

Education, Children and Families Committee

10.00am, Tuesday, 11 December 2018

Revenue Monitoring 2018/19 – month five position

Item number	7.6
Report number	
Executive/routine	
Wards	
Council Commitments	

Executive Summary

The report sets out the projected month five revenue monitoring position for the Communities and Families service, based on analysis of actual expenditure and income to the end of August 2018 and expenditure and income projections for the remainder of the financial year. Following approval of a number of changes to Chief Officer roles at Council on 3rd May 2018, the Safer and Stronger Communities service is now realigned to Communities and Families and monitoring projections for this service are included in this report.

The total projected (full year) unfunded budget pressure is currently £12.6m, partially offset by mitigations identified to date totalling £6.5m, resulting in a net residual unfunded budget pressure of £6.1m.

The Executive Director of Communities and Families is fully committed to making all efforts to identify management action to reduce the budget pressures. However, given the magnitude of these pressures, there is the potential for a significant level of overspend, estimated at £5m at this stage. A clearer monitoring position will be established as further mitigation measures are implemented. This was reported to the Finance and Resources Committee on 4 December 2018 as part of a Council-wide revenue monitoring update. A further update will be reported to the Finance and Resources Committee on 24 January 2019, and to this committee on 5 March 2019.

Revenue Monitoring 2018/19 – month five position

1. Recommendations

- 1.1 The Education, Children and Families Committee is asked to:
- 1.1.1 note the net residual budget pressure of £6.1m which remains at month five, and the estimated £5m potential overspend;
 - 1.1.2 note that approved savings in 2018-19 total £2.84m, with £2.115m on track to be delivered in full and £0.725m assessed as red and non-deliverable this financial year;
 - 1.1.3 note that the Executive Director of Communities and Families is taking measures to reduce budget pressures and progress will be reported to the Finance and Resources Committee on the 24 January 2019 and to the meeting of this committee on 5 March 2019.

2. Background

- 2.1 The total 2018-19 revised net budget for Communities and Families is £383.2m.
- 2.2 This report sets out the projected overall position for the Communities and Families revenue expenditure budget for 2018/19, based on analysis of month five data.
- 2.3 With effect from 2018/19, the Communities and Families Directorate now includes the Safer and Stronger Communities area of service.

3. Main report

Overall Position

- 3.1 As at month five, the Communities and Families Directorate is projecting net budget pressures of £6.1m for 2018/19 as a result of increasing costs in several demand-led areas of service.

Unfunded Budget Pressures - £12.6m

- 3.2 To date, projected unfunded budget pressures of £12.6m have been assessed. The main service areas affected include temporary accommodation, home-to-school transport, rising school rolls, community access to schools and the increased use of out-of-Council area placements linked to accommodating a number of Unaccompanied Asylum-Seeking Children (UASC) within the city. Management

action of £6.5m has been identified, which leaves a net residual budget pressure of £6.1m. Appendix 1 provides further details on these areas of pressure and mitigating action.

- 3.3 Communities and Families is fully committed to making all efforts to identify mitigations to reduce the emerging pressures, and a strategy has been developed to identify and implement management actions required to address these. This includes vacancy control measures, a review of reserves, identification of income generation opportunities, an examination of the scope to stop or reduce planned levels of expenditure, and the identification of any spend-to-save opportunities. However, given the magnitude of these pressures, there is the potential for a significant level of overspend, estimated at £5m at this stage.

Savings Delivery – Approved Savings 2018/19 Budget

- 3.4 The approved budget savings for Communities and Families for 2018/19 total £2.840m. Progress in the delivery of the savings programme is reviewed regularly.
- 3.5 A red, amber, green (RAG) analysis has been undertaken in consultation with Heads of Service. This indicates that, on the basis of actions planned or already undertaken, £2.115m of savings are on track to be delivered in full (green). Savings relating to Home to School Transport (£0.400m), Advice Service (£0.175m) and senior management efficiencies (£0.150m) have been assessed as non-deliverable (red) in this financial year and form part of the overall budget pressures total. Further details are included in Appendix 2.

