

Education, Children and Families Committee

10.00am, Tuesday 13 October 2020

Revenue Monitoring 2020/21 – month three position

Executive/routine Wards Council Commitments	Routine City-wide
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1. Recommendations

- 1.1 Members of the Education, Children and Families Committee are asked to:
- 1.1.1 Note the net residual budget pressure of £8.3m which remains at month three, of which £8.2m relates to the impact of the Covid-19 pandemic;
 - 1.1.2 Note that approved savings and operational efficiencies in 2020/21 total £4.547m, with £4.141m on track to be delivered in full; £0.306m assessed as amber, pending further detailed implementation plans and £0.100m assessed as being at risk of not being delivered;
 - 1.1.3 Note that the Executive Director of Communities and Families is taking measures to reduce budget pressures.

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Executive Director of Communities and Families

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Report

Revenue Monitoring 2020/21 – month three position

2. Executive Summary

- 2.1 The report sets out the projected month three revenue monitoring position for the Communities and Families service, based on analysis of actual expenditure and income to the end of June 2020, and expenditure and income projections for the remainder of the financial year.
- 2.2 The total projected (full year) gross budget pressure is currently £12.4m, partially offset by one-off mitigations totalling £4.1m, resulting in a net residual budget pressure of £8.3m.
- 2.3 Of this pressure, £8.2m relates to the impact of the Covid-19 pandemic.
- 2.4 The Executive Director of Communities and Families is fully committed to making all efforts to identify management action to reduce the budget pressure, while addressing the impact of the pandemic. However, given the magnitude of these pressures, there is the potential for a significant level of overspend.
- 2.5 Costs and funding associated with providing critical childcare hubs from 1st April – 7th August 2020 and education recovery from 10th August are being monitored and reported separately and are not included in this report.

3. Background

- 3.1 The total 2020/21 net budget for Communities and Families is £439.2m
- 3.2 This report sets out the projected overall position for the Communities and Families revenue expenditure budget for 2020/21, based on analysis of month three data.

4. Main report

Overall Position

- 4.1 The Communities and Families service is projecting net budget pressures of £8.3m at month three.

Gross Budget Pressures and Management Action

4.2 To date, projected gross budget pressures of £12.4m have been assessed. The main service areas affected include temporary accommodation, secure services, residential care, outdoor centres, community access to secondary schools and central costs relating to schools. The majority of these pressures relate to the impact of Covid-19 which has resulted in increased costs and reduced income. Non-recurring mitigations of £4.1m have been identified, which leaves a net residual budget pressure of £8.3m.

4.3 Temporary accommodation

The cost of temporary accommodation continues to grow, due to a shortage of suitable move-on accommodation and an increasing average length of stay. Due to Covid-19 restrictions, the number of allocations that could be made to permanent accommodation was temporarily reduced, however, the Council and its partners are now beginning to let homes again which is having a positive impact. The financial impact in 2020/21 will depend on the number of homeless presentations as restrictions are relaxed and how quickly allocations to permanent accommodation can be made. The net pressure forecast for 2020/21 is currently £5.7m which is related to the impact of Covid-19. This is based on the number of households currently in temporary accommodation, including those previously rough sleeping or using night shelters and those with no recourse to public funds (NRPF). The forecast pressure allows for an element of growth in numbers over the remainder of the financial year.

4.4 Secure Services, Residential Care and Out of Council residential schools

Employee cost pressures have arisen within Secure Services and Young People's Centres due to the need for agency staff and locums to cover for staff absences related to Covid-19. Significant costs have also been incurred for out-of-authority secure placements, and pressures have arisen in out-of-council residential schools, due to Covid-related delays in case planning. The estimated pressure is £2.4m which is partially mitigated through additional income related to Unaccompanied Asylum Seekers of £1.4m, a number of which are accommodated within the Council's residential units.

4.5 Outdoor Centres

Covid-19 has resulted in significant losses of income in outdoor centres, which has been partially mitigated by cost reductions from furlough arrangements. The net pressure is estimated at £1.1m.

4.6 Community access to secondary schools

Recurring pressures of £0.4m have been further compounded by £0.4m of Covid-related income losses.

4.7 Appendix 1 provides further details on these areas of pressure and mitigating action.

4.8 Communities and Families is fully committed to making all efforts to identify mitigations to reduce the existing pressures, and to identify and implement management actions required to address these. These include vacancy control measures, identification of

income generation opportunities and an examination of the scope to stop or reduce planned levels of expenditure. Work is ongoing to change the current mix of temporary accommodation, reducing the reliance on expensive and unsuitable accommodation, and to achieve the aims of the Rapid Rehousing Transition Plan.

Savings Delivery – Approved Savings 2020/21 Budget

- 4.9 The approved budget savings and operational efficiencies for Communities and Families for 2020/21 total £4.547m. Progress in the delivery of the savings programme is reviewed regularly.
- 4.10 A red, amber, green (RAG) analysis has been undertaken in consultation with Heads of Service. This indicates that, based on actions planned or already undertaken, £4.141m of savings and efficiencies are on track to be delivered in full (green); £0.306m, mainly relating to fees and charges, requires further work (amber); and £0.100m, relating to library services is at risk of not being delivered. Further details are included in Appendix 2.

5. Next Steps

- 5.1 Work is ongoing to identify mitigating measures through continued workforce and discretionary expenditure controls to manage financial risks and take timely remedial action, where any further adverse variances become apparent.

