

ABERDEEN CITY COUNCIL

COMMITTEE: **Education, Culture and Sport**

DATE: **8 October 2009**

REPORT BY: **Director and City Chamberlain**

TITLE OF REPORT: **2009/10 REVENUE BUDGET MONITORING**

REPORT NUMBER: **ECS/09/046**

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) consider and note this report and the information on management action and risks that is contained herein; and
- ii) instruct that officers continue to review budget performance and report on service strategies as required to ensure a balanced budget.

3. FINANCIAL IMPLICATIONS

3.1. The total education, Culture & Sport budget, amounts to around £173 million net expenditure.

3.2. Based upon present forecasts it is anticipated that the financial performance of the service will result in an adverse movement on the Council finances overall. 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 6 and the appendices attached to this report.

4. SERVICE AND COMMUNITY IMPACT

- 4.1. 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.

5. OTHER IMPLICATIONS

- 5.1. 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.

6. REPORT

- 6.1 This report informs members of the current year revenue budget performance to date, for the service's budget and provides high level summary for the consideration of Members, to period 5 (end to August 2009). Work is also on-going on refining Planned Budget for the period looking at previous trends. It also outlines whether or not there are any cost pressures that are immediately identifiable from the expenditure incurred to date and actions being undertaken to manage these.

- 6.2 The service report and associated notes is attached at Appendix A

Financial Position and Risks Assessment

In overall terms at this early stage, analysing Appendix A, the position reflects a potential overspend of £1,331,000.

- 6.3 At this time, the following areas of risk are highlighted together with management action being taken.

a) Out Of Authority Placements

This is an aligned budget with Social Work which funds those costs associated with educating and accommodating children in Specialist Schools and Homes not run by Aberdeen City Council.

Whilst the Learning share of the 2009-10 saving is £1.1million, there are a growing number of children being referred to the Children's Board, and at the present time this saving has not yet been achieved. This budget needs close ongoing scrutiny in conjunction with Social Work. The latest estimate is that the Education element of the aligned budget is likely to be over-committed in the region of £650,000.

At the Budget Monitoring Board on 31 July 2009 consideration was given to pooling of the respective Social Work and Education budgets in order to

strengthen budget oversight and control. A report on this will be prepared for the next cycle of meetings of the respective Service Committees.

b) Pupil Support Assistants

A budget saving of £1.5m was agreed against this budget for 2009-10 which is now in place. Benchmarking against other authorities did indicate that this was an area in which we were spending proportionately more than similar authorities. The savings will be realised from the entitlement levels set from the new school year in August 2009 to June 2010. Meantime, members will be aware that the number of children being identified with Additional Support Needs has been increasing each year, and with high parental expectations it is necessary to keep the budget under regular review.

c) Free School Meals

Recent changes in legislation are such that Learning will be expected to fund the additional costs of providing Free School meals following changes in entitlements. There is no specific provision for this within the budget for 2009-10. A tracking mechanism has been set up to monitor the additional cost associated with this. Additional grant Income from the Scottish Government in respect of Probationer Teachers which may not be required due to efficiencies in allocating Probationers will be used to offset the additional expenditure. Once the uptake is known it will be determined if additional virement is required. Confirmation of the number of probationers and the extent of the vacancies in which they have been placed is currently being finalised by officers within the Education, Culture and Sport service

d) Pupil Roll Changes

There is pressure on the budget in relation to increasing numbers of pupils with Additional Support Needs. These children often require increased teaching and support requirements. The trends are being closely monitored.

e) Sport Trust

The Sports Service is scheduled to move to the Aberdeen Sports Trust in October 2009. Any delays will have a knock on effect on the agreed Sports savings including the claim for rates relief. The position of the saving for the Hazlehead Golf Course requires to be reported by officers given that the saving associated with the creation of a Private Public Partnership (as detailed in the council budget for 2009-10) will no longer proceed as determined by the Full Council meeting on 20 May 2009. The project is being closely managed to endeavour to make the final preparations and diligence stages as smooth as possible, but actual transfer will depend on completion of all business and legal processes.

f) Transfer of budgets from other services

As part of the restructuring of services, Education, Culture and Sport have recently been assigned responsibility for budgets previously administered by other services. Details of staffing and any associated Income are still

being reviewed. Until such time as this review is complete, it can only be assumed that these budgets are sufficient to meet the staffing costs and income targets set within them.

g) Sports Income

Sports Income is currently running below budget. Further work is required to ascertain the exact extent of the shortfall and what compensatory factors lie elsewhere within associated budgets.

