

## REPORT TO EDUCATION & CHILDREN'S SERVICES COMMITTEE – 30 AUGUST 2018

### FINANCIAL MONITORING AS AT 30 JUNE 2018

#### 1 Recommendations

The Committee is recommended to:

- 1.1 Consider and discuss the revenue and capital budget monitoring as at 30 June 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 June for both Revenue and Capital Budget monitoring.

##### Revenue Budget Monitoring

- 2.2 Education & Children's Services revenue budget for monitoring purposes in 2018/19 was agreed at Full Council on 8 February 2018 at £296,401,000. The proposed virements will increase the budget to £301,185,000.
- 2.3 The expenditure forecast position to the end of June 2018 exceeds budget by £2,205,000. The financial position is shown in more detail in **Appendix 1**, along with any reasons behind variances for each service, which are detailed in **Appendix 2**.
- 2.4 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 Teacher Staffing budget.
  - Although Water Rates exceeded budget in 2017/18 work continues across the Council to review this expenditure and the impact on the 2018/19 budget. Pending the completion of this work the forecast has been left as budget.
  - Further pressure from the School Transport budget may arise once the effect of re-tendering some contracts and the requirements for the new school session are known.
  - To alleviate the pressure on the 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.

- 2.5 A range of actions are being pursued to address these areas of risk and achieve the agreed savings:
- Detailed work to be undertaken by service managers in conjunction with Finance on the current financial position to ensure a sustainable year-end financial position is achieved.
  - The Education & Children's Services Leadership Team will consider proposals aimed at ensuring a balanced year-end position.
  - Committee will be briefed on any action that may have any significant impact on the delivery of services before such action is implemented.
- 2.6 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

- 2.7 Education & Children's Services Revised Capital Budget for the year 2018/19 is £41,257,000 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.
- 2.8 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.
- 2.9 The overall capital expenditure for the year 2018/19 is forecast to be £39,326,000 which is £1,931,000 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.
- 2.10 The Monitoring Officer has been consulted and her comments have been incorporated in the report and 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 Elaine Mitchell, Principal Accountant  
14 August 2018



**SUMMARY OF REVENUE MONITORING 2018/19 TO 30/06/2018 - 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
<b>E&amp;CS COMMITTEE</b>								
Administration and Management	9,287	0	(934)	8,353	8,357	4	0	4
Area Managers (Banff & Buchan and Garioch)	810	0	2	812	804	(8)	0	(8)
	10,097	0	(932)	9,165	9,161	(4)	0	(4)
<b>Education &amp; Learning</b>								
- Nursery Education	17,425	0	3,224	20,649	20,487	(162)	(88)	(250)
- Primary Education	98,755	0	2,665	101,420	102,694	1,274	(1,094)	180
- Secondary Education	94,108	0	(192)	93,916	96,549	2,633	(1,623)	1,010
- Special Education	27,577	0	(427)	27,150	26,577	(573)	(67)	(640)
- Community Learning & Development	4,611	0	16	4,627	4,546	(81)	(22)	(103)
- Active Schools	0	0	210	210	279	69	(28)	41
- Aberdeenshire Life	0	0	0	0	0	0	0	0
- School Catering	6,403	0	(31)	6,372	6,320	(52)	0	(52)
	248,879	0	5,465	254,344	257,452	3,108	(2,922)	186
<b>Children</b>								
- Children - Community Care	12,635	0	359	12,994	12,964	(30)	0	(30)
- Children - Family Placement	7,798	0	(48)	7,750	7,827	77	0	77
- Children - Residential Care	2,250	0	8	2,258	2,288	30	0	30
- Out of Authority Placements	8,782	0	0	8,782	10,987	2,205	0	2,205
	31,465	0	319	31,784	34,066	2,282	0	2,282
<b>Leisure</b>								
- Arts Development	353	0	7	360	200	(160)	(8)	(168)
- Grant Aid	271	0	(47)	224	224	0	0	0
- Libraries	4,676	0	(29)	4,647	4,455	(192)	0	(192)
- Museums	660	0	1	661	762	101	0	101
	5,960	0	(68)	5,892	5,641	(251)	(8)	(259)
<b>NET EXPENDITURE ECS COMMITTEE</b>	<b>296,401</b>	<b>0</b>	<b>4,784</b>	<b>301,185</b>	<b>306,320</b>	<b>5,135</b>	<b>(2,930)</b>	<b>2,205</b>

