

ABERDEEN CITY COUNCIL

COMMITTEE	Education and Children's Services
DATE	2 December 2014
DIRECTOR	Gayle Gorman
TITLE OF REPORT	2014/15 Revenue Budget Monitoring
REPORT NUMBER:	ECS/14/058

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 ECS revenue budget performance to date, and provides a high level summary for the consideration of Members, to period 6 (to end of September 2014). 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.
- 5.2 The Directorate's revenue budget report and associated notes are attached at Appendices A to F.

Financial Position

- 5.3 The current forecast revenue out-turn is an underspend of £130K. This is an excellent overall position given the scale of the Service budget and the Service is to be commended for their management of budgets. The following areas of operation are highlighted together with any management action being taken where appropriate.

(a) Centrally Held Teaching Staffing Salaries

Through the efficient management of the Probationer budget, it is projected that there will be an underspend of £250K by the academic year end. This is in line with innovative practice which minimises the additional cost to the Council when matching Probationers to vacant teaching posts.

(a) Unitary Charge Payments

The Unitary Charge Budget is estimated to be £150K under budget as a result of contract compliance reductions, savings arising from reduced vandalism costs.

(b) CLD Management Committee Funds

At the time of writing this report, a total of £194K has been transferred to the two independent community associations. These are, Mastrick and Northfield.

(c) 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 30 September 2014 is that the Education, Culture and Sport element has an over-commitment of £690K. This is an increase of £90K from the level of commitments at the end of June 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.

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

Brian Dow
Finance Partner
bdow@aberdeencity.gov.uk
01224 346352

Additional contributions to analysis of risks and management action by
Director & Heads of Service – Education, Culture & Sport.

ABERDEEN CITY COUNCIL

REVENUE MONITORING 2014/2015

DIRECTORATE : Education, Culture & Sport

As At 30 September 2014	Year to Date				Forecast to Year End		
ACCOUNTING PERIOD 6	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	40,324	19,603	18,170	(1,433)	40,098	(226)	(0.6)
Head of Service - Education Services	127,060	66,498	63,129	(3,369)	127,131	71	0.1
Head of Service - Resources	3,936	1,977	1,877	(100)	3,993	57	1.4
TOTAL	171,320	88,078	83,176	(4,902)	171,222	(98)	(0.1)

ABERDEEN CITY COUNCIL							
REVENUE MONITORING 2014/2015							
DIRECTORATE : Education Culture & Sport							
HEAD OF SERVICE : G Woodcock							
		BUDGET TO DATE			PROJECTION TO YEAR END		
As At 30 September 2014	FULL YEAR REVISED BUDGET	REVISED BUDGET	ACTUAL EXPENDITURE	VARIANCE	FORECAST ACTUAL	VARIANCE	
ACCOUNTING PERIOD 6	£'000	£'000	£'000	£'000	£'000	£'000	%
STAFF COSTS	20,445	10,222	9,568	(654)	19,665	(780)	-3.8%
PROPERTY COSTS	2,153	1,336	1,241	(95)	2,127	(26)	-1.2%
ADMINISTRATION COSTS	570	277	167	(110)	556	(14)	-2.5%
TRANSPORT COSTS	180	86	67	(19)	179	(1)	-0.6%
SUPPLIES & SERVICES	6,702	3,218	2,844	(374)	6,725	23	0.3%
COMMISSIONING SERVICES	7,116	2,910	3,032	122	7,762	646	9.1%
TRANSFER PAYMENTS TOTAL	9,870	4,912	4,977	65	9,654	(216)	-2.2%
GROSS EXPENDITURE	47,035	22,961	21,896	(1,065)	46,668	(368)	-0.8%
LESS: INCOME							
GOVERNMENT GRANTS	(1,139)	(759)	(932)	(173)	(1,152)	(13)	1.1%
OTHER GRANTS	(745)	(319)	(428)	(107)	(644)	101	-13.6%
FEES & CHARGES	(2,741)	(1,385)	(1,377)	8	(2,559)	182	-6.6%
INTEREST	0	0	0	0	0	0	0.0%
RECHARGES	(355)	(11)	0	11	(355)	0	0.0%
OTHER INCOME	(1,731)	(884)	(991)	(107)	(1,860)	(129)	7.5%
TOTAL INCOME	(6,711)	(3,358)	(3,726)	(368)	(6,570)	141	-2.1%
NET EXPENDITURE	40,324	19,603	18,170	(1,433)	40,098	(227)	-0.6%

