

Education, Children and Families Committee

10am, Tuesday, 11 October 2016

Communities and Families Revenue Monitoring 2016/17 – month three position

Item number	8.1
Report number	
Executive/routine	Executive
Wards	All

Executive summary

The report sets out the projected month three revenue budget monitoring position for Communities and Families. Significant service pressures continue to be managed. The total unfunded budget pressure is currently £4.9m. Mitigating management action totalling £4.0m has already been taken, resulting in a net residual unfunded budget pressure of £0.9m for which further mitigating action still requires to be developed.

Communities and Families remains fully committed to addressing the remaining budget pressure, in order to deliver a balanced budget position for 2016/17.

Links

Coalition Pledges	P01 , P02 , P03 , P04 , P05 , P06 and P30
Council Priorities	CP1
Single Outcome Agreement	SO3

Communities and Families Revenue Monitoring 2016/17 – month three position

Recommendations

- 1.1 It is recommended that the Education, Children and Families Committee notes :
 - 1.1.1 the net residual budget pressure of £0.9m which remains at month three;
 - 1.1.2 that approved savings in 2016/17 total £12.9m; the savings programme is being closely monitored with action taken to address any highlighted risks of non delivery.

Background

- 2.1 The total 2016/17 revised net budget for Communities and Families is £337.4m.
- 2.2 This report sets out the projected overall position for the Communities and Families revenue expenditure budget for 2016/17 at month three of the financial year.

Main report

- 3.1 Communities 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.

Unfunded Budget Pressures - £4.9m

- 3.2 To date projected unfunded budget pressures of £4.9m have been assessed. The main service areas affected are out of Council residential placements and secure units. Further pressures have emerged from unachieved savings relating to the Schools and Lifelong Learning review and fostering services. Management action of £4.0m has been identified, inclusive of the use of reserves, staff vacancies, temporary use of Early Years funding, and anticipated Scottish Government residual funding relating to the teachers' induction scheme. This leaves a net unfunded budget pressure of £0.9m. Appendix 1 provides further details of the most significant areas of pressure and mitigating action.

Approved Budget Savings 2016/17 - £12.9m

- 3.3 The approved savings for Children and Families in 2016/17 total £12.9m. Progress in the delivery of the savings programme is reviewed regularly, with

replacement savings identified where difficulties in delivery have been recognised.

- 3.4 A red, amber, green (RAG) analysis has been undertaken in consultation with Heads of Service. At month three this indicated that £10.5m (81%) of savings were assessed as green. A further £2.4m of savings(19%) were assessed as red and unachievable in 2016/17. Unachieved savings are included in the forecast budget pressure for month three and substitute arrangements, detailed in Appendix 2, have been identified.

Further Management Action

- 3.5 The total projected budget pressure, including undelivered savings, is currently £4.9m. To date mitigating management action to deliver further savings of £4.0m is in place leaving a residual £0.9m of further savings to be found in order to deliver a balanced budget. This also assumes full delivery of all green approved savings of £10.5m.
- 3.6 Many of the management actions which have already been identified are one-off in nature, meaning that, although they assist in addressing the immediate challenge in 2016/17, a permanent sustainable solution still needs to be identified. Work is ongoing to identify options to achieve a permanent solution.
- 3.7 Communities and Families remains committed to identifying further mitigating management action to address the residual pressure, and enable a balanced budget position to be achieved in 2016/17.

Measures of success

- 4.1 The measure of success will be the achievement of a balanced revenue budget position for Communities and Families for 2016/17.

Financial impact

- 5.1 The report's contents project a balanced budget for the year. This position is subject to active monitoring and management of risks.

Risk, policy, compliance and governance impact

- 6.1 The delivery of a balance 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.

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

Alistair Gaw

Acting Executive Director of Communities and Families

Contact: Jane Brown, Principal Accountant

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

Contact: Billy MacIntyre, Head of Communities and Families Operations

E-mail: billy.macintyre@edinburgh.gov.uk | Tel: 0131 469 3366

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 priorities	CP1 – Children and young people fulfil their potential
Single Outcome Agreement	SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential
Appendices	<ol style="list-style-type: none">1 Forecast areas of budget pressures and management action2 Approved savings delivered through alternative measures

Forecast Areas of Budget Pressure and Management Action

Area of pressure/(action)	£m	Notes
Out of Council Residential Care	1.2	Projection based on average use from April – August continuing
Secure Care	1.1	Budgeted level of secure beds is 8. The service has been operating at an average of 12 since the beginning of April. The forecast assumes this level will continue to the end of the year
Schools and Lifelong Learning Review	1.1	The saving required is £2.8m in 16/17. £1.7m is deliverable this year but a pressure remains for 16/17. This is expected to be fully deliverable in 17/18.
Fostering	0.6	Overall numbers are 40 below target which is delivering £800K in annual savings. However, a pressure remains due to the number of placements being purchased from independent agencies which is higher than the target set. This is being caused by the high number of permanent foster placements resulting in reduced levels of turnover. The saving requires turnover of independent places and new placements being made with Council carers.
Other forecast pressures across a range of service areas	0.9	Reflects projected pressures of £0.5m or less, across a range of service areas
Total Gross Pressure	4.9	
Scottish Government Funding – teacher's induction scheme	(0.5)	Estimated residual Scottish Government funding allocation
Early Years	(0.7)	Staff vacancies/ estimated temporary unused funding for implementation of flexible hours.
Application of Reserves	(0.8)	Application of departmental reserves
Other forecast savings/ management action	(2.0)	Reflects forecast savings across a range of service areas, including Special Schools (£0.5m) and Disabilities (£0.5m)
Net Residual Pressure	0.9	

Approved savings delivered through alternative measures

Service Area	Description	Saving £m	Alternative Measure	Alternative Saving £m
Schools and Lifelong Learning	Integrate Sports Services	0.5	Partially offset through underspend in Early Years flexibility funding (£0.2m), with balance (£0.3m) anticipated to be achieved from staffing savings	0.5
Schools and Lifelong Learning	Organisational Review	2.8	£1.7m assessed as deliverable in 2016/17. Balance (£1.1m) being addressed largely through additional funding from Scottish Government from probationary teachers and underspend in Early Years flexibility funding	1.1
Children's Services	Change the mix of fostering placements	0.7	Acceleration of 2017/18 approved savings for Panmure school, Hillview and management costs	0.6
Children's Services	Independent education placements	0.1	Application of funding for on-going costs new North West Edinburgh office not required until 2017/18	0.1
Children's Services	Adoption Allowances	0.1	Application of funding for on-going costs new North West Edinburgh office not required until 2017/18	0.1
	Total Original Savings	4.2	Total Alternative Savings	2.4