

**The Highland Council**  
**Education, Children and Adult Services Committee**  
**8 October 2015**

Agenda Item	5.
Report No	ECAS 80/15

**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 Care and Learning, and the monitoring position for the current year to 31 August 2015. The report also provides an update in relation to agreed budget savings, proposals in relation to building cleaning budget savings, an update on the looked after children budget, and an update on the review of janitorial/FM Services.

**1. Monitoring for the year to 31 August 2015**

- 1.1 The monitoring position for the year to date is set out in **Appendix 1**, and reflects a projected overspend of £0.592m, which is a deterioration from the projected underspend of £0.096m last reported.
- 1.2 The main factor in the overspend forecast, relates to out of authority placements and the looked after children budget, offset by an improved position in primary and secondary education. Further information on looked after children is set out later in this report. In summary, there are three main factors which are resulting in a projected overspend on this budget of £1.171m:
- Additional four new spot purchased placements, with a cost of £0.550m for this financial year.
  - An increase in secure placements, which typically represent the most expensive forms of residential care.
  - A legal judgement has determined that Highland Council is responsible for paying placement costs for a young person who no longer has any family ties to the area. Whilst this case remains subject to legal dispute, a sum of £0.45m has been added to the forecast to reflect the worst case scenario.
- 1.3 Other parts of the budget remain broadly as previously reported, with a number of significant areas of variance, both positive and negative, as described below.
- There are budget savings which will not be achieved in full within 2015-16. **Appendix 2** sets out the RAG status of agreed budget savings.
  - 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.

- 1.4 In relation to the total budget for the Care and Learning Service, this totals £390.870m net, which represents an increase of £0.025m from the last reported position. The reasons for this net change are as follows:
- Drawdown of commonwealth games legacy funding from earmarked reserves (funds going to HLH): £0.125m increase in budget.
  - Transformational savings taken from budget - travel, subsistence and overtime: £0.098m decrease.
  - ICT charges: £0.002m decrease in budget.

## **2. Looked After Children**

### **2.1 Budget Monitoring**

- 2.1.1 Monitoring of this budget at the end of August 2015 showed a significant increase in spend from the previous month. Four new spot purchased placements were required, and if they were to continue until the end of the financial year would total estimated additional £0.550m. There has also been an increase in secure placements, with five young people in secure care due to being a risk to themselves or others, and two young people in step-down placements attached to secure units. Secure and step-down placements are typically the most expensive forms of residential care. In addition, a legal judgement has determined that Highland Council is responsible for paying placement costs for a young person who no longer has any family ties to the area. This may result in an additional estimated cost of up to £0.450m, plus ongoing costs. In another case, a legal challenge by a young person has resulted in continuing costs for a residential placement beyond the age of 18 years, and this was not factored into previous forecasts.
- 2.1.2 Activity will focus on any appropriate alternatives to residential childcare for the new placements, and moving those young people in secure and step-down placements to appropriate less expensive alternatives wherever possible.
- 2.1.3 It was reported to this Committee that the Service had reduced the use of spot purchased beds in local provision. Unfortunately, this action has been overshadowed by the new and more expensive secure placements.

### **2.2 Performance Reporting of LAC in Out of Area Placements**

- 2.2.1 Performance Management reporting for this budget now consists of spot-purchased placements out with the Highland area. The table below shows that since January 2015, the number of young people in out of area placements has decreased from 28 to a low of 25 in April, before rising again to 30 young people in August 2015. This resulted from the unexpected ending of placements by residential providers in the Highland area.
- 2.2.2 Effort continues to return young people to Highland, and to avoid new placements out of area. However, as reported to this Committee in August, children with complex specific needs often require specialist care which is found out with Highland. The Alternative to Out of Authority Programme seeks to identify which services could be replicated in area.

## Number of LAC in Out of Area Placements 2015

2015							
Jan	Feb	Mar	Apr	May	Jun	July	Aug
28	27	27	25	27	29	28	30

2.2.3 There are presently a total of 63 placements funded from this budget, with 52% of children (33) in placements within Highland and 48% (30 children) outwith the area in a variety of specialist placements.

