

The Highland Council
ADULT & CHILDREN SERVICES COMMITTEE
15 JANUARY 2014

Agenda Item	4i.
Report No	ACS/02/14

Revenue Budget - budget monitoring position as at 30 November 2013 and year-end outlook

Report by Director of Education, Culture and Sport Service

Summary

This report sets out the Revenue Budget monitoring position for the 8 months to 30 November 2013 and the year-end outlook position.

1. BACKGROUND

- 1.1 **Appendix 1** contains details of net expenditure for the 8 month period until 30 November 2013 and the related year-end estimated outturn position for each sector. The current year-end estimated position is a projected over-spend totalling £0.681M (the corresponding figure reported to the November Committee was an over-spend totalling £0.737M). Further management actions are being progressed which may reduce this figure further during the remainder of the financial year.
- 1.2 Section two of the report provides commentary on the underlying issues that contribute towards the projected over-spend and also other factors which may have an adverse impact on the year-end outturn position.
- 1.3 Section three of the report provides details of the mitigating actions reflected within the November monitoring statement and other potential mitigating actions which may have a positive impact on the year-end outturn position.
- 1.4 Progress with the 2013/14 budget savings is outlined in section four of the report with the related details provided in **Appendix 2**.

2. ISSUES

- 2.1 The projected over-spend in the current financial year is attributable to the following sectors (projected pressures in excess of £0.100M):

	£M
○ Additional Support Needs	0.911
○ School Transport	0.459
○ Catering Cleaning & FM	0.447

Additional Support Needs (ASN) – the underlying reasons for the projected over-spend have been previously reported. The critical challenge facing the Service is to identify how the on-going demands for this service can be managed within the

overall resources available. This exercise will involve resource transfer whereby budgets will be transferred to the areas of greatest identified need, either from within the ASN sector or from other sectors within the overall Service budget.

- 2.3 **School Transport** – as reported to previous Adult & Children Services Committees the underlying pressure relating to school transport is attributable to increased costs associated with public service routes. In addition to the existing budget pressures, there are challenging savings targets in this sector for next financial year. As a result, a dedicated resource has been appointed to lead on reducing expenditure on school transportation. This individual will work in close collaboration with a range of stakeholders, including Head Teachers, to identify alternative options which will reduce expenditure. An example of what can be achieved is the introduction of alternative in-house transport provision on the home-to-school transport run between Kings House, Glencoe and Glencoe Primary School where financial savings have been achieved. In addition, this arrangement has the potential to make a vehicle available to the school out-with the home to school runs.
- 2.4 **School Catering** – the previously reported position remains unchanged and it is unlikely that this position can be improved directly in the short term. The key challenge is to maintain the appropriate balance between providing the appropriate nutritional content and product quality whilst seeking best value through the current procurement arrangements. A report on the options available to mitigate the pressures on this budget heading will be brought to the February Adult & Children Services Committee.
- 2.5 The following factors have to be taken into account when considering factors which may influence the final year-end position:-
- That the devolved budget refresh based on the September 2013 school census data is in accordance with budgeted expectations. At the time of writing this report this exercise had not been completed and as a result a verbal update will be provided at the Committee meeting;
 - That the Supply Cover top-up figure assumed in the November monitoring will be exceeded by the year-end. Members are asked to note that a detailed report on teacher Supply Cover issues will be brought to the February Committee;
 - That a severe winter will result in the expenditure on snow clearing and gritting being significantly higher than the figures anticipated (to be funded from the Repairs & Maintenance budget).

3. PROPOSED MANAGEMENT ACTIONS

- 3.1 The immediate priority is to identify what further mitigating actions can be implemented during the final quarter of the current financial year in order to off-set the underlying budget pressures identified in section two above. A range of short term actions have already been implemented which significantly off-set these under-lying budget pressures (which currently amount to approximately £1.80M) and are reflected in the November budget monitoring statement. At this stage the outcome of the devolved budget refresh exercise is the only significant unknown factor which may have a favourable impact on the year-end outturn position.

