

## The Highland Council

Education, Children and Adult Services – 12<sup>th</sup> November 2014

Agenda Item	6.
Report No	ECAS 45/14

### Care and Learning - Revenue budget monitoring 2014-15

#### Report by Director of Care and Learning

##### Summary

This report provides the Care and Learning budget monitoring for the period to the 30<sup>th</sup> September 2014 and the forecast year-end position.

#### 1. Background

- 1.1 The Care and Learning service revenue budget for 2014-15 currently stands at £382.6m which equates to around two thirds of the Council's total expenditure.
- 1.2 This report provides detail of the forecast year-end spend against that budget and identifies significant areas of overspend and management actions taken.
- 1.3 The report also highlights progress made in the delivery of £4.308m of budget savings approved for the current financial year.

#### 2. Forecast spend and delivery of savings

- 2.1 The current monitoring statement can be seen at **Appendix 1** and shows a forecast year-end overspend of £1.417m, equivalent to a variance of 0.4%. This represents an improvement compared to the overspend of £1.682m which was reported to this Committee in August.
- 2.2 **Appendix 2** provides a summary of the agreed budget savings and identifies £3.069m of savings as being deliverable in the current year. The undeliverable elements of the approved savings (£1.239m) are contributing to the overall forecast overspend and the impact of this will be described later in the report.

#### 3. Service analysis

- 3.1 The monitoring statement for Care and Learning is broken down into five sections, each reflective of the different functional areas of the Service.
- 3.2 The sections below identify the main areas of budget pressure and mitigating actions in each area.

#### 4. Education Services

- 4.1 The Education section of the budget covers all primary and secondary schools and is showing a broadly balanced year-end position.
- 4.2 Unachieved budget savings relating to education total £0.534m, the largest element of this relates to the proposal to create group school Head Teachers to manage larger groupings of schools.

- 4.3 A pressure in relation to year-end supply cover top-ups of £0.416m is forecast. Under the DSM scheme a school meets the first part of any supply cover overspend from its devolved budget, with any excess topped up centrally. The purpose of this top-up is to avoid schools being penalised for having significant levels of staff absence. This figure is based on the level of additional funding provided to schools at 2013-14 year end.
- 4.4 These overspends are being offset across the Education budget.
- 4.5 As in previous years, the risk remains that a number of schools may exceed their maximum DSM carry forward deficit at year end. This situation may be exacerbated by further budget savings removed from school budgets this year and falling rolls in secondary schools.

## **5. Adult Services**

- 5.1 As a result of the decision to provide two new care homes in Tain and Muir of Ord, we have been able to achieve savings of £0.74m.
- 5.2 The budget for Commissioned Adult Services agreed with NHS Highland stands at just over £93m, an increase of over £5m from the funding provided in 2013-14.
- 5.3 NHS Highland's period 5 monitoring statement shows a potential £1.7m overspend on Adult Social Care but forecasts an overall break-even year end position for the whole of NHS Highland's operations.
- 5.4 The Care and Learning monitoring statement shows a balanced position on this budget line as the Council cannot commit to fund NHS Highland in excess of the agreed quantum.

## **6. Service Management and Resources**

- 6.1 A number of factors are contributing to a forecast £1.969m overspend in this area of the service.
- 6.2 An overspend of £1.085m is forecast against the school transport budget. This overspend arises as a result of a recurring pressure brought forward from 2013-14, and increased costs relating to transport contracts.
- 6.3 Delivery of an approved budget saving of £0.42m in the current year from route consolidation has been delayed pending further work by the Integrated Transport project.
- 6.4 An overspend of £0.694m is forecast in the Catering, Cleaning and Facilities Management budget. Again, this pressure is caused by increased food costs, a shortfall in the school meals income target and budget pressures associated with the roll-out of the new Facilities Management model.
- 6.5 The Council will receive additional funding for delivery of Free School Meals in P1-3 from January, and as detailed within a separate report on this agenda, it is assumed at this time the funding received will be sufficient to implement the policy.
- 6.6 Further pressures in this area arise as a result of unachieved savings from school hostels, additional costs as a result changes to PVG (staff disclosure

arrangements) for staff, costs associated with refreshing ICT in schools and relocation costs for newly recruited teachers.