- 6.4** Current Years Saving - Reduction in overall staff costs for Bucksburn Academy, Mile End/Beechwood, Heathryburn and Manor Park Schools (3Rs new and combined schools) savings for 09/10 of £185,000 from school rationalisation to be accrued by reduction in teaching and non-teaching staff costs.

Projected out-turn is £94,000, which is an overall shortfall of £91,000. This is largely due to the Mile End/Beechwood new school completion date being delayed (£78,000) from August 2009 to February 2010 because of the necessity to refinance. Other contributing factors include Heathryburn completion being delayed by three weeks and the appointment of the Head Teacher at Bucksburn Academy 1.5 months earlier (£13,000).

The following action has been taken to make up the shortfall: £33,000 - deferred recruitment of Depute Head Teacher at Beechwood, following retirement, until 2010, the balance of £61,000 to be offset against uncommitted budget from E95028 General - Learning and Leisure"

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

Financial ledger data extracted for the period;

**ABERDEEN CITY COUNCIL
REVENUE MONITORING 2009 / 2010**

DIRECTORATE : EDUCATION, CULTURE AND SPORT

AS AT	31 August 2009	ANNUAL BUDGET	BUDGET TO DATE			PROJECTION TO YEAR END			CHANGE FROM LAST REPORT
			PLANNED	ACTUAL	VARIANCE	PROJECTED TOTALS	PROJECTED VARIANCE		
ACCOUNTING PERIOD 5		£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
Head Of Service - M Armstrong		3,697	1,541	1,880	339	3,778	81	2.2%	0
Head Of Service - D Leng		127,393	52,923	46,966	(5,957)	127,393	0	0.0%	0
Head Of Service - R Jarvis		11,692	4,738	3,460	(1,278)	12,301	609	5.2%	0
Support Services Manager - J Stephen		30,230	11,349	8,006	(3,343)	30,830	600	2.0%	0
TOTAL BUDGET		173,012	70,551	60,312	(10,239)	174,302	1,290	0.7%	0

**ABERDEEN CITY COUNCIL
REVENUE MONITORING 2009 / 2010**

**DIRECTORATE :Education, Culture and Sport
HEAD OF SERVICE : Mark Armstrong**

AS AT	31 August 2009	ANNUAL BUDGET	BUDGET TO DATE			PROJECTION TO YEAR END			CHANGE FROM LAST REPORT
			PLANNED	ACTUAL	VARIANCE	PROJECTED TOTALS	PROJECTED VARIANCE		
		£'000	£'000	£'000	£'000	£'000	%	£'000	
ACCOUNTING PERIOD 5									
STAFF COSTS		19,035	7,825	7,382	(443)	18,835	(200)	-1.1%	0
PROPERTY COSTS		6,623	2,575	677	(1,898)	6,623	0	0.0%	0
ADMINISTRATION COSTS		992	408	134	(274)	992	0	0.0%	0
TRANSPORT COSTS		323	123	83	(40)	323	0	0.0%	0
SUPPLIES & SERVICES		3,674	1,482	1,137	(345)	3,674	0	0.0%	0
AGENCIES		1,042	350	324	(26)	1,042	0	0.0%	0
TRANSFER PAYMENTS		2,809	1,171	1,294	123	2,809	0	0.0%	0
CAPITAL FINANCING		4,578	1,011	0	(1,011)	4,578	0	0.0%	0
GROSS EXPENDITURE		39,076	14,945	11,031	(3,914)	38,876	(200)	-0.5%	0
LESS: INCOME									
GOVERNMENT GRANTS		(146)	(77)	(629)	(552)	(146)	0	0.0%	0
OTHER GRANTS		(103)	(43)	(136)	(93)	(103)	0	0.0%	0
FEES & CHARGES		(6,112)	(2,441)	(1,681)	760	(5,312)	800	-13.1%	0
RECHARGES		(365)	(152)	0	152	(365)	0	0.0%	0
OTHER INCOME		(2,120)	(883)	(579)	304	(2,120)	0	0.0%	0
TOTAL INCOME		(8,846)	(3,596)	(3,025)	571	(8,046)	800	-9.0%	0
NET EXPENDITURE		30,230	11,349	8,006	(3,343)	30,830	600	2.0%	0

