

ABERDEEN CITY COUNCIL

COMMITTEE	Education, Culture and Sport
DATE	23 February 2012
DIRECTOR	Director and Head Of Finance
TITLE OF REPORT	Budget Monitoring 2011/12
REPORT NUMBER:	ECS/12/011

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to
- i) bring to Committee members notice the current year revenue budget performance to date for the services which relate to this Committee; and
 - ii) advise on any areas of risk and management action.

2. RECOMMENDATION(S)

- 2.1 It is recommended that the Committee:
- i) Note this report on the forecast out-turn on the revenue budget and the information on areas of risk and management action that is contained herein;
 - ii) Instruct that officers continue to review budget performance and report on service strategies

3. FINANCIAL IMPLICATIONS

- 3.1. The total Education, Culture & Sport revenue budget, amounts to £174m net expenditure. This is made up of £187m of gross expenditure, offset by £13m of Income and recharges.
- 3.2. Based upon present forecasts it is anticipated that the financial performance of the service will result in a favourable movement on the Council finances overall of £308K. This is a reduction in overspend of £758K since last reported to committee in November 2011. This position will be reflected in the overall financial monitoring for the Council when it is reported to Finance and Resources Committee at the end of this Committee cycle.
- 3.3. Further details of the financial implications are set out in section 5 and the appendices attached to this report.

4. OTHER IMPLICATIONS

- 4.1 Every organisation has to manage the risks inherent in the operation of large and complex budgets. These risks are minimized by the regular review of financial information by services and corporately by Members. This report is part of that framework and has been produced to provide an overview of the current operating position.

5. BACKGROUND/MAIN ISSUES

- 5.1 This report informs members of the current year revenue budget performance to date, for the service budget and provides high level summary for the consideration of Members, to period 6 (end to September 2011).
- 5.2 The service report and associated notes on progress towards achievement of the 2011-12 savings targets are attached at Appendices A and B.

2011-12 Approved Savings

There are 20 approved savings, for 2011-2012 totalling £3.0M. These are listed at Appendix A. Against each of the savings is a narrative detailing the progress to date on each of these.

The monitoring of the Budgeted Savings is being carried out by the Programme Management Office. At this stage, all of the savings are forecast to be delivered, or alternative funding has been identified

5.3 Financial Position and Risks Assessment

The current forecast revenue out-turn is an underspend of £308K. The following areas of operation are highlighted together with any management action being taken.

a) Out of Authority Placements

This is an aligned budget with Social Care and Wellbeing which funds those costs associated with educating and accommodating children in specialist schools not run by Aberdeen City Council. The total aligned budget is £5.5M, of which the Education Culture and Sport part of this budget totals £2.4M.

The latest estimate as at 31 December 2011 is that the total aligned budget has commitments totalling £5.7M with a net over-commitment of £175K. However, the Education, Culture and Sport position is an under-commitment of £150K., following budget virements approved by EC&S Committee in November 2011.

This is an improvement on the budget position when this was last reported in November 2011, when total commitments totalled £5.8M

Officers from Education, Culture and Sport and Social Care and Wellbeing are continuing to work on short and long term strategies to reduce the

number and duration of out of authority placements. This includes a series of rigorous case reviews and a review of current processes and alternative provision.

It should be noted that this budget is subject to external factors out of our direct control: the council is required to fund placements instructed by the Children's Panel and needs to respond to the needs of children and young people in crisis which will on occasion require services outwith the authority. Officers advise that children currently being reviewed may require additional resources before the year end.

b) Determined to Succeed

This has been budgeted as a grant but it was found, after budgets had been finalised, that this funding was now included within the annual settlement. Discussions have been taking place between Corporate Finance and EC&S to identify funding to mitigate this shortfall. This grant was £600K. Discussions with Corporate Finance have confirmed that £300K is available to offset this shortfall. This is in addition to £200K of underspend from 2010/11. EC&S have confirmed this budget will be adequate for 2011/12.

c) Transport Costs

Transport expenditure is forecast to be £250K greater than budget. The overspend results from unbudgeted annual contractual uplifts and changes to contracts.

e) Property Costs

All Cleaning budgets now sit with EP&I and this has been a major factor in reducing a forecast overspend of £480K in the property related budgets.

In addition, property rates rebates of £200K have been received. The largest of these, £140K is in relation to the original Cults Academy site. It is expected that there will be a corporate adjustment to this budget as previous uplifts were dealt with on a corporate basis

(f) Teacher Staffing Costs

The annual change in budgeted teaching numbers following the August 2011 pupil intake, adjusting for approved PBB savings, was a net increase of 16 teachers. This will increase teacher staffing costs by £400K. The directorate have been notified of an additional allocation of monies from the Scottish Government following an underspend in the national Teachers Induction scheme. Aberdeen City Council's share of this underspend is approx. £535K, and this will be utilised towards meeting the additional teaching staff costs when received. The balance of these monies is being utilised to meet needs led additional staffing in schools.