	YR TO DATE	PROJECTED
	VARIANCE	VARIANCE
	£'000	£'000
BUDGET TO DATE MONITORING VARIANCE NOTES		
<u>Staff Costs</u>		
The estimated underspend reflects vacancy levels within this part of the service. These savings are not expected to be sustainable due to the filling of posts.	(654)	(780)
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.		
<u>Property Costs</u>		
No significant variances from budget are forecast for this item.	(95)	(26)
<u>Administration costs</u>		
No significant variances from budget are forecast for this item.	(110)	(14)
<u>Transport costs</u>		
The year to date underspend is mostly within Communities. A small underspend is expected on this budget at year end.	(19)	(1)
<u>Supplies & Services</u>		
No significant variances from budget are forecast for this item.	(374)	23
<u>Commissioning Services</u>		
The bulk of this variance reflects the high level of commitments in respect of Out Of Authority Placements referred to in the body of the report, offset by some minor savings in other areas of the service.	122	646
<u>Transfer payments</u>		
A review of budget provision and current commitments has identified that there is an in year saving available to the service. The bulk of this saving is in respect of payments to Aberdeen Sports Village where the budget was set at a higher rate than current agreements along with some savings arising from the delayed opening of the 50M pool.	65	(216)
<u>Income - Government Grants</u>		
No significant variances from budget are forecast for this item.	(173)	(13)
<u>Income - Other Grants</u>		
The additional income reflects a number of small grants which will be utilised within the current financial year.	(107)	101
<u>Income - Fees & Charges</u>		
The main variance is in relation to Income from creches. This is offset by associated staffing savings elsewhere within this budget.	8	182
<u>Income - Recharges</u>		
No significant variances from budget are forecast for this item.	11	0
<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.	(107)	(129)
	(1,434)	(227)

ABERDEEN CITY COUNCIL
REVENUE MONITORING 2014/ 2015

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

As At 30 September 2014	FULL YEAR REVISED BUDGET	BUDGET TO DATE			PROJECTION TO YEAR END		
		REVISED BUDGET	ACTUAL EXPENDITURE	VARIANCE	FORECAST ACTUAL	VARIANCE	
ACCOUNTING PERIOD 6	£'000	£'000	£'000	£'000	£'000	£'000	%
STAFF COSTS	98,456	49,117	46,117	(3,000)	98,612	156	0.2%
PROPERTY COSTS	24,995	15,208	14,938	(270)	24,853	(142)	-0.6%
ADMINISTRATION COSTS	219	111	86	(25)	225	6	2.7%
TRANSPORT COSTS	241	120	85	(35)	248	7	2.9%
SUPPLIES & SERVICES	6,882	3,652	3,659	7	6,952	70	1.0%
COMMISSIONING SERVICES	403	201	176	(25)	387	(16)	-4.0%
TRANSFER PAYMENTS TOTAL	154	92	105	13	134	(20)	-13.0%
GROSS EXPENDITURE	131,350	68,501	65,166	(3,335)	131,411	61	0.0%
LESS: INCOME							
GOVERNMENT GRANTS	(350)	(237)	(317)	(80)	(351)	(1)	0.3%
OTHER GRANTS	(306)	(153)	(110)	43	(306)	0	0.0%
FEES & CHARGES	(1,119)	(559)	(415)	144	(1,098)	21	-1.9%
OTHER INCOME	(2,515)	(1,054)	(1,195)	(141)	(2,525)	(10)	0.4%
TOTAL INCOME	(4,290)	(2,003)	(2,037)	(34)	(4,280)	10	-0.2%
NET EXPENDITURE	127,060	66,498	63,129	(3,369)	127,131	71	0.1%