3.2 In the medium term, it is now apparent that the underlying budget pressures outlined in paragraph 2.1 above will continue into the new financial year. As a result, and on the basis that the 2014/15 Education, Culture & Sport Revenue Budget has been formally agreed by Council, there is a need to examine what measures are required to deliver a balanced budget within existing resources on an on-going basis. This exercise will be progressed during January in collaboration with a range of senior managers across the Service, including Head Teacher representatives. The outcome of this collaborative exercise will be discussed with the Chair and Vice Chair of this Committee in the first instance in advance of wider consultation.

4. BUDGET SAVINGS 2013-14 – PROGRESS REPORT

4.1 **Appendix 2** provides details of the savings achieved to date, including a risk analysis relating to the relative deliverability of each savings target.

4.2 The updated RAG analysis indicates that the following financial values reside within each category:

- Red - £0.133M – it is unlikely that any savings will be achieved and therefore alternative savings will have to be identified;
- Amber - £0.435M – it is likely that savings will be partially achieved and the figure achievable has been included within the analysis;
- Green - £2.056M – the budget saving has been achieved in full and the amounts in question have been removed from the appropriate budget headings.

5. IMPLICATIONS

5.1 There are no legal, equality or climate change implications arising from this report. The resource and risk implications are as set above.

6. RECOMMENDATIONS

6.1 The Committee is asked to:-

- Approve the monitoring statement and the current year-end position;
- Note the commitment to identify further compensatory savings in order to further improve upon the reported position;
- Note the commitment to identify measures on a collaborative basis that will contribute towards the achievement of a balanced budget going forward into financial year 2014/15;
- Note the progress being made with achievement of budget savings in the current financial year.

Designation: Director of Education, Culture and Sport

Date: 3 January 2014

Author: Ron MacKenzie, Head of Support Services, Education, Culture and Sport

Background Papers:

Appendix 1 – The Revenue Budget monitoring statement for the 8 months to 30th November 2013.

Appendix 2 – Progress report with the achievement of the 2013/14 savings targets.

EDUCATION, CULTURE & SPORT REVENUE MONITORING REPORT

Nov-13	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Primary Education DSM	33,768	53,215	53,215	0
Secondary Education DSM	44,564	68,530	68,530	0
Special Education DSM	2,234	3,465	3,465	0
Nursery Education DSM	3,056	4,541	4,541	0
TOTAL DSM	83,622	129,751	129,751	0
Schools General	1,756	2,547	1,961	(586)
Learning & Teaching	2,175	3,284	3,256	(27)
Class Contact Reduction	2,070	3,286	3,208	(77)
PPP	14,360	25,336	25,310	(27)
Additional Support Needs	14,482	21,361	22,272	911
Hostels	614	1,001	991	(10)
Transport	5,509	13,420	13,879	459
Management Team	814	1,221	1,226	4
Pan Service	1,829	2,543	2,627	84
Resources Teams	1,273	2,001	1,593	(409)
Catering, Cleaning & Facilities Management	7,276	10,492	10,939	447
Client Manager & Retained Activities	866	1,936	1,886	(50)
HLH Management Fee	10,900	14,637	14,637	0
Grant & Management Fees	2,740	3,399	3,359	(40)
Gaelic	(637)	(247)	(247)	0
TOTAL NON DSM	66,026	106,217	106,897	681
OVERALL TOTAL	149,648	235,968	236,649	681

	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY SUBJECTIVE				
Staff Costs	105,403	161,006	162,173	1,167
Other Costs	50,398	85,760	86,004	243
Gross Expenditure	155,801	246,767	248,177	1,410
Grants	(2,201)	(3,782)	(4,673)	(891)
Other Income	(3,951)	(7,017)	(6,855)	161
Total Income	(6,153)	(10,799)	(11,529)	(730)
NET TOTAL	149,648	235,968	236,649	681