(g) Letting Income

Letting income is expected to be £80K greater than budget. The bulk of this, £60K is in relation to internal income from Miscellaneous Services for what are deemed to be Corporate Lets.

6. IMPACT

- 6.1 Corporate – as a recognised top priority, the Council must take the necessary measures to balance its budget. Therefore committees and Services are required to work within a financial constraint. Every effort is being focussed on delivering services more efficiently and effectively.
- 6.2 Public – this report is likely to be of public interest due to the size of the budgets involved and the nature of the services provided by Education, Culture & Sport, a number of which are front line services delivered directly to citizens within the city.

7. REPORT AUTHOR DETAILS

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Additional contributions to analysis of risks and management action by
Director & Heads of Service – Education, Culture & Sport

Five Year Business Plan Implementation

Status Grid uses traffic Light system
 Green indicates on target
 Yellow indicates some progress made, further work required
 Red indicates significant work required

Appendix A

		Responsible Officer	Position Statement as at 27.1.12		Year 1 (2011/12)	Year 2 (2012/13)	Year 3 (2013/14)	Year 4 (2014/15)	Year 5 (2015/16)
Green Accepted									
TRANSFORMATION OPTIONS									
ECS1_C1	Integrated communities teams service - Revised Option	Patricia Cassidy/Gail Woodcock	New team structure structure in place. £1.6M saving on target.	Gross Saving Implementation/Redundancy Costs Net Annual Saving	-1,600 0 -1,600	-2,400 -2,400	-2,400 -2,400	-2,400 -2,400	-2,400 -2,400
ECS1_C26	Reduce the number of out of authority placements by redesign and small addition to existing local services	Susan Devlin/Patricia Cassidy	Current position is that budget saving is on track. However, decisions at Children's Panel between now and financial year end could impact on ability to achieve full saving.	Gross Saving Implementation/Redundancy Costs Net Annual Saving	-470 -470	-710 -710	-950 -950	-1,130 -1,130	-1,310 -1,310
ECS1_C3	Future delivery of Cultural Services (new title)	Patricia Cassidy/Neil Bruce	Meeting with KPMG assessed that additional specialist support will be required. Initial Project Board meeting agreed that procurement of an external specialist be progressed. Year 3 delivery.	Gross Saving Implementation/Redundancy Costs Net Annual Saving	0 250 250	0 0	-144 -144	-144 -144	-144 -144
ECS1_C22	Contract Out Non Staff and Non School Catering at Beach Ballroom/Art Gallery	Patricia Cassidy/Neil Bruce	The options appraisal process for the Cultural Trust will address the possible inclusion of the non-staff and non-school catering service with consequent defred delivery to Year 3.	Gross Saving Implementation/Redundancy Costs Net Annual Saving	0 100 100	-85 -85	-85 -85	-85 -85	-85 -85
ECS_E11	Redesign of senior secondary school towards a City Campus	David Leng/Derek Samson	On target. City-wide access to 15 additional Advanced Highers and course-development work ongoing with Shetland Council with potential for reduced staffing. Further curricular development and use of ICT also being explored.	Gross Saving Implementation/Redundancy Costs Net Annual Saving	0 0	0 550 550	-94 -94	-94 -94	-1,410 1,316 -94
ECS1_C17	Educational Psychology: To develop a joint EP Service with neighbouring authorities	Patricia Cassidy/Sheila Sansbury	Building upon existing working relationships and initiating potential new partnerships, officers are progressing discussions with Aberdeenshire. Now incorporated within ECS_C25	Gross Saving Implementation Costs Net Annual Saving	0 0	0 0	-35 -35	-35 -35	-35 -35
ECS1_C25	Potential shared services with other local authorities (EC&S)	Charlie Penman/Jane Nicklen	Project subject to corporate decisions on future of shared services.	Gross Saving Implementation/Redundancy Costs Net Annual Saving	0 0	-450 450 0	-450 -450	-450 -450	-450 -450
ECS1_C10	Root and branch review of commissioned arts and sports services	Patricia Cassidy/Neil Bruce	Year 1 saving met. Steering group established. Review process developed and implementation started. Formal meetings held with core partners. Year 2 savings identified.	Gross Saving Implementation/Redundancy Costs Net Annual Saving	-104 40 -64	-343 60 -283	-726 70 -656	-1,251 80 -1,171	-1,890 90 -1,800
Sub-Total					-1,784	-2,928	-4,814	-5,509	-6,318
EFFICIENCIES									
ECS_E19	Rationalise School Administration	David Leng/Lesley Kirk	£111k saving achieved.	Gross Saving Implementation/Redundancy Costs Net Annual Saving	-385 274 -111	-578 -578	-578 -578	-578 -578	-578 -578
ECS_E30	Changes to terms of engagement of casual teachers	David Leng/Kirsten Foley	60% savings could be achieved through savings on 1st 5 days casual cover at Sc 1. £130k shortfall met from Teachers Protection Grant.	Gross Saving Implementation/Redundancy Costs Net Annual Saving	-166 -166	-250 -250	-250 -250	-250 -250	-250 -250
ECS_E35	Contracting casual teachers for pupil attendance time only - 25 hrs in Primary & 27.5 hrs in Secondary and Special Schools	David Leng/Kirsten Foley	60% savings could be achieved through savings on 1st 5 days casual cover at Sc 1. £130k shortfall met from Teachers Protection Grant.	Gross Saving Implementation/Redundancy Costs Net Annual Saving	-112 -112	-168 -168	-168 -168	-168 -168	-168 -168
ECS1_C20	Educational Psychology: Do not fill current vacant posts	Patricia Cassidy/Bill O'Hara	Saving achieved.	Gross Saving Implementation/Redundancy Costs Net Annual Saving	-168 -168	-168 -168	-168 -168	-168 -168	-168 -168
ECS_E5	Nursery Nurses to provide non class contact cover for nursery teachers	David Leng/Liz Gillies	Saving achieved. Hours picked up by existing Nursery Nurses in schools required. Number of hours still required in 4 ASGs and HR business case prepared for 2 peripatetic posts to cover as per PBB Business Case.	Gross Saving Implementation/Redundancy Costs Net Annual Saving	-53 -53	-80 -80	-80 -80	-80 -80	-80 -80
	Use Of Teachers Protection Grant	David Leng	Saving achieved in Year 1	Gross Saving Implementation/Redundancy Costs Net Annual Saving	-177 -177	-265 -265	-265 -265	-265 -265	-265 -265
ECS_E32	Pensions Reduction: No Contribution for temporary promoted posts	David Leng	£26k saving delivered.	Gross Saving Implementation/Redundancy Costs Net Annual Saving	-26 -26	-26 -26	-26 -26	-26 -26	-26 -26
ECS_E40	Maximising class sizes in upper stages of secondary school	David Leng/Derek Samson	Now incorporated within E11.	Gross Saving Implementation Costs Net Annual Saving	0 0	0 0	-1,849 1,011 -838	-2,773 -2,773	-1,457 -1,457
ECS_E37	Revised music service option	David Leng/Derek Samson	Staff savings achieved through 4.39 FTE staff reduction and supply and overtime budget alterations. Fee levels held to April 2012 and supplemented by increase in fee income and more efficient fee monitoring.	Gross Saving Implementation/Redundancy Costs Net Annual Saving	-321 160 -161	-521 -521	-521 -521	-521 -521	-521 -521
Sub-Total					-974	-2,056	-2,894	-4,829	-3,513

