

## ABERDEEN CITY COUNCIL

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COMMITTEE	<b>Education, Culture &amp; Sport</b>
DATE	<b>11 September 2014</b>
DIRECTOR	<b>Gayle Gorman</b>
TITLE OF REPORT	<b>2014/15 Revenue Budget Monitoring</b>
REPORT NUMBER:	<b>ECS/14/050</b>

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### **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 £170.9M net expenditure.

3.2 Based upon present forecasts it is anticipated that the financial performance of the service for 2014/15 will result in a net underspend of £130K. 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 4 and the appendix 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 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 The current forecast revenue out-turn is an underspend of £130K. The following areas of operation are highlighted together with any management action being taken where appropriate.

##### (a) Centrally Held Teaching Staffing Salaries

Continuing efficiencies It is predicted that probationers budget will be £250K underspent at academic year end, in line with on-going efficiencies in the allocation of probationers to schools in a way that the additional costs to the council are minimised when matching probationers into vacant posts.

##### (b) Unitary Charge Payments

The Unitary Charge Budget is estimated to be £190K under budget as a result of contract compliance reductions, savings arising from reduced vandalism costs.

##### (c) CLD Management Committee Funds

At the time of writing this report, a total of £260K has been transferred to the three independent community associations. These are, Beacon, Dyce and Northfield.

##### d) Out of Authority Placements

This is an aligned budget with Social Care and Wellbeing to fund those costs associated with educating and accommodating children in specialist schools not run by Aberdeen City Council. The total aligned

budget is £5.1M. The Education Culture and Sport part of this budget totals £2.6M.

The financial position at 31 May 2014 is that the Education, Culture and Sport element has an over-commitment of £600K. This is a reduction of £75K from the level of commitments at the end of April 2014.

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 this will on occasion require services outwith the authority.

(e) Statutory Sick Pay/Maternity Pay Income

The accounting treatment of these government repayments were amended during 2013-14 to enable these payments to be shown and tracked separately, instead of being netted off against costs. Whilst absence levels have not changed materially, it has been discovered that annual repayments budget is understated by £150K.

## **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.

<b>ABERDEEN CITY COUNCIL</b>							
<b>REVENUE MONITORING 2014/2015</b>							
<b>DIRECTORATE :</b>	Education, Culture & Sport						
As At 30 June 2014	Year to Date				Forecast to Year End		
ACCOUNTING PERIOD 3	Full Year Revised Budget	Revised Budget	Actual Expenditure	Variance Amount	Forecast Actual	Variance Amount	Variance Percent
	£'000	£'000	£'000	£'000	£'000	£'000	%
Head of Service - Communities, Culture & Sport	40,255	9,996	9,042	(954)	40,496	241	0.6
Head of Service - Education Services	126,283	35,412	33,235	(2,177)	125,893	(390)	(0.3)
Head of Service - Resources	4,372	1,192	1,060	(132)	4,392	20	0.5
<b>TOTAL</b>	<b>170,910</b>	<b>46,600</b>	<b>43,337</b>	<b>(3,263)</b>	<b>170,781</b>	<b>(129)</b>	<b>(0.1)</b>

