

The Highland Council

Education, Children and Adult Services – 11 February 2015

Agenda Item	4.
Report No	ECAS 18/15

Revenue Budget 2014/15 – Monitoring

Report by Director of Care and Learning

Summary

This report provides the Care and Learning budget monitoring for the period to the 31st December 2014 and the forecast year-end position

1. Background

- 1.1 The Care and Learning service revenue budget for 2014-15 stands at £385.9m, 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, underspend and management actions taken.

2. Forecast spend

- 2.1 The current monitoring statement can be seen at **Appendix 1** and shows a forecast year-end overspend of £0.626m - equivalent to a variance of 0.16%. This position shows a slight overall improvement compared to the overspend of £0.740m which was reported to this committee last month.
- 2.2 The main factor causing the improvement reflects management action taken in respect of Looked After Children. A more detailed overview of Looked After Children and Out of Authority placements is provided in section 5 of this report.

3. Care and Learning budget

- 3.1 The current budget for Care and Learning is £385.898m. This compares with a November budget of £383.301m and reflects a budget increase of £2.597m in the period.
- 3.2 **Appendix 2** provides a summary of all the budget virements that have taken place since November.
- 3.3 The increase in the Care and Learning budget can be explained by the following items:
 - Local Authority Funding redeterminations - increase of £2.569m. Highland Council's practice is only to add additional funding to Service budgets once it is confirmed by the Scottish Government in their finance circulars. Whilst this funding has only just been added to the Care and Learning budget, it has been known about for some time and previous monitoring statements have been based on the knowledge that this funding would be received.
 - In this period funding redeterminations have been confirmed for probationer teachers (£1.418m), Free School Meals P1-3 (£0.793m), New National

- Qualifications (£0.263m) and changes to teachers' pay (£0.095m)
- Drawdown of funds from earmarked balances - increase of £0.028m. Funding has been drawn down from balances earmarked in 2013-14 in relation to Sharing Standards. This funding reflects unspent funds from these budgets in 2013-14, set aside to cover expenditure made in 2014-15.

4. Budget pressures, underspends and risks

- 4.1 A detailed monitoring report was presented to Committee last month, identifying key areas of variance within each Head of Service budget area. No significant new items have emerged since that report was presented, with the majority of movements in forecast attributable to changed assumptions based on the expenditure incurred in December.
- 4.2 The main areas of budget pressure facing the service include supply cover top ups, home to school transport, Catering, Cleaning and Facilities Management, Looked After Children and special schools.
- 4.3 The most significant areas of underspend include savings from the establishment of the new care homes in Tain and Muir of Ord, the placement of probationer teachers in funded posts in schools, slower than anticipated take-up of 600 hours nursery education from eligible two year olds, part-year only spend against the new preventative monies, and general management of vacancies and timing of recruitment to vacant posts.
- 4.4 A number of risks face the service, in particular around schools DSM carry forward balances and supply top ups. Whilst the monitoring statement reflects the estimated impact of these items, there is potential for movement at the year end. As the year progresses the potential impact of other risks reduces, but at this time of year the potential costs in respect of snow clearing and other weather-related items may come to fruition.
- 4.5 NHS Highland's period 9 monitoring statement shows a potential overspend of £0.683m. This position has been improving over the course of the year and members will be aware that Highland Council has agreed a 3 year settlement to take account of the challenges on this budget.

