

ABERDEEN CITY COUNCIL

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| COMMITTEE | Education & Children's Services |
| DATE | 24 March 2016 |
| DIRECTOR | Gayle Gorman |
| TITLE OF REPORT | 2015/16 Revenue Budget Monitoring |
| REPORT NUMBER: | ECS/16/014 |

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 the projected variance of £349K less than budget; and Instruct that officers continue to review budget performance and report on service strategies;
- (ii) Instruct that officers continue to review budget performance and report on service strategies.
- (iii) Approve the virements outlined in 5.3.1.
- (iv) Approve the ring fencing of the Developing Young Workforce monies from Council underspends

3. FINANCIAL IMPLICATIONS

3.1 The revised total Education & Children's Services revenue budget amounts to around £213.3M net expenditure.

3.2 Based upon present forecasts it is anticipated that the financial performance of the service for 2015/16 will result in an underspend of £349K. The forecast

position incorporates the pay award of 1.5%. 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 E&CS revenue budget performance to date, and provides a high level summary for the consideration of Members.
- 5.2 The Directorate's revenue budget report and associated notes are attached as an appendice

Financial Position

- 5.3 The current forecast revenue out-turn is an underspend of £349K. The following areas of operation are highlighted together with any management action being taken where appropriate.
 - 5.3.1 Virements have been incorporated into the figures to more correctly align budgets with actual expenditure and income, and Committee are asked to approve these in accordance with the scheme of virements in the financial regulations.
 - 5.3.2 The Scottish Government has given the council a grant of £300K in respect of the Developing Young Workforce initiative. The timing of the grant and the lead in time to develop an appropriate, planned approach to this important initiative means that it would not be possible to use the funds in an efficient manner during 2015-16.

Discussion with officials indicate that there are no objections from Scottish Government officials to utilizing these monies in 2016-17, but as this grant was allocated to the city as part of the grant settlement, committee approval is required before this can take place.

- 5.3.3 The following variations from budget are brought to committees attention as they provide fuller details than the is possible to include within the appendices

(a) Centrally Held Teaching Staffing Salaries

Continuing efficiencies - It is predicted that probationers budget will be £170K underspent at academic year end, in line with on-going efficiencies in the allocation of probationers to schools in such 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 £280K under budget as a result of contract compliance reductions, and savings arising from reduced vandalism costs.

(c) Energy Budgets

Energy budgets are expected to be £450K underspent across the service. This is based upon previous years charges adjusted for contractual changes.

(d) Out of Authority Placements

Officers from across the directorate are undertaking a rigorous review of case files, systems and processes. In addition, the review of our children's homes, combined with a foster care recruitment drive will ensure we are better able to meet the needs of some of our most vulnerable young people within Aberdeen City.

The financial position at 31 January 2016 is that this budget is projecting an overspend of £2.2M, of which £1.0M is committed to Secure Accommodation.

It should be noted that this budget is subject to external factors outwith our direct control. This includes decisions made by Children's Hearing Panel and the need to respond to children and young people who require specialist care.

(e) Escorts Costs

The escort budget is expected to be £170K greater than budget, in line with previous year's outturn figures and current year expenditure levels. This budget area is included within the ASN Inclusion review.

6. IMPACT

Improving Customer Experience –

Accurate budget monitoring and forecasting assists the Council to plan and design our services around current and future customer needs as much as possible.

Improving Staff Experience –

Good financial information improves good financial management and helps to track how successful management initiatives, such as service redesign, have been.

Improving our use of Resources –

As a public sector organisation, the Council has a legal duty to be open, transparent and accountable for spending public funds.

Corporate -

Aberdeen the Smarter City:

Smarter Governance (Participation)

Accurate budget monitoring and forecasting contributes to the process of Smarter Governance.

Smarter Living (Quality of Life)

To Be completed.

Public –

The Council has a duty to ensure that best value is considered in all of its operations and this report helps to inform that process.

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 & Children's Services.