607)m since the August Outturn report to this Committee on 18

November 2021. The movement is across both Education Services £(0.278m), mainly within Primary Non Devolved; and Childcare Services £(0.292)m, mainly within Corporate Parenting £(0.161)m with the balance spread across other areas.

- 4.2 **Appendix 1** provides an overview of the financial outturn position within each Service Expenditure area.
- 4.3 **Appendix 2** sets out the main variances for the year and the movement from the forecast previously reported in November.
- 4.4 Covid19 continues to impact the delivery of Services as we move through the Recovery phase of the pandemic. Elements of the variances attributable to Covid19 are shown within appendix 2 and amount to £1.162m of the £1.187m projected overspend across the People Directorate. The Council received funding during 2020/21 and 2021/22 and will allocate this funding to cover overspends relating to Covid19 as appropriate at the end of the financial year.

## **5.0 2021/22 Savings Progress**

- 5.1 The 2021/22 budget incorporated approved savings of £2.126m. Of this total £0.682m is attributable to the People Directorate.
- 5.2 Based on analysis to date, savings of £0.582m (85.3%) are forecast to be achieved, with the remaining £0.100m (14.7%) forecast as unachievable in 2021/22.
- 5.3 **Appendix 3** provides details of budgeted 2021/22 savings progress showing the breakdown of savings that have been identified as being achievable (Green) and the saving that is unachievable (Red). Services supported by the accountancy team continue to work to achieve the approved savings or identify compensatory savings by the end of the financial year.
- 5.4 In addition to the savings above, within Corporate Services in the Performance & Partnership Directorate there is an unachievable corporate saving which relates to a deferred saving for People Directorate restructure. This restructure is ongoing and the saving will be reviewed as part of this work.

## **6.0 Conclusions**

- 6.1 The Directorate's net service expenditure is forecasting an overspend of £1.187m for the year.
- 6.2 Of the associated approved savings of £0.682m, £0.582m is forecast to be achieved with the remaining £0.100m being forecast as unachievable in 2021/22.

## 7.0 Sustainability Implications

7.1 None

## 8.0 Resource Implications

### 8.1 *Financial Details*

8.2 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

8.3 Finance has been consulted and have agreed the financial implications as set out in the report. Yes

### 8.4 *Staffing*

## 9.0 Exempt Reports

9.1 Is this report exempt? Yes  (please detail the reasons for exemption below) No

## 10.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box )

- Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all
- Our families; children and young people will have the best possible start in life
- Women and girls will be confident and aspirational, and achieve their full potential
- Our communities will be resilient and empowered so that they can thrive and flourish

(2) **Council Policies** (Please detail)

## 11.0 Equalities Impact

11.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?  
Yes  No

## 12.0 Legality

11.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

### 13.0 Appendices

13.1 Appendix 1 - People Summary at October 2021

Appendix 2 - People Variances at October 2021

Appendix 3 - People Savings at October 2021

### 14.0 Background Papers

14.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes  (please list the documents below) No

#### Author(s)

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Elizabeth Hutcheon	Management Accountancy Team Leader	6214

#### Approved by

NAME	DESIGNATION	SIGNATURE
Lindsay Sim	Chief Finance Officer	
Lorraine Sanda	Strategic Director People	

	<i>Annual Budget 2021/22 £'000</i>	<i>Forecast to March 2022 £'000</i>	<i>Variance Forecast to Budget £'000</i>	<i>Variance as at Aug-21 £'000</i>	<i>Variance Movement £'000</i>
Strategy & Customer Services	1,603	1,659	56	100	(44)
Executive Team	64	65	1	1	0
Development & Environmental	499	469	(30)	(37)	7
Education Service	62,211	62,236	25	303	(278)
Social Services	15,489	16,624	1,135	1,427	(292)
	<b>79,866</b>	<b>81,053</b>	<b>1,187</b>	<b>1,794</b>	<b>(607)</b>