6. Financial impact

- 6.1 The report highlights projected net budget pressures of £8.3m for 2020/21, of which £8.2m relates to the impact of the Covid-19 pandemic. This position is subject to active monitoring, management of risks and identification of further mitigation.

7. Stakeholder / Community Impact

- 7.1 There is no direct relevance to the report's contents. The Council undertook a budget engagement exercise when developing the 2020/21 revenue budget.
- 7.2 There is no direct relevance of the report's contents to impacts on carbon, adaptation to climate change and sustainable development. The Council's revenue budget includes expenditure impacting upon carbon, adaptation to climate change and contributing to sustainable development. In addition, all budget proposals are now subject to an upfront assessment across these areas.

8. Background reading / external references

- 8.1 None

9. Appendices

- 9.1 Appendix 1 Summary of forecast net revenue budget pressures;
- 9.1 Appendix 2 Summary of approved budget savings 2020/21

Appendix 1

Forecast Areas of Budget Pressure and Management Action

Service area	Pressures	Mitigation One-off	Net Residual Pressure	COVID	Non-COVID	Description
Children's Services	£m	£m	£m	£m	£m	
Home to School Transport - ASN	0.2	0.2	0.0	0.0	0.0	One-off savings relate to April - June reduced payments to providers
Secure Services	1.3		1.3	0.0	1.3	Estimated staff cost pressures and costs for out of authority secure placements.
Residential Care	0.6		0.6	0.3	0.3	Estimated staff cost pressures within YPCs, cover for staff absences due to Covid
Out of Council residential schools	0.5		0.5	0.5	0.0	Delays in case planning
Children's Services- Counselling in Schools	0.0	0.5	-0.5	0.0	-0.5	Savings assume full complement of counsellors effective Sept 2020 - Mar 2021
UASC income	0.0	1.4	-1.4	0.0	-1.4	Estimated recoveries for existing UASC cases agreed with Home Office as at month 1
Fostering, Kinship, Adoptions and day care	0.0	0.2	-0.2	0.0	-0.2	Estimated underspend mainly in Adoption
Schools and Lifelong Learning - Schools						
Schools – non-devolved costs	0.5		0.5	0.0	0.5	Costs of cleaning materials, grounds maintenance and refuse collection
Schools and Lifelong Learning - Non-schools						
Outdoor Centres	1.4	0.3	1.1	1.1	0.0	Estimated pressure for April - December with partial mitigation from furlough
Edinburgh Leisure - Community Access to Secondary Schools	0.8	0.1	0.7	0.3	0.4	£0.38m recurring pressure, £0.2m April - Sept net COVID impact. £0.2m non-sports lets pressure. £0.15m PPP savings
Libraries - income	0.3		0.3	0.2	0.1	Income pressure due to COVID (£0.2m) and approved saving for book transfers not delivered (£0.1m)
Primary school lets	0.1		0.1		0.1	Pressure assuming school lets re-start from October
Adult education	0.2	0.1	0.1	0.1	0.0	Pressure assuming autumn term running at 50% capacity
S&LL - Localities	0.0		0.0	0.0	0.0	Staffing and supplies pressures expected to be managed through vacancy control pending the completion of the service review
Early Learning and Childcare	0.0	0.3	-0.3		-0.3	Vacancies April - Sept
Instrumental Music Service	0.0	0.1	-0.1		-0.1	Staff savings
Safer and Stronger Communities						
Temporary Accommodation	5.7		5.7	5.7	0.0	Continuing growth due to a shortage of suitable move-on accommodation. Due to Covid-19 restrictions, there has been a further increase in demand and a reduction in allocations being made to permanent accommodation.
Community Justice - non-section 27	0.0	0.3	-0.3	0.0	-0.3	Staff and non-staff underspends
Family & Household Support	0.2	0.3	-0.1	0.0	-0.1	Staff vacancies, pressure on HRA recharges
Operational Support						
Home to School Transport - mainstream	0.2	0.2	0.0	0.0	0.0	One-off savings relate to April - June reduced payments to providers
School Estate Planning		0.1	-0.1	0.0	-0.1	Employee costs capitalised
Department-wide						
Efficiency and Mgmt savings	0.4		0.4	0.0	0.4	Approved savings
	12.4	4.1	8.3	8.2	0.1	

Appendix 2

Approved budget savings 2020/21 with RAG assessment

Proposal description/area	2020/21 approved saving	Saving RAG assessment		
	£m	Green	Amber	Red
SCHOOLS & LIFELONG LEARNING				
School Efficiencies (DSM)	1.200	1.200		
Early Years (restructure of staffing)	0.600	0.600		
Edinburgh Leisure Service Payment	0.500	0.500		
Quality Improvement Officers	0.120	0.120		
Library service	0.100			0.100
Heritage language	0.021	0.021		
	2.541	2.441	0.000	0.100
SAFER & STRONGER COMMUNITIES				
Police funding	1.600	1.600		
Adoption of Scottish Government Framework for electricity and gas	0.060		0.060	
Night Noise Team	0.100	0.100		
	1.760	1.700	0.060	0.000
DEPARTMENT-WIDE				
Increase in fees and charges by RPI + 2%	0.246		0.246	
	0.246	0.000	0.246	0.000
Total approved savings	4.547	4.141	0.306	0.100