5. Looked After Children

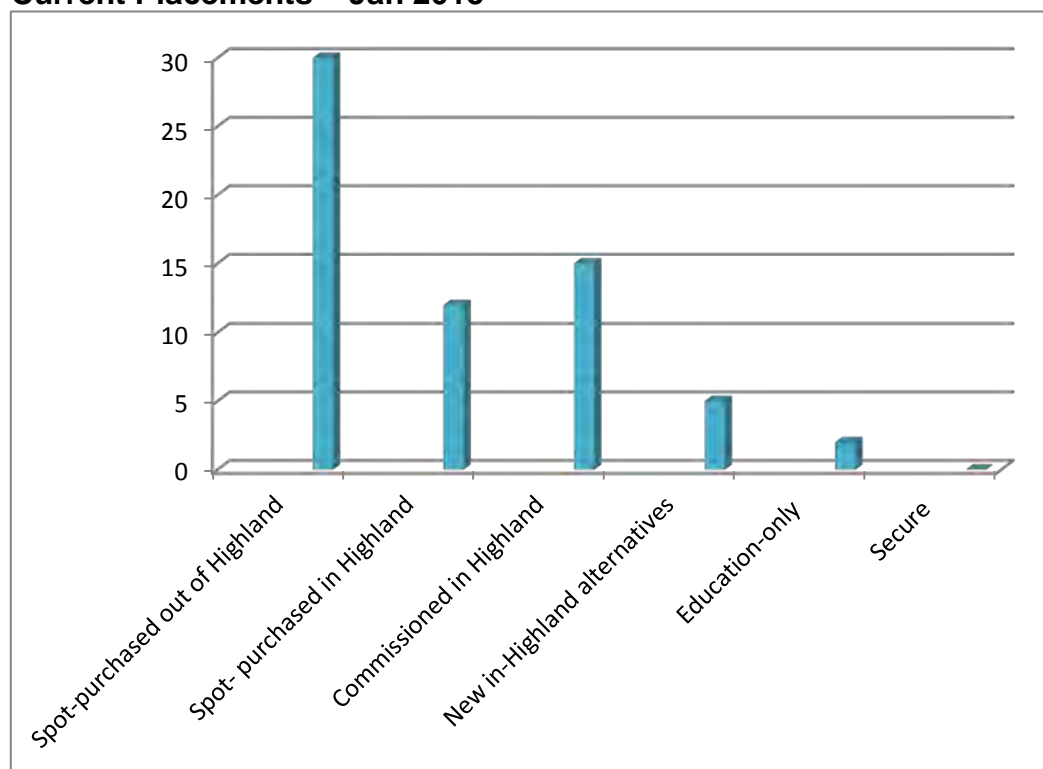
- 5.1 The pressure in the Looked after Children budget has further reduced from the £1.375m November forecast to the current £1.179m. This is a result of enhanced support for a number of young people within Highland, as an alternative to out of authority placements.
- 5.2 Previously Performance Management reporting for this budget consisted of spot-purchased placements, whether in or out of the Highland area. Due to the Council's focus on returning young people to the area, a decision was made to alter the reporting methodology to only include spot-purchased placements out with Highland. This explains the lower figures shown in the performance reporting table below, but it should be noted that the (previously reported) number of spot purchased placements was also showing a reduction.

Number of LAC in out of area placements

2014/15											
Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
46	45	48	47	49	49	41	41	32			
Average over period : 44											

- 5.3 There are presently a total of sixty-four placements funded from the out of authority budget, which involve the categories shown in the table below. Thirty-two of the young people are in placements within Highland and thirty-two are out with the area in a variety of specialist provisions.

Current Placements – Jan 2015



- 5.4 From November 2014 to January 2015, a total of ten young people returned from spot-purchased placements to more appropriate and less expensive provisions in the Highland area: eight were returned from outwith Highland, and two from units in area.
- 5.5 Of the ten young people returned from spot-purchased placements, five returned home or went to family members, constituting the largest element of costs avoided for the Council. One went to a foster placement, two went to a throughcare provision provided by Barnardos, one to supported lodgings and one returned to a Highland Council residential unit.
- 5.6 The service will still incur costs for the young people returned to foster care, supported lodgings, Council residential and commissioned units in area - but these young people are now living nearer to their families, friends and home communities.

6. Implications

- 6.1 Resource implications-** the overall forecast overspend position for the Care and Learning Service has been reducing over the course of the year, and it is anticipated that this general trend of improvement will continue until year end.
- 6.2 Legal, Equalities, Climate Change/Carbon Clever, Risk, Gaelic and Rural implications** - this report does not has any specific implications in this regard.