## **7. Children's Services**

- 7.1 An overall balanced position is reported in this area where two significant pressures are offset by mitigating actions elsewhere.
- 7.2 The pressure in looked after children remains consistent at £1.5m. Ongoing work in this area has seen the overall position stabilise and prevented further cost increases. Efforts to reduce the overall number of children in out of authority placements should result in a reducing overspend. This is the subject of a separate report to this meeting of the Committee.
- 7.3 The implementation of Self Directed Support has caused an increasing pressure of £0.35m. Given that families are now able to choose to manage their own services, this pressure is occurring as the value of direct payments is rising faster than the budget can be recycled from traditional Council-provided services. This is the subject of a separate report to this meeting of the Committee.
- 7.4 Mitigating action has arisen from the finalisation of the Family Team structures funded by preventative spend monies and recruitment to those posts partway through the year. A controlled approach to vacancy management also continues to ensure a level of projected underspend.

## **8. Additional Support Needs**

- 8.1 An overspend of £0.166m is forecast in this section of the service, largely related to special schools.
- 8.2 The additional support school budgets reflect the additional funding agreed by the Council to support the agreed allocation model. At this time, the forecast out-turn is within the funding provided, though this position will be kept under review given ongoing demands.
- 8.3 Budget pressures are applying in the special schools which are also seeing increased demand, and in the case of Drummond school, additional capacity being created to address that demand. Due to the staff:pupil ratio required in special schools the addition of a small number of new places has created a significant cost burden as evidenced by the forecast overspend position.

## **9. Implications**

- 9.1 **Resource implications** – as set out, the forecast overspend has reduced from that reported to the previous Committee, though there remain a number of pressure areas carried forward from future years and where the pressures continue. Work is ongoing to identify further management actions which can assist with the overall budget position. It is envisaged that these various activities will continue to reduce the level of projected overspend as the year progresses.
- 9.2 **Legal, Equalities, Climate Change/Carbon Clever, Risk, Gaelic and Rural implications**- this report does not have any specific implications in this regard.

## **10. Recommendation**

10.1 The Committee is asked to:

- Approve the monitoring statement;
- Note the areas of budget pressures and mitigating actions to date.

Designation: Director of Care and Learning

Date: 3 November 2014

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Background Papers:

## Appendix 1: CARE AND LEARNING SERVICE REVENUE MONITORING REPORT

Sep-14	£'000 Actual YTD YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
<b>BY ACTIVITY</b>				
<b>Education Services</b>				
Secondary Schools	34,390	63,688	63,688	0
Primary Schools	27,565	53,931	53,835	(96)
Schools General	865	9,306	9,363	57
Learning and Teaching	925	2,153	2,153	0
	<b>63,746</b>	<b>129,078</b>	<b>129,039</b>	<b>(39)</b>
<b>Adult Services</b>				
Commissioned Adult Services	23,139	93,113	93,113	0
Commissioned HLH Services	7,223	14,452	14,452	0
Other Leisure Services	517	1,773	1,761	(12)
Services for Vulnerable Adults	1,670	3,778	3,050	(728)
Grants to Voluntary Organisations	2,469	3,111	3,111	0
	<b>35,018</b>	<b>116,227</b>	<b>115,487</b>	<b>(740)</b>
<b>Service Management and Resources</b>				
PPP	10,423	25,716	25,710	(6)
School Transport	4,488	12,988	14,073	1,085
Catering, Cleaning and Facilities Management	5,922	11,260	11,954	694
Pensions, Insurance and Other Pan-Service Costs	1,588	2,637	2,668	31
Resources Teams and Property Costs	1,562	3,181	3,478	297
Service Management Team and Support	1,164	2,516	2,234	(281)
Hostels	460	865	1,013	148
	<b>25,608</b>	<b>59,161</b>	<b>61,130</b>	<b>1,969</b>
<b>Children's Services</b>				
Looked After Children	10,182	18,325	19,826	1,502
Family Teams	7,133	15,667	15,301	(366)
Childcare and Early Learning	5,018	13,272	12,695	(577)
Other Services for Children	1,950	5,664	5,167	(496)
Commissioned Children's Services Income from NHS	(2,207)	(8,676)	(8,676)	0
	<b>22,076</b>	<b>44,252</b>	<b>44,313</b>	<b>62</b>
<b>Additional Support Services</b>				
Additional Support- Schools	13,008	26,565	26,741	176
Specialist Additional Support Services	3,453	7,321	7,311	(10)
	<b>16,461</b>	<b>33,886</b>	<b>34,053</b>	<b>166</b>
<b>TOTAL CARE AND LEARNING</b>	<b>162,908</b>	<b>382,604</b>	<b>384,021</b>	<b>1,417</b>
	£'000	£'000	£'000	£'000
	Actual	Annual	Year End	Year End
	YTD	Budget	Estimate	Variance
<b>BY SUBJECTIVE</b>				
Staff Costs	95,876	199,970	200,366	396
Other Costs	76,548	205,940	207,577	1,637
<b>Gross Expenditure</b>	<b>172,424</b>	<b>405,910</b>	<b>407,943</b>	<b>2,033</b>
Grants	(3,642)	(6,649)	(7,566)	(917)
Other Income	(5,873)	(16,657)	(16,356)	301
<b>Total Income</b>	<b>(9,516)</b>	<b>(23,306)</b>	<b>(23,922)</b>	<b>(616)</b>
<b>NET TOTAL</b>	<b>162,908</b>	<b>382,604</b>	<b>384,021</b>	<b>1,417</b>