### 2.3 Residential and Alternatives to Out of Authority Programme Provisions by Ward

2.3.1 Further to the paper on the Council's use of residential placements reported to this Committee in August 2015, Members requested information on properties used by the Alternatives to Out of Authority Programme by Ward. The Programme Manager visited a large number of Council Ward Business meetings in 2014 to determine whether Councillors knew of additional properties not visible through appropriate Council Property and Estate systems. This was helpful and identified several properties which were assessed against the choice of area expressed by young people and the availability of suitably qualified support staff. The list attached as **Appendix 3** demonstrates that the Council's residential provisions and the new developments within the Alternatives to Out of Authority Programme are distributed across the majority of wards in Highland.

2.3.2 The Programme Manager is sent the Council's Property Disposal List to assess suitability for the Alternatives to Out of Authority Programme before properties are put up for sale. In assessing properties, the Programme Manager has sought to prioritise accommodation that would not be suitable for Council housing, for example due to location on school grounds.

2.3.3 Typically, the areas of Highland with the highest population density are those within which there is the greatest requirement for suitable properties for this programme. These are predominantly areas within the inner Moray Firth and particularly Inverness. The Programme has also developed to a point where the majority of available properties have been identified, and future requirements are likely to be for secure tenancies for young people once they have moved from residential care to through care and aftercare. The Programme Manager will attend Ward Business Meetings in relevant wards to discuss the availability of suitable properties.

## 3. Building Cleaning Budget Savings

3.1 In December 2014, the Council agreed a package of saving proposals for 2015/16 onwards, which included a combined saving of £0.580m from within the cleaning budget, to be delivered across 2015/16 – 2016/17. This saving equates to approximately 12% of the cleaning budget. The Cleaning Service has embarked on a proposed re-structure to enable these 2016/17 savings of £580,000 to be achieved. In employee terms, this equates to a reduction of 30.16 FTE.

- 3.2 An Area Supervisory Structure already exists; at this time there are 7 posts at grade HC0537 (5.68 FTE). At unit level, in each establishment where there is more than one employee, a Cleaning Supervisor is in place. There are 92 such posts at grade HC0437 (41.22 FTE).
- 3.3 It is intended to remove the Cleaning Supervisor role in areas where there are a number of establishments in close proximity to each other, and introduce an Area supervisory structure. In outlying parts, the status quo will apply due to the remoteness of those establishments. In addition, the proposals include the removal of night time cleaning arrangements, which are no longer required due to changes to daytime cleaning arrangements.
- 3.4 In addition to the proposed restructure arrangements, the remaining savings will be achieved by reducing the weekly hours across a number of establishments by 192 hours (5.2FTE).
- 3.5 In order to create the new proposed structure there is a requirement to:
- Create 20 (14.26 FTE) Area Supervisor posts, which includes the 7 existing posts as detailed above, and 13 (8.58 FTE) new Area Supervisors, at grade HC05 £20,125 - £22,703. Those Area Supervisors would be responsible for supervision of approx. 650 employees within 310 establishments appropriate to their allocated area of responsibility.
  - Delete a total of 92 (41.22 FTE) Cleaning Supervisor posts, grade HC04 £17,585 - £19,817. 19 (8.62 FTE) posts would be matched into cleaning supervisory posts in the remote areas; others would be considered for redeployment under the Council's policies and procedures. There would also be opportunities for applying for newly created promoted posts of Area Supervisor, as detailed above.
- 3.6 In summary, the proposed savings delivered are as follows:-

	<b>Summary £</b>
Deletion of cleaning supervisor posts	£0.616m
Creation of area supervisor posts	-£0.139m
Reduction in weekly hours across establishments	£0.083m
Removal of night cleans	£0.020m
<b>Total Saving</b>	<b>£0.580m</b>

- 3.7 The reductions described will impact on the cleaning hours available within establishments, the details of which will be discussed with building RPO's as part of implementation to ensure available resources are prioritised to reflect their assessment of priorities within the building. As set out within the timeline below, consultation will be undertaken with the staff affected. Trade unions have been briefed on these proposals.
- 3.8 During the lead up to the proposed restructuring, all cleaning posts have been filled on a fixed term basis, to preserve matching opportunities for permanent employees. Currently (as at September 2015), there are 7 vacant Cleaning Supervisor posts and 2 expected vacancies at that level.
- 3.9 Overall, there are 146 (42.45 FTE) vacant/fixed term cleaning posts in place. Opportunities to redeploy within Catering, Cleaning and Facilities Management

Services will initially be explored, before seeking wider redeployment opportunities within the Council.