**ABERDEEN CITY COUNCIL**  
**REVENUE MONITORING 2014/2015**

**DIRECTORATE :Education Culture & Sport**  
**HEAD OF SERVICE : S Sansbury (Acting)**

As At 30 June 2014	FULL YEAR REVISED BUDGET	BUDGET TO DATE			PROJECTION TO YEAR END		
		REVISED BUDGET	ACTUAL EXPENDITURE	VARIANCE	FORECAST ACTUAL	VARIANCE	
ACCOUNTING PERIOD 3	£'000	£'000	£'000	£'000	£'000	£'000	%
STAFF COSTS	21,734	4,953	4,488	(465)	21,579	(155)	-0.7%
PROPERTY COSTS	2,137	920	905	(15)	2,125	(12)	-0.6%
ADMINISTRATION COSTS	529	132	102	(30)	518	(11)	-2.1%
TRANSPORT COSTS	163	41	30	(11)	159	(4)	-2.5%
SUPPLIES & SERVICES	6,161	1,451	1,273	(178)	6,115	(46)	-0.7%
COMMISSIONING SERVICES	5,827	1,592	1,726	134	6,364	537	9.2%
TRANSFER PAYMENTS TOTAL	9,853	2,463	2,507	44	9,853	0	0.0%
<b>GROSS EXPENDITURE</b>	<b>46,403</b>	<b>11,552</b>	<b>11,031</b>	<b>(521)</b>	<b>46,713</b>	<b>309</b>	<b>0.7%</b>
LESS: INCOME							
GOVERNMENT GRANTS	(951)	(335)	(547)	(212)	(893)	58	-6.1%
OTHER GRANTS	(421)	(103)	(264)	(161)	(482)	(61)	14.5%
FEES & CHARGES	(2,696)	(674)	(737)	(63)	(2,759)	(63)	2.3%
INTEREST	0	0	0	0	0	0	0.0%
RECHARGES	(355)	(89)	(88)	1	(355)	0	0.0%
OTHER INCOME	(1,725)	(355)	(353)	2	(1,728)	(3)	0.2%
<b>TOTAL INCOME</b>	<b>(6,148)</b>	<b>(1,556)</b>	<b>(1,989)</b>	<b>(433)</b>	<b>(6,217)</b>	<b>(69)</b>	<b>1.1%</b>
<b>NET EXPENDITURE</b>	<b>40,255</b>	<b>9,996</b>	<b>9,042</b>	<b>(954)</b>	<b>40,496</b>	<b>240</b>	<b>0.6%</b>

	YR TO DATE	PROJECTED
	VARIANCE	VARIANCE
	£'000	£'000
<b>BUDGET TO DATE MONITORING VARIANCE NOTES</b>		
<b><u>Staff Costs</u></b>		
The year to date underspend lies within a number of areas -Principally within Communities (£200K), Libraries, Museums & Galleries (£140K) and Families & Vulnerable Learners (£120K). It should be noted that there is a full year staff vacancy target of £500K is expected to be achieved, and the filling of posts is expected to reduce available savings against this target in the latter part of the year. It should be noted that although there is a high year to date staffing savings , the level of vacancies attributing to this has been reducing as posts are being filled.	(465)	(155)
<b><u>Property Costs</u></b>		
No significant variances from budget are forecast for this item.	(15)	(12)
<b><u>Administration costs</u></b>		
No significant variances from budget are forecast for this item.	(30)	(11)
<b><u>Transport costs</u></b>		
No significant variances from budget are forecast for this item.	(11)	(4)
<b><u>Supplies &amp; Services</u></b>		
The year to date underspend mainly represents Community Centre Funds. At the time of writing this report, a total of £260K has been transferred to three Management Associations who are undergoing transition. These are Beacon, Dyce and Northfield . A year end underspend of £120K is estimated in this area.	(178)	(46)
<b><u>Commissioning Services</u></b>		
The commitment against the joint Social Care & Education aligned budget shows a projected overspend of £2.6M as at 31st May 2014. This is split between £1.95M in social care & £611K in education. This represents a decrease of £75k from the projected overspend of £2.636m at the end of April 2014, and is as a result of continuing to reduce the over commitment by continuing to bring children back into the city.	134	537
<b><u>Transfer payments</u></b>		
No significant variances from budget are forecast for this item.	44	0
<b><u>Income - Government Grants</u></b>		
The bulk of the additional income is also reflected in greater than budgeted costs elsewhere within the budgets.	(212)	58
<b><u>Income - Other Grants</u></b>		
The additional income reflects a number of small grants which will be utilised within the current financial year.	(161)	(61)
<b><u>Income - Fees &amp; Charges</u></b>		
The annual forecast mainly reflects higher than budgeted Income at the Beach Ballroom	(63)	(63)
<b><u>Income - Recharges</u></b>		
No significant variances from budget are forecast for this item.	1	0
<b><u>Income - Other Income</u></b>		
No significant variances from budget are forecast for this item.	2	(3)
	(955)	240

