

REPORT TO EDUCATION & CHILDREN'S SERVICES COMMITTEE - 6 DECEMBER 2018

FINANCIAL MONITORING AS AT 30 SEPTEMBER 2018

1 Recommendations

The Committee is recommended to:

1.1 Consider the Revenue and Capital Budget monitoring as at 30 September, 2018; and

1.2 Approve the Revenue Budget virements set out in Appendix 3.

2 Background / Discussion

2.1 The Council's Scheme of Governance aligns service budget responsibility with policy committee responsibility. This report covers the forecasted outturn for the period ended 30 September for both Revenue and Capital Budget monitoring.

Revenue Budget Monitoring

2.2 The Education and Children's Services Revenue Budget monitoring information, as at 30 September, was initially issued to substantive and substitute members by e-mail, as it was not possible to present the report to Committee on 11 October, 2018.

2.3 Education & Children's Services Revenue Budget for monitoring purposes in 2018/19 was agreed at full Council on 8 February, 2018, at £290,441,000. The previously approved and proposed virements will increase the Budget to £295,076,000.

2.4 The expenditure forecast position to the end of September, 2018, exceeds budget by £3,587,000. The financial position is shown in more detail in **Appendix 1** and the reasons behind the major variances are detailed in **Appendix 2**.

2.5 Within the reported position, there are a number of areas of risk. These include:

- The effects of pupil numbers for the new school session may impact on the staffing budget for teachers.
- Water rates expenditure exceeded budget in 2017/18 and work continues across the Council to review this expenditure in terms of the impact on expenditure forecast for 2018/19.
- There may be pressure in respect of School Transport costs once the effect of re-tendering some contracts and the requirements for the new school session are known.
- To alleviate the pressure on Out of Authority, additional expenditure has been incurred on packages to meet the additional support needs of pupils without the need to place them in an Out of Authority school.

- 2.6 A range of actions are being pursued to address these areas of risk and achieve the agreed savings:
- Cessation of non-essential spend
 - Tight controls around recruitment and vacancy management
 - Use of Skype for meetings to reduce travel costs
 - No more than one team member attending courses/conferences etc out of area
- 2.7 A number of budget virements are proposed for approval. Details of these are shown in **Appendix 3**. The revised budget is subject to the approval of the virements in the reconciliation by the appropriate committees and officers.

Capital Budget Monitoring

- 2.8 Education & Children's Services' Revised Capital Budget for the year 2018/19 is £15,422,000 and is detailed in **Appendix 4**. This budget figure alters during the year, as and when changes to the profile of capital expenditure from one year to another are agreed and adjusted for.
- 2.9 This is because the Capital Budget is set over a long-term, multiple-year timeframe, as the projects will often take more than one financial year to complete or will start in one financial year and end in the next. Consequently, there is the need to re-profile the capital expenditure on a continual basis.
- 2.10 The overall capital expenditure for the year 2018/19 is forecast to be £14,705,000, which is £717,000 lower than the revised budget figure. The reasons behind the variances are detailed in **Appendix 5**. Any movements to this position will be reported back to a future committee meeting, as and when identified.
- 2.11 The Monitoring Officer has been consulted and her comments have been incorporated in the report. She is satisfied that the report complies with the Scheme of Governance and relevant legislation.

3. Scheme of Governance

- 3.1 The Committee is able to consider and take a decision on this item in terms of Section E.1.1 of the List of Committee Powers in Part 2A of the Scheme of Governance, as it relates to resource matters (within agreed budgets) that have been delegated to the Committee.

4. Implications and Risk

- 4.1 An Equalities Impact Assessment and a Town Centre First Impact Assessment are not required for this report as the report deals with the monitoring of expenditure against budgets which have been approved previously, and the re-profiling of some expenditure.

4.2 The following Risk has been identified as relevant to this matter on a Corporate Level: Budget Pressures (Corporate Risk Register). The following Risk has been identified as relevant to this matter on a Strategic Level: Balancing the Books (Directorate Risk Registers]. Actions being taken to mitigate these risks are set out in paragraph 2.6 of the report.

