

/14ABERDEEN CITY COUNCIL

COMMITTEE **Education, Culture & Sport**

DATE **16 June 2014**

DIRECTOR **Gayle Gorman**

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

REPORT NUMBER: **ECS/14/039**

CHECKLIST RECEIVED: **YES**

1. PURPOSE OF REPORT

1.1 The purpose of this report is to

- i) bring to Committee members attention the current year revenue budget performance 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 near actual figures 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 revised total Education, Culture & Sport revenue budget amounts to around £162.5M net expenditure.

3.2 Based upon the near actual figures it is anticipated that the financial performance of the Directorate, an underspend of £1,390K, which compares favorably with the period 10 estimate of a £720K underspend.

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 EC&S revenue budget performance to date, and provides a high level summary for the consideration of Members, of the near actual figures for the year.

- 5.2 The Directorate's revenue budget report and associated notes are attached as

Financial Position

- 5.3 In overall terms, as set out in Appendix A, the near actual position reflects spend of £1,390k below budget.

- 5.3.1 The main areas of variance leading to this level of underspend are also detailed in the appendices to this report.

- 5.3.2 Key underlying assumptions and risks concerning the near actual figures are as follows:

- Accruals have been calculated based on the most appropriate available data. In some instances the accruals are based on actual invoices paid or received in the new financial year, whereas in other instances it has been necessary to identify an appropriate method to estimate the value of invoices outstanding.
- It is assumed that heads of service, service managers and budget holders have advised Services Accounting of any costs or incomes that need to be accrued or prepaid in 2013/14. Accruals have been prepared on the basis of information thus received.
- It remains a risk that significant accruals or prepayments are identified which have not been allowed for and which have a material effect on the figures reported or result in pressure on next year's budget.

6. IMPACT

- 6.1 As a recognised top priority the Council must take the necessary measures to balance its revenue budget. Therefore Committees and Directorates are required to work within a financial constraint. Every effort is being focused on delivering services more efficiently and effectively.

7. BACKGROUND PAPERS

Financial ledger data extracted for the period.

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.

**ABERDEEN CITY COUNCIL
REVENUE MONITORING 2013/2014**

DIRECTORATE : Education, Culture & Sport

As At 31 March 2014				
ACCOUNTING PERIOD 12	Full Year Revised £'000	Actual Expenditure £'000	Variance Amount £'000	Variance Percent %
Head of Service - Communities, Culture & Sport	30,810	29,507	(1,303)	(4.2)
Head of Service - Education Services	127,797	127,604	(193)	(0.2)
Head of Service - Resources	3,927	4,037	110	2.8
TOTAL	162,534	161,148	(1,386)	(0.9)

ABERDEEN CITY COUNCIL
REVENUE MONITORING 2013/2014

DIRECTORATE :Education Culture & Sport
HEAD OF SERVICE : G Woodcock (Acting)

As At 31 March 2014

Accounting Period 12	Full Year Revised Budget	Actual Expenditure	Variance Amount	Variance Percent	Change from Last Report
	£'000	£'000	£'000	%	£'000
STAFF COSTS	13,454	12,677	(777)	(5.8)	42
PROPERTY COSTS	1,898	2,114	216	11.4	15
ADMINISTRATION COSTS	542	584	42	7.7	(24)
TRANSPORT COSTS	179	146	(33)	(18.4)	(3)
SUPPLIES & SERVICES	3,786	4,164	378	10.0	(49)
COMMISSIONING SERVICES	5,845	5,293	(552)	(9.4)	(150)
TRANSFER PAYMENTS TOTAL	10,071	9,756	(315)	(3.1)	140
GROSS EXPENDITURE	35,775	34,734	(1,041)	(2.9)	(29)
LESS: INCOME					
GOVERNMENT GRANTS	(693)	(787)	(94)	13.6	246
OTHER GRANTS	(573)	(870)	(297)	51.8	(200)
FEES & CHARGES	(2,848)	(2,546)	302	(10.6)	(177)
RECHARGES	(333)	(370)	(37)	11.1	(37)
OTHER INCOME	(518)	(654)	(136)	26.3	65
TOTAL INCOME	(4,965)	(5,227)	(262)	5.3	(103)
NET EXPENDITURE	30,810	29,507	(1,303)	(4.2)	(132)

