

Education, Children and Families Committee

10am, Tuesday, 8 December 2015

Children and Families Revenue Monitoring 2015/16 – half year position

Item number	8.1
Report number	
Executive/routine	Executive
Wards	All

Executive summary

The report sets out the projected current year revenue budget monitoring position for Children and Families as at month six and provides an update on the projected residual pressure of £2.4m incorporated within the revenue monitoring half year report to Finance & Resources Committee on 29 October, 2015.

Significant service pressures continue to be managed. The gross total pressures are currently £11.1m, inclusive of a contribution of £2.025m towards Health and Social Care financial pressures and, whilst significant mitigating management action has already been taken, a net £1.7m budget pressure remains for which further mitigating action still requires to be developed. This position represents a favourable movement of £0.7m on the net pressure reflected in the Finance & Resources Committee report.

The scale of the management action already implemented significantly limits scope for additional mitigating actions to be identified which, combined with continuing risks around service specific demand related pressures, presents a very challenging position. Whilst Children and Families remains fully committed to addressing the remaining budget pressure and will explore all opportunities to do so, at this stage there is considered to be a significant risk that there will be an over-spend in 2015/16.

Links

Coalition pledges	P01 , P02 , P03 , P04 , P05 , P06 and P30
Council outcomes	CO1 , CO2 , CO3 , CO4 , CO5 , CO6 and CO25
Single Outcome Agreement	SO3

Children and Families Revenue Monitoring 2015/16 – month six position

Recommendations

- 1.1 It is recommended that the Education, Children and Families Committee notes:
 - 1.1.1 the net residual budget pressure of £1.7m which remains at month six;
 - 1.1.2 that approved savings in 2015/16 total £14.075m; the savings programme being closely monitored with action having been taken to address any highlighted risks of non delivery;
 - 1.1.3 that the reported position includes a contribution of £2.025m towards pressures within Health & Social Care;
 - 1.1.4 that achieving a balanced position for the year is subject to the development of further mitigating actions of £1.7m; and
 - 1.1.5 that whilst all opportunities for further mitigating action will be explored, at this stage in the financial year there is a significant risk of over-spend.

Background

- 2.1 The total 2015/16 revised net budget for Children and Families is £394.4m.
- 2.2 This report sets out the projected overall position for the Children and Families' revenue expenditure budget for 2015/16 at month six of the financial year.

Main report

- 3.1 Children and Families continue to manage significant levels of budget pressure in many areas of the service, including a number of challenges relating to the delivery of approved savings.

Service Specific Budget Pressures - £6.9m

- 3.2 To date unfunded budget pressures of £6.9m have arisen with the areas of most significant budget pressure being in Out of Council residential schools and secure units; fostering, adoption and kinship placements and demographic pressures within schools. Management action of £5.2m has already been identified leaving a residual position of £1.7m. Appendix 1 provides further details of the most significant areas of pressure and mitigating action.

Additional In Year Pressure 2015-16 - £2.025m

- 3.3 Children and Families are also required to deliver an additional savings contribution totalling £2.025m in 2015/16 towards financial pressures in Health & Social Care. These are being delivered through a range of measures including the application of controls on vacancies and discretionary spend, and postponing arrangements to increase flexibility for Early Years and Childcare provision.

Approved Budget Savings 2015/16 - £14.075m

- 3.4 The approved savings for Children and Families in 2015/16 total £14.075m. Progress in the delivery of the savings programme is reviewed regularly, with replacement savings identified where difficulties in delivery have been recognised.
- 3.5 A red, amber, green (RAG) analysis is undertaken in consultation with Heads of Service. At month six this indicated that £12.985 (92%) of savings were assessed as green and £0.390m (3%) being amber with savings emerging as the year progresses. A further £0.7m relating to projected pressures in the independent fostering budget, and shortfall in outdoor centres income is assessed as red. A number of the green savings totalling £2.2m are being delivered through substitute arrangements.

Further Management Action

- 3.6 The total projected budget pressures and undelivered savings, including the required contribution of £2.025m towards financial pressures within Health & Social Care, is currently £11.1m. To date mitigating management action to deliver further savings of £9.4m is in place leaving a residual £1.7m of further savings to be found in order to deliver a balanced budget. This also assumes full delivery of all green and amber assessed approved savings of £13.375m.
- 3.7 Whilst there has been further significant progress made in addressing the budget challenges facing the service, addressing the residual pressure of £1.7m presents a difficult challenge. Added to this is the risk of further service specific demand related pressures arising during the latter part of the year which has been a recurring feature in the service in both the current and recent years and which, should they arise, would add further to the unbudgeted pressures the service would require to address.
- 3.8 All areas of service spend will continue to be scrutinised to assess further opportunities for savings and the existing strict controls on staff recruitment and discretionary expenditure budgets will be continued. However, given the significant action which has already taken, the opportunities for further management action are far more limited. One such option may be any in-year savings which arise as a result of the possible release of any staff as a result of the recent invitation regarding any expressions of interest in applying for Voluntary Early Release Arrangement (VERA).

