

ABERDEEN CITY COUNCIL

COMMITTEE	Education, Culture and Sport
DATE	27 March 2014
DIRECTOR	Gayle Gorman
TITLE OF REPORT	Budget Monitoring 2013/14
REPORT NUMBER:	ECS/14/022

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) Agree to £94,153 being transferred from Sport Aberdeen to Aberdeen Sports Village to reflect the change in operational arrangements for COAST, and that this takes effect at date to be agreed with both organisations.
 - ii) 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;
 - iii) 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 £161m net expenditure. This is made up of £173m 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 for 2013/14 will result in a net underspend of £720K. 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. The impact of transferring funding of £94,153 to Aberdeen Sports Village is neutral to the Council as the funding is already paid to Sport

Aberdeen. The value will be transferred and the absolute value will be determined based on the actual start date and this will be agreed with both organisations.

- 3.4. Further details of the financial implications are set out in section 4 and the appendix attached to this report.

4. BACKGROUND / MAIN ISSUES

- 4.1 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 2014).

4.2 Financial Position and Risks Assessment

The current forecast revenue out-turn is an underspend of £720K. 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 with a forecast of £5M.

The 2013-14 budget was based mainly upon 2011-12 expenditure levels. These were then adjusted for expected contractual increases where applicable. This was the most up to date information available at the time of budget approval.

The 2012/13 actual costs were significantly higher. This reflected the volatile nature of energy prices, and changing weather patterns with extended cold spells. The most recent information therefore indicates it is prudent to allow for the same level of expenditure.

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

The energy budgets have been adjusted in the budget process for 2014-15.

b) Long Term Absence Budgets

The highest demand period for the Teachers Long Term Absence budget is in the latter part of the year, and whilst expenditure is currently in line with budget there is the possibility that this budget could face significant demands. An analysis of prior and current year expenditure patterns

would indicate a £90K overspend is likely. This budget will continue to be scrutinised on an on-going basis. As these charges are one month in arrears, there are still 3 months charges outstanding.

c) Unitary Charge Payments

The Unitary Charge Budget is estimated to be £90K under budget as a result of contract compliance reductions. It is proposed to transfer this underspend to the School Security budget to support essential school security works to be carried out.

(d) Property Works

Property works at Rosemount CLD are now underway following delays caused in obtaining asbestos surveys. ECS had previously agreed to fund a proportion of these works but the intended budget had to be used to fund other high priority property works around schools in preparation for the August 2013 school intake. In order for the works to start, ECS will require to fund £100K of these works from the current year budget.

(e) Metered Water Charges

There were a number of outstanding metered water charges across the service at the end of financial year 2013-14. Some of these related to relatively new school buildings where there were very little historical costs to assist in estimating the value of the outstanding bills to make provision in line with the year end process. The forecast overspend is £50K.

(f) CLD Management Committee Funds

At the time of writing this report, a total of £590K has been transferred to the nine independent community associations. These are, Bridge Of Don, Cults (Lower Deeside), Hazlehead, Hanover /City Centre, Kincorth, Mastrick, Midstocket, Sunnybank and Tilly Flat Project.

(g) Sport Aberdeen / Aberdeen Sports Village Funding transfer

Following on from the Committee decision to transfer funding from Sport Aberdeen to Aberdeen Sports Village to support the continuation of City of Aberdeen Swim Team (COAST) there have continued to be further discussions on the costs that required to be transferred, this has been fully integrated into the business planning and budget setting process with Sport Aberdeen. It has been determined an amount of £94,153 in relation to the City of Aberdeen Swim Team. This amount will transfer from Sport Aberdeen to Aberdeen Sports Village in line with the operation of the programme transferring.

5. IMPACT

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.

This articulates with the initiative, Aberdeen the smarter City, whereby maximising the use of resources will support a high quality education service within our schools and communities which will improve attainment and life chances of our children and young, people to achieve their full potential in education, employment or training, and, supports the aim to have a workforce across the city which has the skills and knowledge to sustain, grow and diversify the city economy.

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.

Equality and Human Rights implications- This is not applicable for this report.

6. MANAGEMENT OF RISK

- 6.1 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 with management actions identified to address budget variances in a timely manner. This report is part of that framework and has been produced to provide an overview of the current operating position.

7. REPORT AUTHOR DETAILS

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Additional contributions to analysis of risks and management action by
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