

Education, Children and Families Committee

10.00am, Friday, 16 August 2019

Revenue Monitoring 2019/20 – month three position

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

- 1.1 The Education, Children and Families Committee is asked to:
- 1.1.1 note the net residual budget pressure of £2.75m which remains at month three;
 - 1.1.2 note that approved savings and operational efficiencies in 2019/20 total £4.334m, with £3.175m on track to be delivered in full and £1.159m assessed as amber, pending further detailed implementation plans;
 - 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 6 December 2019 and to the meeting of this committee on 10 December 2019.

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Report

Revenue Monitoring 2019/20 – month three position

2. Executive Summary

- 2.1 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 2019, and expenditure and income projections for the remainder of the financial year.
- 2.2 The total projected (full year) unfunded budget pressure is currently £7.95m, partially offset by mitigations totalling £5.2m, and resulting in a net residual budget pressure of £2.75m.
- 2.3 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. A clearer monitoring position will be established in the coming months as mitigation measures are implemented. Progress will be reported to the Finance and Resources Committee on 6 December 2019 and to this Committee at its meeting on 10 December 2019.

3. Background

- 3.1 The total 2019/20 net budget for Communities and Families is £400.8m
- 3.2 This report sets out the projected overall position for the Communities and Families revenue expenditure budget for 2019/20, based on analysis of month two data.

4. Main report

Overall Position

- 4.1 The Communities and Families service is projecting net budget pressures of £2.75m at month three.

Gross Budget Pressures and Management Action

4.2 To date, projected gross budget pressures of £7.95m have been assessed. The main service areas affected include, home-to-school transport, the impact of rising school rolls, central costs relating to schools, community access to secondary schools, temporary accommodation and efficiency targets. Management action of £5.2m has been identified, which leaves a net residual budget pressure of £2.75m.

4.3 Home to School transport

The costs to transport pupils have increased significantly in recent years. The increased costs relate primarily to the number of children with additional support needs receiving individual transport. To address the increase work has been undertaken to refresh the transport policy, introduce a Travel Allocation Panel to assess all applications for transport, identify opportunities to share transport where possible and reduce the use of external providers and taxis and make use of existing internal capacity. This has stemmed the increase seen in recent years and made some reductions to overall expenditure. However, at this stage there is still expected to be a significant pressure of £2m in 2019/20 although work is ongoing to identify further measures that can accelerate savings opportunities.

4.4 Rising school rolls

Actual pupil numbers for 2018/19 and projected rolls for 2019/20 indicate a combined overall requirement for 25 additional primary classes since the 2017/18 academic year. Over the same period, the secondary school pupil roll has increased by over 1,000.

The Council's long-term financial plan has, for many years, recognised the cost impacts of these additional pupil numbers on teaching and other staffing requirements. In view of both wider corporate affordability and a desire to incentivise innovative means of meeting this demand, however, a 70% weighting has been applied to the level of corresponding corporate provision included within the budget framework. It has not, however, in recent years been possible to deliver savings in the way, or to the extent envisaged, with the result that the year-on-year pressure in this area has increased to a level of £2.4m. One off mitigating actions of £0.4m have been identified resulting in a residual pressure of £2m.

A review has been undertaken across the wider financial framework of inflation-linked provisions and monies received for education-related commitments and cost pressures relative to planning assumptions to determine whether capacity exists to acknowledge the full estimated cost of the pupil number increase. Following this review, it is proposed to reallocate £2m of these sums to Communities and Families in 2019/20, broadly addressing the current level of demographic pressure.

4.5 Central costs related to supporting schools

Pressures exist on non-devolved school related budgets including the costs of maternity cover and grounds maintenance. The service will liaise with Place to

review grounds maintenance services, however, the scope to reduce costs significantly this financial year is limited.

4.6 Community access to secondary schools

The net income target for community access has a pressure of £0.8m. Through working with Edinburgh Leisure mitigating actions are estimated to deliver £0.35m from reduced PPP costs and additional income. Further actions are being considered to manage the remaining pressure in future years.

4.7 Temporary accommodation

The shortage of suitable temporary accommodation is leading to the service having to place individuals in bed and breakfast accommodation. This is the costliest provision as the proportionate level of housing benefit the Council receives is low in comparison to other accommodation types resulting in a net cost to the Council. Mitigating action is being taken to reduce use of bed and breakfast accommodation and deliver additional housing benefit.

4.8 Efficiency and management savings

The service has a target to achieve £0.2m of management savings and is on track to deliver this. The services direct share of the Council-wide efficiency of 1.55% is £1.797m. This is to be delivered from further service wide management savings of £0.640m, deletion of a number of vacancies within Safer and Stronger Communities and additional income.

Further savings from service-wide vacancy control are estimated at £0.7m. DSM funded posts, externally funded posts and essential child protection social work posts are exempt from vacancy control actions.

