

ABERDEEN CITY COUNCIL

COMMITTEE: **Education, Culture and Sport**

DATE: **28 March 2013**

DIRECTOR: **Gayle Gorman**

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

REPORT NUMBER: **ECS/13/024**

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.
 - iii) Approve the earmarking of sums of £200K at year end in respect of Tullos Pool and CLD Building works.

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 £1,135K. This is in line with the underspend of £1,292K reported to committee in February. 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 10 (end to January 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 £1,135K. The following areas of operation are highlighted together with any management action being taken where appropriate.

a) DEM 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.

The summary position in respect of these budgets at the end of period 10 is shown below

b) Tullos Pool

There is budget provision of £200K including capital financing costs within the 2012/13 budget. The opening date for the pool is expected to be August 2013.

Equipment costs are expected to be approximately £100K. These are not in the Capital Plan and committee is requested to approve the ring fencing of these sums from the current years revenue budget at year end to enable these costs to be met.

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 31 January 2013 is that the Education, Culture and Sport element has an over-commitment of £290K. This is an increase of £90K 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 Costs – CLD Building Works

Committee previously approved £100K of additional works to Rosemount CLD. It is now unlikely that the bulk of these works will be completed prior to year end. It is anticipated that as part of the year end process, on-going commitments such as instructed works will be treated appropriately in the councils statement of accounts. This will enable the works to be completed in the next financial year.

(e) Letting Income

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

(f) Property Rental Income

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.

(g) Teachers Long Term Absence Budget

Expenditure is forecast to be £550K greater than the available budget. The way in which staff cover is currently charged is being reviewed to ensure staffing underspends arising from reduced salary costs associated with staff going on Maternity Leave are appropriately allocated. This will take place from 1 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. REPORT AUTHOR DETAILS

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Additional contributions to analysis of risks and management action by
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