

**Education and Families Committee****30 January 2014****Management Accounts for Education & Families Committee:
2013/14 – Projected Outturn at Quarter 3****F-005-F****Report Presented by Executive Manager -
Finance****Corporate Services****1.0 Summary**

- 1.1 The purpose of this report is to enable the Education & Families Committee to monitor the financial performance of services within its remit to ensure that expenditure incurred and income generated has been delivered within the approved budget, so that timely action can be taken when required to mitigate projected overspends. The focus of this report is on the projected outturn position for the year as at the end of the third quarter for revenue and capital.
- 1.2 The projected outturn position for Education & Families Committee is to be £833k underspent on revenue, and £401k overspent on capital for 2013/14.

2.0 Decision Required

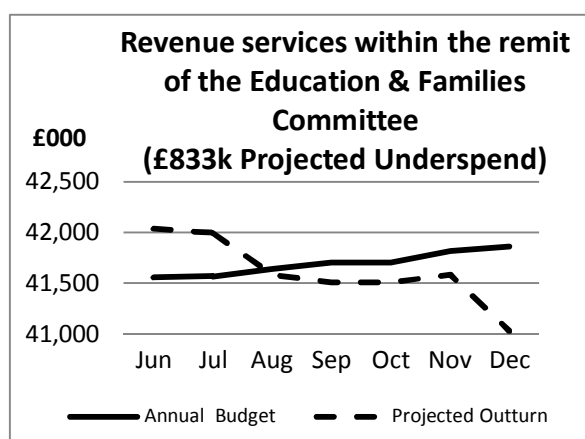
- 2.1 The Education & Families Committee is asked to RESOLVE to:
- review the Management Accounts showing the projected outturn position at the end of Quarter 3; and
 - instruct the Director of Children's Services and the Director of Development Services to ensure that the projected outturn is achieved by the end of the year.

3.0 Detail

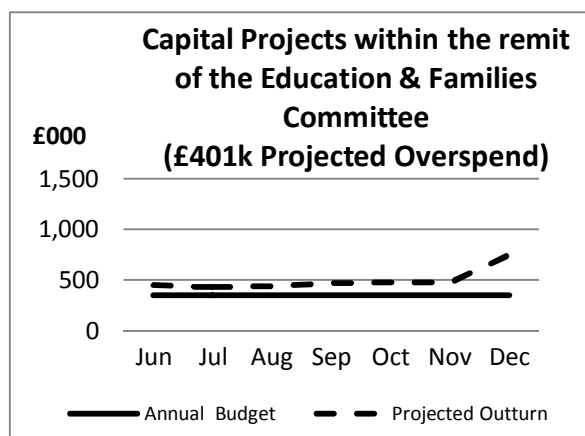
- 3.1 On the 20 February 2013 (SIC min ref: 9/13) the Council approved the 2013/14 revenue and capital budgets for the Council (including the General Fund, Harbour Account, Housing Revenue Account, Trading Accounts and Spend to Save) requiring a draw from reserves of

£27.768m. This is still at an unsustainably high level and will need to be reduced to ensure that the Council's reserves are not depleted further in the short term.

- 3.2 All charts in this report show a scale range of £1.5m which increases in increments of £500k; therefore they show variances for each service at the same scale, regardless of the size of budget, and the "at a glance" variance position can be compared between charts.
- 3.3 The projected revenue outturn position for services within the remit of the Education & Families Committee is an underspend of £833k (2%), shown on the following chart:



- 3.4 The projected capital outturn position for projects within the remit of the Education & Families Committee is an overspend of £401k (115%), shown on the following chart:



- 3.5 Appendix 1 attached shows the projected revenue outturn position as at the end of the third quarter by service area, along with explanations of the projected outturn variance position.
- 3.6 Appendix 2 attached shows the projected capital outturn position as at the end of the third quarter by service area, along with explanations of the projected outturn variance position.

4.0 Implications

Strategic

4.1 Delivery On Corporate Priorities

There is a specific objective within the Corporate Plan to ensure that the Council is “Living within our means” with a range of measures which will enable the Council to achieve financial sustainability over the next 4 years, and line up spending with priorities and continue to have significant reserves.

