

ABERDEEN CITY COUNCIL

COMMITTEE	Education, Culture and Sport
DATE	31st January 2013
DIRECTOR	Gayle Gorman
TITLE OF REPORT	Budget Monitoring 2012/13
REPORT NUMBER:	ECS/13/006

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 favorable budget underspend of £1,292K. This is an improvement of £265K on the position reported to committee in November. 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 minimised 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 8 (end to November 2012).
- 5.2 The service report and associated notes on progress towards achievement of the 2012-13 savings targets are attached at Appendices A and B.

2012-13 Approved Savings

There are 17 approved savings, for 2012-2013 totaling £2.7M. 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 £1,292K. The following areas of operation are highlighted together with any management action being taken.

a) Tullos Pool

There is budget provision of £200K including capital financing costs within the 2012/13 budget. This will not be required until 2013/14 and this underspend is included within the forecast.

b) 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. The Education Culture and Sport part of this budget totals £2.4M.

The latest estimate as at 30 November 2012 is that the total aligned budget has commitments totaling £5.9M with a net over-commitment of £511K. The Education, Culture and Sport element is an over-commitment of £215K, which is little changed from the position reported to committee in November.

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.

c) Property Costs

Rebates of £200K are now expected in relation to pre-paid contractual sums covering letting and malicious damage at 3R's schools.

A corporate re-allocation of rates budgets has cancelled out the previous overspend of £130K for rates at Cults Academy

(d) Letting Income

Letting income is expected to be £80K greater than budget. This is in line with trends over the past year.

It is estimated income of approximately £100K is due from Grampian Police and NHS Grampian in respect of those portions of the 3R's schools which they currently occupy. Officers across a range of services including ECS, and EP&I are progressing this with NHS and Grampian Police with a view to finalising lease agreements and charges for the shared accommodation. Estimated charges have been raised during this interim period.

(e) Teachers Long Term Absence Budget

Expenditure is forecast to be £300K greater than the available budget.

Whilst it is stressed that absence levels have not changed, costs are now being more fully attributed to the correct staff category rather than showing as an underspend in teaching budgets elsewhere.

The reimbursement rates for internal cover have been reviewed and from September, these are now more in line with external costs as these were too generous. It is hoped that this will bring final expenditure more into line with budget, but as yet, it is too early to tell.

(f) Payments to Trusts

A review of commitments against budget has established that there will be an underspend of £100k against this heading.

(g) CLD Property Works

This forecast includes provision of £160K of additional property works at Rosemount and Loirston CLD.

(h) Provost Skene House

Approval was given at Finance & Resources Committee to close Provost Skene House due to the commencement of further work on the St Nicholas House Site. At that time it was intended to close Provost Skene House around the end of December. This is now likely to have happened during February 2013. Any additional costs arising from this work in the current financial year will be met from within EC&S budgets. These are not expected to be of a material nature.

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 focused 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
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