

**The Highland Council**  
**Education, Children and Adult Services Committee**  
**20 January 2016**

Agenda Item	5.
Report No	ECAS 01/16

**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 Care and Learning, and the monitoring position for the current year to 30 November 2015. The report also provides an update in relation to delivery of agreed budget savings and the Looked After Children budget.

**1. Monitoring for the year to 30 November 2015**

- 1.1 The monitoring position for the year to date is set out in **Appendix 1**, and reflects a projected underspend of £0.012m, a minor change compared to the £0.014m underspend reported to the November Committee.
- 1.2 Most aspects of the forecast out-turn are broadly in line with the last report to Committee.
- 1.3 There have been two more significant changes in forecast since the last Committee, albeit with an offsetting effect in the context of the overall budget: an increase in the reported overspend on inspection, repairs and maintenance of £0.3m (within the Resources Team and Property Costs budget); and an increase in the underspend against Childcare and Early Learning budget of £0.5m.
- 1.4 While the net position for the Service as a whole is a slight projected underspend, as previously reported, there are a number of areas of significant variance across the Service, as described below.
- There remain a number of budget savings which will not be achieved in full within 2015-16. **Appendix 2** sets out the Quarter 3 RAG status of these.
  - 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 and 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.
- 1.5 The total budget for Care and Learning is £391.942m net, which represents an increase of £1.046m from the last reported position. The reasons for this net change are as follows, with the main element being the inclusion of funding to meet the pay award:

ICT Charges decrease in budget	-0.077
Procurement Savings decrease in budget (Printing & Associated Costs)	-0.003
Pay Award additional funding provided (additional 0.5% from 1% to 1.5%)	1.125
<b>Total</b>	<b>1.046</b>

## 2. Out of Authority Placements

- 2.1 The spend on Out of Authority placements continues to be very closely monitored and is subject to unplanned movements due to changes in placements for individual young people. Whilst earlier reports this financial year showed a reduced level of estimated overspend, this has been superseded by an increase in residential placements - particularly in the months of August and October/November 2015 - and a current estimated spend of £11.1m from the £10.1m allocated budget.
- 2.2 This budget is largely demand-led and an increase of two to three placements in any year can increase the budget spend by between £0.700m and £1m, which makes it extremely difficult to accurately estimate the final spend. Nevertheless, placements are continually monitored to determine whether young people's needs could be met in an alternative arrangement at less cost in Highland.
- 2.3 As previously reported, an ongoing legal dispute with another local authority could result in additional costs of up to £0.450m, plus ongoing placement 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 at a cost of over £0.050m this financial year. These costs account for 50% of the current estimated overspend.
- 2.4 There has been an increase in secure placements this financial year. Secure and step-down placements are typically the most expensive forms of residential care and activity is focused on moving those young people to appropriate and less expensive alternatives wherever possible. Work is ongoing to understand this increase and alter practice and provisions to reduce these placements if at all possible in the future. In this instance, the Council is susceptible to a Children's Hearing requiring that a child must be placed in secure care.
- 2.5 A new approach is also being trialled in a small sample of cases, whereby the budget for an out of authority placement will be accessed to support the return of young people to their home area or extended family, subject to the overall cost being less than the forecast cost of a continued out of authority placement.
- 2.6 Further information on placement numbers and unit costs by placement type will be brought to the next Committee.

### **3. Other Matters**

- 3.1 As highlighted within the monitoring report, inspection, repair and maintenance budgets remain under significant pressure, with an overspend forecast. The majority of expenditure within this budget relates to equipment inspection and maintenance contracts (circa £0.6m out of a £0.9m budget), implemented to ensure appropriate compliance with health and safety and other legislation, and address risk of HSE improvement notices. Some of the key inspection arrangements in place relate to: fire alarm systems, fixed electrical installations, wood dust extraction systems, ASN/mobility equipment and gym equipment.
- 3.2 Many of these contracts are relatively new, with increased or accelerated inspection regimes. As a result, the inspection regime is in some cases identifying a backlog of maintenance requirements which are essential to continued safe operation of the equipment. There is likely to be a short-term cost pressure until all such high priority maintenance works are completed, and inspection and maintenance arrangements move to more predictable level of expenditure. Contract arrangements are under review with officers in Development and Infrastructure, to assess ongoing budget requirements.
- 3.3 Over and above the equipment inspection and maintenance contracts referred to above, there is around £0.3m for all other maintenance responsibilities sitting with Care and Learning. Based on feedback from schools, facility managers and elected members, there is a need to review this budget and the arrangements in a number of key areas, including pitch and ground maintenance, and winter gritting and snow clearing arrangements. Work has commenced, with officers undertaking detailed assessment of artificial pitch maintenance requirements, and ongoing discussions with Community Services in relation to grounds and winter maintenance.
- 3.4 As the Council's financial position clearly makes additional revenue budget provision extremely challenging, the outcome of these various reviews may involve challenging discussions around re-prioritising maintenance effort. Subsequent reports will come to this Committee on maintenance strategy and funding requirements.