The Medium Term Financial Plan also includes a stated objective to achieve financial sustainability over the lifetime of this Council.

4.2 Community /Stakeholder Issues – None.

4.3 Policy And/Or Delegated Authority

Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Committee may exercise and perform all powers and duties of the Council in relation to any function, matter, service or undertaking delegated to it by the Council. The Council approved both revenue and capital budgets for the 2013/14 financial year. This Report provides information to enable the Committee to ensure that the services within its remit are operating within the approved budgets.

4.4 Risk Management

There is a risk that revenue services and capital projects will not be delivered within the approved 2013/14 budget resulting in an additional draw on reserves, which is unsustainable. Failure to deliver the 2013/14 budgets may result in the Council failing to deliver both its Corporate Plan and Medium Term Financial Plan.

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

Resources

4.7 Financial

4.7.1 At present the Council's level of expenditure is not sustainable and, if left unchecked, will result in reserves continuing to decrease further, eventually becoming depleted.

4.7.2 Any instances whereby a budget is overspent, savings targets are not being achieved, or there is growth in a budget, will have a direct impact on the Council's reserves. It is therefore vital to the future economic well being of the Council that its budget is delivered in full with no further growth.

4.7.3 The projected outturn revenue position for services under the remit of the Education & Families Committee is an underspend of £833k.

4.7.4 The projected outturn for capital projects within the remit of the Education & Families Committee is an overspend of £401k.

4.7.5 The Children's Services and Development Services Management Teams are closely monitoring the position and a continued downward pressure on spending throughout the rest of the year will be maintained. At the end of quarter 2, it was projected that the services within the remit of the Education and Families Committee would be £197k underspent on revenue, and £195k overspent on capital, therefore considerable progress has been made in ensuring that the approved revenue budget is achieved. The increased overspend on capital is due to the acceleration of works on the new Anderson High School project.

4.8 Legal – None.

4.9 Human Resources – None.

4.10 Assets And Property – None.

5.0 Conclusions

5.1 The outturn position for services within the remit of the Education & Families Committee is a projected underspend of £833k on revenue, and a projected overspend of £401k on capital projects.

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List of Appendices

Appendix 1 – Education & Families Committee – Projected Revenue Outturn Position for 2013/14

Appendix 2 – Education & Families Committee – Projected Capital Outturn Position for 2013/14

Background documents:

Approved Budget Report, SIC 20 February 2013

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=14165>

Management Accounts for Education and Families Committee 2013-14 Projected Outturn at Quarter 2, Education and Families Committee 20 November 2013

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=15260>

Management Accounts for Education and Families Committee 2013-14 Projected Outturn at Quarter 1, Education and Families Committee 11 September 2013

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=14900>

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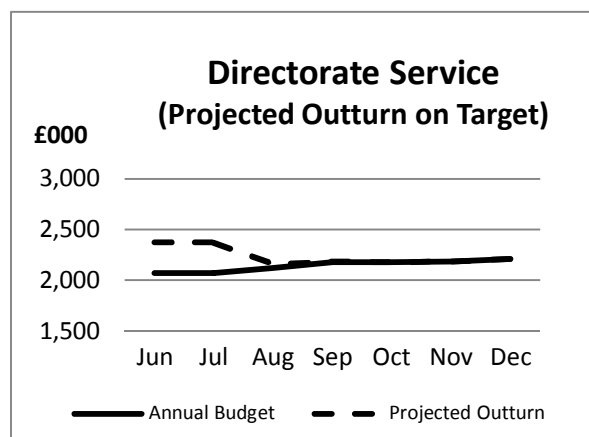
Education & Families Committee**Projected Revenue Outturn Position 2013/14**

Description	Annual Budget 2013/14 £000	Projected Outturn 2013/14 £000	Budget v Proj. Outturn Variance £000
Director of Children's Services	2,211	2,211	-
Children & Families	1,027	994	33
Children's Resources	3,717	3,537	180
Quality Improvement/Schools	32,986	32,464	522
Library	941	916	25
Community Planning & Development (Adult Learning, Area Community Work & Community Transport)	519	486	33
Train Shetland	462	421	41
Total Controllable Costs	41,863	41,029	833