Ref.	Activity Heading	Savings Proposal	Savings	
			2013/14 £m	SAVINGS ACHIEVED
1	Primary Devolved	Utilities - positive impact of bio-mass boilers and improved efficiency of existing heating systems, leading to lower energy costs	0.198	0.198
2	Secondary Devolved	Utilities - positive impact of bio-mass boilers and improved efficiency of existing heating systems, leading to lower energy costs	0.165	0.165
3	Schools General	Nursery non devolved - remove unused budget	0.003	0.003
4	Schools General	Parent Council - realign budget for administrative support to expenditure	0.025	0.025
5	Schools General	Conclusion of Service Development Project Fund and PPP transitional sports pitch funding at Dingwall Academy and Millburn Academy, as projects complete	0.029	0.029
6	Schools General	Student placement scheme - realign budget based on recent expenditure trend.	0.020	0.020
7	Vehicles	Replacement schedule for vehicles based on out-right purchase via Capital, leading to cost savings	0.080	0.025
8	PPP	A saving of £0.030M from 2013 onwards in relation to flexible use hours.	0.030	0.030
9	Schools General	Savings from efficiencies relating to changed service delivery arrangements for training.	0.015	0.015
11	Schools General	Gifted Children Bursaries - discontinue scheme based on uptake. Future applications would still be considered on an exceptional basis on merit.	0.032	0.032
12	Schools Lets	Reduce costs including overtime and increase income from school lets	0.100	0.100
13	CLL	Reduce budget for independent museum support, including removal of 0.2 FTE vacant post	0.008	0.008
14	Gaelic Culture	Reduce budget for Gaelic grants by 3% per annum. No impact on Adult Gaelic Education budget.	0.006	0.006
15	Grants and Management Fees	Reduce Community Facility Grant budget by 3% per annum, with 13/14 saving implemented 1 August	0.005	0.005
16	Primary Devolved	Mothballing schools where low rolls give rise to concerns re educational and social opportunities.	0.100	0.050
17	Devolved budgets	Supply Cover - further impact of revised terms and conditions	0.133	0.000
19	Hostels	Saving for 2013/14 to be achieved by reducing operational budgets (training, equipment, bedding, furnishings etc) in all Hostels. Saving for 2014/15 to be achieved by cost reduction target of 10% including staffing	0.040	0.040
20	Schools General	In consultation with the Housing and Property Service realign the budget for the Skye handyman with the current level of service provision.	0.013	0.013
21	Special Devolved	Revised staffing formulae to introduce reduction equivalent to 3% with effect from August 2013.	0.064	0.064
22	Schools General	SQA recharge contingency no longer required based on recent expenditure trend	0.042	0.042
23	School Transport	For those routes with significant unit costs, identify where alternative provision could be made including consolidation of routes.	0.100	0.010
24	Absence Management	Reduce absence rate by providing increased support for staff through closer liaison with Personnel service, Occupational Health and Employee Development Unit.	0.050	0.000
26	Resource Management	Restructure resource management structures and related operational budgets in line with future business needs	0.208	0.208
27	School Transport	Introduce charging for those pupils not entitled to transport provision	0.080	0.025
28	Curriculum Support	Align Determined to Succeed budget with future need. The budget to be targeted at specific areas of activity.	0.145	0.145
29	Curriculum Support	Align Learning & Teaching budget with projected future need.	0.040	0.040
30	CLL	Reduce the repairs and maintenance budget by 20%.	0.026	0.026
36	Grants and Management Fees	Reduce grants to Eden Court and Inverness Leisure by 3% per annum with effect from April 2013.	0.047	0.047
37	Income generation	Income generation through targeted sponsorship arrangements between schools and local companies to be explored, with links to employability opportunities for pupils where possible e.g. the sustainable energy industry	0.025	0.000
38	High Life Highland	Target of 3% pa efficiency for Highlife Highland funding arrangement	0.385	0.385
41	Secondary Devolved	A 1% efficiency saving from secondary staffing through changes to the staffing formula. This saving can be achieved without detrimental impact on the national teacher numbers agreement.	0.350	0.350
42	Cleaning	A 2% p.a. efficiency saving target for the building cleaning budget. To be achieved on a managed basis through vacancies/turnover of staff.	0.060	0.060

	2.624	2.166
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0.133	0.000
0.435	0.110
2.056	2.056

2.624

2.166