							YEAR TO DATE	PROJECTED
							VARIANCE	VARIANCE
<u>BUDGET TO DATE MONITORING VARIANCE NOTES</u>							£'000	£'000
<u>Staff Costs</u>								
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.							(3,000)	156
It is predicted that probationers budget will be £100K 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.								
<u>Property Costs</u>								
The Unitary Charge budget is expected to be underspent by £150K as a result of contract monitoring efficiencies plus savings as a result of minimal vandalism costs and contractual letting income sharing arrangements.							(270)	(142)
<u>Administration costs</u>								
No significant variances from budget are forecast for this item.							(25)	6
<u>Transport costs</u>								
No significant variances from budget are forecast for this item.							(35)	7
<u>Supplies & Services</u>								
The bulk of annual forecast variance is supported by additional grant funding.							7	70
<u>Commissioning Services</u>								
No significant variances from budget are forecast for this item.							(25)	(16)
<u>Transfer payments</u>								
An underspend of £50K is projected in Pupil Clothing budgets. This forecast is in line with previous years expenditure levels.							13	(20)
<u>Income - Government Grants</u>								
No significant variances from budget are forecast for this item.							(80)	(1)
<u>Other Grants</u>								
No significant variances from budget are forecast for this item.							43	0
<u>Income - Fees & Charges</u>								
No significant variances from budget are forecast for this item.							144	21
<u>Income - Other Income</u>								
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.							(141)	(10)
							(3,369)	71

ABERDEEN CITY COUNCIL							
REVENUE MONITORING 2014/ 2015							
DIRECTORATE :Education Culture & Sport							
HEAD OF SERVICE : D Anderson (Acting)							
As At 30 September 2014	FULL YEAR REVISED BUDGET	BUDGET TO DATE			PROJECTION TO YEAR END		
		REVISED BUDGET	ACTUAL EXPENDITURE	VARIANCE	FORECAST ACTUAL	VARIANCE	
ACCOUNTING PERIOD 6	£'000	£'000	£'000	£'000	£'000	£'000	%
STAFF COSTS	2,638	1,263	1,184	(79)	2,486	(152)	-5.8%
PROPERTY COSTS	137	68	69	1	137	0	0.0%
ADMINISTRATION COSTS	440	220	223	3	502	62	14.1%
TRANSPORT COSTS	56	38	35	(3)	46	(10)	-17.9%
SUPPLIES & SERVICES	775	443	421	(22)	912	137	17.7%
TRANSFER PAYMENTS	325	162	122	(40)	318	(7)	-2.2%
GROSS EXPENDITURE	4,371	2,194	2,054	(140)	4,401	30	0.7%
LESS: INCOME							
GOVERNMENT GRANTS	(366)	(183)	(137)	46	(359)	7	-1.9%
OTHER GRANTS	(25)	(12)	(22)	(10)	(25)	0	0.0%
FEES & CHARGES	(10)	(5)	(5)	0	(10)	0	0.0%
OTHER INCOME	(34)	(17)	(13)	4	(14)	20	-58.8%
TOTAL INCOME	(435)	(217)	(177)	40	(408)	27	-6.2%
NET EXPENDITURE	3,936	1,977	1,877	(100)	3,993	57	1.4%

BUDGET TO DATE MONITORING VARIANCE NOTES						YEAR TO DATE VARIANCE £'000	PROJECTED VARIANCE £'000
Staff Costs							
The year to date underspend reflects the management of vacancies to contribute towards service wide annual vacancy factor savings.						(79)	(152)
An overall underspend of £190K is estimated in relation to staffing costs at year end.							
Property Costs							
No significant variances from budget are forecast for this item.						1	0
Administration costs							
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. administration costs.						3	62
Transport costs							
No significant variances from budget are forecast for this item.						(3)	(10)
Supplies & Services							
The main variances relates to additional licences for the replacement MIS programme which is being run in tandem with the previous system						(22)	137
Transfer Payments							
No significant variances from budget are forecast for this item.						(40)	(7)
Government Grants							
No significant variances from budget are forecast for this item.						46	7
Other Grants							
No significant variances from budget are forecast for this item.						(10)	0
Income - Fees & Charges							
No significant variances from budget are forecast for this item.						0	0
Other Income							
No significant variances from budget are forecast for this item.						4	20
						(100)	57