ABERDEEN CITY COUNCIL							
REVENUE MONITORING 2014/ 2015							
DIRECTORATE :Education Culture & Sport							
HEAD OF SERVICE : C Penman							
As At 30 June 2014	FULL YEAR REVISED BUDGET	BUDGET TO DATE			PROJECTION TO YEAR END		
		REVISED BUDGET	ACTUAL EXPENDITURE	VARIANCE	FORECAST ACTUAL	VARIANCE	
ACCOUNTING PERIOD 3	£'000	£'000	£'000	£'000	£'000	£'000	%
STAFF COSTS	98,552	24,638	22,830	(1,808)	98,524	(28)	0.0%
PROPERTY COSTS	25,163	10,210	10,059	(151)	24,986	(177)	-0.7%
ADMINISTRATION COSTS	223	56	42	(14)	220	(3)	-1.3%
TRANSPORT COSTS	241	60	57	(3)	248	7	2.9%
SUPPLIES & SERVICES	5,068	1,267	1,154	(113)	5,106	38	0.7%
COMMISSIONING SERVICES	402	100	91	(9)	402	0	0.0%
TRANSFER PAYMENTS TOTAL	184	0	0	0	134	(50)	-27.2%
<b>GROSS EXPENDITURE</b>	<b>129,833</b>	<b>36,331</b>	<b>34,233</b>	<b>(2,098)</b>	<b>129,620</b>	<b>(213)</b>	<b>-0.2%</b>
LESS: INCOME							
GOVERNMENT GRANTS	(350)	(181)	(129)	52	(351)	(1)	0.3%
OTHER GRANTS	(306)	(77)	(176)	(99)	(306)	0	0.0%
FEES & CHARGES	(1,119)	(280)	(166)	114	(1,098)	21	-1.9%
OTHER INCOME	(1,775)	(381)	(527)	(146)	(1,972)	(197)	11.1%
<b>TOTAL INCOME</b>	<b>(3,550)</b>	<b>(919)</b>	<b>(998)</b>	<b>(79)</b>	<b>(3,727)</b>	<b>(177)</b>	<b>5.0%</b>
<b>NET EXPENDITURE</b>	<b>126,283</b>	<b>35,412</b>	<b>33,235</b>	<b>(2,177)</b>	<b>125,893</b>	<b>(390)</b>	<b>-0.3%</b>

	YEAR TO DATE	PROJECTED
	VARIANCE	VARIANCE
BUDGET TO DATE MONITORING VARIANCE NOTES	£'000	£'000
<b><u>Staff Costs</u></b>		
The year to date position reflects a cumulative staffing underspend in respect of the schools DEM budgets. These sums are available to schools to spend on staffing or other resources as the year continues in line with the Devolved School Management Scheme. It is predicted that probationers budget will be £250K underspent at academic year end, in line with on-going efficiencies in the allocation of probationers to schools in a way that the additional costs to the council are minimised when matching probationers into vacant posts. It is expected that any teacher number increases will be managed from within current budget resources.	(1,808)	(28)
<b><u>Property Costs</u></b>		
The Unitary Charge budget is expected to be underspent by £190K as a result of contract monitoring efficiencies plus savings as a result of minimal vandalism costs and contractual letting income sharing arrangements.	(151)	(177)
<b><u>Administration costs</u></b>		
No significant variances from budget are forecast for this item.	(14)	(3)
<b><u>Transport costs</u></b>		
No significant variances from budget are forecast for this item.	(3)	7
<b><u>Supplies &amp; Services</u></b>		
No significant variances from budget are forecast for this item.	(113)	38
<b><u>Commissioning Services</u></b>		
No significant variances from budget are forecast for this item.	(9)	0
<b><u>Transfer payments</u></b>		
An underspend of £50K is projected in Pupil Clothing budgets. This forecast is in line with previous years expenditure levels.	0	(50)
<b><u>Income - Government Grants</u></b>		
No significant variances from budget are forecast for this item.	52	(1)
<b><u>Other Grants</u></b>		
No significant variances from budget are forecast for this item.	(99)	0
<b><u>Income - Fees &amp; Charges</u></b>		
No significant variances from budget are forecast for this item.	114	21
<b><u>Income - Other Income</u></b>		
Shared Premises Cost Recoveries are expected to be £40K higher than budget. This is partially a result of increased annual energy and other variable property costs. Statutory Sickness and Maternity Pay Credits are expected to be £150K greater than budgeted	(146)	(197)
	(2,177)	(390)