- 3.9 Whilst Children and Families remains fully committed to addressing the remaining budget pressure and will explore all opportunities to do so, at this stage there is considered to be a significant risk that there will be an over-spend in 2015/16.
- 3.10 A further update will be reported to the March meeting of the Education, Children and Families Committee.

Measures of success

- 4.1 The measure of success will be the achievement of a balanced revenue budget position for Children and Families for 2015/16.

Financial impact

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

Risk, policy, compliance and governance impact

- 6.1 The recommendations in this report do not impact on an existing policy of the Council and there are no governance, compliance or regulatory implications that elected members need to take into account when reaching their decision.
- 6.2 Achieving a balanced revenue budget position for the year is subject to the development of further mitigating actions of £1.7m. However, the scale of the mitigating action already implemented significantly limits scope for additional actions to be identified which, combined with continuing risks around service specific demand related pressures, presents a very challenging position.
- 6.3 Whilst Children and Families remains fully committed to addressing the remaining budget pressure and will explore all opportunities to do so, at this stage there is considered to be a significant risk that there will be an over-spend in 2015/16.

Equalities impact

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

Sustainability impact

- 8.1 There are no impacts no impacts on carbon, adaptation to climate change or sustainable development 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	<p>P01 - Increase support for vulnerable children, including help for families so that fewer go into care</p> <p>P02 - Hold the maximum P1 class size at 25 and seek to reduce class sizes in line with Scottish Government recommendations</p> <p>P03 - Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools</p> <p>P04 - Draw up a long-term strategic plan to tackle both over-crowding and under use in schools</p> <p>P05 - Seek to ensure the smooth introduction of the Curriculum for Excellence and that management structures within our schools support the new curriculum</p> <p>P06 - Establish city-wide childcare co-operatives for affordable childcare for working parents</p> <p>P30 - Continue to maintain a sound financial position including long-term financial planning</p>
Council outcomes	<p>CO1 - Our children have the best start in life, are able to make and sustain relationships and are ready to succeed</p> <p>CO2 - Our children and young people are successful learners, confident individuals and responsible citizens making a positive</p>

contribution to their communities

CO3 - Our children and young people at risk, 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

- 1 Forecast areas of budget pressures and management action

Appendix 1

Forecast Areas of Service Specific Budget Pressures and Management Action

Area of pressure/(action)	£m	Notes
Out of Council schools	1.6	Projection based on estimated leaving dates and likely future packages
Secure Units	0.9	Budgeted level of secure beds is 8. Service has been operating at 15 since beginning of April with a recent drop to around 10 / 11. Forecast assumes this level will continue until the end of the year
Fostering	0.5	Overall numbers have generally been on target, however, they increased to 16 above target in September. The forecast assumes this will reduce and be back on target. Little progress on the change in mix which is causing the pressure.
Demography Pressures within schools budgets	0.6	The 2015/16 budget provision for costs associated with rising school rolls falls short of current projections. This is based on teacher requirements and property costs relating to the significant programme of school extensions and adaptations.
Other forecast pressures across a range of service areas	3.3	Reflects projected pressures of £0.2m or less, across a range of service areas
Total Gross Pressures	6.9	
Early Years	(0.7)	Non-allocation of additional Scottish Government funding, for 2015/16 only, resulting from delays in implementation of increased flexibility of Early Learning & Childcare.
Scottish Government Funding – Teacher Numbers	(0.6)	Estimated additional Scottish Government funding - dependent on maintaining teacher numbers and ratios.
PPP contracts	(1.0)	Reflects projected savings in contractual inflationary provision, benchmark reviews and FSM implementation costs
Departmental Contingency	(0.4)	Application of contingency provision
Other forecast savings/ management action	(2.5)	Reflects forecast savings across a range of service areas, including Early Years Change

		Fund (£0.3m); North Edinburgh accommodation funding (£0.3m), StC&YP Business Support staffing and supplies (£0.3m). Balance comprises savings of £0.2m or less across a range of service areas
Net Residual Pressures	1.7	