## 2014/15 Savings Monitoring - Quarter 2

APPENDIX 2

## Care &amp; Learning

			Savings			
Ref.	Activity Heading	Savings Proposal	2014/15 Agreed Budget Savings £m	Quarter 2 Monitoring		Comments
				Status R A G	2014/15 Projected Savings - Red & Amber Proposals £m	
ECS/1	Primary Devolved	Utilities - positive impact of bio-mass boilers and improved efficiency of existing heating systems, leading to lower energy costs	0.125	G	0.125	
ECS/2	Secondary Devolved	Utilities - positive impact of bio-mass boilers and improved efficiency of existing heating systems, leading to lower energy costs	0.115	G	0.115	
ECS/7	Vehicles	Replacement schedule for vehicles based on out-right purchase via Capital, leading to cost savings	0.080	R	0.000	Reviewing current vehicle replacement schedule to identify where opportunities exist to purchase vehicles outright
ECS/10	Curriculum Support	Conclusion of ICT Strategy implementation in schools by March 2014. Reduction in budget as project completed.	0.069	G	0.069	
ECS/12	Schools Lets	Reduce costs including overtime and increase income from school lets	0.050	G	0.050	
ECS/14	Gaelic Culture	Reduce budget for Gaelic grants by 3% per annum, with 2013/14 implemented 1 August. No impact on Adult Gaelic Education budget.	0.013	G	0.013	
ECS/15	Grants and Management Fees	Reduce Community Facility Grant budget by 3% p.a., with 2013/14 implemented 1 August	0.010	G	0.010	
ECS/16	Primary Devolved	Mothballing schools where low rolls give rise to concerns re educational and social opportunities.	0.060	R	0.000	There are no schools scheduled to be moth-balled this financial year and therefore alternative savings will need to be identified.
ECS/17	Devolved budgets	Supply Cover - further impact of revised terms and conditions	0.067	R	0.000	Terms and conditions revised nationally during financial year 2013/14 which means that this saving cannot be achieved.
ECS/18	Additional Support Needs	1% efficiency saving from August 2014	0.133	G	0.133	
ECS/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	0.100	A	0.025	A number of saving proposals related to the Hostels budget are being scoped, only partial savings forecast in year.