**ABERDEEN CITY COUNCIL  
REVENUE MONITORING 2014/ 2015**

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

As At 30 June 2014	FULL YEAR REVISED BUDGET	BUDGET TO DATE			PROJECTION TO YEAR END		
		REVISED BUDGET	ACTUAL EXPENDITURE	VARIANCE	FORECAST ACTUAL	VARIANCE	
	£'000	£'000	£'000	£'000	£'000	£'000	%
ACCOUNTING PERIOD 3							
STAFF COSTS	2,607	652	571	(81)	2,523	(84)	-3.2%
PROPERTY COSTS	137	34	37	3	137	0	0.0%
ADMINISTRATION COSTS	467	117	76	(41)	507	40	8.6%
TRANSPORT COSTS	56	29	28	(1)	50	(6)	-10.7%
SUPPLIES & SERVICES	1,208	387	367	(20)	1,284	76	6.3%
TRANSFER PAYMENTS	325	81	104	23	318	(7)	-2.2%
<b>GROSS EXPENDITURE</b>	<b>4,800</b>	<b>1,300</b>	<b>1,183</b>	<b>(117)</b>	<b>4,819</b>	<b>19</b>	<b>0.4%</b>
LESS: INCOME							
GOVERNMENT GRANTS	(367)	(91)	(103)	(12)	(358)	9	-2.5%
OTHER GRANTS	(25)	(6)	(11)	(5)	(25)	0	0.0%
FEES & CHARGES	(10)	(3)	(2)	1	(10)	0	0.0%
OTHER INCOME	(26)	(8)	(7)	1	(34)	(8)	30.8%
<b>TOTAL INCOME</b>	<b>(428)</b>	<b>(108)</b>	<b>(123)</b>	<b>(15)</b>	<b>(427)</b>	<b>1</b>	<b>-0.2%</b>
<b>NET EXPENDITURE</b>	<b>4,372</b>	<b>1,192</b>	<b>1,060</b>	<b>(132)</b>	<b>4,392</b>	<b>20</b>	<b>0.5%</b>

							YEAR TO DATE	PROJECTED
							VARIANCE	VARIANCE
<u>BUDGET TO DATE MONITORING VARIANCE NOTES</u>							£'000	£'000
<b><u>Staff Costs</u></b>								
The year to date underspend reflects the management of vacancies to contribute towards service wide annual vacancy factor savings.							(81)	(84)
An overall underspend of £80K is estimated in relation to staffing costs at year end.								
<b><u>Property Costs</u></b>								
No significant variances from budget are forecast for this item.							3	0
<b><u>Administration costs</u></b>								
Additional PVG check costs of £60K are now expected as part of the councils 2 year programme which is intended to ensure all PVG checks are updated. This has been partially offset by underspends in other administration costs.							(41)	40
<b><u>Transport costs</u></b>								
No significant variances from budget are forecast for this item.							(1)	(6)
<b><u>Supplies &amp; Services</u></b>								
The main variances relates mainly to cover for the vacant Head Of Service post, plus additional licences for the MIS programme which is undergoing replacement.							(20)	76
<b><u>Transfer Payments</u></b>								
No significant variances from budget are forecast for this item.							23	(7)
<b><u>Government Grants</u></b>								
No significant variances from budget are forecast for this item.							(12)	9
<b><u>Other Grants</u></b>								
No significant variances from budget are forecast for this item.							(5)	0
<b><u>Income - Fees &amp; Charges</u></b>								
No significant variances from budget are forecast for this item.							1	0
<b><u>Other Income</u></b>								
No significant variances from budget are forecast for this item.							1	(8)
							(132)	20