

ABERDEEN CITY COUNCIL

COMMITTEE: Education, Culture and Sport

DATE: 24 November 2009

REPORT BY: Director and City Chamberlain

TITLE OF REPORT: 2009/10 REVENUE BUDGET MONITORING

REPORT NUMBER: ECS/09/071

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 & 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 6 (end to September 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 £1,353,000.

- 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 Education, Culture and Sport 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, Culture and Sport element of the aligned budget is likely to be over-committed in the region of £520,000.

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 Education Culture and Sport will be expected to fund the additional costs of providing Free School meals following changes in entitlements from August 2010. 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 additional grant is still awaited.

d) Pupil Roll Changes

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

The annual Mid Year Staffing Return in relation to all school pupil numbers has now been completed. This is the subject of a separate committee report for the 24 November 2009 committee.

e) Sport Trust

The Sports Service is scheduled to move to the Aberdeen Sports Trust in December 2009. Any delays will have a knock on effect on the agreed Sports savings including the claim for rates relief. 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. At this time, indications are that the income elements of some of these budgets are not robust and that there is a likely shortfall in budgeted Income of approximately £203,000.

g) Sports Income

Sports Income is currently significantly below budget. Work is progressing with respect to identifying the exact extent of the shortfall and those compensatory factors which lie elsewhere within associated budgets.

- 6.4** Current Years Saving - Reduction in overall staff costs for Bucksburn Academy, Mile End , 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 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 Mile End, following retirement, until 2010, the balance of £61,000 to be offset against uncommitted budget from E95028 General - Learning and Leisure"

7. AUTHORISED SIGNATORY

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9. BACKGROUND PAPERS

Financial ledger data extracted for the period;

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

DIRECTORATE : Education, Culture & Sport

AS AT	01 October 2009	ANNUAL BUDGET	BUDGET TO DATE			PROJECTION TO YEAR END			CHANGE FROM LAST REPORT
			PLANNED	ACTUAL	VARIANCE	PROJECTED TOTALS	PROJECTED VARIANCE		
ACCOUNTING PERIOD 6		£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
Head of Service	Mark Armstrong	27,305	11,008	8,730	(2,278)	27,768	463	1.7%	(137)
Head of Service	David Leng	135,198	64,606	53,908	(10,698)	135,284	86	0.1%	86
Head of Service	Rhona Jarvis	8,036	3,532	2,582	(950)	8,556	520	6.5%	(120)
Operational Support Manager	Jim Stephen	3,679	1,840	2,292	452	3,963	284	7.7%	203
TOTAL BUDGET		174,217	80,986	67,512	(13,474)	175,570	1,353	0.8%	32

ABERDEEN CITY COUNCIL
REVENUE MONITORING 2009 / 2010

DIRECTORATE : Education Culture & Sport
HEAD OF SERVICE : Mark Armstrong

AS AT 01 October 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 6								
STAFF COSTS	17,442	8,597	8,242	(354)	17,242	(200)	-1.1%	0
PROPERTY COSTS	5,523	2,594	960	(1,635)	5,523	0	0.0%	0
ADMINISTRATION COSTS	956	473	140	(334)	956	0	0.0%	0
TRANSPORT COSTS	275	130	92	(38)	275	0	0.0%	0
SUPPLIES & SERVICES	3,489	1,686	1,326	(360)	3,489	0	0.0%	0
AGENCIES	695	366	185	(181)	695	0	0.0%	0
TRANSFER PAYMENTS	2,809	1,405	1,455	50	2,672	(137)	-4.9%	0
CAPITAL FINANCING	4,799	0	0	0	4,799	0	0.0%	0
GROSS EXPENDITURE	35,988	15,251	12,400	(2,851)	35,651	(337)	-0.9%	0
LESS: INCOME								
GOVERNMENT GRANTS	(146)	(92)	(880)	(788)	(146)	0	0.0%	0
OTHER GRANTS	(103)	(51)	(136)	(84)	(103)	0	0.0%	0
FEES & CHARGES	(6,089)	(2,927)	(2,023)	904	(5,289)	800	-13.1%	0
RECHARGES	(365)	(183)	0	183	(365)	0	0.0%	0
OTHER INCOME	(1,981)	(990)	(632)	358	(1,981)	0	0.0%	0
TOTAL INCOME	(8,684)	(4,243)	(3,670)	573	(7,884)	800	-9.2%	0
NET EXPENDITURE	27,305	11,008	8,730	(2,278)	27,768	463	1.7%	0

