

Education, Children and Families

10.00am, Tuesday, 7 November 2023

Revenue Monitoring 2023/24 – month five report

Executive/routine
Wards

Routine
City Wide

1. Recommendations

- 1.1 Members of the Education, Children and Families Committee are asked to note the estimated net residual budget pressure of £5.5m at month five.
- 1.2 A further update report will be provided to Committee later in the year on the month eight position, including progress in mitigating pressures to achieve a balanced position for the 2024/25 revenue budget.

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Revenue Monitoring 2023/24 – month five report

2. Executive Summary

- 2.1 The reports sets out the projected month five revenue monitoring position for Children, Education and Justice Services, based on review of expenditure and income to end of August 2023, and projections for the remainder of the year.

3. Background

- 3.1 The total 2023/24 net budget for Children, Education and Justice Services is £449.5m.
- 3.2 This report sets out the projected revenue monitoring position for 2023/24, based on analysis of known pressures and mitigating savings identified to date.

4. Main report

Overall Position

- 4.1 Children, Education and Justice Services continues to project a net budget pressure of £5.5m at month five, this is unchanged from the previous report.

Forecast Pressures and Mitigation

- 4.2 Significant gross elements of pressure within the forecast include £3.0m in Children's Services for residential and secure accommodation. While numbers in external residential accommodation are decreasing this remains above budgeted levels and placement costs continue to increase.
- 4.3 Work is ongoing to address the pressures in Children's Services through developing provision and support within the city to reduce reliance on expensive external placements.
- 4.4 Pressures of £2.5m are also forecast within Home to school transport, primarily reflecting the combined impact of growing service demand, contract inflation and shortfalls against previously approved savings targets. A travel demand board has recently been established to consider how to address the demand pressures in this area and will report back to committee in due course.

- 4.5 Reduced Scottish Government funding for Early Years following a change in funding methodology has contributed to in-year pressure of £3.5m in this area. An update on Early Years funding is considered in a separate report on the agenda.
- 4.6 The Strategic Programme Board have been asked to provide support to ensure the delivery of early learning and childcare across the city aligns with the councils Medium Term financial plan and remains with budget.
- 4.7 In year shortfalls against approved savings of £0.8m are also reflected in the forecast. This is due to delays in implementing the approved savings, it is however anticipated that these savings will be fully delivered in the new financial year.
- 4.8 At this stage, anticipated net mitigations across the wider service of £4.3m have been identified, comprising a £1.8m allocation from the £5m Council-wide inflationary contingency approved as part of the 2023/24 budget and £2.5m of service underspends, resulting in an overall £5.5m residual pressure.
- 4.9 The Executive Director of Children, Education and Justice Services is fully committed to making all efforts to identify management action to reduce the projected net pressure.
- 4.10 It is also anticipated that the work noted in the paragraphs above will contribute to a balanced budget position for the service in 2024/25.
- 4.11 A further update will be provided to Committee at the January meeting.

5. Next Steps

- 5.1 Work is ongoing to identify mitigating measures to manage financial risks and take remedial action, where any further adverse variances become apparent.
- 5.2 Given the range of pressures outlined in this report and the Council-wide budget reports, Executive Directors will be required to bring forward measures to offset residual service pressures.
- 5.3 The month five report acutely emphasise the importance of proactive management of pressures and delivery of approved savings in maintaining the integrity of the budget framework. Given the extent of subsequent years' funding gaps, early action is required to deliver robust savings proposals, aligned to the priorities set out in the Council's business plan.

6. Financial impact

- 6.1 The report highlights a projected net budget pressure of £5.5m for 2023/24. This position is subject to active monitoring, management of risks and identification of further mitigation.

7. Equality and Poverty Impact

7.1 There are no direct relevant impacts arising from the report's contents.

8. Climate and Nature Emergency Implications

8.1 There are no direct relevant impacts arising from the report's contents.

9. Risk, policy, compliance, governance and community impact

9.1 Whilst the report provides forecasts of financial outturn based on financial performance and conditions existing on 31 August 2023, there remains a risk that changing circumstances and events will result in further budget pressures.

9.2 All current and emerging risks will be subject to ongoing tracking, development of mitigation measures and review for the remainder of 2023/24.

9.3 Financial performance will be tracked by Children, Education and Justice Senior Management Team and service management teams to identify and mitigate emerging financial risks.

9.4 There are no health and safety, governance, compliance or regulatory implications arising from this report.

10. Background reading/external references

10.1 Revenue Monitoring 2023/24 – month three report
<https://democracy.edinburgh.gov.uk/documents/s60502/7.8%20-%20Revenue%20Monitoring%20202324%20Month%20Three%20Report.pdf>

11. Appendices

11.1 None