ECS/21	Special Devolved	Revised staffing formulae to introduce reduction equivalent to 3% with effect from August 2013.	0.032	G	0.032	
ECS/23	School Transport	For those routes with significant unit costs, identify where alternative provision could be made including consolidation of routes.	0.420	R	0.000	The Integrated Transport project will take forward the identification of savings. At this stage the assumption is that no savings will be delivered this financial year.
ECS/24	Absence Management	Reduce absence rate by providing increased support for staff through closer liaison with Personnel service, Occupational Health and Employee Development Unit.	0.057	R	0.000	With improved management information there is the potential to reduce absenteeism. However, at the moment the assumption is that no savings will be achieved in this financial year.
ECS/25	Primary Devolved	Introduce group school Head Teacher post to manage larger groupings of schools.	0.350	R	0.000	This savings proposal is currently under review mainly as a result of the revised management/ supervision levels required at an individual school level if this model is implemented.
ECS/26	Resource Management	Restructure resource management structures and related operational budgets in line with future business needs	0.158	G	0.158	
ECS/27	School Transport	Introduce charging for those pupils not entitled to transport provision	0.040	A	0.025	Lower forecast income based on projections from colleagues in Community Services who manage school transport.
ECS/28	Curriculum Support	Align Determined to Succeed budget with future need. The budget to be targeted at specific areas of activity.	0.320	G	0.320	
ECS/29	Curriculum Support	Align Learning & Teaching budget with projected future need.	0.090	G	0.090	
ECS/31	Grants and Management Fees	Reduce Arts Grant budget by 3% pa, with 2013/14 implemented 1 August	0.005	G	0.005	
ECS/32	Grants and Management Fees	Reduce Sports Grants and Management Fees budget by 3% pa, with 2013/14 implemented 1 August	0.016	G	0.016	
ECS/33	Grants and Management Fees	Reduce Museums & Heritage Grants budget by 3% p.a., with 2013/14 implemented 1 August	0.008	G	0.008	
ECS/34	Grants and Management Fees	Reduce Youth and Adult Grants budget by 3% pa, with 2013/14 implemented 1 August	0.003	G	0.003	
ECS/35	Grants and Management Fees	Reduce funding from completed H2007 legacy, with effect from April 2014.	0.100	G	0.100	
ECS/36	Grants and Management Fees	Reduce grants to Eden Court and Inverness Leisure by 3% per annum with effect from April 2013.	0.046	G	0.046	
ECS/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	R	0.000	Further discussions have taken place with the Council's advertising and sponsorship partner, to identify opportunities and how these might be progressed. 2015/16 before any income is likely to be generated.
ECS/38	High Life Highland	Target of 3% pa efficiency for Highlife Highland funding arrangement	0.385	G	0.385	
ECS/39	Secondary Devolved	Develop all-through 3 to 18 school model through consultation	0.040	G	0.040	

ECS/40	Primary Devolved	Sustain Gaelic Medium provision - via consolidation of existing units within Associated School Groupings effective from August 2014.	0.060	R	0.000	The review of GM provision is ongoing. Any opportunities to consolidate provision will be progressed, although the timescales are longer than originally envisaged
ECS/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.	0.175	G	0.175	
ECS/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.	0.090	G	0.090	
ECS/43	Hostels	Merge the Portree Hostel into a single building (subject to capital investment)	0.060	A	0.030	Consolidation of pupils into a single facility, the Margaret Carnegie Hostel building, has taken place. Only partial savings achieved due to costs of former building until demolished.
H&SC/1	Youth Justice	Reduction of one Team Manager	0.025	G	0.025	
H&SC/2	Support Work	Redesign and reorganisation of Support Work	0.100	G	0.100	
H&SC/5	Mental Health Officers	Charge for Mental Health Officer Services, including for persons outwith Highland	0.025	R	0.025	Being achieved through non-filling of a post
H&SC/6	Social Work Training	Efficiencies in training across Health & Social Care	0.045	G	0.045	
H&SC/7	Womens Aid	Equalisation of housing support provision for Womens Aid, bringing it into line with support provided to other organisations	0.013	G	0.013	
H&SC/8	Educational Psychology	Reorganisation of Education Psychology provision	0.030	G	0.030	
H&SC/9	Childcare	Efficiencies in delivery by childcare providers	0.050	G	0.050	
H&SC/10	Health Promoting Schools	Mainstreaming of Health Promoting Schools leading to removal of support budget	0.075	G	0.075	
H&SC/11	Service redesign (care)	Reduce social care staffing, achieved through service redesign	0.075	G	0.075	
H&SC/12	Service redesign (ASL)	Reduce specialist Support for Learning staffing, achieved through service redesign	0.050	G	0.050	
H&SC/13	Throughcare & Aftercare	Reduce cost of Barnardo's Throughcare & Aftercare Service.	0.010	G	0.010	
H&SC/14	Drugs Alcohol Services	New funding arrangements within Highland Drug and Alcohol Partnership (HADP) from August 2013	0.108	R	0.108	Being achieved through non-filling of additional preventative spend substance misuse posts, and still being discussed with HADP
H&SC/15	Out of authority placements	Target to reduce number of placements - 2014/15	0.400	R	0.400	Saving non achievement offset by savings in expected cost increase of existing contracts.
			<b>4.308</b>		<b>3.069</b>	