**Appendix 2 - Variance Analysis Education & Childrens' Services Committee**

<u>Budget Page</u>	<u>Forecast</u>		<u>Comment</u>
	<u>Over (within) budget</u>	<u>2018/19</u>	
		<u>£'000</u>	
<u>Education &amp; Learning</u>			
- Nursery Education	(250)		Nursery Education is within budget by £250,000 because payments to partner providers are forecast to be £200,000 less than was budgeted for due to fluctuations in the number of places provided by the various partners. The remaining £50,000 is due to the forecast expenditure related to rent, rates and insurance,
- Primary Education	180		There are a number of areas of forecast over and underspend within the Primary Education budget. One of the main areas of forecast overspend are £636,000 in rent, rates and insurance, which is due to the ongoing requirement for hired temporary accommodation at one primary school, an increase in rates and unfunded costs associated with the new primaries at Uryside and Turriff. There is a forecast overspend of £225,000 in hired transport based on the contract terms and an assumed inflationary increase from August with a further £118,000 expected in manual workers, other staff costs, cleaning and telephones. The main areas of forecast underspend are (£618,000) in the supply teachers staffing line and (£127,000) in heating and lighting costs.
- Secondary Education	1,010		The main areas of forecast overspend in Secondary education are in staffing costs, £550,000 related to permanent teachers, £190,000 in Administration staffing and £221,000 in manual workers. The forecast overspend in permanent teachers reflects an anticipated increase in the school roll from August. The majority of the forecast increase in manual workers costs is the impact of auto enrolment into the superannuation scheme. The other main areas of overspend are £355,000 for cleaning costs and £150,000 for hired transport. The two main areas where expenditure is forecast to be within budget relate to Supply Teachers (£199,000) and heating and lighting.
- Special Education	(640)		On the Special Education Budget page staffing costs are forecast to within budget by (£987,000) mainly because of vacant posts within the permanent teacher budget. The 3 main areas of forecast overspend relate to manual workers £79,000, hired transport £91,000 and our of authority placements -alternative packages £150,000, the latter enables pupils to remain on flexible pathways within the authority rather than having to be placed out of authority.
- Community Learning & Development	(103)		This is the result of forecast underspends in staffing, rent, rates and insurance, cleaning and outdoor and adventurous education.
<u>Children</u>			
- Out of Authority Placements	2,205		This budget relates to the costs associated with the provision of individual tailored packages for children with specific needs from independent educational and residential providers and is forecast to exceed budget by £2,196,000 based on the current placements. The E&CS service has started a detailed review on all Out of Authority placements and any outcome from this review will be reflected in future monitoring.
<u>Leisure</u>			
- Arts Development	(168)		The Staff Costs budget is forecast to be within budget by £102,000, which can be attributed to the realignment of teams between the Arts Development and Museums budgets. The Grants & Other Income budget is forecast to generate additional income of £85,000 which can be attributed to the £100,000 anticipated income for the Place Partnership.

<u>Budget Page</u>	<u>Forecast</u>		<u>Comment</u>
	<u>Over (within) budget</u>	<u>2018/19</u>	
- Libraries		£'000 (192)	The Staff Costs budget is forecast to be within budget by £99,000. The forecast has been based on the current level of vacancies and assumes that these will remain unfilled for the remainder of the financial year. Following discussion with the budget holder some vacancies will require to be filled to achieve the aspirations of 'Building the Best Library Service' and meeting the 2018/19 savings. A Business Case has been prepared detailing how these aspirations are to be achieved and following approval posts will be filled which will require the forecast to be The various budgets held within Supplies & Services are collectively forecast to be within budget by £91,000. The forecast has been based on the spend to date and currently assumes a similar spend to that of 2017/18. As noted above further discussion with the budget holder is required to ensure that the forecasts accurately reflect the costs associated with 'Building the Best Library Service'. Following these discussions it is likely that the forecast expenditure will require amendment.
- Museums		101	The main area of forecast overspend is in respect of the Staff Costs budget which is forecast to exceed budget by £99,000 due to the impact of the realignment of teams between the Arts Development and Museums budgets.