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

4.10 While the current assessment is for the majority of savings and mitigating actions to be delivered in full, given the trends observed in recent years, it is felt prudent to incorporate delivery risk contingencies based both on past years' experience and the specific Finance assessments. A council-wide risk contingency has been reported to Finance and Resources Committee pending development of a clearer service monitoring position over the coming months. Financial risks in the Communities and Families revenue budget for 2019/20 include increased demands for home to school transport due to rising rolls, potential shortfall on workforce savings and delivery of mitigating actions related to temporary accommodation.

4.11 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. 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.

Savings Delivery – Approved Savings 2019/20 Budget

- 4.12 The approved budget savings and operational efficiencies for Communities and Families for 2019/20 total £4.334m. Progress in the delivery of the savings programme is reviewed regularly.
- 4.13 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, £3.175m of savings and efficiencies are on track to be delivered in full (green) and £1.159m, mainly relating to management savings and workforce controls, requires further work (amber). Further details are included in Appendix 2.

5. Next Steps

- 5.1 Continuing work 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 £2.75m for 2019/20. 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 2019/20 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;
- 9.2 Appendix 2 Summary of approved budget savings 2019/20

Appendix 1

Forecast Areas of Budget Pressure and Management Action

Service area	Pressure	Mitigation	Net residual pressure	Description
Children's Services	£m	£m	£m	
Home to School Transport	2.300	0.300	2.000	Expenditure on home to school transport increased from £5.5m in 16/17 to £7.4m in 18/19. In addition, approved savings of £0.4m in 2018/19 have not yet been fully delivered. The majority of the additional expenditure relates to children with additional support needs and there has been a significant increase in children receiving individual or high cost shared transport. Actions are being taken to mitigate the pressure where possible.
Schools and Lifelong Learning				
Schools - emerging demographic pressures	2.400	2.400	0.000	Demography funding provided in recent years has been insufficient to meet the full impact of rising school rolls. Additional funding of £2m has been provided to partially address this with the balance covered from one-off measures.
Schools - non-devolved costs	0.600	0.000	0.600	Non-devolved costs for maternity cover, grounds maintenance and other central costs are in excess of available budgets.
Community Access to Schools	0.800	0.350	0.450	Reflects projected shortfall in net income from Sports Lets (£0.7m) and additional PPP costs. Mitigation dependent upon additional income generation by Edinburgh Leisure and increasing the number of non-sports lets.
Safer & Stronger Communities				
Temporary Accommodation	1.450	1.450	0.000	The shortage of suitable temporary accommodation is leading to the service having to place individuals in bed and breakfast accommodation. This is the most costly provision as the proportionate level of housing benefit the Council receives for B&B is low in comparison to other accommodation types. Mitigating action is from expected additional housing benefit and reduced use of bed and breakfast accommodation.
Department-wide				
Efficiency and Management savings	0.400	0.700	(0.300)	£1.8m efficiency and £0.2m management target. Estimated delivery of £0.56m of additional income, £0.35m of confirmed vacancy control and £0.65m of management savings. Further mitigation of £0.7m through strengthened vacancy control is expected.
TOTAL	7.950	5.200	2.750	

Appendix 2

Summary of approved budget savings 2019/20 with RAG assessment

Proposal description/area	2019/20 approved saving	Saving RAG assessment		
		£m	Green	Amber
CHILDREN'S SERVICES				
Efficiencies in the delivery of accommodated children's services	0.510	0.405	0.105	
Support for Learning Management	0.200	0.200		
ASN adaptations to mainstream schools	0.100	0.100		
NHS commissioned services	0.100	0.100		
Carers' Act Funding	0.075	0.075		
	0.985	0.880	0.105	0.000
SCHOOLS & LIFELONG LEARNING				
Edinburgh Leisure (Year 1 - Pay uplift)	0.350	0.350		
Enabling Educational Efficiencies – Third Party Grants (2018/19 additional spend)	0.250	0.250		
Library service - reduce book fund	0.200	0.200		
Heritage language	0.042	0.042		
	0.842	0.842	0.000	0.000
SAFER & STRONGER COMMUNITIES				
Police funding	0.522	0.522		
Invest in Revenue Collection Officers	0.175	0.175		
Invest to reduce temporary accommodation voids rates	0.090		0.090	
Adoption of Scottish Government Framework for electricity and gas	0.030		0.030	
	0.817	0.697	0.120	0.000
Total approved savings 2019/20	2.644	2.419	0.225	0.000
Efficiencies Workstream 2019/20				
Management savings - Dept-wide	0.640	0.406	0.234	
Workforce control - C&F	0.700		0.700	
Workforce control - SSC	0.350	0.350		
	1.690	0.756	0.934	0.000
Total approved savings and operational efficiencies	4.334	3.175	1.159	0.000