

The Highland Council
Education, Culture and Adult Services Committee
26 January 2017

Agenda Item	5.
Report No	ECAS 01/17

Revenue Budget

Report by Director of Care and Learning

Summary

This report provides members with an update on the Care and Learning revenue budget position to the end of December 2016.

1. Background

- 1.1 This report sets out the monitoring position for the Service as at December 2016.
- 1.2 The report also provides an update on the RAG status of current year 2016/17 budget savings, including the Care and Learning Service share of transformational savings.

2. Monitoring Position 2016/17

- 2.1 The monitoring forecast for the year to 30 December is attached as **Appendix 1**. The statement forecasts a year end overspend of £0.668m, representing 0.17% of budget, and an improvement on the £1.362m variance reported to the last Committee. The main variances are summarised below:-

- Family Teams – underspend on staff costs due to vacancies. Further information on vacancies held is set out later in this report.
- Childcare and Early Learning – underspend reflecting updated forecasts.
- Other Services for Children - underspend on staff costs in Youth Action Services due to vacancies.
- Specialist Additional Support Services – underspend on equipment and material budgets, and arising from staff vacancies.
- Service Management Team – underspend arises from review of centrally held budgets, and ongoing vacancy management.
- Primary and Schools General - a forecast underspend on Class Contact Reduction within Primary budgets based on past trends, largely offset by overspends in Schools General related to impact of budget saving targets.
- PPP Contracts – as reported to Committee in August, savings have now been achieved within the PPP2 contract, and the monitoring reflects a one-off gain of £0.320m in the year, in addition to ongoing savings of £0.100m p.a. from the negotiated deal, and £0.100m on insurance.
- School transport – a forecast overspend due to the increased number of school days falling within the 2016/17 financial year (budgets are set on a baseline number of school days, though discussions are taking place with Finance with regard to budget setting for future years).

- Property costs – there continues to be a forecast overspend on inspection and maintenance contracts, as was the case in 2015/16 and per previous reports to this Committee. This is reflective of a more robust arrangement for inspection of equipment and response to maintenance issues arising.
- Hostels – as previously reported to Members, there is an unachieved saving target of £0.100m against hostels, agreed in prior years.
- Unallocated Corporate Savings – as previously reported, there are a number of corporate savings allocated to the Service, and currently held within this budget. These include savings for attendance management, agency staff, recruitment freeze and procurement. These saving targets are being held centrally pending identification of the specific savings which will be attributed to the target, and which sit against budgets across the Service. These overspends therefore need to be considered against underspends reported elsewhere within the Service.
- Looked After Children – forecast overspend, in line with previous reports to this Committee.

2.2 The monitoring statement reflects an improvement from the position last reported to members, and the Service Management Team continue to give consideration to what actions are required and achievable to address the remaining overspend.

23 The following table explains the movement in overall Service budget from the last report to this Committee.

	£m	£m
Budget Sept 2016 – per October Committee		389.481
Teacher Induction Scheme	1.888	
1+2 Languages Funding	0.154	
Extension of Free School Meals	0.050	
Property Rationalisation Savings	-0.026	
ICT charges	-0.003	
		2.063
Budget December		391.544

2.4 An updated RAG (Red/Amber/Green) status has been prepared for the current list of budget savings for Care and Learning. This is attached as **Appendix 2a**. This list reflects all Care and Learning Service savings, as well as a supplementary list (**Appendix 2b**) for those corporate and transformational savings now allocated against the Service.

2.5 The staffing in Family Teams covers a wide range of management, supervisory and practitioner posts across the health and social care spectrum. Vacant posts arise routinely and are normally freed for recruitment. Currently, there are some restrictions due to the need to hold vacant posts for the potential redeployment of staff affected by service reductions. This does not apply to health posts, which are not affected by any recruitment restrictions. As of December, the vacancies can be summarised as follows:

- Mid area – 7.4 FTE
- North area – 7.9 FTE
- South area – 14 FTE
- West area – 5.7 FTE.

