

ABERDEEN CITY COUNCIL

COMMITTEE: **Education, Culture and Sport**

DATE: **30 May 2013**

DIRECTOR: **Gayle Gorman**

TITLE OF REPORT: **Budget Monitoring 2012/13**

REPORT NUMBER: **ECS/13/040**

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 report the year end position to the appropriate committee.

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 £1,322K. This is a further improvement of £187K on the forecast reported to committee in March 2013.
- 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 11 (end to February 2013).
- 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 £1.3M. The following areas of operation are highlighted together with any management action being taken where appropriate.

a) DSM Scheme – Schools

The approved scheme of devolvement for schools in Aberdeen City Council permits schools to carry forward into the next financial year up to 2.5% savings from its devolved budgets. Any overspend is automatically carried forward. These cumulative carry forward sums are included within the EC&S budget.

Although schools have been accruing savings over and above their 2.5% limit, it is only near the year end when head teachers are fully confident on their final year end position that they commit the bulk of their expenditure.

b) Energy Costs

Final energy costs are expected to be £600K greater than budget. This has not until now been apparent due to bills being received in arrears and the bills covering the extended cold weather period only now being received. These costs are currently being analysed by Finance to determine the factors contributing to this increased expenditure.

c) 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 28 February 2013 is that the Education, Culture and Sport element has an over-commitment of £320K. This is an increase of £20K since last reported to committee.

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.

(d) Property Rental Income

Charges have now been raised for all outstanding property rental associated with the 3 R's schools.

(e) Teachers Long Term Absence Budget

Expenditure is forecast to be £560K greater than the available budget. The way in which staff cover is currently charged has been reviewed to bring expenditure back into alignment with budget from April 2013.

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. MANAGEMENT OF RISK

The service has been continuing to monitor and manage budgets throughout the year in order to ensure that the final outturn position is in line with budget.

8. REPORT AUTHOR DETAILS

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