VIREMENT PROPOSALS

None this cycle

REVENUE MONITORING VARIANCE NOTES

Employee Costs

These require to be closely examined to determine the effect of reduced attendance at Sports Facilities on both staffing cost/levels and Income

PROJECTED
VARIANCE
£'000

CHANGE
£'000

(200)

Income

Sports Income, based upon historical patterns, is showing reduced Income. This is probably due to the effects of the Credit Crunch plus year on year price increases.

800

600	0
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**ABERDEEN CITY COUNCIL
REVENUE MONITORING 2009 / 2010**

**DIRECTORATE : Education, Culture and Sport
HEAD OF SERVICE : David Leng**

AS AT	31 August 2009	ANNUAL BUDGET	BUDGET TO DATE			PROJECTION TO YEAR END			CHANGE FROM LAST REPORT
			PLANNED	ACTUAL	VARIANCE	PROJECTED TOTALS	PROJECTED VARIANCE		
		£'000	£'000	£'000	£'000	£'000	%	£'000	
ACCOUNTING PERIOD 5									
STAFF COSTS		109,699	45,612	42,778	(2,834)	109,699	0	0.0%	0
PROPERTY COSTS		15,149	6,306	2,006	(4,300)	15,149	0	0.0%	0
ADMINISTRATION COSTS		290	102	131	29	290	0	0.0%	0
TRANSPORT COSTS		2,604	1,085	519	(566)	2,604	0	0.0%	0
SUPPLIES & SERVICES		4,570	1,869	1,526	(343)	4,570	0	0.0%	0
AGENCIES		426	177	30	(147)	426	0	0.0%	0
TRANSFER PAYMENTS		1,269	528	501	(27)	1,269	0	0.0%	0
CAPITAL FINANCING		4,448	1,853	0	(1,853)	4,448	0	0.0%	0
GROSS EXPENDITURE		138,455	57,532	47,491	(10,041)	138,455	0	0.0%	0
LESS: INCOME									
GOVERNMENT GRANTS		(292)	(122)	(119)	3	(292)	0	0.0%	0
OTHER GRANTS		(130)	(54)	0	54	(130)	0	0.0%	0
FEES AND CHARGES		(597)	(248)	(179)	69	(597)	0	0.0%	0
RECHARGES		(5,900)	(2,459)	0	2,459	(5,900)	0	0.0%	0
OTHER INCOME		(4,143)	(1,726)	(227)	1,499	(4,143)	0	0.0%	0
TOTAL INCOME		(11,062)	(4,609)	(525)	4,084	(11,062)	0	0.0%	0
NET EXPENDITURE		127,393	52,923	46,966	(5,957)	127,393	0	0.0%	0

