

The Highland Council
Education, Children and Adult Services Committee
27 August 2015

Agenda Item	6.
Report No	ECAS 52/15

Care and Learning Revenue Budget Monitoring 2015/16

Report by Director of Care and Learning

Summary

This report provides an update in relation to the revenue budget for the Care and Learning Service, including the final out-turn for the 2014/15 financial year, and the monitoring position for the current year to 30 June 2015.

1. Background

- 1.1 In addition to providing an out-turn statement for 2014/15, and a monitoring statement for the current financial year, this report also provides members an update in relation to delivery of agreed budget savings, and an update on Free Schools meals implementation for P1-3 and the Facilities Management (FM) review.

2. Final Out-turn for 2014/15

- 2.1 The final out-turn for the year is set out on **Appendix 1**, and reflects a net underspend of £0.058m. This reflects an improvement on the last reported position to February Committee, where an overspend of £0.626m had been forecast.
- 2.2 The main variances reflected within the out-turn position are broadly as highlighted within recent reports to members, and includes:-
- Underspend on Adult Services arising from savings from the new contractual arrangements for Muir of Ord and Tain care homes.
 - Overspends in school transport due to increased route costs and unachieved saving targets.
 - Overspends in catering, arising from food price increases and income shortfalls, and overspend in the roll out of Facilities Management.
 - Overspends in Inspection and Maintenance contracts, this being the first year of a new enhanced inspection regime for school equipment.
 - Overspend in Looked After Children, mitigated by underspends in other aspects of Children Services including Family Team staffing and Early Years provision.
- 2.3 Since children's services have been fully integrated within the Highland Council, budgets have been similarly integrated, and it is very difficult to attribute spend on integrated children's services against funding from either core council funds or funding received from NHS Highland. An analysis is taking place to endeavour to set out the position, and to identify spend on "child health" items which the council would not likely to have incurred prior to

integration.

- 2.4 The 2014-15 child health budget included £8.659m of funding received from NHS Highland, along with £0.911m of Council funding which comes predominantly from preventative spend monies. For 2014-15, the identified expenditure on child health services of £8.701m exceeds the contribution from NHS Highland, against an overall budget of £9.570m.
- 2.5 As part of the year end accounts process, certain sums were earmarked within reserves following discussion with the Director of Finance. This includes; (1) funds to support the delivery of agreed budget savings/maintaining teacher numbers, (2) funds to support the ongoing delivery of early years, (3) funds arising from the year end position on children's service. As sums are required and drawn down from reserves, this will be reported back to Committee.

3. Monitoring for the year to 30 June 2015

- 3.1 The monitoring position for the year to date is set out on **Appendix 2**, and reflects a small projected underspend of £0.096m.
- 3.2 While overall, the current forecast is for a minor underspend, there remain a number of significant areas of variance, and management actions being taken to address or offset these, as described below.
- There are budget savings which will not be achieved in full within 2015-16. Section 4 below provides further information. Alternative savings and management action as summarised at section 4, are being used to offset the forecast shortfall in budget savings in year.
 - There remain a number of recurring budget pressures from 2014-15 which remain unaddressed within the budget, including Facilities Management, repairs and servicing contracts, school hostels, special schools.
 - There are a number of areas of underspend, which are assisting with offsetting the budget pressure areas described above. The main areas of underspend are in children's services, and relate to vacancies in the family teams and due to the slower than anticipated take-up from eligible two year olds.

4. Budget Savings

- 4.1 An updated Red/Amber/Green (RAG) analysis of agreed budget savings for the current financial year is set out on **Appendix 3**. This statement reflects the position for the first quarter of the financial year.
- 4.2 In relation to those savings with RAG status of RED, the following additional explanation is provided:
- No 34: Removal of Over Entitlement Teaching Posts – since the agreement of the budget savings, the Council has committed to meet the Scottish Government target to maintain teacher numbers in 2015. Therefore, while at individual school level, work is ongoing to remove specific over-entitlement posts to bring those schools into line with others, overall the Council will not be able to reduce teacher numbers, hence the status shown against this saving.

- No 41: 33 Period Week – while the 33 period week proposal will be progressed where appropriate on educational grounds, the forecast financial saving will not be delivered. This is due to the need to maintain teacher numbers (as above), and also additional transport costs which it is estimated would negate any forecast saving were it possible to reduce teacher numbers.