Laurence Findlay
Director of Education & Children's Services

Report prepared by Susan Donald, Accountancy Manager
23 November, 2018

SUMMARY OF REVENUE MONITORING 2018/19 TO 30/09/2018 - EDUCATION & CHILDREN'S SERVICES COMMITTEE

	Original Budget 2018/19 £000	Approved Virements 2018/19 £000	Virements to be approved 2018/19 £000	Revised Budget 2018/19 £000	Forecast 2018/19 £000	Variance £000	Funded from Reserves £000	Net Variance £000
E&CS COMMITTEE								
Administration and Management Area Managers (Banff & Buchan and Garioch)	9,287	(934)	(45)	8,308	8,546	238	0	238
	810	2	0	812	791	(21)	0	(21)
	10,097	(932)	(45)	9,120	9,337	217	0	217
Education & Learning								
- Nursery Education	17,425	3,224	(167)	20,482	20,267	(215)	(135)	(350)
- Primary Education	98,755	2,665	63	101,483	102,701	1,218	(803)	415
- Secondary Education	94,108	(192)	(36)	93,880	96,752	2,872	(1,327)	1,545
- Special Education	27,577	(427)	(9)	27,141	26,476	(665)	239	(426)
- Community Learning & Development	4,611	16	4	4,631	4,521	(110)	(22)	(132)
- Active Schools	0	210	0	210	279	69	(28)	41
- Aberdeenshire Life	0	0	0	0	0	0	0	0
- School Catering	6,403	(31)	0	6,372	6,430	58	0	58
	248,879	5,465	(145)	254,199	257,426	3,227	(2,076)	1,151
Children								
- Children - Community Care	12,635	359	(35)	12,959	12,874	(85)	0	(85)
- Children - Family Placement	7,798	(48)	0	7,750	7,852	102	0	102
- Children - Residential Care	2,250	8	0	2,258	2,287	29	0	29
- Out of Authority Placements	8,782	0	8	8,790	10,963	2,173	0	2,173
	31,465	319	(27)	31,757	33,976	2,219	0	2,219
NET EXPENDITURE ECS COMMITTEE	290,441	4,852	(217)	295,076	300,739	5,663	(2,076)	3,587

Variance Analysis Education & Children's' Services Committee

Appendix 2

<u>Budget Page</u>	<u>Forecast Over (within) budget 2018/19 £'000</u>	<u>Comment</u>
Administration and Management	238	The forecast overspend of £238,000 is due to additional posts within the HQ Administration function structure, partly offset by vacancies within Education & Curriculum Support.
<u>Education & Learning</u> - Nursery Education	(350)	The forecast underspend is partly attributed to the transfer of posts which are now being funded from the Early Learning & Childcare - 1140 Hours Expansion budget. It is anticipated that this will create a saving until the new structure is fully embedded and the staff will be returned to this budget. The remainder of the underspend is attributed to fluctuations in the number of places provided by the various partner providers. As this is demand led there will be no impact on service delivery as a result of this underspend.
- Primary Education	415	The forecast overspend is partly due to inflationary increases in Rents, Rates and Insurance (£768,000), together with pressures on the Cleaning Contract (£209,000) that have yet to be fully redolced. The service is actively engaged with Property Services to address the level of savings required. In addition, there has been an overspend on Hired Transport resulting from savings that have yet to be fully realised. These overspends are partly offset by underspends on Supply Teachers (£342,000) and Primary Teachers (£555,000) as a result of overestimations of the pupil numbers and the 2017/18 pay award impact, together with a reduction in the on-going shortage of teachers.