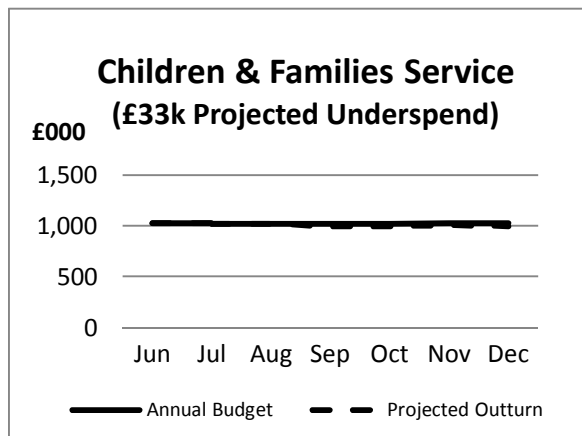
The projected outturn for 2013/14 is £833k less than budget. The reasons for the outturn variance are explained below.

Explanation of Projected Outturn Variances:

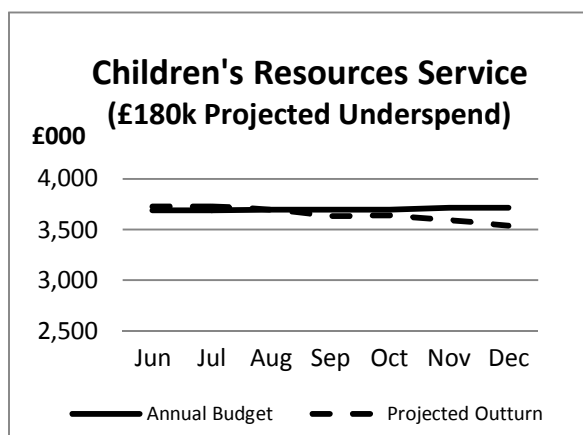
- **Director of Children's Services** – Projected outturn on target. It is now anticipated that the overspend which was previously projected will not materialise due to a reduction in the number of young people being accommodated in Off Island Placements, and general efficiencies within the service.



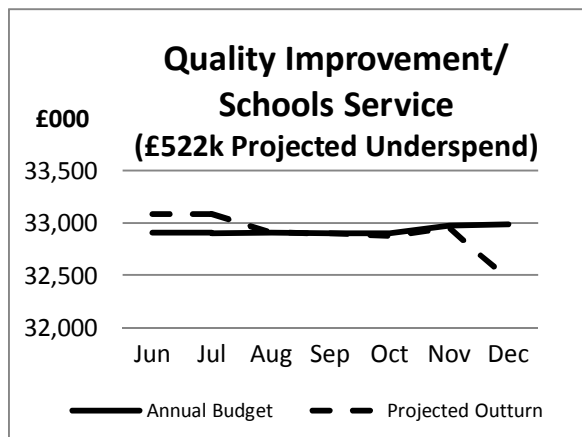
- **Children & Families** – £33k (3.2%) projected outturn underspend – this is due to staff turnover and difficulties recruiting to vacant posts. The service has recently been reconfigured to alleviate these difficulties.



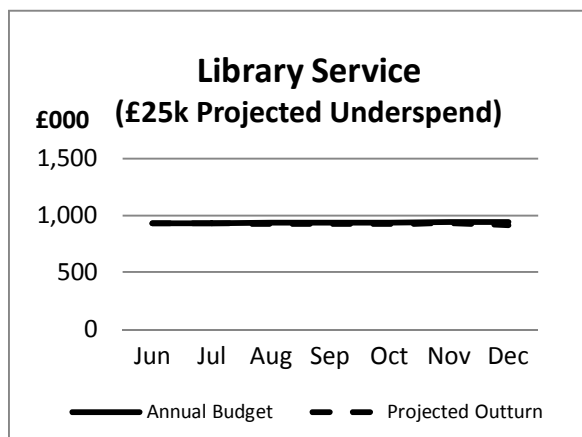
- **Children's Resources** - £180k (4.8%) projected outturn underspend – this is due to vacancies across the service (£80k), and underspends on operating costs in both Residential Services due to reduced number of clients and Short Breaks Services due to some reconfiguration of the service (£35k). Underspends have also been identified in Section 29 (support for young people leaving care) (£22k) and the Bruce Family Centre (£9k). Savings in transport costs and grants distributed under the Childcare Strategy are estimated to be £24k.