4.3 While there is forecast to be a shortfall in delivery of these savings, this will be mitigated by the following; general management of vacancies, slippage in implementation of new initiatives and utilisation of earmarked reserves if required.

5. Free School Meals P1-3

5.1 At the May Committee, members asked for a further update in relation to implementation of Free school meals (FSM) for P1-3, including uptake benchmarked against other Councils, and the financial implications of implementation.

5.2 Previous reports to Committee have provided updates on the successful implementation of FSM for P1-3. Attached as **Appendix 4** is a graph setting out the FSM P1-3 uptake within each Scottish authority that submitted information, and reflects the position at March 2015, the most recent period for which data is available.

5.3 It should be noted that the data reflects a time period relatively early in the implementation of FSM P1-3. Highland uptake (at c68%) is at this time below the 75% on which Scottish Government had based its funding allocation, and also lower than the c90% FSM uptake across all age groups the Council had experienced prior to the rollout of P1-3.

5.4 Further liaison with other Scottish Local Authorities will be undertaken to get more up to date benchmarking information, and to ensure learning and best practice is shared across Councils. This will also be linked to further analysis of the Council's own data, to understand what factors may be impacting on uptake, and to allow further plans to be developed to increase uptake.

5.5 As stated above, the benchmarking dataset represents a very early snapshot in the context of FSM P1-3, and it is officers view that subsequent data, captured from the start of the new August session onwards, is likely to be a more appropriate basis on which to determine any further actions necessary.

5.6 In relation to promotion and marketing, an extensive approach has been utilised including - Facebook; Twitter; School Bag drops; advertising posters; leaflets; council website; School Newsletters and web pages; Advertising campaign online and in newspapers; Stall at Eden Court at Christmas Pantomime; Adverts on radio by Scottish Government; Advert in Fresh from Highland Supplement; Facebook promoted posts from August 2015.

5.7 Arrangements are also in place to support the transition from nursery to primary, including taster sessions with nursery children. Schools are also

being encouraged to do further taster sessions at lunch time within primary. Catering staff are also getting involved in parents evenings, pupil councils etc. to promote school meals and get feedback from pupils/parents. Discussions at individual school level are also taking place to find the best way to promote P1-3's FSM in their individual school.

- 5.8 Consideration will be given to any additional short-term expenditure which may be appropriate to further invest in promotion and marketing, where this can be met from within the current funding available.
- 5.9 While perception may be that Highland geography could be a factor in relation to uptake, it is worth noting that the data suggests it is other factors that are relevant. The schools in more affluent areas have a higher uptake of meals than the more deprived areas. With the more deprived areas in highland generally having the lowest uptake. As a result, further interaction with those schools will take place to discuss what further plans can be put in place to promote uptake, beyond those already described within this report. Further information on uptake by school, was reported to the May Committee - http://www.highland.gov.uk/download/meetings/id/68137/item_4_revenue_and_capital_budget_update
- 5.10 In relation to the financial position, the lower level of uptake provides some cost savings in relation to the variable costs of the school meal service e.g. food materials. In relation to staffing and other costs, there are to some extent fixed and linked to the objective of increasing uptake going forward. Costs will be kept under review, through ongoing monitoring of provision. Short-term cost savings at this time, are mitigating existing cost pressures within the catering function in relation to food prices and income targets, and as stated above, consideration will be given to further investment in promotion and marketing initiatives where appropriate.
- 5.11 Uptake typically increases with the commencement of the new academic session, with a new P1 intake and the effect of the marketing and promotion in the lead up to the new term starting. Uptake levels will continue to be reviewed, and where necessary financial and staffing arrangements amended to reflect operational requirements. Further updates will come back to this Committee. In relation to capital investment to support implementation of the policy, further information is set out within the capital programme update paper also on the agenda for this Committee.

6. Facilities Management Review

- 6.1 Since the update report to May Committee, there has been further engagement with elected members, head teachers and other stakeholders, to further discuss options and proposals developed during the review. This activity will continue, in advance of an intended final report on the FM review to be considered by ECAS Committee on 8 October 2015.

7. Implications

- 7.1 **Resource** implications – as set out within this report.

- 7.2 **Legal** implications – no implications to highlight at this time.
- 7.3 **Climate Change/Carbon Clever** implications – no implications to highlight.
- 7.4 **Risk** implications – the RAG status of saving proposals represents a risk assessment of deliverability, and this report and commentary on out-turn sets out mitigating actions being taken.
- 7.5 **Gaelic** implications – nothing to highlight.
- 7.6 **Rural** implications – nothing to highlight.