People	Annual Budget 2021/22	Forecast to March 2022	Variance Forecast to Budget at October	Variance due to Covid	Variance due to Non Covid	Variance Forecast to Budget at August	Movement in variance August to October	Narrative
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Strategy & Customer Services	1,603	1,659	56	100	(44)	100	(44)	<b>Libraries:</b> forecast underspend of £(0.048)m, movement of £(0.016)m from August due to reduced level of relief staff required. <b>Leisure:</b> forecast overspend of £0.104m, movement of £(0.028)m from August. Forecasted overspend due to shortfall in income of £0.154m which remains under review. Employee Expenditure is forecast to underspend by £(0.050)m an improvement of £(0.028)m from August due to staff leaving and low level of demand to fill posts. Posts being covered by current staff to offset reduced income.
Executive Team	64	65	1	0	1	1	0	Small forecasted overspend.
Development & Environmental	499	469	(30)	(8)	(22)	(37)	7	<b>Economic Development:</b> £(0.030)m underspend, £0.007m movement - £(0.008)m underspend, £0.007m movement due to reduced volume of clients as a result of Covid19; £(0.022)m underspend in the training unit as there is no more planned uptake this year.
Education								
- Devolved Schools	31,167	31,167	0	0	0	0	0	<b>Devolved Schools</b> are forecast on budget as any under or overspends are carried forward. The current estimated underspend is £(0.056)m which is reflected within the Primary Non devolved flexibility and this consists of £(0.423)m underspend Primary, £0.132m overspend Secondary and £0.235m overspend ASN.
- Early Years	9,698	9,849	152	39	113	134	17	<b>Early Years</b> are forecast to overspend by £0.152m made up as follows: Kidzone Out of School care £0.039m overspend relating to reduction in Income due to reduction in client numbers, partly offset by reduction in staffing & non staffing costs due to Covid19 restrictions; ABC Nursery is £0.087m overspent due to historic unachievable Income budget partially offset by reduction in staffing & non staffing expenditure as the facility is now closed; projected overspend of £0.026m in Nursery provision with forecast overspends in non staffing budgets partially offset by underspend in supply costs and staffing budgets. The 1140hrs funding of £5.045m is forecast on budget as any underspend can be carried forward however it is likely to be fully utilised this financial year. The movement of £0.017m is additional Insurance costs previously forecast on budget £0.012m, and various minor adjustments of £0.005m.
- ASN Non Devolved	5,439	5,578	139	0	139	86	54	<b>ASN Non Devolved</b> is forecasting an overspend of £0.139m. This is made up of: £0.072m overspend in Learning Assistants due to increasing demand; Lochies building works £0.010m; legal costs £0.009m, Accessibility strategy £0.018m; Insurance costs £0.012m; Pupil Transport £0.058m and £0.002m other areas. These overspends are partially offset by £(0.042)m underspend in other staffing budgets due to staff turnover & vacant posts. The movement of £0.054m is Pupil Transport £0.058m and Insurance £0.012m (both previously forecast on budget) and staff turnover £(0.016)m.