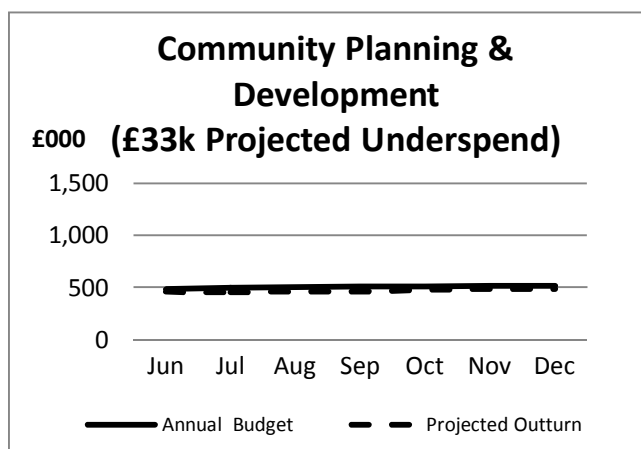
- Quality Improvement/Schools** – £522k (1.6%) projected outturn underspend. Savings have been achieved within Additional Support Needs which total £297k. The deletion of vacant posts, staff turnover and reduced use of supply staff have resulted in a projected underspend of £244k on employee costs within schools. It is estimated that Energy Costs on the Anderson High School will be £40k under budget due to spend to save works which have been carried out. It is anticipated that there will be overspends due to the delay in implementation of the Youth Services review (£52k) and an increase in payments made to pre-school Partner Providers (£60k). These overspends have been reduced from original projections as a result of virement from underspends elsewhere within the Service.



- Shetland Library** – £25k (2.7%) projected outturn underspend – this is due to a reduction in grade and hours of a School Library Assistant post, staff turnover and general efficiencies across the service.

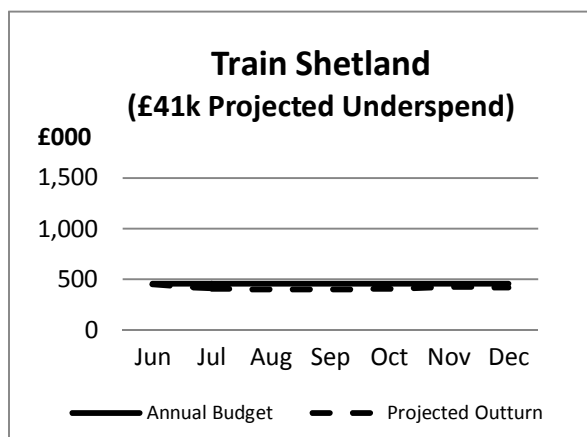


- **Community Planning & Development (Adult Learning, Area Community Work & Community Transport)** - £33k (6.4%) projected outturn underspend – due to end of Community Transport Scheme (£16k), savings on hire of property in Area Community Work (£5k) and staff efficiencies in the Targeted Work Service (6k).



* Community Planning and Development Services within the remit of Education and Families Committee only

- **Train Shetland** - £41k (8.9%) projected outturn underspend – this is due to vacancies in short course management, which has impacted on the number of short courses being delivered, and therefore has led to a reduction in course costs.



Education & Families Committee – Children's Services**Projected Capital Outturn Position 2013/14**

	Annual	Projected	Budget v
	Budget	Outturn	Proj. Outturn
Description	2013/14	2013/14	Variance
	£000	£000	£000
Quality Improvement/Schools	350	751	(401)
Total Controllable Costs	350	751	(401)

Explanation of projected outturn position:

- **Quality Improvement & Schools** – £401k (115%) projected outturn overspend - this is due to an acceleration of activity on the New Anderson High School project in relation to external consultancy, HubCo charges, technical studies, survey work and land purchases which have resulted in an anticipated overspend of £512k in the current year. The Happyhansel Primary School refurbishment project is projecting an underspend of £111k due to lower than anticipated contract prices and grant income receivable being higher than expected.

