

# Education, Children and Families Committee

**10.00am, Tuesday, 14 August 2018**

## **Revenue Monitoring 2018/19 – month three position**

**Item number** 7.10

**Report number**

**Executive/routine**

**Wards**

**Council Commitments**

### **Executive Summary**

The report sets out the projected month three revenue monitoring position for the Communities and Families Directorate, based on analysis of actual expenditure and income to the end of May 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 3 May 2018, the Safer and Stronger 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 £9.9m, partially offset by mitigations totalling £0.1m, and resulting in a net residual unfunded budget pressure of £9.8m.

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 in the coming months as mitigation measures are implemented. This will be reported to the Finance and Resources Committee on 11 October 2018 as part of a Council wide revenue monitoring update and to this Committee at its meeting on 11 December 2018.

## Revenue Monitoring 2018/19 – month three position

### 1. Recommendations

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- 1.1 Members of the Education, Children and Families Committee are asked to:
- 1.1.1 note the net residual budget pressure of £9.8m which remains at month three and the estimated £5m potential overspend;
  - 1.1.2 note that approved savings in 2018-19 total £2.84m, with £2.29m on track to be delivered in full, £0.15m assessed as amber pending further detailed implementation plans and £0.40m assessed as red and non deliverable;
  - 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 11 October 2018 and to the meeting of this committee on 11 December 2018.

### 2. Background

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- 2.1 The total 2018-19 revised net budget for Communities and Families is £382.6m.
- 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 two 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

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#### **Overall Position**

- 3.1 As at month two, the Communities and Families Directorate is projecting net budget pressures of £9.8m for 2018/19 as a result of increasing costs in several demand-led areas of service.

#### **Unfunded Budget Pressures - £9.9m**

- 3.2 To date, projected unfunded budget pressures of £9.9m 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 £0.1m has been identified, which leaves a net residual budget pressure of £9.8m. 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 will include 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, £2.290m of savings are on track to be delivered in full (green); and £0.150m relating to management savings requires further work (amber). Savings relating to Home to School Transport (£0.400m) have been assessed as non deliverable (red) and form part of the overall budget pressures total. Further details are included in Appendix 2.

## **4. Measures of success**

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- 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**

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- 5.1 The report highlights projected net budget pressures of £9.8m 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**

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- 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**

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

## **8. Sustainability impact**

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- 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**

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

## **10. Background reading/external references**

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- 10.1 None

### **Alistair Gaw**

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## **11. Appendices**

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- 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

Service area	Pressure	Mitigation	Net residual pressure	Description
	£m	£m	£m	
Home to School Transport	2.3	0.0	2.3	Full year effect of existing pressure in 2017/18 plus expected increase in number of classes and individual transport requests. Additional Support for Learning £2.0m; Mainstream schools £0.3m
Out-of-Council residential schools	2.0	0.0	2.0	Large influx of Unaccompanied Asylum- Seeking Children resulting in limitation of capacity for Edinburgh's own children, necessitating the purchase of independent residential school placements. Residual pressure net of additional funding.
Schools - emerging demographic pressures	1.5	0.0	1.5	Projected demographic pressures within Devolved School Management staff budgets as a result of rising school rolls.
Community Access to Secondary Schools	1.1	0.1	1.0	Out-of-hours management of sports lets transferred to Edinburgh Leisure with approved savings attached. Introduction of leisure attendants to some facilities and increase in service quality.
Temporary Accommodation	3.0	0.0	3.0	Increase in average length of stay in temporary accommodation resulting from a lack of available 'move-on' accommodation. Full year effect of 2017/18 pressure plus continuing growth in B&B and short term lets in 2018/19.
<b>TOTAL</b>	<b>9.9</b>	<b>0.1</b>	<b>9.8</b>	

## Appendix 2

### Summary of approved budget savings 2018-19 with RAG assessment

	Approved 2018-19 saving	Saving RAG assessment		
Proposal description/ area	£m	Red	Amber	Green
<b>SCHOOLS &amp; LIFELONG LEARNING</b>				
Reviewing Early Years services to deliver efficiencies	0.885			0.885
Edinburgh Leisure	0.270			0.270
	<b>1.155</b>	<b>0.000</b>	<b>0.000</b>	<b>1.155</b>
<b>CHILDREN'S SERVICES</b>				
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
	<b>0.815</b>	<b>0.400</b>	<b>0.000</b>	<b>0.415</b>
<b>DEPARTMENT-WIDE SAVINGS</b>				
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
	<b>0.695</b>	<b>0.000</b>	<b>0.150</b>	<b>0.545</b>
<b>SAFER &amp; STRONGER COMMUNITIES</b>				
Advice Services Review	0.175			0.175
<b>TOTAL</b>	<b>2.840</b>	<b>0.400</b>	<b>0.150</b>	<b>2.290</b>