

The Highland Council
Education, Children and Adult Services Committee
17 March 2016

Agenda Item	5.
Report No	ECAS 18/16

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 Care and Learning revenue budget and gives the monitoring position for the current year as at the 31 January 2016. The report also provides information on actions being taken to deliver budget savings in Secondary Schools, approved in December 2014. Finally the report seeks approval to create staffing establishments in two new residential units that will provide alternatives to out of authority placements.

1. Care and Learning Revenue Budget

- 1.1 The overall Care and Learning budget now totals £393.738m, a £1.796m increase from the last reported position. The table below shows the component parts of the increase.

	£m
Teachers induction funding	1.378
Funding for maintenance of teacher numbers	0.468
Sutherland school transport procurement savings	-0.092
Transfer of EMA administration income budget to business support	0.043
ICT charges	-0.001
	<u>1.796</u>

- 1.2 The teachers induction funding reflects confirmation of the assumed amount that would be received in relation to probationer teachers. The funding for the maintenance of teacher numbers is the additional funding received in year from the Scottish Government to authorities that successfully maintained their teacher numbers, as confirmed by the September 2015 school census.

2. Revenue Monitoring for the period ended 31st January 2016

- 2.1 The Care and Learning budget monitoring statement is provided in **Appendix 1**, and forecasts a £0.406m underspend at year end.
- 2.2 This position shows a significant improvement from the near-balanced position last reported to this Committee in January, with the improvement due to a number of factors including changes in use of nursery partner providers,

increasing underspends in the family teams and children's social work, and a reduction in the forecast overspend in out of authority placements.

- 2.3 Work is ongoing within the Early Years service to deliver increased flexibility for parents in accessing their 600 hours of childcare as well as put in place a system that will support the Scottish Government's aspiration of delivering 1140 hours by 2020.
- 2.4 As part of the increased flexibility provided in local authority nurseries, there has been a slight reduction in the number of partner provider nurseries being used, and this has contributed to the increased underspend in the Early Years area.
- 2.5 The overall underspend in Early Years also reflects a slower than expected take up in nursery places by eligible two year olds, as well as delays in implementing the new management and support structure.
- 2.6 Part of this overall underspend will be carried forward into financial year 2016-17, as it will be needed to fund further flexibility around the delivery of nursery education. The remainder reflects the early achievement of approved 2016-17 budget savings.
- 2.7 As reported in previous months, there is an underspend associated with vacant posts in the Family Teams and this underspend has increased from the previous reported position. A number of other staffing underspends elsewhere across Children's Social Work are also now emerging.
- 2.8 These increasing staffing underspends are as a direct result of the vacancy freeze which has been introduced by the Council in response to the challenging budget situation.
- 2.9 Whilst a number of vacancies within Care and Learning are deemed essential posts and the recruitment freeze does not apply, there are a number of posts within the Service where recruitment activity has been frozen. It is anticipated that further underspends will arise due to posts of this nature becoming vacant in the remainder of the year. Due to the late stage in the year, these vacant posts should have a positive, if limited, impact on the year end outturn position.
- 2.10 The forecast overspend on out of authority placements is currently £1.099m, a reduction of £0.130 from the previously reported position. The improvement is due to a reduction in the number of new placements and a change in the mix of placements to less costly alternatives.
- 2.11 As previously reported, around half of the out of authority pressure reflects a likely one-off cost in relation to a legal dispute with another authority and a legal challenge by a separate young person about their current placement.
- 2.12 The month nine monitoring statement for Adult Social Care provided by NHS Highland forecasts a year end underspend of £0.305m. The Council is not

expecting any of this underspend to be returned to the Council as total spend on Adult Social Care will be in excess of the funding the Council provides to NHS Highland.

3. Care and Learning Budget 2016-17

- 3.1 The Council set its budget for 2016-17 at the Council meeting on the 25 February. As part of that budget, new savings proposals of £8.733m to be taken from the Care and Learning budget were approved.
- 3.2 A further reduction of £3.869m will be applied to the Care and Learning budget to reflect savings approved in December 2014. An assessment of the delivery of the 2015-16 element of the savings approved in December 2014 is included at **Appendix 2**.
- 3.3 The Service will also be required to contribute to corporate savings targets approved in both December 2014 and February 2016. The exact impact of these items on the Care and Learning budget is not yet confirmed, but is likely to be significant, particularly the saving relating to voluntary redundancy.
- 3.4. The Service has a number of underlying budget pressures which, unless addressed, will recur in financial year 2016-17 and beyond. These budget pressures have been the subject of previous monitoring reports and the most significant among them include repairs and servicing contracts, out of authority placements, facilities management, special schools and unachieved budget savings. If these pressures cannot be reduced, the Service will need to find additional budget savings elsewhere to offset them.