### 3.10 Timeline

- September –briefings regarding proposals, up to date of committee.
- October – Committee meeting
- October/ November formal consultation with staff.
- Unit consultation with RPO's re changes and amendments to specifications, in line with allocated new hours / staffing as per establishment.
- 26th October onwards - cessation of vacant /fixed term post affecting new structure.
- 12th November - Advertising of promoted posts - Area Supervisors.
- December 2015 - Area Supervisor interviews.
- January 2016 – March, new area supervisors commence (phased).
- February 2016 - Review date of savings target.
- March 2016 - New structure posts in place.

## 4. Janitorial and Facilities Management Review

4.1 Since the last update to Committee, there has been further engagement with elected members, head teachers and other stakeholders, to discuss options and proposals developed during the review. It is generally acknowledged that there is a need to conclude the review within a reasonable timescale, to move matters forward and move out of the current period of uncertainty for staff and schools. However, it is recognised there are a number of outstanding key issues, most significant of which is the question of resources, and what level of funding the Council can provide to support implementation of a new model. Given the financial outlook, it may be the case that that particular aspect cannot be resolved until the Council agrees its budget in February 2016.

4.2 To move matters forward, it is proposed to take a strategic paper to the November Committee, setting out the high level principles for agreement which have been discussed informally with elected members and stakeholders over recent weeks. Broadly speaking, these would set out a vision for a new janitorial services model in the Primary Sector, providing a service to all Primaries including those which do not currently receive any service, and looking to build upon the best elements of both the janitorial and FM models, which have emerged from the review. This would allow the current phase of the review to conclude. Decisions on budget resources and implementation would be dependent on confirmation of the budget position.

## 5. Implications

5.1 **Resource** implications – as set out within this report, with staffing implications arising from the Building Cleaning savings set out within section 3.

5.2 **Legal** implications – no implications to highlight at this time.

5.3 **Climate Change/Carbon Clever** implications – no implications to highlight.

5.4 **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.

5.5 **Gaelic** implications – nothing to highlight.

5.6 **Rural** implications – nothing to highlight.

**6. Recommendation**

- 6.1 Members are asked to consider this report and
- a) Agree the forecast out-turn based upon the year to 31 August;
  - b) Note the status of the agreed budget savings, and mitigating action being taken to address forecast shortfall;
  - c) Note the update provided in relation to looked after children;
  - d) Agree the revised structure for Building Cleaning, to progress delivery of the agreed budget saving;
  - e) Note that update provided in relation to the review of janitorial/FM Services.