2.6 The range of vacant posts covers all types with the largest groups being: 6 Care and Protection Support Workers; 6.7 Social Workers; 4.5 Health Visitors; and 3.7 School Nurses.

3. Implications

3.1 **Resources** – as set out within this report and annexes.

3.2 **Climate Change/Carbon Clever** – the savings proposals set out in **Appendices 2a** and **2b** include savings associated with energy efficiency which should contribute to the Council's climate change targets.

3.3 **Risk** – **Appendices 2a and 2b** set out the RAG status of budget savings.

3.4 There are no **legal, equalities, Gaelic** or **rural** implications to highlight.

4. Recommendation

4.1 Members are asked to consider this report and

- a) Note the forecast out-turn for the 2016/17 financial year.
- b) Agree the Red/amber/Green (RAG) status of budget savings.

Designation: Director of Care and Learning

Date: 13 January 2017

Author: Brian Porter, Head of Resources

CARE AND LEARNING SERVICE REVENUE MONITORING REPORT- 2016-17

1st April 2016 to 31st December 2016	£'000 Actual YTD YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Education Services				
Secondary Schools	48,705	68,895	68,895	0
Primary Schools	44,462	61,171	60,868	(303)
Schools General	2,468	2,554	2,904	349
Learning and Teaching	1,257	1,309	1,309	0
	96,892	133,930	133,976	46
Adult Services				
Commissioned Adult Services	46,205	91,820	91,820	0
Commissioned HLH Services	10,774	14,359	14,359	0
Other Leisure Services	111	177	112	(65)
Services for Vulnerable Adults	2,060	2,767	2,764	(3)
Grants to Voluntary Organisations	1,691	1,730	1,721	(9)
	60,841	110,854	110,777	(77)
Service Management and Resources				
PPP	16,444	26,460	25,940	(520)
School Transport	9,714	13,364	13,872	508
Catering, Cleaning and Facilities Management	9,824	13,473	13,541	68
Pensions, Insurance and Other Pan-Service Costs	2,322	2,801	2,892	90
Resources Teams and Property Costs	3,997	4,398	5,278	881
Service Management Team and Support	2,354	3,673	3,032	(641)
Hostels	726	918	1,033	115
Unallocated Corporate Savings	0	(937)	0	937
	45,381	64,151	65,588	1,438
Children's Services				
Looked After Children	15,816	20,186	21,351	1,165
Family Teams	11,845	16,386	15,547	(839)
Childcare and Early Learning	11,399	15,768	15,496	(272)
Other Services for Children	2,552	3,916	3,506	(410)
Commissioned Children's Services Income from NHS	(4,616)	(9,274)	(9,274)	0
	36,996	46,982	46,626	(356)
Additional Support Services				
Additional Support- Schools	20,935	28,164	28,057	(106)
Specialist Additional Support Services	5,215	7,464	7,187	(277)
	26,150	35,627	35,245	(383)
TOTAL CARE AND LEARNING	266,260	391,544	392,212	668

	£'000 Actual YTD YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY SUBJECTIVE				
Staff Costs	154,053	211,098	208,311	(2,789)
Other Costs	126,421	205,917	207,952	2,036
Gross Expenditure	280,474	417,015	416,263	(753)
Grants	(4,467)	(7,008)	(7,045)	(36)
Other Income	(9,747)	(18,463)	(17,006)	1,457
Total Income	(14,214)	(25,471)	(24,051)	1,421
NET TOTAL	266,260	391,544	392,212	668