STOP/REDUCE									
ECS_E22	Reduce Pupil Support Assistants Provision by 33% in Primary Schools	David Leng/Sohail Faruqi	Saving achieved	Gross Saving	-1,245	-1,867	-1,867	-1,867	-1,867
				Implementation/Redundancy Costs	1,518				
				Net Annual Saving	273	-1,867	-1,867	-1,867	-1,867
ECS_E24	Reduce Pupil Support Assistants Provision by 33% in Secondary Schools	David Leng/Sohail Faruqi	Saving achieved	Gross Saving	-437	-655	-655	-655	-655
				Implementation/Redundancy Costs	455				
				Net Annual Saving	18	-655	-655	-655	-655
ECS_E17a	Additional Support Needs: Increase Teacher/Pupil Ratios to 1:10 - Secondary	David Leng/Sohail Faruqi	Saving achieved.	Gross Saving	-400	-600	-600	-600	-600
				Implementation/Redundancy Costs	233				
				Net Annual Saving	-167	-600	-600	-600	-600
ECS_E18a	Additional Support Needs: Increase teacher/pupil ratios to 1:10 in primary school ASN Bases.	David Leng/Sohail Faruqi	Saving achieved.	Gross Saving	-333	-500	-500	-500	-500
				Implementation/Redundancy Costs					
				Net Annual Saving	-333	-500	-500	-500	-500
Sub-Total					-209	-3,622	-3,622	-3,622	-3,622
						0	0	0	0
TOTAL					-2,967	-8,606	-11,330	-13,960	-13,453

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**ABERDEEN CITY COUNCIL
REVENUE MONITORING 2011/2012**

APPENDIX B

DIRECTORATE : Education, Culture & Sport

As at end of December 2011		Year to Date			Forecast to Year End		
ACCOUNTING PERIOD 9	Full Year Revised Budget £'000	Revised Budget £'000	Actual Expenditure £'000	Variance Amount £'000	Outturn £'000	Variance Amount £'000	Variance Percent %
Head of Service - Communities, Culture & Sport	33,437	21,064	19,270	(1,794)	33,357	(80)	-0.2%
Head of Service - Schools and Educational Services	135,844	99,012	95,415	(3,597)	135,720	(124)	-0.1%
Head of Service - Policy & Performance	4,781	2,805	1,946	(859)	4,677	(104)	-2.2%
TOTAL BUDGET	174,061	122,881	116,629	(6,252)	173,754	(308)	-0.2%