### **4. Implications**

- 4.1 Resource implications – are as set out within this report.
- 4.2 Legal implications – no implications to highlight at this time.
- 4.3 Equality implications – no implications to highlight
- 4.4 Climate Change/Carbon Clever implications – no implications to highlight.
- 4.5 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.
- 4.6 Gaelic and Rural Implications – nothing to highlight.

**5. Recommendation**

5.1 Members are asked to consider this report and

- a) Note the forecast out-turn based upon the year to 30 November;
- b) Note the status of the agreed budget savings, and mitigating action being taken to address forecast shortfall;
- c) Note the pressures in relation to inspection, repair and maintenance budgets, and the review work underway in relation to existing arrangements and budgets.

Designation: Director of Care and Learning

Date: 29 December 2015

Author: Brian Porter, Head of Resources

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

Nov-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	43,280	66,774	66,774	0
Primary Schools	36,637	59,392	59,002	(390)
Schools General	2,501	3,679	3,655	(25)
Learning and Teaching	1,432	1,377	1,377	0
	<b>83,850</b>	<b>131,222</b>	<b>130,807</b>	<b>(415)</b>
<b>Adult Services</b>				
Commissioned Adult Services	47,631	94,338	94,338	0
Commissioned HLH Services	10,490	14,034	14,034	0
Other Leisure Services	62	411	307	(104)
Services for Vulnerable Adults	2,338	3,192	3,276	84
Grants to Voluntary Organisations	2,568	3,012	2,846	(165)
	<b>63,089</b>	<b>114,985</b>	<b>114,800</b>	<b>(185)</b>
<b>Service Management and Resources</b>				
PPP	14,374	25,029	25,794	765
School Transport	6,502	14,088	14,066	(22)
Catering, Cleaning and Facilities Management	8,998	14,003	14,439	436
Pensions, Insurance and Other Pan-Service Costs	2,137	2,789	2,875	86
Resources Teams and Property Costs	2,685	4,365	5,231	866
Service Management Team and Support	2,442	2,331	2,088	(243)
Hostels	627	893	1,045	152
	<b>37,765</b>	<b>63,498</b>	<b>65,538</b>	<b>2,040</b>
<b>Children's Services</b>				
Looked After Children	13,692	20,295	21,086	791
Family Teams	9,980	16,420	15,597	(823)
Childcare and Early Learning	9,299	15,099	13,878	(1,221)
Other Services for Children	2,712	4,330	3,974	(356)
Commissioned Children's Services Income from NHS	(4,407)	(8,815)	(8,815)	0
	<b>31,276</b>	<b>47,330</b>	<b>45,721</b>	<b>(1,610)</b>
<b>Additional Support Services</b>				
Additional Support- Schools	18,033	27,519	27,718	200
Specialist Additional Support Services	4,707	7,389	7,347	(42)
	<b>22,740</b>	<b>34,908</b>	<b>35,066</b>	<b>158</b>
<b>TOTAL CARE AND LEARNING</b>	<b>238,719</b>	<b>391,942</b>	<b>391,931</b>	<b>(12)</b>
	£'000 Actual YTD YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
<b>BY SUBJECTIVE</b>				
Staff Costs	131,757	203,977	202,083	(1,894)
Other Costs	120,172	209,964	211,757	1,792
<b>Gross Expenditure</b>	<b>251,930</b>	<b>413,941</b>	<b>413,840</b>	<b>(101)</b>
Grants	(4,234)	(5,921)	(5,842)	79
Other Income	(8,976)	(16,077)	(16,067)	10
<b>Total Income</b>	<b>(13,210)</b>	<b>(21,998)</b>	<b>(21,909)</b>	<b>90</b>
<b>NET TOTAL</b>	<b>238,719</b>	<b>391,942</b>	<b>391,931</b>	<b>(12)</b>

2015/16 Savings Monitoring - Quarter 3  
Care and Learning

Ref.	Activity Heading	Savings Proposal	Savings			Comments
			2015/16 Agreed Budget Savings £m	Status R A Y G	2015/16 Projected Savings - Red & Amber Proposals £m	
1	Court Reports	Introduce charging for identified court reports undertaken by social workers, for example step-parent adoptions	0.010	Y	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	

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			Savings			
Ref.	Activity Heading	Savings Proposal	2015/16 Agreed Budget Savings £m	Status R A Y G	2015/16 Projected Savings - Red & Amber Proposals £m	Comments
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	Y	0.010	Some drop off in level of letting activity occurring as charges have increased. Will be considered as part of review of school lets charging policy, to review what remedial action can be taken.

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			Savings			
Ref.	Activity Heading	Savings Proposal	2015/16 Agreed Budget Savings £m	Status R A Y G	2015/16 Projected Savings - Red & Amber Proposals £m	Comments
29	PPP1	Estimated saving from renegotiation and refinancing of contract	0.350	A	0.035	Discussions ongoing with PPP providers around renegotiation of contract terms, with August Committee agreeing in principle to ongoing discussions around proposals. Slippage against expected implementation timescale and significant implications for overall level of saving expected to be delivered, as major savings from buy-out are not possible based on Scottish Government advice.
30	PPP2	Estimated saving from renegotiation and refinancing of contract	0.500	A	0.050	
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.

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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 - Red & Amber Proposals £m	
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>4.138</b>	

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