4. Secondary school budget savings

- 4.1 In December 2014, a number of budget savings that will impact on Secondary Schools were approved. The savings covered financial years 2015-16, 2016-17 and subsequent years. The most significant of these savings were:

	2015/16	2016/17	2017/18
Savings Proposal	£m	£m	£m
Remove any over entitlement teaching posts	0.52	0.28	
Reduce teaching staff allocation by 1%		0.4	0.2
Use of more technology to deliver the curriculum		0.4	0.2

- 4.2 Due to the requirement to maintain teacher numbers in 2015-16, only limited progress could be made to address over entitlement teaching posts during the year. The failure to deliver this saving was almost fully mitigated by the additional funding for maintenance of teacher numbers provided by the Scottish Government.
- 4.3 In addition, some extra posts were agreed in schools on a temporary basis to ensure the teacher numbers target was met, and also to allow schools to transition from their current staffing levels to the level required for August 2016, without fear of budget overspend and ensuing impact on their DSM

balances.

- 4.4 These additional posts were funded from underspends elsewhere in the education budget, principally the benefit of funding for probationer teachers.
- 4.5 Work has been taking place and is ongoing with schools to ensure all school have staffing within their DSM formula entitlement by August 2016.
- 4.6 The table below shows overall pupil and staffing numbers for secondary schools at the respective times - the figures for August 2016 are the current planning estimates.

	Aug-16	Aug-15	Aug-14
School Roll	13,620 (est)	13,626	13,653
Staffing FTE Entitlement	976*	1,009	1,010
Additional Agreed FTE	0	38	26
Gaelic FTE	21	21	21
Total Staffing FTE	997	1,068	1,057

*DSM formula adjusted from August 2016 to reflect approved budget savings

- 4.7 The overall reduction in school staffing required to be implemented by August 2016 equates to 71fte. It is envisaged that the process of reducing staff numbers will be assisted by normal turnover, some redeployment and some voluntary redundancies. This is being managed with Head Teachers on a school-by-school basis.
- 4.8 In agreeing its funding settlement for 2016-17 with the Scottish Government, the Council committed to supporting the current national pupil to teacher ratio across all Scottish schools. Whilst the reductions in secondary teachers detailed above will present some risk around that commitment, it is considered a necessary risk to ensure equity of provision and to achieve a balanced budget. The risk will be mitigated by the continued focus on teacher recruitment, increasing staffing levels in Primary Schools, and additional teachers placed in Primary Schools in deprived areas to raise attainment.

5. Staffing establishment changes for new residential provisions

- 5.1 Further to a report on the Out of Authority Programme to ECAS committee in August 2015, the Service is seeking support to create the staffing establishment for two new provisions. One is a small residential unit on the Black Isle, which will accommodate two younger children who are currently out of Highland in specialist placements, costing on average over £180,000 per child per annum.
- 5.2 The Service aims to return these children to Highland, and the provision will be staffed by six Social Care Workers. It is estimated that £150,000 per annum will be saved by providing this unit in Highland as compared with the young people remaining out of area.
- 5.3 In addition a property has been purchased near the Orchard (Children's

Respite Centre) in Inverness to accommodate older young people from the centre. This enables us to return two young people with disabilities from out of area placements costing an average of over £200,000 per child per annum, and again enables the Council to reduce spending on these placements as a result.

- 5.4 The provision will be staffed by 6 Social Care workers. It is anticipated that £150,000 per annum will be saved by providing this unit in Highland as compared with the young people remaining out of area. The house location near the Orchard offers staffing flexibility and an opportunity to utilise Drummond school grounds and the Orchard facilities.
- 5.5 Management support for both of these units will be provided from within existing management capacity in the Orchard and Ashton Road residential units.
- 5.6 The cost of employing these twelve new staff for both provisions is £384,000 per year and the property and running costs of the facilities are estimated to be in the region of £80,000 per year.
- 5.7 The total cost of the new provisions will be funded through the savings made in out of area placement for the young people placed. The savings in excess of the cost of the new provisions will help reduce the overspend on the Out of Authority budget.

6. Implications

- 6.1 **Resources:** these are set out within this report.
- 6.2 **Legal, Equalities, Climate Change/Carbon Clever, Risk, Gaelic and Rural** – there are no implications to highlight.

7. Recommendation

- 7.1 Members are asked to:
- Consider the report and approve the forecast outturn position;
 - Approve the staffing establishments for the two new residential units