7. Recommendation

- 7.1 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 February 2015

Author: Brian Porter, Head of Resources

CARE AND LEARNING SERVICE REVENUE MONITORING REPORT

Dec-14	£'000 Actual YTD YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Education Services				
Secondary Schools	50,238	67,476	67,476	0
Primary Schools	40,995	56,895	56,767	(128)
Schools General	1,811	4,459	4,568	109
Learning and Teaching	1,818	2,324	2,324	0
	94,862	131,154	131,135	(19)
Adult Services				
Commissioned Adult Services	46,800	93,153	93,153	0
Commissioned HLH Services	10,855	14,526	14,526	0
Other Leisure Services	205	284	254	(30)
Services for Vulnerable Adults	2,290	3,782	2,904	(878)
Grants to Voluntary Organisations	2,783	3,202	3,202	0
	62,933	114,947	114,039	(908)
Service Management and Resources				
PPP	16,558	25,716	25,710	(6)
School Transport	6,972	12,988	14,041	1,053
Catering, Cleaning and Facilities Management	8,956	12,057	12,746	689
Pensions, Insurance and Other Pan-Service Costs	2,075	2,636	2,675	39
Resources Teams and Property Costs	3,542	4,704	5,074	370
Service Management Team and Support	1,634	2,591	2,274	(317)
Hostels	717	865	1,027	162
	40,454	61,557	63,547	1,990
Children's Services				
Looked After Children	15,077	18,545	19,724	1,179
Family Teams	10,806	15,674	15,258	(416)
Childcare and Early Learning	8,400	13,210	12,360	(850)
Other Services for Children	3,073	5,457	4,861	(596)
Commissioned Children's Services Income from NHSH	(4,359)	(8,659)	(8,659)	0
	32,997	44,227	43,544	(683)
Additional Support Services				
Additional Support- Schools	19,658	26,605	26,803	198
Specialist Additional Support Services	5,463	7,408	7,456	48
	25,121	34,013	34,259	246
TOTAL CARE AND LEARNING	256,367	385,898	386,524	626

	£'000 Actual YTD YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY SUBJECTIVE				
Staff Costs	148,545	204,280	203,470	(810)
Other Costs	122,680	204,582	204,836	254
Gross Expenditure	271,225	408,862	408,306	(556)
Grants	(4,846)	(6,531)	(5,573)	958
Other Income	(10,012)	(16,433)	(16,209)	224
Total Income	(14,858)	(22,964)	(21,782)	1,182
NET TOTAL	256,367	385,898	386,524	626

Appendix 2		Nov-14										Dec-14
		£'000										£'000
		Annual										Annual
		Budget	Overall increases in C&L budget					DSM scheme adjustments			Other	Budget
BY ACTIVITY			A.	B.	C.	D.	E.	F.	G.	H.	I.	
Education Services												
Secondary Schools		66,660						364		-61	513	67,476
Primary Schools		56,921						449	38		-513	56,895
Schools General		3,692	1,418			95		-813	6	61		4,459
Learning and Teaching		2,033			263		28					2,324
		129,306										131,154
Adult Services												
Commissioned Adult Services		93,153										93,153
Commissioned HLH Services		14,526										14,526
Other Leisure Services		284										284
Services for Vulnerable Adults		3,782										3,782
Grants to Voluntary Organisations		3,202										3,202
		114,947										114,947
Service Management and Resources												
PPP		25,716										25,716
School Transport		12,988										12,988
Catering, Cleaning and Facilities Management		11,264		793								12,057
Pensions, Insurance and Other Pan-Service Costs		2,636										2,636
Resources Teams and Property Costs		4,704										4,704
Service Management Team and Support		2,591										2,591
Hostels		865										865
		60,764										61,557
Children's Services												
Looked After Children		18,545										18,545
Family Teams		15,674										15,674
Childcare and Early Learning		13,254							-44			13,210
Other Services for Children		5,457										5,457
Commissioned Children's Services Income from NHSH		(8,659)										(8,659)
		44,271										44,227
Additional Support Services												
Additional Support- Schools		26,605										26,605
Specialist Additional Support Services		7,408										7,408
		34,013										34,013
TOTAL CARE AND LEARNING		383,301	1,418	793	263	95	28		0	0	0	385,898
Reasons for budget virements												
A.	Probationers funding redetermination		F	Water budgets allocations to schools								
B.	Free School Meals redetermination		G	DSM funding adjustments- primary schools								
C.	New National Qualifications redetermination		H	DSM funding adjustments- secondary schools								
D.	Teachers' Pay redetermination		I	Reporting adjustment- secondary codes incorrectly reported under primary								
E.	Drawdown of funds from earmarked balances- Sharing Standards											