VIREMENT PROPOSALS

None this cycle

REVENUE MONITORING VARIANCE NOTES

Staff 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) 0

Property Costs

The lower than planned expenditure reflects Property Rates charges and Contributions to the Central

0 0

Supplies & Services

The lower than planned expenditure reflects programmes where expenditure will not be made until later in

0 0

Transfer Payments

The lower than budgeted projection relates to lower than budgeted payments in respect of Aberdeen Sports Vill

(137) 0

Government Grants

The greater than expected income relates to grants received during 2008-09 which relate to more than one

0 0

Fees & Charges

Sports Income, based upon historical patterns, is showing reduced Income. This is probably due to the effects of the recession plus year on year price increases. This has been offset in some degree by a saving in the payments to Aberdeen Sports Village

800 0

463 0

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

**DIRECTORATE :Education Culture & Sport
HEAD OF SERVICE : David Leng**

AS AT 01 October 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 6								
STAFF COSTS	111,731	55,784	46,531	(9,252)	111,731	0	0.0%	288
PROPERTY COSTS	16,249	8,119	3,317	(4,802)	16,470	221	1.4%	221
ADMINISTRATION COSTS	326	147	148	1	326	0	0.0%	0
TRANSPORT COSTS	2,758	1,374	753	(622)	2,758	0	0.0%	0
SUPPLIES & SERVICES	4,755	2,347	1,758	(590)	4,755	0	0.0%	0
AGENCIES	3,627	1,813	1,885	71	3,627	0	0.0%	0
TRANSFER PAYMENTS	1,269	634	604	(30)	1,269	0	0.0%	0
CAPITAL FINANCING	5,710	0	0	0	5,710	0	0.0%	0
GROSS EXPENDITURE	146,424	70,219	54,996	(15,223)	146,645	221	0.2%	509
LESS: INCOME								
GOVERNMENT GRANTS	(293)	(146)	(147)	(1)	(293)	0	0.0%	0
OTHER GRANTS	(130)	(65)	0	65	(130)	0	0.0%	0
FEES & CHARGES	(620)	(310)	(268)	42	(755)	(135)	21.8%	(135)
RECHARGES	(5,901)	(2,950)	(341)	2,609	(5,901)	0	0.0%	0
OTHER INCOME	(4,283)	(2,141)	(331)	1,810	(4,283)	0	0.0%	0
TOTAL INCOME	(11,227)	(5,613)	(1,088)	4,525	(11,362)	(135)	1.2%	(135)
NET EXPENDITURE	135,198	64,606	53,908	(10,698)	135,284	86	0.1%	374

VIREMENT PROPOSALS

None this cycle

REVENUE MONITORING VARIANCE NOTES

Staff Costs

The projected variance relates to the potential shortfall is the Teaching Staffing Saving is not achieved.

PROJECTED VARIANCE	CHANGE
£'000	£'000

0	0
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Property Costs

The lower than planned expenditure reflects Property Rates charges and Contributions to the Central Repairs Fund have still to be made. The estimated overspend relates to an underprovision in relation to Refuse Collection costs.

221	221
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Transport Costs

The lower than planned expenditure mainly reflects invoices being received in arrears from suppliers, plus provision for the additional costs relating to the decant at Kaimhill School.

0	0
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Supplies & Services

Expenditure is slightly behind expected planned expenditure due to delays in the receipt of meal charges.

0	0
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Recharges

There is no internal recharge income to date which reflects the exercise to change the way in which Support For Learning Staff are dealt with on an accounting basis.

