

ABERDEEN CITY COUNCIL

COMMITTEE: **Education, Culture and Sport**

DATE: **12 September 2013**

DIRECTOR: **Gayle Gorman**

TITLE OF REPORT: **Budget Monitoring 2013/14**

REPORT NUMBER: **ECS/13/056**

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 £162m net expenditure. This is made up of £174m of gross expenditure, offset by £12m 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 £493K. 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 03 (end to June 2013).
- 5.2 The service report and associated notes on progress towards achievement of the 2013-14 savings targets are attached at Appendices A and B.

2013-14 Approved Savings

There are 17 approved savings, for 2013-2014 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 £493K. The following areas of operation are highlighted together with any management action being taken where appropriate.

a. Energy Budgets

Estimated expenditure is expected to be £1.05M greater than budget at £5M.

The 2013-14 budget was based mainly upon 2011-12 expenditure levels which were then adjusted for expected contractual increases where applicable. The volatile nature of energy prices, and changing weather patterns leading to extended cold spells has meant that this budget is now out of step with expected costs.

The energy budgets will be adjusted in the budget process for 2014-15.

A table showing the last 2 years energy costs and budgets is shown below.

	2011-12 £'000	2012-13 £'000	2013-14 £'000
Budget	3,689	3,512	3,991
Actual Cost	3,791	4,730	
Estimate			5,040

b) Tullos Pool

There is budget provision of £210K within the 2013/14 budget. The opening date for the pool is expected to be October 2013. The budget provision is in respect of an April 2013 opening, rather than October 2013. This leaves approx. £100k of an in year saving.

Equipment and movable fittings of approximately £100K are being met from sums carried forward from 2012-13 for this purpose.

c) School Swimming Pool

A review of operating costs in relation to school pools has identified approx £220K of commissioning charges which are not required for this purpose.

d) Payments to Private Providers

Initial estimates indicate that this needs led budget is liable to be overspent by £90K following increased numbers of private nursery places within Aberdeen. Whilst this number will be confirmed in September/October it is felt prudent to include this within the forecast.

e) 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 £5.4M. The Education Culture and Sport part of this budget totals £2.4M.

The latest estimate as at 31 June 2013 is that the Education, Culture and Sport element has an over-commitment of £107K. At 30 June 2013, there were 91 children in placements.

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.

The table below shows the progress the service has made over the last 4 years in reducing costs.

	2009-10 £'000	2010-11 £'000	2011-12 £'000	2012-13 £'000
Actual Cost	3,337	2,843	2,670	2,471

(f) Teacher Staffing

Initial teacher number estimates for the new school session in August indicate a net increase in teachers numbers of 8 fte over and above budget provision. This is liable to increases staffing costs by £200K. Whilst the final staffing entitlements will be not be confirmed until the annual pupil census in September/October it is felt prudent to make provision for this additional cost at this time. This additional cost will be met from other teaching staffing savings associated with the efficient allocation of probationer teachers into vacant posts.

(g) Music Tuition Income

A review of charges has been carried out and a decision taken not to charge children who are undertaking SQA music courses. This is expected to reduce annual income by around £70K

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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