8. Recommendation

- 8.1 Members are asked to consider this report and
- a) Agree the final out-turn for the 2014/15 financial year;
 - b) Agree the forecast out-turn based upon the year to 30 June;
 - c) Note the status of the agreed budget savings, and mitigating action being taken to address forecast shortfall;
 - d) Note the update provided in relation to Free School Meals implementation for P1-3.
 - e) Note that a final report on FM will be considered by the 8 October Committee.

Designation: Director of Care and Learning

Date: 17 August 2015

Author: Brian Porter, Head of Resources

CARE AND LEARNING SERVICE- REVENUE MONITORING OUTTURN REPORT

2014-15	£'000 Annual Budget	£'000 Actual Spend	£'000 Year End Variance
BY ACTIVITY			
Education Services			
Secondary Schools	67,398	67,795	397
Primary Schools	57,951	57,587	(364)
Schools General	2,970	3,138	168
Learning and Teaching	2,435	2,366	(69)
	130,754	130,886	132
Adult Services			
Commissioned Adult Services	93,072	93,072	0
Commissioned HLH Services	14,588	14,589	1
Other Leisure Services	326	310	(16)
Services for Vulnerable Adults	4,210	2,996	(1,214)
Grants to Voluntary Organisations	3,202	3,086	(116)
	115,398	114,053	(1,345)
Service Management and Resources			
PPP	25,716	25,649	(67)
School Transport	12,963	13,739	776
Catering, Cleaning and Facilities Management	12,089	12,474	385
Pensions, Insurance and Other Pan-Service Costs	2,733	2,752	19
Resources Teams and Property Costs	4,224	5,189	965
Service Management Team and Support	2,535	2,207	(328)
Hostels	865	1,038	173
	61,125	63,048	1,923
Children's Services			
Looked After Children	18,546	19,962	1,416
Family Teams	15,361	14,425	(936)
Childcare and Early Learning	12,016	11,702	(314)
Other Services for Children	5,011	4,169	(842)
Commissioned Children's Services Income from NHS	(8,659)	(8,659)	0
	42,275	41,599	(676)
Additional Support Services			
Additional Support- Schools	26,718	26,875	157
Specialist Additional Support Services	7,408	7,159	(249)
	34,126	34,034	(92)
TOTAL CARE AND LEARNING	383,678	383,620	(58)
BY SUBJECTIVE			
Staff Costs	198,963	196,072	(2,891)
Other Costs	208,391	211,515	3,124
Gross Expenditure	407,354	407,587	233
Grants	(7,319)	(8,061)	(742)
Other Income	(16,357)	(15,906)	451
Total Income	(23,676)	(23,967)	(291)
	0		
NET TOTAL	383,678	383,620	(58)

CARE AND LEARNING SERVICE REVENUE MONITORING REPORT- 2015-16

Jun-15	£'000 Actual YTD YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Education Services				
Secondary Schools	17,769	64,284	64,284	0
Primary Schools	14,140	54,979	54,879	(100)
Schools General	1,166	9,858	9,858	0
Learning and Teaching	916	1,660	1,660	0
	33,991	130,781	130,681	(100)
Adult Services				
Commissioned Adult Services	284	94,538	94,538	0
Commissioned HLH Services	3,418	13,946	13,946	0
Other Leisure Services	68	295	250	(45)
Services for Vulnerable Adults	792	3,063	3,108	45
Grants to Voluntary Organisations	1,454	3,012	3,012	0
	6,016	114,854	114,854	0
Service Management and Resources				
PPP	4,136	25,029	25,794	765
School Transport	1,841	14,083	14,072	(11)
Catering, Cleaning and Facilities Management	3,229	13,889	14,310	421
Pensions, Insurance and Other Pan-Service Costs	1,302	2,701	2,719	18
Resources Teams and Property Costs	520	4,294	4,787	493
Service Management Team and Support	1,620	2,579	2,291	(288)
Hostels	205	888	1,037	149
	12,853	63,463	65,010	1,547
Children's Services				
Looked After Children	5,025	20,281	20,281	0
Family Teams	3,650	16,373	15,188	(1,185)
Childcare and Early Learning	3,686	15,002	14,525	(477)
Other Services for Children	1,165	4,409	4,409	0
Commissioned Children's Services Income from NHS	(60)	(8,815)	(8,815)	0
	13,466	47,250	45,588	(1,662)
Additional Support Services				
Additional Support- Schools	6,713	27,294	27,456	162
Specialist Additional Support Services	1,745	7,202	7,159	(43)
	8,458	34,496	34,615	119
TOTAL CARE AND LEARNING	74,784	390,844	390,748	(96)
	£'000 Actual YTD YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY SUBJECTIVE				
Staff Costs	48,266	203,216	201,726	(1,490)
Other Costs	29,577	209,613	210,882	1,269
Gross Expenditure	77,843	412,829	412,608	(221)
Grants	(1,605)	(5,969)	(5,956)	13
Other Income	(1,454)	(16,016)	(15,904)	112
Total Income	(3,059)	(21,985)	(21,860)	125
NET TOTAL	74,784	390,844	390,748	(96)