2016/17 - 2018/19 Savings

Appendix 2a

Service	Activity Heading	Savings Proposal	Savings				Saving RAYG (enter R, A, Y, or G)	Projected saving-red amber yellow	Comment
			2016/17 £m	2017/18 £m	2018/19 £m	3 Year Total £m			
C&L	Transfer of Residential Properties	Saving of the maintenance budget following the planned transfer of former ECS residential properties to Community Services	0.030			0.030	R	0.000	Transfer arrangements are progressing however no saving in maintenance is expected due to the need to address existing condition issues.
C&L	Management of Secondary School Facilities	Transfer of management of secondary school community use to HLH	0.025	0.025	0.025	0.075	R	0.000	Saving subject to the wider review of the future of the Catering, Cleaning and FM function.
C&L	Residential care	Cease use of all spot purchased beds with external contractor	0.550	0.450		1.000	A	0.300	
C&L	Secondary Education	Use of more technology to deliver the curriculum	0.400	0.200		0.600	A		
C&L	Conserved teacher salaries	Current national conservation of salary arrangement ends April 2016	0.200			0.200	A		Conservation has ceased, though due to staff turnover the level of saving is lower than had been expected.
C&L	School Catering	Redesign menu options to effect cost savings. The proposal will continue to meet required nutritional standards for school meals. The saving equates to a c4% reduction in food costs.	0.160			0.160	A	0.120	Saving forecast lower than expected.
C&L	School Lets	Increased income from school lets, arising from school lets review and potential changes to that policy in relation to free lets.	0.150			0.150	A	0.075	Progress with review delayed given ongoing review of CCFM. Discussions now taking place with D&I regarding moving review forward with all aspects of the letting function to be within the remit of the new service residing in D&I.
C&L	Management and staffing savings	Management Savings - 2 posts- C&L senior management structure	0.150			0.150	A	0.110	Saving implemented and 2 posts released under VR, albeit the saving lower than the sum forecast.
C&L	Secondary Education	Re-job sizing secondary school promotion structures	0.100	0.050	0.100	0.250	A		
C&L	Eden Court	16.8% saving target	0.100			0.100	A	0.089	
C&L	School Lets	Over and above existing savings relating to the phasing out of free lets, look to further increase the charges levied on users.	0.035			0.035	A	0.017	See comment for school lets above
C&L	School Transport	Review arrangements for Gaelic school transport provision to target a 6% saving against the current spend of £0.332m	0.020			0.020	A	0.010	Policy in relation to this aspect of transport under review with report back to come back to Committee.
C&L	School Transport	Review arrangements for school transport provision to denominational schools to target a 6% saving against the current spend of £0.070m	0.004			0.004	A	0.002	Policy in relation to this aspect of transport under review with report back to come back to Committee.
C&L	NHSH Adult Services	4.3% Saving Target	4.100			4.100	G		

2016/17 - 2018/19 Savings

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			2016/17 £m	2017/18 £m	2018/19 £m	3 Year Total £m			
C&L	Early Years staffing re-structure	Maximisation of grant funding	0.438			0.438	G		
C&L	Secondary Education	Reduce teaching staff allocation by 1%	0.400	0.200		0.600	G		
C&L	Cleaning Services	Major review of service to look at service standards and options for service delivery	0.400			0.400	G		
C&L	Highlife Highland	4.3% saving target (£0.148m savings already included in HC 18/12/14 agreed savings)	0.325			0.325	G		
C&L	Secondary Education	Remove any over entitlement teaching posts	0.280			0.280	G		
C&L	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.	0.250	0.200		0.450	G		
C&L	Community Health co-ordinators	Stop funding to NHS Highland to provide targeted support to areas	0.240			0.240	G		
C&L	Health Weight Dieticians	Stop funding to NHS Highland to provide dietary advice in areas of need	0.200			0.200	G		
C&L	Primary and Secondary Education	Efficiency saving from revised school management	0.200	0.300	0.300	0.800	G		
C&L	Savings from specialist services	Closure of the Black Isle Education Centre with full saving achieved as a result.	0.200			0.200	G		
C&L	Highlife Highland	4% reduction in funding for HLH in 2015/16 and a 1% reduction in the following three financial years	0.140	0.140	0.140	0.420	G		
C&L	School Catering	Increase school meal prices over the next 4 years by 10p per meal per annum in addition to the inflationary increase	0.138	0.135	0.131	0.404	G		
C&L	Early Years	Removal of PTs & QIO in Early Years	0.130	0.070		0.200	G		
C&L	School Transport	Additional Support Needs transport - a review to achieve a 6% saving target on ASN transport costs of £2.1m (incl c£0.350m on escorts).	0.126			0.126	G		
C&L	Senior management	Deletion of 2FTE posts- Children's services	0.120			0.120	G		
C&L	Unallocated budget	Funding not specifically allocated, earmarked for community capacity building	0.106			0.106	G		