VIREMENT PROPOSALS

None this cycle

**ABERDEEN CITY COUNCIL
REVENUE MONITORING 2009 / 2010**

**DIRECTORATE :Education, Culture and Sport
HEAD OF SERVICE :Rhona Jarvis**

AS AT 31 August 2009	ANNUAL BUDGET	BUDGET TO DATE			PROJECTION TO YEAR END			CHANGE FROM LAST REPORT
		PLANNED	ACTUAL	VARIANCE	PROJECTED TOTALS	PROJECTED VARIANCE		
	£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
ACCOUNTING PERIOD 5								
STAFF COSTS	4,643	1,864	1,620	(244)	4,643	0	0.0%	0
PROPERTY COSTS	19	8	(54)	(62)	19	0	0.0%	0
ADMINISTRATION COSTS	324	124	54	(70)	324	0	0.0%	0
TRANSPORT COSTS	228	95	87	(8)	228	0	0.0%	0
SUPPLIES & SERVICES	1,720	662	321	(341)	1,720	0	0.0%	0
AGENCIES	4,628	1,928	2,070	142	5,278	650	14.0%	0
TRANSFER PAYMENTS	47	20	9	(11)	47	0	0.0%	0
CAPITAL FINANCING	996	415	0	(415)	996	0	0.0%	0
GROSS EXPENDITURE	12,605	5,116	4,107	(1,009)	13,255	650	5.2%	0
LESS: INCOME								
GOVERNMENT GRANTS	(761)	(317)	(585)	(268)	(761)	0	0.0%	0
OTHER GRANTS	0	0	0	0	(41)	(41)	0.0%	0
FEES AND CHARGES	(80)	(33)	(33)	0	(80)	0	0.0%	0
RECHARGES	0	0	0	0	0	0	0.0%	0
OTHER INCOME	(72)	(28)	(29)	(1)	(72)	0	0.0%	0
TOTAL INCOME	(913)	(378)	(647)	(269)	(954)	(41)	4.5%	0
NET EXPENDITURE	11,692	4,738	3,460	(1,278)	12,301	609	5.2%	0

VIREMENT PROPOSALS

None this cycle

REVENUE MONITORING VARIANCE NOTES

Agencies

PROJECTED
VARIANCE
£'000

CHANGE
£'000

650

650	0
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ABERDEEN CITY COUNCIL
REVENUE MONITORING 2009 / 2010

DIRECTORATE :Education, Culture and Sport
SUPPORT SERVICE MANAGER - J Stephen

AS AT	31 August 2009	ANNUAL BUDGET	BUDGET TO DATE			PROJECTION TO YEAR END			CHANGE FROM LAST REPORT
			PLANNED	ACTUAL	VARIANCE	PROJECTED TOTALS	PROJECTED VARIANCE		
		£'000	£'000	£'000	£'000	£'000	%	£'000	
ACCOUNTING PERIOD 5									
STAFF COSTS		3,789	1,579	1,836	257	3,870	81	2.1%	0
PROPERTY COSTS		0	0	0	0	0	0	0.0%	0
ADMINISTRATION COSTS		546	227	31	(196)	546	0	0.0%	0
TRANSPORT COSTS		26	11	5	(6)	26	0	0.0%	0
SUPPLIES & SERVICES		140	58	9	(49)	140	0	0.0%	0
AGENCIES		0	0	0	0	0	0	0.0%	0
TRANSFER PAYMENTS		0	0	0	0	0	0	0.0%	0
CAPITAL FINANCING		19	8	0	(8)	19	0	0.0%	0
GROSS EXPENDITURE		4,520	1,883	1,881	(2)	4,601	81	1.8%	0
LESS: INCOME									
GOVERNMENT GRANTS		0	0	0	0	0	0	0.0%	0
OTHER GRANTS		(62)	(25)	0	25	(62)	0	0.0%	0
FEES & CHARGES		0	0	0	0	0	0	0.0%	0
RECHARGES		(658)	(274)	0	274	(658)	0	0.0%	0
OTHER INCOME		(103)	(43)	(1)	42	(103)	0	0.0%	0
TOTAL INCOME		(823)	(342)	(1)	341	(823)	0	0.0%	0
NET EXPENDITURE		3,697	1,541	1,880	339	3,778	81	2.2%	0

VIREMENT PROPOSALS

None this cycle

REVENUE MONITORING VARIANCE NOTES

Employee Costs

Part of this variance (£81,000) reflects Lump Sum Payments and additional pension costs made to Teaching staff who have been granted Early Retirement with Enhancement. The process is such that this is a Spend to Save against future years budget/costs. An examination of budgets which have recently been transferred to Education, Culture and Sport is required to ascertain how much, if any, of the remaining staffing overspend is due to either timing differences or reflects costs which should be met elsewhere.

Income

With respect to Income targets contained within budgets which have been transferred from other services, there is also a need to review these to be satisfied that these are achievable.

PROJECTED
VARIANCE
£'000
81

CHANGE
£'000
0

81

0