People	Annual Budget 2021/22	Forecast to March 2022	Variance Forecast to Budget at October	Variance due to Covid	Variance due to Non Covid	Variance Forecast to Budget at August	Movement in variance August to October	Narrative
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
- Primary Non Devolved	1,609	1,400	(209)	0	(209)	50	(259)	<b>Primary Non Devolved</b> is currently forecasting an underspend of £(0.209)m. £(0.153)m underspend within the core Primary non devolved budgets made up of: staff turnover (£0.046m), Probationers waivers £0.034m, non staffing overspend (Parent Pay charges , Seemis, Equipment & property works less unallocated per capita budget) totalling £0.020m, Insurance costs £0.007m, Pupil Transport £(0.022)m, Teachers Supply £(0.059)m and Clothing Grants £(0.087)m. Within Teachers "flexibility" a £(0.056)m underspend for DSM is being forecast. The movement of £(0.259)m relates to Devolved schools £(0.062)m, Insurance £0.007m, Bus Contracts £(0.022)m and Teachers Supply £(0.059)m all previously forecast on budget, Clothing grants £(0.087)m after additional funding applied and staff turnover £(0.036)m.
- Secondary Non Devolved	1,664	1,653	(10)	0	(10)	65	(75)	<b>Secondary Non Devolved</b> is forecast to underspend by £(0.010)m. £0.064m relates to Music income, for Academic Year 2021/22 fees as they are no longer be chargeable and although there will be funding available to help mitigate this it is anticipated it will not cover all budgeted income which increased by £0.069m in 2018/19 as a budget saving was applied based on an increase in charges in line with our Register of charges, Pupil Transport £(0.027)m, Teachers Supply £(0.023)m, Clothing Grants £(0.032)m and £0.008m other variances. The movement of £(0.075)m relates to Pupil Transport £(0.027)m, Teachers Supply £(0.023)m (both previously forecast on budget), Clothing Grants £(0.032)m after additional funding applied and other small movements £0.007m.
- PPP Budget	8,507	8,507	(0)	0	(0)	(0)	0	<b>PPP Schools</b> is currently forecasting on budget.
- Pupil Equity Funding	2,469	2,469	(0)	0	(0)	(0)	0	<b>PEF (Pupil Equity Funding)</b> is allocated on an Academic Year basis and any underspend is carried forward with the requirement that it is fully spend by July of the following year.
- Business Management	683	632	(50)	0	(50)	(21)	(29)	<b>Business Management</b> is reporting an underspend of £(0.050)m. Vacant post and staff turnover £(0.048)m, Cleaning & Hygiene costs £(0.039)m expenditure in other areas, Training £0.013m, long service awards £0.006m, NHS Income shortfall £0.007m, RAISE £0.011m. The movement of £(0.029)m is the Cleaning & Hygiene costs previously forecast on budget £(0.039)m and staffing £0.010m.
- Sports Development	187	224	37	72	(35)	10	27	<b>Sports Development</b> is forecasting an overspend of £0.037m. A reduction in Income in various programs due to Covid19 of £0.154m less associated savings in casual sports coaches and equipment of £(0.082)m, partially offset by underspends due to discontinuation of some programs £(0.035)m. The movement of £0.027m is a reduction in forecast income of £0.019m in various programs and additional staffing costs of £0.008m.
- Other Areas	790	756	(34)	0	(34)	(21)	(13)	In other areas, Psychology Service £(0.007)m, School Crossing Patrols £(0.015)m, and Youth and Adult Services £(0.012)m combines to an underspend of (£0.034m) mainly within staffing due to vacancies. The movement of £(0.013)m relates to further staff turnover.
<b>Education Total</b>	<b>62,211</b>	<b>62,236</b>	<b>25</b>	<b>111</b>	<b>(86)</b>	<b>303</b>	<b>(278)</b>	