Designation: Director of Care and Learning

Date: 4 March 2016

Jan-16	£'000 Actual YTD YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Education Services				
Secondary Schools	55,659	68,068	68,068	0
Primary Schools	46,588	59,401	58,970	(431)
Schools General	1,646	4,250	4,316	66
Learning and Teaching	1,656	1,395	1,303	(92)
	105,549	133,114	132,657	(457)
Adult Services				
Commissioned Adult Services	47,773	94,338	94,338	0
Commissioned HLH Services	10,663	14,084	14,084	0
Other Leisure Services	49	411	309	(102)
Services for Vulnerable Adults	2,979	3,222	3,357	135
Grants to Voluntary Organisations	2,690	2,941	2,846	(95)
	64,154	114,996	114,934	(62)
Service Management and Resources				
PPP	19,482	25,029	25,794	765
School Transport	8,297	13,996	13,771	(225)
Catering, Cleaning and Facilities Management	11,269	14,003	14,428	425
Pensions, Insurance and Other Pan-Service Costs	2,449	2,801	2,888	87
Resources Teams and Property Costs	3,962	4,364	5,419	1,055
Service Management Team and Support	1,683	2,318	2,262	(56)
Hostels	810	893	1,041	148
	47,952	63,404	65,603	2,199
Children's Services				
Looked After Children	17,697	20,391	21,005	614
Family Teams	12,640	16,481	15,494	(987)
Childcare and Early Learning	11,610	15,098	13,742	(1,356)
Other Services for Children	3,203	4,293	3,697	(596)
Commissioned Children's Services Income from NHS	(4,450)	(8,945)	(8,945)	0
	40,700	47,318	44,993	(2,325)
Additional Support Services				
Additional Support- Schools	22,861	27,517	27,811	294
Specialist Additional Support Services	5,972	7,389	7,334	(55)
	28,833	34,906	35,145	239
TOTAL CARE AND LEARNING	287,188	393,738	393,332	(406)
BY SUBJECTIVE				
Staff Costs	167,138	206,297	204,608	(1,689)
Other Costs	135,846	209,728	211,139	1,411
Gross Expenditure	302,984	416,025	415,747	(278)
Grants	(5,436)	(6,242)	(6,131)	111
Other Income	(10,360)	(16,045)	(16,284)	(239)
Total Income	(15,796)	(22,287)	(22,415)	(128)
NET TOTAL	287,188	393,738	393,332	(406)

Ref.	Activity Heading	Savings Proposal	Savings				Staff Impact			
			2015/16 Agreed Budget Savings £m	Status R A Y G	2015/16 Projected Savings - Red & Amber Proposals £m	Comments	2015/16 Staff Impact per Agreed Savings Proposal FTE	2015/16 Projected Staff Impact FTE	(Select from Drop-down List) Category	Comments
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 - some 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		2.0	2.0	Management of & non-filling of vacancies	
5	Fostering and Adoption	Reduction in staff budget and in other fostering and adoption costs	0.047	G	0.047		0.8	0.8	Management of & non-filling of vacancies	
6	'Grow Your Own Professionals'	Convert identified posts into traineeships, assisting people to qualifications	0.100	G	0.100					There are no fewer staff, however staff employed are at a lower grade.
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 was delayed which will impact on savings in 15/16.	4.5	3.0	Management of & non-filling of vacancies	

Ref.	Activity Heading	Savings Proposal	Savings			Staff Impact				
			2015/16 Agreed Budget Savings £m	Status R A Y G	2015/16 Projected Savings - Red & Amber Proposals £m	Comments	2015/16 Staff Impact per Agreed Savings Proposal FTE	2015/16 Projected Staff Impact FTE	(Select from Drop-down List) Category	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		3.0	3.0	Management of & non-filling of vacancies	
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		5.0	5.0	Combination (analysis in comments box)	Combination of posts held vacant, use of fixed term posts and re-deployment. Redundancy only as a last resort.
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, to consider what remedial action can be taken.				
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				

Ref.	Activity Heading	Savings Proposal	Savings				Staff Impact			
			2015/16 Agreed Budget Savings £m	Status R A Y G	2015/16 Projected Savings - Red & Amber Proposals £m	Comments	2015/16 Staff Impact per Agreed Savings Proposal FTE	2015/16 Projected Staff Impact FTE	(Select from Drop-down List) Category	Comments
30	PPP2	Estimated saving from renegotiation and refinancing of contract	0.500	A	0.050	Proposals: Onpage 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.				
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		2.0	2.0	Re-deployment	
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, and it is envisaged that some savings will be confirmed at year end. At individual school level, planning for all over entitlement posts to be removed by August 2016	13.0	0.0		
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	tbc	tbc		
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.	tbc	tbc		
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		tbc	tbc		

Ref.	Activity Heading	Savings Proposal	Savings			Staff Impact				
			2015/16 Agreed Budget Savings £m	Status R A Y G	2015/16 Projected Savings - Red & Amber Proposals £m	Comments	2015/16 Staff Impact per Agreed Savings Proposal FTE	2015/16 Projected Staff Impact FTE	(Select from Drop-down List) Category	Comments
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	Further review currently taking place, including assessment of transport implications, with expectation that a number of secondaries will shift to a 33 pw from August 2016. However, financial savings are not expected at this time.	3.7	tbc		
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		1.0	1.0	Retirement	
52	Resource Manager Youth Justice	Delete post	0.025	G	0.025		0.5	0.5	Re-deployment	
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		4.138		35.5	17.3		

Ref.	Activity Heading	Savings Proposal	Savings			Staff Impact			
			2015/16 Agreed Budget Savings £m	Status R A Y G	2015/16 Projected Savings - Red & Amber Proposals £m	Comments	2015/16 Staff Impact per Agreed Savings Proposal FTE	2015/16 Projected Staff Impact FTE	(Select from Drop-down List) Category

Alternative Measures Identified to Address Shortfall in Budget Savings

Description of Alternative Measure	Projected 2015/16 Savings from Alternative Measures £m
General vacancy management pan-service	1.000
Delays in implementing newly funded initiatives	0.500
Use of earmarked funds for maintenance of teacher numbers	0.322
Total 2015/16 Projected Savings from Alternative Measures	1.822