2016/17 - 2018/19 Savings

Appendix 2a

Service	Activity Heading	Savings Proposal	Savings				Saving RAYG (enter R, A, Y, or G)	Projected saving-red amber yellow	Comment
			2016/17 £m	2017/18 £m	2018/19 £m	3 Year Total £m			
C&L	Learning & Teaching	Remove Curriculum Development Secondments	0.105			0.105	G		
C&L	Early Years staff training	Reduce budget	0.100			0.100	G		
C&L	Education Central Budgets	Change the parameters when central supply cover kicks in	0.100			0.100	G		
C&L	Cleaning Services	Over and above the saving from the primary school week, and existing agreed savings currently being implemented of £580k, implement further reductions to cleaning specification across buildings.	0.090			0.090	G		
C&L	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			0.090	G		
C&L	CAMHS	Deletion of posts (Child and Adolescent Mental Health service)	0.086			0.086	G		
C&L	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			0.085	G		
C&L	Primary and Secondary Education	A 6% reduction in school non-staffing DSM budgets	0.080	0.070		0.150	G		
C&L	3rd party grants and payments	Reduction of 5% in grants and support to 3rd party organisations providing culture, leisure and learning services in 2016/17. Further reduction of 45% in the budget from August 2017, linked with major policy review. (Proposal excludes HLH Ltd, Inverness Leisure & Eden Court which are covered by proposal 45).	0.063	0.373	0.200	0.636	G		
C&L	Wrap-around childcare	Increase income target	0.060			0.060	G		
C&L	Savings from specialist services	Stop providing an Autism Outreach Education Service by raising the level of awareness and understanding of ASD at a local level through a systematic training strategy delivered at an Area level (50k – 1FTE coordinator post)	0.050			0.050	G		
C&L	Education Central Support	Reduce manpower and workforce planning teams	0.050	0.050		0.100	G		

Service	Activity Heading	Savings Proposal	Savings				Saving RAYG (enter R, A, Y, or G)	Projected saving-red amber yellow	Comment
			2016/17 £m	2017/18 £m	2018/19 £m	3 Year Total £m			
C&L	Savings from specialist services	Reduction in ASL Legislation budget that is generally underspent by managing the risk of legal challenge effectively at an earlier stage (50k);	0.050			0.050	G		
C&L	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)	0.050			0.050	G		
C&L	External funding officer	Delete post - post currently vacant. Duties will require to be undertaken by commissioning officer and Head of Service	0.046			0.046	G		
C&L	Commissioning officer post	Delete post - post currently vacant. Duties will require to be undertaken by existing post holder	0.045			0.045	G		
C&L	Resources Teams - Service Information and Support	On the assumption that the Council reaches agreement with NHSH over the transfer of resources back to the Council, to provide specialist business support, there may be scope to achieve savings through integration and restructuring of these resources within the existing SIAS team.	0.030			0.030	G		
C&L	Catering Services	Increased income generation - with a focus on commercial opportunities and new income sources.	0.030			0.030	G		
C&L	School Transport	Charges for concessionary places - the charges are currently set at a flat rate of £1 per day. The charge will be reviewed, with a view to a flat increase for all charges, or introducing a sliding scale based on route distance. A 100% increase on existing income could produce £25k.	0.025			0.025	G		
C&L	Resource Manager Youth Justice	Delete post	0.025			0.025	G		
C&L	School Catering	Introduce charging for school hostel pupil lunches.	0.023			0.023	G		
C&L	School Lets	Additional income generation from more consistent application of the existing 2009 school lets policy	0.020			0.020	G		
C&L	Music Tuition	A 10% reduction in the Music tuition budget	0.020	0.050		0.070	G		
C&L	Plockton School of Music	6% saving target on funding provided	0.014			0.014	G		