People	Annual Budget 2021/22	Forecast to March 2022	Variance Forecast to Budget at October	Variance due to Covid	Variance due to Non Covid	Variance Forecast to Budget at August	Movement in variance August to October	Narrative
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Social Services</b>								
- Children's Commissioned Services	686	836	150	0	150	150	0	Overspend relates to payments to third sector organisations.
- Corporate Parenting	7,234	7,685	451	435	16	612	(161)	Corporate Parenting is forecast to overspend by £0.451m in the following areas; Kinship Payments £0.187m and External Fostering £0.431m - there are 68 children in external fostering placements an increase of 13 since the start of the year. External Foster placements increased by 18 during 2020/21, many of these being related to Covid19 and this continues to be a pressure. There has been a favourable movement since reported in August as a result of delays in recruitment £0.007m, and reduced forecasts for Foster Care £0.070m, Legal fees £0.060m, and Residence Orders £0.020m
- Fieldwork Children And Families	2,075	2,083	8	0	8	63	(55)	Forecast to over spend by £0.008m is as a result of pressures within Section 22 spend £0.120m and a shortfall in income £0.080m offset by an underspend on staffing of £(0.170)m and Stationery £(0.022)m. There has been a favourable movement since last reported in August due to staffing underspends
- Residential Placements	2,702	3,359	657	524	133	632	25	At the end of October there were 16 children in residential placements with a forecast overspend of £0.740m Numbers have fallen by 6 since the start of the year, with indications that the number of children in high cost external residential placements is on a downward trajectory. The August forecast included 8 Covid related placements, these have now reduced to 6 with a forecast cost of £1.1m Expenditure on Out of area Education is forecast to overspend by £0.050m. This budget relates to 20 children receiving educational support from other local authorities. Inflationary increases are a continuing pressure with four providers having notified the Council of fee increases ranging from 1% to 4% at a total cost of £27,000.
- Strategy And Planning	479	458	(21)	0	(21)	(5)	(16)	Forecast underspend due to staffing vacancies, with the movement due to delayed recruitment.
- Management Support	869	658	(211)	0	(211)	(154)	(57)	Underspend as a result of staffing vacancies with the movement relating to an increase in income forecasted.
- Criminal Justice Service	1,444	1,545	101	0	101	129	(28)	The overspend is expected to be partially offset by short term Scottish Government Covid19 funding once spending plans are confirmed. The final figure has not been confirmed at this date.
<b>Total Social Services</b>	<b>15,489</b>	<b>16,624</b>	<b>1,135</b>	<b>959</b>	<b>176</b>	<b>1,427</b>	<b>(292)</b>	
<b>Directorate Total</b>	<b>79,866</b>	<b>81,053</b>	<b>1,187</b>	<b>1,162</b>	<b>25</b>	<b>1,794</b>	<b>(607)</b>	



## Management Efficiencies

Service Reference	Description of Saving	2021/22 £	Achieved/Likely to be achieved £	Amber £	Red £	Unachieved due to Covid £	Service Updates
PEMGT2	External recharges to Regional Improvement Collaborative - CASH	79,830	79,830				Saving achieved Education & Executive Team
PEMGT3	Devolved school management savings	40,009	40,009				Saving achieved
PEMGT5	Saving on subscription- Community L&D	3,600	3,600				Saving achieved
PEMGT6	Saving on Book Fund	5,000	5,000				Saving achieved
PEMGT7	PPP insurance rebate	7,000	7,000				Saving likely to achieve
PEMGT8	Speech & Language therapy	37,000	37,000				Saving achieved
PEMGT9	Devolved underspend- CASH	100,000	100,000				Saving achieved
PEMGT10	Educational Psychology post into mental health	30,000	30,000				Saving likely to achieve
PEMGT11	Care cubed- Review of high cost placements	100,000			100,000		There is currently a review of Commissioned Services for Children underway and this saving will not be achieved in 21/22 but will move to 22/23
<b>Total</b>	<b>Management Efficiencies</b>	<b>402,439</b>	<b>302,439</b>	<b>0</b>	<b>100,000</b>	<b>0</b>	

## Transformation

Service Reference	Description of Saving	2021/22 £	Achieved/Likely to be achieved £	Amber £	Red £	Unachieved due to Covid £	Service Updates
PEMGT1	Transforming secondary curriculum	247,275	247,275				Saving achieved
	Transforming Early Years Curriculum	32,000	32,000				Saving achieved
		<b>279,275</b>	<b>279,275</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Summary By Type	2021/22 £	Achieved/Likely to be achieved £	Amber £	Red £	Unachieved due to Covid £
Management Efficiencies	402,439	302,439	0	100,000	0
Transformation	279,275	279,275	0	0	0
<b>Total Division</b>	<b>681,714</b>	<b>581,714</b>	<b>0</b>	<b>100,000</b>	<b>0</b>

check

ok

85.3%

0.0%

35

14.7%

0.0%

