

Education, Children and Families Committee

10am, Tuesday, 9 December 2014

Children and Families Revenue Budget Monitoring 2014-15 – Half Yearly Position

Item number	7.13
Report number	
Executive/routine	Executive
Wards	All

Executive summary

The purpose of this report is to advise Committee of the projected revenue budget monitoring position for Children and Families at half year.

A balanced outturn position is projected. However this remains a challenging objective to achieve and is subject to the continued ongoing management of service budget pressures.

Links

Coalition pledges	P30
Council outcomes	CO1 , CO2 , CO3 , CO4 , CO5 , CO6 , CO25
Single Outcome Agreement	SO3

Children and Families Revenue Budget Monitoring 2014-15 – Half Yearly Position

Recommendations

- 1.1 It is recommended that the Education, Children and Families Committee note :
 - 1.1.1 that at the half year the projected residual budget pressures to be managed for Children and Families totalled £1.5m;
 - 1.1.2 that further management action is being taken to address the residual pressures and enable the delivery of a balanced budget.

Background

- 2.1 The purpose of this report is to advise Committee of the projected revenue budget monitoring position for Children and Families at half year.

Main report

2014/15 Revenue Budget Position

- 3.1 The total 2014/15 revised net budget for Children and Families is £386.6m.
- 3.2 The latest revenue monitoring forecast indicates that Children and Families will deliver a balanced budget position at the end of the financial year. The forecast assumes that all anticipated budget pressures are fully addressed through management action.
- 3.3 The level of budget pressures, assessed at £6.4m, presents a challenging position for the service to address. However, £4.9m of management action has already been identified leaving a further £1.5m to be determined which Children and Families remains committed to addressing. Table 1 provides a divisional summary of the forecast residual budget pressures and the management action taken to address them:

Table 1 – Forecast Residual Budget Pressures and Management Action

	<u>Revised Budget 2014- 15</u>	<u>Forecast Gross Budget Pressures</u>	<u>Forecast Savings/ Mgt Action</u>	<u>Savings/ Mgt Action to be developed</u>	<u>Forecast Out-turn 2014-15</u>
	<u>£'m</u>	<u>£'m</u>	<u>£'m</u>	<u>£'m</u>	<u>£'m</u>
Support to Children & Young People	108.4	4.1	(1.8)		110.7
Schools & Community Services					
- Non Schools	40.1	0.9	(1.3)		39.7
- Schools	219.7	1.0	(0.7)		220.0
Resources	13.0	0.3	(0.3)		13.0
Planning & Performance	4.9	0.1	(0.1)		4.9
Directorate	0.3	0.0	0.0		0.3
Other	0.2	0.0	(0.7)		(0.5)
To be addressed	0.0	0.0	0.0	(1.5)	(1.5)
Total for Service	386.6	6.4	(4.9)	(1.5)	386.6

3.4 Forecast Budget Pressures and Management Action

Further details of the £6.4m pressures and management action included within the projected residual pressure are noted in Table 2:

Table 2 – Main Areas of Pressure and Management Action

<u>Forecast Gross Budget Pressures</u>	£m	
Fostering, kinship and residence payments	2.3	Includes projected pressures relating to 18+ foster placements; unachieved savings from reduced use of independent fostering agencies and higher than budgeted growth within kinship and residence placements
Employee cost pressures in Schools & Community Services	1.4	Projected staff cost pressures, including conservation costs associated with secondary management restructuring
Home to School Transport – Additional Support Needs	0.6	Projected pressure based on out-turn for 2013-14
Other forecast pressures across range of service areas	2.1	Reflects forecast pressures across a range of services areas including residential services (£0.5m), secure services (£0.4m), school meals (£0.2m), and property rationalisation (£0.2m)
<u>Forecast Savings/ Management Action</u>		
Application of departmental reserves	(2.2)	Includes drawdown to offset costs of teacher conservation associated with secondary schools management restructuring, application of previously unutilised Early Years Change Funding, and drawdown of residual Children and Families Reserves to offset projected pressures across departmental budget
Freeze on discretionary spend	(1.3)	Reflects anticipated savings from freeze on discretionary expenditure budgets across the Children and Family services
Other savings/ management action	(1.4)	Reflects forecast savings/ management action across a range of service areas including Early Years (£0.3m), StC&YP Business Support (£0.3m) and savings as result of benchmarking reviews within PPP budgets (£0.3m)

Further Management Action

- 3.5 Children and Families is fully committed to delivering a balanced budget and will continue to seek further measures to address the projected residual pressure of £1.5m.
- 3.6 All areas of service spend will continue to be scrutinised to assess further opportunities for savings; this will include controls on staff recruitment. An updated revenue monitoring position will be reported to the March meeting of the Education, Children and Families Committee.

Budget Pressures Recurring in 2015-16 and future years

- 3.7 It has been assessed that £4.4m of the budget pressures arising in 2014/15 will recur in 2015/16 and beyond. Mitigating action identified in 2014/15 is largely one-off in nature, for example through the use of reserves. A permanent solution is necessary to ensure that the Children and Families budget in 2015/16 is not at risk of overspend. The 2015/16 budget process includes £2.9m of additional Children and Families savings which, if approved, will allow a budget realignment to partially resolve these recurring pressures. However, the residual £1.5m of recurring pressures, largely due to continued growth in vulnerable childrens' services, remains to be addressed.

Approved Budget Savings 2014-15

- 3.8 Net savings totalling £16.3m were approved in arriving at the 2014-15 revenue Children and Families budget and require to be delivered.
- 3.9 The 2014-15 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.

Measures of success

- 4.1 The measure of success will be the achievement of a balanced budget position for the Children and Families revenue budget for 2014-15.

Financial impact

- 5.1 There are no direct financial implications arising from this report.

Risk, policy, compliance and governance impact

- 6.1 The delivery of a balanced budget for the year is the key target. The risk associated with cost pressures, many of which are new and expected to be recurring, and increased demand are regularly monitored and reviewed and management action is taken as appropriate.

Equalities impact

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

Sustainability impact

- 8.1 There are no sustainability impacts arising from this report.

Consultation and engagement

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

Background reading/external references

None

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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 at risk, or with a disability, have improved life chances

**Single Outcome
Agreement
Appendices**

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
SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential
None