Ref.	Activity Heading	Savings Proposal	Savings			Comments
			2015/16 Agreed Budget Savings £m	Status R A Y G	2015/16 Projected Savings £m	
1	Court Reports	Introduce charging for identified court reports undertaken by social workers, for example step-parent adoptions	0.010	A	0.005	New income stream going ahead as intended- just slight uncertainty over whether actual level of income will be generated
2	Children's equipment	Reduced expenditure on small items of equipment	0.025	G	0.025	
3	Child's Plan Reviews	Reduced infrastructure support for Child's Plan Reviews	0.050	G	0.050	
5	Fostering and Adoption	Reduction in staff budget and in other fostering and adoption costs	0.047	G	0.047	
6	'Grow Your Own Professionals'	Convert identified posts into traineeships, assisting people to qualifications	0.100	G	0.100	
7	Youth Co-ordinators	Cease funding for three Police Officers who act as Youth Co-ordinators in Police Scotland	0.137	G	0.137	
8	Childcare and Early Learning	Rationalisation of provision	0.150	G	0.150	
9	Vacancy Management	Increase numbers of posts delayed when being filled on permanent basis, adding to existing accumulated vacancy management savings	0.200	G	0.200	
10	Care Homes	Savings achieved from establishment of new facilities in two communities	0.750	G	0.750	
11	Training for children's services	Reduction to training budget	0.020	G	0.020	
13	Major School Capital Projects	Savings arising from capital investment in new schools projects. Savings derive from staffing structures, energy efficiency improvements, and other school budgets.	0.150	A	0.075	Fort William Schools savings on programme. However Noss PS opening delayed which is expected to impact on savings in 15/16.

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Ref.	Activity Heading	Savings Proposal	Savings			
			2015/16 Agreed Budget Savings £m	Status R A Y G	2015/16 Projected Savings £m	Comments
16	Estates Team	Review arrangements for charging of project specific support to the capital programme	0.150	G	0.150	
17	Office Premises Costs	4% budget saving target	0.022	G	0.022	
19	Information, Support & ICT Team	Remove project budget for current projects when complete (£250k phased), recharge staff time on capital ICT projects to capital budget (£20k)	0.220	G	0.220	
22	Catering Services	Increased income generation - with a focus on commercial opportunities and new income sources.	0.030	A	0.000	Opportunities being explored but impacted by loss of existing contracts e.g. Hospice contract while re-located
23A	Catering Services	4% budget saving target for the Catering function in 2015/16 - to be achieved through a combination of cost and production efficiency.	0.085	G	0.085	
23B	Cleaning Services	4% budget saving target for the Cleaning function in 2015/16 - To be achieved through a combination of cost efficiency and service reduction.	0.090	G	0.090	
24	School Meals/Catering	Increase school meal prices over the next 4 years by 10p per meal per annum in addition to the inflationary increase	0.142	G	0.142	
27	School Lets	Additional income generation from more consistent application of the existing 2009 school lets policy	0.020	A	0.010	Some drop off in level of letting activity occurring as charges have increased
29	PPP1	Estimated saving from renegotiation and refinancing of contract	0.350	A	tbc	Discussions ongoing with PPP providers around renegotiation of contract terms, with specific proposals and implications expected to be taken to August Committee. Some slippage against expected implementation timescale. Major savings from re-financing or buy-out appear unlikely.
30	PPP2	Estimated saving from renegotiation and refinancing of contract	0.500	A	tbc	Discussions ongoing with PPP providers around renegotiation of contract terms, with specific proposals and implications expected to be taken to August Committee. Some slippage against expected implementation timescale. Major savings from re-financing or buy-out appear unlikely.