**Appendix 3**

£'000's

**SUMMARY OF REVENUE MONITORING VIREMENTS**

**Virements Planned as Part of the Budget Process:**

<b>1</b>	Virement of Active Schools budget onto a separate budget page from Secondary Education. This is a permanent virement.	182 <b>(182)</b>
<b>2</b>	Virement to realign hired transport budgets across the education sectors. This is a permanent virement:	(74) 74 294 <b>(294)</b>
<b>3</b>	Virement to allocate Pupil Equity Funding to schools. This is a permanent virement	<b>(2,907)</b> 2,151 674 82
<b>4</b>	Virement to realign Administration and Management and Project Officer posts to reflect current line management responsibility. This is a permanent virement:	1,388 <b>(516)</b> <b>(404)</b> <b>(381)</b> 72 <b>(159)</b>



**Virements Made in Year in Response to Unplanned Situations:**

<b>1</b>	Virement to realign teachers savings applied in budget process between primary and secondary. This is a permanent virement:	
	Primary Education	130
	Secondary Education	(130)
<b>2</b>	Virement to transfer centrally retained Supply Teachers budgets to address Primary and Secondary teacher pressures. This is a permanent virement:	
	Primary Education	120
	Secondary Education	(120)
<b>3</b>	Virement to realign PPP/PFI growth and savings applied in budget setting process between primary and secondary. This is a permanent virement	
	Primary Education	220
	Secondary Education	(220)
<b>4</b>	Virement to correct savings applied during the 2018/19 budget process. This is a permanent virement	
	Administration and Management	200
	Secondary Education	(200)

**Reconciliation of Budget**

Opening Budget

296,401

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

0

**Additional Virements to be Approved by Full Council:**

Administration and Management (Additional Pupil Equity Funding)	301
Apprenticeship Levy budget allocated to services	875
Children's Services - Community Care (Additional Funding for Young Carers Act)	260
Nursery Education (Additional Funding for Early Years Hours Expansion)	3,442
Primary Education (Additional Funding for School Clothing Grants)	153

**Virements Approved by the Director:**

Active Schools	28
Administration and Management	62
Arts Development	6
Children's Services - Community Care	58
Children's Services - Family Placements	(57)
Children's Services - Residential Care	(1)
Community Learning and Development	(70)
Libraries	40
Nursery Education	(31)
Primary Education	19
Secondary Education	(148)
Special Education	74

**Virements to be Approved by the Head of Finance:**

Grants (Budget vired to Sport and Leisure Trading Account)	(47)
Libraries (Budget vired to ICT)	(80)
School Catering (Budget vired to Finance)	(48)
Secondary Education (Budget vired to ICT)	(6)
Secondary Education (Budget vired to ICT)	(31)
Secondary Education (Budget vired to Finance)	(15)

**Closing Budget**

**301,185**

301,185

**0**

Appendix 4

EDUCATION & CHILDREN'S SERVICES CAPITAL BUDGET 2018/19 MONITORING & CAPITAL PLAN 2018-2033 UPDATE - 30/06/18

	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
<b>PLANNED EXPENDITURE</b>						
<b>Education &amp; Learning</b>						
1140 Hours Projects	0	1,268	900	(368)	368	1
Children & Young Peoples Bill	805	3,233	2,700	(533)	533	2
E&CS Enhancements	4,406	5,130	4,100	(1,030)	1,030	3
Improved Disabled Access (Education)	400	711	711	0	0	
Inverurie Community Campus	23,036	24,280	24,280	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	
Portlethen/Hillside PS Causeymouth Road Upgrading Works	100	243	243	0	0	
School Meals P1-P3	0	264	264	0	0	
Support for Learners	150	161	161	0	0	
Uryside Primary School	0	500	500	0	0	
<b>Children</b>						
Westfield Community Hub	0	30	30	0	0	
<b>TOTAL PLANNED EXPENDITURE</b>	<b>33,955</b>	<b>41,257</b>	<b>39,326</b>	<b>(1,931)</b>	<b>1,931</b>	

Appendix 5

EDUCATION & CHILDREN'S SERVICES CAPITAL BUDGET 2018/19 MONITORING & CAPITAL PLAN 2018-2033 UPDATE - 30/06/18

<u>Significant Variance Analysis</u>		Variance	
<u>Note</u>	<u>Budget</u>	Revised Budget	<u>Comment</u>
		2018/19	
		£'000	
1	1140 Hours Projects	(368)	Scoping works ongoing at a number of schools to arrive at best value solution for delivery of 1140 projects. Some of the works will be delayed until 2019/20 meaning budget amounting to £368,000 requires to be delayed until then.
2	Children & Young Peoples Bill	(533)	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 £533,000 requires to be delayed until 2019/20.
3	E&CS Enhancements	(1,030)	Projects reprofiled to minimise impact to the continued operation of certain schools has contributed to the change in work programme and means budget amounting to £1,030,000 requires to be deferred until 2019/20.