<u>Budget Page</u>	<u>Forecast Over (within) budget 2018/19 £'000</u>	<u>Comment</u>
- Secondary Education	1,545	The forecast overspend is partly due to a pressure on Secondary Teachers (£567,000) based on an increase in the school roll from August 2018, together with inflationary increases in Rents, Rates and Insurance (£301,000) and increased other Staff Costs (£137,000) resulting from the active promotion of the relocation and resettlement scheme to fill vacancies. In addition, there are pressures within the Cleaning Contract and Hired Transport of £639,000 that have yet to be fully resolved. These are partly offset by a forecast underspend in Supply Teachers (£199,000) relating to budget retained centrally following the decision to devolve budget to schools to cover supply that would previously have been charged to the Non-Devolved Supply budget.
- Special Education	(426)	The forecast underspend is partly due to significant vacancies (£474,000) and an ongoing shortage of Supply Teachers (£232,000). In addition, there is a forecast underspend on Hired Transport (£144,000) due to an overestimation of demand and contract inflation increases, together with an underspend on Non-Teaching Staff costs (£104,000) attributed to ongoing vacancies and long term leave within Psychologists staff. These underspends are partly offset by overspends in Out of Authority Placements - Alternative Packages of £269,000 which is a demand led budget.
- Community Learning & Development	(132)	The forecast underspend is due to reductions in Administrative Staff (£38,000), Rent, Rates & Insurance (£56,000) and Cleaning Contract costs (£25,000)

<u>Budget Page</u>	<u>Forecast Over (within) budget 2018/19 £'000</u>	<u>Comment</u>
<u>Children</u>		
- Children - Community Care	(85)	The forecast underspend is partly due to a reduction in Staff Costs (£147,000) following a reduction in fte resulting from a voluntary severance exercise and the management decision not to fill 3.5fte permanent posts in order to address 2019/20 savings. In addition there is a one-off saving of £301,000 due to plans to expand the Wrap Around Care service in other areas within Aberdeenshire from April 2019. These savings are partly offset by a forecast overspend in SDS - Payments to Individuals and Suppliers (£348,000) which continue in line with 2017/18 expenditure levels.
- Children - Family Placement	102	External Care Placements are forecast to be over budget - this is a demand led budget based on the number of children placed in external foster care provision due to a lack of Aberdeenshire foster carers. This is currently being reviewed by the Education and Children's Services Leadership team.
- Out of Authority Placements	2,173	Costs associated with the provision of individual tailored packages for children with specific needs from independent educational and residential providers are forecast to be in line with the 2017/18 pressure of £2,424,000. This represents a decrease of £251,000 when compared to 2017/18. The Education and Children's Services Leadership Team have started a detailed review of all Out of Authority and External Care placements.

Appendix 3

SUMMARY OF REVENUE MONITORING VIREMENTS - EDUCATION & CHILDREN'S SERVICES COMMITTEE
£'000's

Virements Planned as Part of the Budget Process:

1	Virement to realign budgets to projected spend	
	Community Learning & Development	(20)
	Nursery Education	(113)
	Primary Education	102
	Secondary Education	21
	Special Education	10

Reconciliation of Budget

Opening Budget 290,441

Previously approved virements at 30 June 2018 4,852

Virements to be approved by Education & Children Services Committee (as above) 0

Additional Virements to be Approved by Full Council:

Children's Services (Community Care) - Allocation of Travel & Subsistence Savings to S	(27)
Primary Education - Allocation of Travel & Subsistence Savings to Services	(29)

Appendix 3

SUMMARY OF REVENUE MONITORING VIREMENTS - EDUCATION & CHILDREN'S SERVICES COMMITTEE
£'000's

Virements Approved by the Director:

Administration & Management - Realignment of budget savings	(2)
Nursery Education - Realignment of Budget Savings	(8)
Primary Education - Realignment of Budget Savings	10
Administration & Management - Realignment of budget savings to reflect forecast income	75
Primary Education - Realignment of budget savings to reflect forecast income levels	(45)
Secondary Education - Realignment of budget savings to reflect forecast income levels	(24)
Special Education - Realignment of budget savings to reflect forecast income levels	(6)
Administration & Management - Transfer of Active Communities Manager budget to Act	(60)
Administration & Management - Transfer of Arts Development Manager budget to Arts I	(61)
Administration & Management - Realignment of budgets based on forecasted income gr	5
Community Learning & Development - Realignment of budgets based on forecasted inc	4
Primary Education - Realignment of budgets based on forecasted income generation	(3)
Secondary Education - Realignment of budgets based on forecasted income generation	(4)
Special Education - Realignment of budgets based on forecasted income generation	(2)
Primary Education - Realignment of Refuse Collection based on spend to date	19
Secondary Education - Realignment of Refuse Collection based on spend to date	(18)
Administration & Management - Realignment of Refuse Collection based on spend to d	(2)
Special Education - Realignment of Refuse Collection based on spend to date	1
Children's Services (Community Care) - Realignment of Children's Services staffing bud	(8)
Children's Services (Out of Authority) - Realignment of Children's Services staffing budg	8
Special Education - Realignment of Travel & Subsistence budgets based on spend patt	(20)
Community Learning & Development - Realignment of Travel & Subsistence budgets ba	20
Nursery Education - Transfer of budget in relation to funding mechanism for under 5 yea	(40)
Nursery Education - Transfer of budget to Primary Education for purchase of indoor res	(6)
Primary Education - Transfer of budget from Nursery Education for purchase of indoor r	6
Primary Education - Realignment of devolved CPD budgets across Education	3
Secondary Education - Realignment of devolved CPD budgets across Education	(11)
Special Education - Realignment of devolved CPD budgets across Education	8

Appendix 3
SUMMARY OF REVENUE MONITORING VIREMENTS - EDUCATION & CHILDREN'S SERVICES COMMITTEE
£'000's

Virements to be Approved by the Head of Finance:

	0
Closing Budget	<u><u>295,076</u></u>
	295,076
	0

Appendix 4

EDUCATION & CHILDREN'S SERVICES CAPITAL BUDGET 2018/19 MONITORING & CAPITAL PLAN 2018-2033 UPDATE - 30/09/18

	Original Budget Full Council 8/2/18 2018/19 £000	Revised Budget 2018/19 £000	Forecast Outturn 2018/19 £000	Variance 2018/19 £000	Changes to Future Years £000	Note
PLANNED EXPENDITURE						
Education & Learning						
Westfield Community Hub	0	30	30	0	0	
Portlethen/Hillside PS Causeymouth Road Upgrading Works	100	243	243	0	0	
1140 Hours Projects	0	900	850	(50)	50	
Children & Young Peoples Bill	805	2,700	2,500	(200)	200	1
E&CS Enhancements	4,406	4,123	3,656	(467)	467	2
Improved Disabled Access (Education)	400	711	711	0	0	
Inverurie Community Campus	23,036	353	353	0	0	
Kinellar Primary School	2,825	2,455	2,455	0	0	
Kintore Primary School	0	447	447	0	0	
Markethill PS Replacement	0	302	302	0	0	
PFI Lifecycle Maintenance (CFCR)	2,233	2,233	2,233	0	0	
School Meals P1-P3	0	264	264	0	0	
Uryside Primary School	0	500	500	0	0	
Support for Learners	150	161	161	0	0	
TOTAL PLANNED EXPENDITURE	33,955	15,422	14,705	(717)	717	

EDUCATION & CHILDREN'S SERVICES CAPITAL BUDGET 2018/19 MONITORING & CAPITAL PLAN 2018-2033 UPDATE - 30/09/18

<u>Significant Variance Analysis</u>		Variance	
<u>Note</u>	<u>Budget</u>	Revised Budget	<u>Comment</u>
		2018/19	
		£'000	
1	Children & Young Peoples Bill	(200)	Works on a number of projects restricted to school holiday periods or phased to suit school operational requirements. This has resulted in reprofiling of some projects and has resulted in the variance and means budget amounting to £200,000 requires to be delayed until 2019/20. Progress is anticipated to accelerate after the Easter break.
2	ECS Enhancements	(467)	A number of projects have been reprofiled to next financial year in order to minimise impact to the continued operation of the schools resulting in a change to the work programme and also means budget amounting to £467,000 requires to be deferred until 2019/20.