0	0
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Other Income

The lower than planned income reflects both re-imburements awaited in respect of Education Maintenance Allowance payments, plus schools still planning how to make their DEM Target Savings which is included within this heading. The increased Income forecast mainly relates to increased Income levels in relation to the Music Service.

(135)	(135)
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86	86
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**ABERDEEN CITY COUNCIL
REVENUE MONITORING 2009 / 2010**

**DIRECTORATE : Education Culture & Sport
HEAD OF SERVICE : Rhona Jarvis**

AS AT 01 October 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 6								
STAFF COSTS	4,204	2,042	1,809	(233)	4,204	0	0.0%	0
PROPERTY COSTS	20	10	(54)	(64)	20	0	0.0%	0
ADMINISTRATION COSTS	324	152	65	(87)	324	0	0.0%	0
TRANSPORT COSTS	122	61	83	22	122	0	0.0%	0
SUPPLIES & SERVICES	1,720	813	343	(471)	1,720	0	0.0%	0
AGENCIES	1,774	887	1,102	215	2,294	520	29.3%	(120)
TRANSFER PAYMENTS	47	24	9	(14)	47	0	0.0%	0
CAPITAL FINANCING	737	0	0	0	737	0	0.0%	0
GROSS EXPENDITURE	8,948	3,989	3,356	(633)	9,468	520	5.8%	(120)
LESS: INCOME								
GOVERNMENT GRANTS	(761)	(380)	(599)	(219)	(761)	0	0.0%	0
OTHER GRANTS	0	0	(40)	(40)	0	0	0.0%	0
FEES & CHARGES	(80)	(40)	(34)	6	(80)	0	0.0%	0
OTHER INCOME	(72)	(36)	(100)	(65)	(72)	0	0.0%	0
TOTAL INCOME	(913)	(456)	(773)	(317)	(913)	0	0.0%	0
NET EXPENDITURE	8,036	3,532	2,582	(950)	8,556	520	6.5%	(120)

VIREMENT PROPOSALS

None this cycle

REVENUE MONITORING VARIANCE NOTES

Staff Costs

The lower than planned staffing expenditure reflects timing differences in teachers costs.

Property Costs

The credit shown against this heading reflects year end adjustments for bills still to be received.

PROJECTED VARIANCE £'000 CHANGE £'000
0 0

Supplies & Services

Expenditure is slightly behind expected planned expenditure due to delays in the receipt of meal charges.

0 0

Agencies

The projected outturn reflects the current estimated commitments in respect of the aligned budget for Out Of Authority Placements.

520 (120)

Government Grants

The higher than budgeted Grant Income reflects grants with an element of advance payment of grants made

0 0

520 (120)

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

**DIRECTORATE :Education Culture & Sport
HEAD OF SERVICE : Jim Stephen**

AS AT 01 October 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 6								
STAFF COSTS	3,789	1,894	2,222	313	3,870	81	2.1%	0
PROPERTY COSTS	0	0	27	27	0	0	0.0%	0
ADMINISTRATION COSTS	546	273	41	(232)	546	0	0.0%	0
TRANSPORT COSTS	26	13	6	(7)	26	0	0.0%	0
SUPPLIES & SERVICES	140	70	13	(58)	140	0	0.0%	0
GROSS EXPENDITURE	4,501	2,250	2,309	43	4,582	81	1.8%	0
LESS: INCOME								
OTHER GRANTS	(62)	(31)	0	31	(62)	0	0.0%	0
RECHARGES	(658)	(329)	0	329	(455)	203	-30.8%	0
OTHER INCOME	(103)	(51)	(1)	50	(103)	0	0.0%	0
TOTAL INCOME	(822)	(411)	(1)	410	(619)	203	-24.7%	0
NET EXPENDITURE	3,679	1,840	2,308	453	3,963	284	7.7%	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.

PROJECTED VARIANCE	CHANGE
£'000	£'000

81	0
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Income

With respect to Income targets contained within budgets which have been transferred from other services, there are budgeted Income levels which are unlikely to be achieved.

203	203
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284	203
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