Designation: Director of Care and Learning

Date: 24 September 2015

Author: Brian Porter, Head of Resources

## CARE AND LEARNING SERVICE REVENUE MONITORING REPORT- 2015-16

Aug-15	£'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	28,116	66,615	66,615	0
Primary Schools	23,244	57,465	57,175	(290)
Schools General	1,781	5,041	4,812	(229)
Learning and Teaching	1,150	1,660	1,660	0
	<b>54,291</b>	<b>130,781</b>	<b>130,262</b>	<b>(519)</b>
<b>Adult Services</b>				
Commissioned Adult Services	24,008	94,338	94,338	0
Commissioned HLH Services	6,959	13,946	13,946	0
Other Leisure Services	37	416	336	(80)
Services for Vulnerable Adults	1,639	3,111	3,309	198
Grants to Voluntary Organisations	1,479	3,012	2,903	(109)
	<b>34,122</b>	<b>114,823</b>	<b>114,832</b>	<b>9</b>
<b>Service Management and Resources</b>				
PPP	8,232	25,029	25,794	765
School Transport	3,349	14,083	14,071	(12)
Catering, Cleaning and Facilities Management	5,483	13,889	14,259	370
Pensions, Insurance and Other Pan-Service Costs	1,663	2,701	2,719	18
Resources Teams and Property Costs	1,541	4,296	4,848	552
Service Management Team and Support	1,849	2,475	2,210	(265)
Hostels	367	888	1,045	157
	<b>22,484</b>	<b>63,361</b>	<b>64,946</b>	<b>1,585</b>
<b>Children's Services</b>				
Looked After Children	8,712	20,281	21,452	1,171
Family Teams	6,180	16,378	15,407	(971)
Childcare and Early Learning	5,299	15,002	14,348	(654)
Other Services for Children	1,651	4,439	4,279	(160)
Commissioned Children's Services Income from NHS	(2,204)	(8,815)	(8,815)	0
	<b>19,638</b>	<b>47,285</b>	<b>46,671</b>	<b>(614)</b>
<b>Additional Support Services</b>				
Additional Support- Schools	11,199	27,294	27,394	100
Specialist Additional Support Services	2,967	7,326	7,357	31
	<b>14,166</b>	<b>34,620</b>	<b>34,751</b>	<b>131</b>
<b>TOTAL CARE AND LEARNING</b>	<b>144,701</b>	<b>390,870</b>	<b>391,462</b>	<b>592</b>
<b>BY SUBJECTIVE</b>				
Staff Costs	81,326	202,663	200,619	(2,044)
Other Costs	70,752	210,144	212,683	2,539
<b>Gross Expenditure</b>	<b>152,078</b>	<b>412,807</b>	<b>413,302</b>	<b>495</b>
Grants	(2,676)	(5,921)	(5,906)	15
Other Income	(4,701)	(16,016)	(15,934)	82
<b>Total Income</b>	<b>(7,377)</b>	<b>(21,937)</b>	<b>(21,840)</b>	<b>97</b>
<b>NET TOTAL</b>	<b>144,701</b>	<b>390,870</b>	<b>391,462</b>	<b>592</b>

Ref.	Activity Heading	Savings Proposal	Savings			
			2015/16 Agreed Budget Savings £m	Status R A Y G	2015/16 Projected Savings £m	Comments
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.
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
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



## OFFICIAL

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	
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	
<b>Total</b>			<b>5.960</b>		<b>4.053</b>	

**Residential and Alternatives to Out of Authority Programme Provisions by Ward**

**3 Wick**

Avonlea Children's Home

Seaforth Avenue (Gable End) Intensive Support House

Thor House Children's Respite Unit

**6 Wester Ross, Strathpeffer and Lochalsh**

Contracted Children's Residential Home

**7 Cromarty Firth**

Contracted Children's Residential Home

**9 Dingwall and Seaforth**

Oakwood Children's Home and Burns Crescent Linked House

**10 Black Isle**

Killen Old School House Intensive Support

**11 Eilean a' Cheò**

Staffin Children's Respite Centre

**13 Aird and Loch Ness**

Leault Children's Home

Contracted Children's Residential Home

**15 Inverness Central**

Contracted Throughcare Hostel

Intensive Support House – Kilmuir Road

**16 Inverness Ness-side**

The Orchard Children's Respite Centre

Supported property for young people

Supported property for young people with disabilities

Proposed residential unit for children with an ASD (on Inverness Royal Academy site)

17 **Inverness Millburn**

Ashton Road Children's Home and linked house at Old Perth Road

Supported property for young people

Supported Core and Cluster for 16+ Young People

19 **Nairn**

Private Residential Children's Home (used on a spot-purchase basis)

20 **Inverness South**

Private Residential Children's Home (used on a spot-purchase basis)

21 **Badenoch and Strathspey**

Private Residential Children's Home (used on a spot-purchase basis)

22 **Fort William and Ardnamurchan**

Contracted Residential Children's Home