

ABERDEEN CITY COUNCIL

COMMITTEE:	Education & Children's Services
DATE:	26 January 2017
DIRECTOR:	Gayle Gorman
TITLE OF REPORT:	2016/17 GENERAL FUND REVENUE & CAPITAL BUDGET MONITORING
REPORT NUMBER:	ECS/17/007

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to
- i) bring to Committee Members notice the current year general fund revenue and capital 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) consider and note this report and the information on management action and risks that is contained herein

3. FINANCIAL IMPLICATIONS

General Fund Revenue

- 3.1. The total revenue budget amounts to £218.3m net expenditure. The Directorate is forecast to be in line with budget. Cost pressures are emerging in parts of the service, but work is in hand to identify how these pressures can be mitigated in order to maintain the current forecast.

- 3.2. Further details of the financial implications are set out in section 5 and appendix A attached.

3.3. General Fund Capital

The monies required to fund these projects are achieved through external borrowing, capital receipts and grant income. These projects are all accommodated within the Non-Housing Capital Programme. Any underspend, carry forward or overspend will have implications for the programme. As part of the Council's five year business plan, capital

expenditure is now monitored within a five year timescale where appropriate. This has given budget holders the ability to profile across the full five years. In year monitoring will continue, alongside monitoring the complete Capital Programme.

4. OTHER IMPLICATIONS

General Fund Revenue

- 4.1 None

Non Housing Capital

- 4.2 There are no other implications at this time but as projects progress or indeed fail to progress then other implications may arise and will be reported at an appropriate Committee.

5. BACKGROUND/MAIN ISSUES

- 5.1 The Service revenue monitoring reports and associated notes are attached at Appendix 1.

Financial Position and Risks Assessment

General Fund Revenue

- 5.2 The significant areas contributing to the overall funding pressure are as follows:

	£'000
a) Staff costs (Excluding Escorts)	(2,100)
b) Escorts costs	180
c) Teachers Long term Absence budgets	140
d) Out Of Authority Placements	2,600
e) Energy & Water costs	(340)
f) Unitary Charge Payments	(180)

(a) Staff Costs

The staff underspend reflects the vacancy levels within the service. These may vary as staff posts are filled and others become vacant.

(b) Escorts Costs

The School escorts budget is forecast to be £180k over budget. A review of processes to evaluate the requirement for an escort has been completed and shared with colleagues in schools. It is anticipated that this will reduce future spend on escorts in line with the reduction in transport costs. Linked with the reduction in the numbers of children

requiring to be transported across the city to have their needs met, this budget should reduce in line with the reduction in transport costs

(c) Teachers Long Term Absence budgets

This budget provides cover for situations where cover is required for teachers who are absent from school for over 10 teaching days. Reasons for such cover include Maternity, paternity and illness cover. This is very much a needs led budget which fluctuates on a month to month basis. Finance staff are currently reviewing these costs.

(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 October 2016 is that this budget is projecting an overspend of £2.6M, (Children's Social Work £1.7M and Inclusion £900K).

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) Energy & Water costs

Energy and water budgets are expected to be £340K underspent across the service. This is based upon previous years charges adjusted for contractual changes.

(f) Unitary Charge Payments

The Unitary Charge Budget is estimated to be £180K under budget mainly as a result of reduced insurance costs.

Non Housing Capital Programme

The Service Determined Minimum Required is assessed every month by services with support from the SIP Programme Manager and officers from the Programme Management Office, Asset Management and Finance. New governance arrangements implemented in December have introduced a more robust milestone approach to project monitoring which is driving financial re-profiling exercises across the capital plan.

Appendix 2 shows a breakdown by project of spend to date and applicable supporting information.

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 Environment (Natural Resources)

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

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. MANAGEMENT OF RISK

General Fund Revenue

To ensure that a balanced budget is achieved the service will need to consider options available to reduce net expenditure.


8. BACKGROUND PAPERS


Financial ledger data extracted for the period.

9. REPORT AUTHOR DETAILS

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Appendix 2
Capital Monitoring

As at Period 7 2016/17	Figures for Total Project		
Education & Children's Services	Approved Budget	Expenditure to Date	Forecast Expenditure
	£'000	£'000	£'000
New Brimmond School	12,679	12,716	12,947
New ASN School (previously Raeden Centre project)	18,500	7,765	18,500
Art Gallery Redevelopment - Aberdeen Treasure Hub	6,140	6,517	6,594
Art Gallery Redevelopment - Main Contract (HLF)	30,000	10,753	30,000
New Academy to the South - ICT Infrastructure	1,000	0	1,000
New Academy to the South - Infrastructure Improvements	1,500	0	1,500
New Milltimber Primary	13,000	0	13,000
Kingsfield Childrens Home	1,550	0	1,550
Music Hall Refurbishment	1,000	600	1,000
Greenbrae Primary Extension and Internal Works	4,631	3,040	4,631
Stoneywood Primary	13,000	1,320	12,960
Dyce 3G Pitch	748	704	748
Refurbish Throughcare Facility - 311 Clifton Road	825	658	825
Tillydrone Primary School	17,000	3	17,000
Torry Primary School and Hub	20,000	0	20,000
	141,573	44,076	142,255

- The Aberdeen Treasure Hub project is awaiting its final test form the fire suppression system due to take place in late January 2017. The insurers have been advising the contractors on the actions required to achieve a pass of the fire suppression system with the insurance limit for the building was raised to £20 million at the beginning of October 2016. Once the testing has been approved an insurance value of £100 million will be allocated to the building and the art works.
- Works on the Art Gallery are progressing. The project remains on green status, with a planned handover date of 22 May 2017. As of 17 January 2017, the fundraising total pledges amounted to £2.879 million.
- Brimmond Primary opened at the end of October 2015. Officers from the E&CS Estates team are reviewing data supplied from HubCo and their appointed contractor.

- The Greenbrae extension and refurbishment project has seen claims from the contractor for contract delays. The contract administrator and ECS Estates team are assessing ways to mitigate any additional costs which are deemed to be valid. For example, the project includes a variety of energy saving measures, and there may be mitigating actions available on total costs by use of the Council's Energy Efficiency Fund.
- The tender for the new Stoneywood Primary has been awarded, within the budget allowed, however the planning consent includes 25 conditions which require to be costed. The appointed contractor has also offered a reduction in contract costs if the Council will accept a 6 to 8 week delay to the project to allow adoption of a different construction technique. Available developer obligation agreements have also been confirmed, and a total project cost and funding solution is being developed. The project remains on amber status until these issues are resolved.
- The ASN school construction is proceeding as planned.
- The purchase of Kingsfield Children's Home is being re-assessed in the wider context of an estates review of Children's Social Work. The District Valuer has supplied a recommended purchase price, which has been presented to the landlord for consideration. Most recent valuation by surveyor indicated a fall in value of the property given wider market conditions. An option appraisal is currently being carried out and the output will be presented to the Strategic Asset and Capital Board.
- Plans to re-occupy 311 Clifton Road will take place once the fire sprinkler installation has received a satisfactory approval from the relevant authorities.
- Lochside Academy continues to proceed to programme.