BUDGET TO DATE MONITORING VARIANCE NOTES					VARIANCE	CHANGE
					£'000	£'000
<u>Staff Costs</u>						
An underspend in Libraries, £500K, can attributed to the large number of vacancies due to the rolling 51 week contracts which have taken longer to fill due to PVG checking time; Phase 1 or the internal staffing review which reduced number of librarian/manager posts; Phase 2 will increase capacity (additional posts) of the frontline service in response to demand aligned to the on-going CLD/Library review. In the Arts and Culture budget, there has been an underspend of £600K as a result of vacancies, including during the integration of Arts Development and Arts Education teams, into the Creative Learning Team. Underspend of £150K in CLD is attributed to vacancies during the year which took some time to fill. These underspends have been used to offset the staff vacancy factor of £500K. The level of underspend is not expected to continue in the current financial year.					(777)	42
<u>Property Costs</u>						
The bulk of the variance reflects commitments in respect of property works at Rosemount Centre at the March 2014 ECS Committee. The energy budget was £60K overspent.					216	15
<u>Administration costs</u>						
There were no significant variances within this budget.					42	(24)
<u>Transport costs</u>						
There were no significant variances within this budget.					(33)	(3)
<u>Supplies & Services</u>						
The Council benefited from increased annual business at the Beach Ballroom, which coupled with the level of Civic catering provided is reflected as overspends on catering provisions by £70K, and resulted in increased income levels. External funding, including grants of £90k, enabled Museums and Galleries to purchase Works of Art; this is reflected as an overspend of £90k, balanced by an increase in income of the same amount. Externally funded project funding applications brought in £80k, which offsets the shown overspend of £80K.					378	(49)
<u>Commissioning Services</u>						
Swimming Pool management fees of £460K covering both last year and the current year are not now payable following a review of this area of operation. Provision had previously been made within the Services year end accounts for the 2012-13 fees and as this is no longer required it has been released back into the funds available to ECS. the Out Of Authority budget was £120K overspent.					(552)	(150)
<u>Transfer payments</u>						
The delay in opening of the 50M pool, plus payments to Sport Aberdeen as a result of the budget being set at a higher rate than required has given rise to this saving.					(315)	140
<u>Income - Government Grants</u>						
The main favourable variance arises from Sports Scotland Grants being carried forward into 2014-15, as the grant covered a school and not a financial year.					(94)	246
<u>Income - Other Grants</u>						
In year grants accounts for this favourable variance. Costs against this grant are reflected elsewhere, including the Supplies and Services budget above.					(297)	(200)
<u>Income - Fees & Charges</u>						
Creche Income was £200K below budget, Library Audio Subscriptions £50K less than budget, and the Maritime Museum shop sales were £60K less than budget.					302	(177)
<u>Income - Recharges</u>						
No significant variances from budget are forecast for this item.					(37)	(37)
<u>Income - Other Income</u>						
The additional forecast income represents a number of small income streams which were not originally envisaged. There are additional expenditures linked with these incomes and these are reflected within the body of expenditure categories.					(136)	65
					(1,303)	(132)

**ABERDEEN CITY COUNCIL
REVENUE MONITORING 2013/2014**

**DIRECTORATE :Education Culture & Sport
HEAD OF SERVICE : C Penman**

As At 31 March 2014					
Accounting Period 12	Full Year Revised Budget	Actual Expenditure	Variance Amount	Variance Percent	Change from Last Report
	£'000	£'000	£'000	%	£'000
STAFF COSTS	98,688	98,666	(22)	(0.0)	50
PROPERTY COSTS	23,392	24,198	806	3.4	(287)
ADMINISTRATION COSTS	227	176	(51)	(22.5)	(56)
TRANSPORT COSTS	206	218	12	5.8	(103)
SUPPLIES & SERVICES	7,474	6,925	(549)	(7.3)	(149)
COMMISSIONING SERVICES	407	416	9	2.2	(104)
TRANSFER PAYMENTS TOTAL	214	195	(19)	(8.9)	65
GROSS EXPENDITURE	130,608	130,794	186	0.1	(584)
LESS: INCOME					
GOVERNMENT GRANTS	(365)	(365)	0	0.0	(3)
OTHER GRANTS	(306)	(696)	(390)	127.5	1
FEES & CHARGES	(1,119)	(988)	131	(11.7)	105
OTHER INCOME	(1,021)	(1,141)	(120)	11.8	(65)
TOTAL INCOME	(2,811)	(3,190)	(379)	13.5	38
NET EXPENDITURE	127,797	127,604	(193)	(0.2)	(546)