4. Measures of success

- 4.1 The measure of success will be the achievement of a balanced revenue budget position for Communities and Families for 2018/19 and successful delivery of approved savings.

5. Financial impact

- 5.1 The report highlights projected net budget pressures of £6.1m for 2018/19. This position is subject to active monitoring, management of risks and identification of further mitigation.

6. Risk, policy, compliance and governance impact

- 6.1 The delivery of a balanced budget outturn for the year is the key target. The risks associated with cost pressures, increased demand and savings delivery targets are regularly monitored and reviewed, and management action is taken as appropriate.

7. Equalities impact

7.1 There are no negative equality or human rights impacts arising from this report.

8. Sustainability impact

8.1 There are no negative sustainability impacts on carbon, adaptation to climate change or sustainable development arising from this report.

9. Consultation and engagement

9.1 There has been no external consultation and engagement arising directly from this report.

10. Background reading/external references

10.1 None

Alistair Gaw

Executive Director of Communities and Families

Contact: Brendan O'Hara, Acting Principal Accountant

E-mail: brendan.o'hara@edinburgh.gov.uk | Tel: 0131 469 3620

11. Appendices

11.1 Summary of forecast net revenue budget pressures;

11.2 Summary of approved budget savings 2018-19

Appendix 1

Forecast Areas of Budget Pressure and Management Action

	Pressure	Mitigation	Net residual pressure	Description
Service area	£m	£m	£m	
Safer & Stronger Communities - Temporary Accommodation	3.9	1.9	2.0	Pressure in B&B, Short Term Lets and Managed Units with increasing average length of stay due to lack of 'move-on' accommodation, offset by underspends in Private Sector Leasing scheme and commissioned services
Home to School Transport	2.3		2.3	Full year effect of 2017/18 pressure plus increase in demand. The pressure includes £0.4m of unachieved approved 2018/19 savings
Out of Council Residential	2.3		2.3	Increases required in 2017/18 due to a large increase in Unaccompanied Asylum-Seeking Children requiring accommodation within the Council's own resources
Schools	1.5		1.5	Demographic pressures in DSM staff budgets due to rising school rolls
Edinburgh Leisure - Community Access to Secondary Schools	0.8		0.8	Out-of-hours management of sports lets transferred to Edinburgh Leisure with approved savings attached
Disability - Transitions	0.4	0.5	-0.1	Cost of supporting three cases prior to transfer to H&SC at age 19, offset by staff vacancies.
Other projected variances of £0.3m or less	1.4	0.8	0.6	Various
Fostering, kinship, adoptions and daycare		1.2	-1.2	Lower than budgeted use of foster care, partially offset by increase in kinship.
Secure services		0.8	-0.8	Budget for 8.5 beds, average use to date has been 6 which is forecast to continue
Early Years		0.7	-0.7	Staff vacancies
SSC - Family & Household Support		0.6	-0.6	Staff vacancies following review
TOTAL	12.6	6.5	6.1	

Appendix 2

Summary of approved budget savings 2018-19 with RAG assessment

Proposal description/ area	Approved 2018-19 saving £m	Saving RAG assessment		
		Red	Amber	Green
SCHOOLS & LIFELONG LEARNING				
Reviewing Early Years services to deliver efficiencies	0.885			0.885
Edinburgh Leisure	0.270			0.270
	1.155	0.000	0.000	1.155
CHILDREN'S SERVICES				
Home to School Transport	0.400	0.400		
Review of Support Staff in Special Schools	0.148			0.148
Reduce residential provision by four beds	0.267			0.267
	0.815	0.400	0.000	0.415
DEPARTMENT-WIDE SAVINGS				
Transformational efficiencies	0.200			0.200
Budget realignment	0.245			0.245
Senior Management efficiencies	0.150	0.150		
Inflationary efficiencies in contracts	0.100			0.100
	0.695	0.150	0.000	0.545
SAFER & STRONGER COMMUNITIES				
Advice Services review	0.175	0.175		
TOTAL	2.840	0.725	0.000	2.115