

Education, Children and Families Committee

10am, Tuesday, 8 October 2013

Children and Families Department Revenue Budget Monitoring 2013-14 – Month Two Position to 31st May 2013

Item number	7.15
Report number	
Wards	All

Links

Coalition pledges	P30
Council outcomes	CO1-CO6 , CO25
Single Outcome Agreement	SO3

Gillian Tee

Director of Children and Families

Contact: Jane Brown, Principal Finance Manager

E-mail: jane.brown@edinburgh.gov.uk | Tel: 0131 469 3196

Executive summary

Children and Families Department Revenue Budget Monitoring 2013-14 – Month Two Position to 31st May 2013

Summary

The purpose of this report is to advise Committee of the month two revenue monitoring position for the Children and Families Department.

Recommendations

It is recommended that the Education, Children and Families Committee notes:

1. the contents of this report, including the current projected residual budget pressures of £1.8m; and
2. the additional proposals being considered to address the residual pressure and enable delivery of a balanced budget.

Measures of success

The measure of success will be the achievement of a balanced budget position for the Children and Families Department revenue budget for 2013-14.

Financial impact

There are no direct financial implications arising from this report.

Equalities impact

There is no relationship between the matters described in this report and the public sector general equality duty.

There are no equalities implications arising from this report.

Sustainability impact

There are no adverse environmental impacts arising from this report.

Consultation and engagement

As is the norm, there has been no external consultation and engagement in producing this report.

Background reading / external references

None

Children and Families Department Revenue Budget Monitoring 2013-14 - Month Two position to 31st May 2013

1. Background

- 1.1 The purpose of this report is to present Children and Families Department's financial position at month two.

2. Main report

2013-14 Revenue Budget Position

- 2.1 The total revised net budget for the Children and Families Department is £391m.
- 2.2 At month two the revenue monitoring forecast, indicates that the department will deliver a balanced budget position at the end of the financial year. At this early stage in year the forecast assumes that all anticipated budget pressures are fully addressed through management action.
- 2.3 The level of pressures, assessed at £5.9m, presents a challenging position for the department to address. However, to date £4.1m of management action has been identified leaving a further £1.8m to be determined. Table 1 provides a divisional summary of the estimated residual budget pressures across the Children and Families budget:

Table 1 – Forecast net residual budget pressures

	Budget 2013- 14	Projected Pressure 2013-14	Projected Savings/ Mgt Action 2013-14	Projected Out-turn 2013-14	Projected Residual Net Pressure 2013-14
<u>Division</u>	£m	£m	£m	£m	£m
Resources	15.5	0.9	(0.2)	16.2	0.7
Schools & Community Services :					
- Schools	226.3	1.1	(0.6)	226.8	0.5
- Non Schools	37.7	0.9	(0.2)	38.4	0.7
Planning & Performance	5.8	0.0	(0.1)	5.7	(0.1)
Support to Children & Young People	106.6	2.2	(1.2)	107.6	1.0
Directorate	0.4	0	0	0.4	0
Other, incl. centrally held funding and unallocated pressures	(1.3)	0.8	0.0	(0.5)	0.8
Sub-total Pressures	391.0	5.9	(2.3)	394.6	3.6
Balance on Reserves			(1.0)	(1.0)	(1.0)
Residual funding Teachers induction scheme			(0.8)	(0.8)	(0.8)
Total for Children & Families	391.0	5.9	(4.1)	392.8	1.8

Forecast Pressures

- 2.4 The budget pressures of £5.9m include a number of relatively small pressures which are more easily managed through existing tight budgetary controls. Planned longer term management action is also in place to address teacher conservation costs (£0.5m) through the use of reserves. However, there are areas of more significant pressure which present a greater challenge. These include:

- Fostering, adoption and kinship placements - £0.9m

A forecast pressure of £0.9m relates to the full year impact of higher than budgeted growth levels in placements in 2012-13.

- Educational support in other local authorities - £0.4m

This pressure relates to payments to other local authorities for foster children in the City of Edinburgh Council's care who have foster placements outwith the city and who have additional educational support needs.

- Property Related Costs - £0.9m

Budget pressures associated with PPP contract inflation, surplus site security and prudential framework arrangements.

Management Action

2.5 Planned measures to address budget pressures include:

- Application of reserves - £1.5m

This includes a draw down of £0.5m for the costs of teacher conservation associated with the secondary schools management restructuring. A further £1m will be applied as a one off measure in 2013/14 only. The residual reserves of £0.6m will be retained to address the estimated costs of teacher conservations in 2014/15 and 2015/16.

- Application of residual funding for teachers' induction scheme - £0.8m

Children and Families received an additional allocation of funding from the Scottish Government in 2012-13 relating to residual sums from the teachers induction scheme. Details relating to residual funding allocation from the Scottish Government for 2013-14 will not be known until later in the financial year. However, current projections assume that a similar level of funding will be received in 2013-14.

Other areas of management action include:-

- Employee costs - £1.1m achieved largely through vacancy controls with smaller savings relating to historical strain cost budgets and part year implementation of working time staffing arrangements
- Maintaining small areas of underspend across a range of services areas.

Further Management Action

2.6 Additional management action totalling £1.8m requires to be developed and implemented by Children and Families to offset the projected residual budget

pressure and enable delivery of a balanced budget position. Proposals being reviewed currently include :

- Continued application of vacancy management controls to facilitate delivery of additional staff cost savings;
- Freeze on discretionary spend across the departmental budget; and
- Review of scope for additional and/ or accelerated savings across the departmental budget.

2.7 Children and Families is fully committed to delivering a balanced budget position. However, the level of further savings required through management action (£1.8m) does present a significant challenge. Progress towards this will be reported to the December meeting of the Education, Children and Families Committee.

Approved Budget Savings

2.8 Net savings totalling £5.4m were approved as part of the 2013-14 revenue budget.

2.9 The 2013-14 savings programme is closely monitored and is largely on track to be delivered. Management action has been put in place to address any budget pressures that have emerged as result of delays and/or non-delivery of approved savings.

3. Recommendations

To recommend that the Education, Children and Families Committee notes:

- 3.1 the contents of this report, including the current projected residual budget pressures of £1.8m; and
- 3.2 the additional proposals being considered to address the residual pressure and enable delivery of a balanced budget.

Gillian Tee

Director of Children and Families

Links

Coalition pledges	P30. Continue to maintain a sound financial position including long-term financial planning
Council outcomes	CO1. Our children have the best start in life, are able to make

and sustain relationships and are ready to succeed

CO2. Our children and young people are successful learners, confident individuals and responsible citizens making a positive contribution to their communities

CO3. Our children and young people in need, or with a disability, have improved life chances

CO4. Our children and young people are physically and emotionally healthy

CO5. Our children and young people are safe from harm or fear of harm, and do not harm others within their communities

CO6. Our children and young people's outcomes are not undermined by poverty and inequality

CO25. The Council has efficient and effective services that deliver on objectives

Single Outcome Agreement SO3. Edinburgh's children and young people enjoy their childhood and fulfil their potential

Appendices None