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Ref.	Activity Heading	Savings Proposal	Savings			Comments
			2015/16 Agreed Budget Savings £m	Status R A Y G	2015/16 Projected Savings £m	
31	Learning & Teaching	Remove Curriculum Development Secondments	0.315	G	0.315	
32	Learning & Teaching	Review of budget provision for teacher training and CPD, including conferences	0.020	G	0.020	
33	Quality Improvement	Reduce Quality Improvement Officers by 2 FTE	0.120	G	0.120	
34	Secondary Education	Remove any over entitlement teaching posts	0.520	R	0.000	Work is ongoing to reduce over entitlement posts in particular schools, however, with the requirement now to maintain teacher numbers overall, there will not be a net reduction in teacher posts across Highland. At individual school level, all over entitlement posts will be removed by August 2016.
36	Schools with continuous DSM deficit	Management action to address those schools which exceed the DSM deficit carry forward limits and require a budget top up (this represents removal of all budget provided for budget top-ups)	0.250	A	0.125	Some progress being made with schools in deficit but not all issues likely to be resolved in 15-16
37	Schools staffing budgets - centrally held	Remove contingency budget for teaching staffing costs traditionally met centrally (this represents 100% removal of this budget)	0.175	A	0.050	Ongoing cost pressures against this budget mean achieving saving in current year is unlikely.
38	Schools DSM centrally held budgets	Reduce contingency budget to provide for school budget top ups arising from staffing and other matters (this current contingency budget is £0.500m)	0.200	G	0.200	
39	Nursery Staffing - Centrally Held Budget Top Ups	Remove contingency budget for nursery teaching staffing top ups (this represents complete removal of this budget)	0.200	G	0.200	
41	Secondary Education	Introduce a standard timetabling structure across Highland secondary schools, based on 33 periods, which is the optimal staffing and timetabling model	0.150	R	0.000	Having considered the impact of additional school transport costs, implementation of the 33 period week is not now expected to deliver a net saving. Where implementation has benefits for operational/education reasons, this will still be considered.
45A	Highlife Highland	4% reduction in funding for HLH in 2015/16 and a 1% reduction in the following three financial years	0.560	G	0.560	

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Ref.	Activity Heading	Savings Proposal	Savings			
			2015/16 Agreed Budget Savings £m	Status R A Y G	2015/16 Projected Savings £m	Comments
45B	Inverness Leisure	4% reduction in funding for Inverness Leisure in 2015/16 and a 1% reduction in the following three financial years	0.034	G	0.034	
45C	Eden Court	4% reduction in funding for Eden Court in 2015/16 and a 1% reduction in the following three financial years	0.025	G	0.025	
47	Management of Secondary School Facilities	Transfer of management of secondary school community use to HLH	0.017	A	0.000	Pilot at Lochaber HS underway which will be used to inform future arrangements. Amber pending assessment of that pilot.
50	Area Management	Implementation of new Area management structure for the Service	0.075	G	0.075	
52	Resource Manager Youth Justice	Delete post	0.025	G	0.025	
53	Residential Social Workers	Do not implement plans to have residential social workers in each children's unit	0.026	G	0.026	
Total			5.960		4.053	

Authority	% uptake P1-3
Aberdeenshire	79.50%
Angus	67.00%
Argyll and Bute	74.00%
City of Aberdeen	
City of Edinburgh	
Clackmannanshire	71.00%
Dumfries and Galloway	80.00%
Dundee City	70.00%
East Ayrshire	71.00%
East Dunbartonshire	79.00%
East Lothian	66.00%
East Renfrewshire	77.00%
Falkirk	
Fife	
Glasgow City	69.00%
Highland	69.00%
Inverclyde	75.00%
Midlothian	88.00%
Moray	76.00%
Na h-Eileanan Siar (Western Isles)	
North Ayrshire	81.00%
North Lanarkshire	68.11%
Orkney	
Perth and Kinross	72.00%
Renfrewshire	71.00%
Scottish Borders	71.00%
Shetland	
South Ayrshire	76.00%
South Lanarkshire	75.20%
Stirling	75.00%
West Dunbartonshire	72.00%
West Lothian	67.00%