<u>BUDGET TO DATE MONITORING VARIANCE NOTES</u>	<u>VARIANCE £'000</u>	<u>CHANGE £'000</u>
<u>Staff Costs</u>		
The probationers budget was £260K underspent as a result of maximising the use of probationers by using them to fill vacancies which matched their teaching commitment, thus ensuring there was as little excess capacity as possible. The School Escorts budget was £70K overspent, mainly due to additional pension costs associated with auto-enrolment of pensions. Staff Advertising was £140 K overspent following extensive staff vacancy advertising during the year. Provision was made within the accounts for the estimated cost of the Teachers 2013-14 pay award which was agreed late in the financial year. This will be in the region of £850K, and due to timing is not reflected within the teaching budgets. This is being dealt with centrally so as not to affect schools DEM Carry Forward Balances.	(22)	50
<u>Property Costs</u>		
Energy costs were £700K greater than budget. Metered water charges were £100K higher than budget. The favourable movement since period 10 reflects lower than forecast energy cost as a result of the mild weather in the last quarter of the year.	806	(287)
<u>Administration costs</u>		
Telephone Rental and Advertising costs were £20K below	(51)	(56)
<u>Transport costs</u>		
There were no significant variances within this budget.	12	(103)
<u>Supplies & Services</u>		
The exam fees budget was £250K under budget following changes in SQA invoicing procedures.	(549)	(149)
<u>Commissioning Services</u>		
There were no significant variances within this budget.	9	(104)
<u>Transfer payments</u>		
Pupil Clothing budgets were underspent by £80K. This is in line with past expenditure levels and the rationalisation of entitlements with Free School meals legislation. A contribution of £60K toward the Riverbank School extension was also met from within this category.	(19)	65
<u>Income - Government Grants</u>		
There were no significant variances within this budget.	0	(3)
<u>Other Grants</u>		
Recharges to Aberdeenshire for Aberdeenshire children with ASN needs at City schools are estimated to be £350K higher than budget.	(390)	1
<u>Income - Fees & Charges</u>		
Music Fee Income was £100K less than budget. A review of charges in relation to SQA courses accounts for £70K of this shortfall, with the remaining £30K being offset by reduced Music Instructor staff costs.	131	105
<u>Income - Other Income</u>		
Recoveries in respect of Statutory Sickness and Maternity pay were £150K greater than budget. These income streams were originally offset against sickness costs, but more accurate data has allowed these income streams to now be reflected correctly as Income. This does not reflect increased levels of either sickness or maternity absence.	(120)	(65)
	<u>(193)</u>	<u>(546)</u>

ABERDEEN CITY COUNCIL
REVENUE MONITORING 2013/ 2014

DIRECTORATE :Education Culture & Sport
HEAD OF SERVICE : D Anderson (Acting)

As At 31 March 2014					
Accounting Period 12	Full Year Revised Budget	Actual Expenditure	Variance Amount	Variance Percent	Change from Last Report
	£'000	£'000	£'000	%	£'000
STAFF COSTS	2,570	2,348	(222)	(8.6)	42
PROPERTY COSTS	271	256	(15)	(5.5)	(15)
ADMINISTRATION COSTS	467	449	(18)	(3.9)	(49)
TRANSPORT COSTS	56	53	(3)	(5.4)	5
SUPPLIES & SERVICES	659	1,045	386	58.6	105
TRANSFER PAYMENTS	325	317	(8)	(2.5)	(8)
GROSS EXPENDITURE	4,348	4,468	120	2.8	80
LESS: INCOME					
GOVERNMENT GRANTS	(367)	(348)	19	(5.2)	11
OTHER GRANTS	(19)	(59)	(40)	210.5	(18)
FEES & CHARGES	(10)	(14)	(4)	40.0	(4)
OTHER INCOME	(25)	(10)	15	(60.0)	10
TOTAL INCOME	(421)	(431)	(10)	2.4	(1)
NET EXPENDITURE	3,927	4,037	110	2.8	79

<u>BUDGET TO DATE MONITORING VARIANCE NOTES</u>	<u>VARIANCE £'000</u>	<u>CHANGE £'000</u>
<u>Staff Costs</u> The year to date underspend reflects the management of vacancies to contribute towards service wide annual vacancy factor savings of £740K, plus delays in filling posts pending the finalisation of proposed admin. staffing restructures.	(222)	42
<u>Property Costs</u> There were no significant variances within this budget.	(15)	(15)
<u>Administration costs</u> There were no significant variances within this budget.	(18)	(49)
<u>Transport costs</u> There were no significant variances within this budget.	(3)	5
<u>Supplies</u> The main variances relate to additional Software Licence fees of £70K associated with the MIS project, additional costs of £250K for school linked property repairs and maintenance and £70K in respect of external support for the school estate works and cover for the vacant Head Of Service post.	386	105
<u>Transfer Payments</u> There were no significant variances within this budget.	(8)	(8)
<u>Government Grants</u> There were no significant variances within this budget.	19	11
<u>Other Grants</u> This represents a small Staff Development Grant received from NHS Grampian for Substance Misuse Training. This grant was carried forward from 2012/13 and was utilised within the 2013-14 financial year.	(40)	(18)
<u>Income - Fees & Charges</u> There were no significant variances within this budget.	(4)	(4)
<u>Other Income</u> There were no significant variances within this budget.	15	10
	<u>110</u>	<u>79</u>