2016/17 - 2018/19 Savings

Appendix 2a

Service	Activity Heading	Savings Proposal	Savings				Saving RAYG (enter R, A, Y, or G)	Projected saving-red amber yellow	Comment
			2016/17 £m	2017/18 £m	2018/19 £m	3 Year Total £m			
C&L	Primary and Secondary Education	CPD training budget	0.010			0.010	G		
C&L	Highlife Highland	4% reduction in funding for Inverness Leisure in 2015/16 and a 1% reduction in the following three financial years	0.008	0.008	0.008	0.024	G		
C&L	Savings from specialist services	Reduction in SLA to Glachbeg Farm as only 2 of the 3 days currently contained within the SLA are used consistently (6k).	0.006			0.006	G		
C&L	Blindcraft	6% Saving Target in 16/17	0.003			0.003	G		
C&L	Education Central Budgets	Skills for work funding	0.060			0.060	TBC		
C&L	Eden Court	4% reduction in funding for Eden Court in 2015/16 and a 1% reduction in the following three financial years	0.005	0.005	0.005	0.015	TBC		

2016/17 - 2018/19 Corporate & Transformation Savings

Appendix 2b

Ref.	Activity Heading	Savings Proposal	16/17 Allocation Comments	2016/17		Comment
				2016/17 Service Allocations C&L £m	Saving RAYG (enter R, A, Y, or G)	
Corp 5	Voluntary Severance	Voluntary Severance	Allocation agreed 30/05/16 (includes £300k for ASN)	-1.933	G	
PIM16	Transport Programme	Seeking contract variation opportunities for school and public bus services provision; home-to-school transport efficiencies; future services provision re-tendering	Allocation agreed 30/05/16	-0.506	G	School transport tendering exercise now concluded.
Corp 6	Recruitment Freeze	Recruitment freeze for non-exempt posts	Allocation agreed 30/05/16	-0.288	G	
Corp 4, TSP Proc 1 & 3, TSP WPP4-SSJV9	Procurement	Procurement Shared Service & Collaborative Spend	Allocation agreed 30/05/16	-0.299	A	Awaiting further details of the specific procurement activity which will deliver the anticipated saving.
Corp 2	Fees & Charges	10% increase on all fees and charges that are not nationally set, or a different amount has already been agreed	Allocation already included within HC 25/02/16 Service budgets; Based on actual % increases for individual fees & charges budgets	-0.175	G	
PIM1 & PIM20	Entitlements & Digital Services	Simplifying & streamlining entitlements applications processes Channel shift activity - increase the number of services accessible on-line, via the Council's website, and via the Council's Service Centre	Allocation agreed 30/05/16	-0.192	R	Forecast saving will result in time savings within the school office and other care and learning teams. At this time it is not anticipated this saving can be realised as a cashable saving.
Corp 3	Energy	Reduced consumption, pricing & behavioural change	Allocation agreed 30/05/16	-0.166	A	Delivery subject to progress with delivery of corporate action plan to reduce consumption.
	Information Management		Allocation agreed 30/05/16	-0.070	R	Pending clarification of the expected cashable savings the project can deliver.

2016/17 - 2018/19 Corporate & Transformation Savings

Appendix 2b

Ref.	Activity Heading	Savings Proposal	16/17 Allocation Comments	2016/17		Comment
				2016/17 Service Allocations C&L £m	Saving RAYG (enter R, A, Y, or G)	
PIM8	Fuel Procurement	Rationalise arrangements for fuel procurement	Agreed to allocate 30/05/16; WG to confirm sums per service ; Final allocation agreed 25/07/16	-0.013	G	
Corp 1	Salary Sacrifice	Savings from salary sacrifice schemes	Allocate proportionate to take up of schemes in year to date	-0.113	A	Further scheme uptake over the course of the year should provide a better indication of achievement of saving.
Corp 7	Management and staffing savings	Agency Staff	Allocation agreed 30/05/16	-0.054	R	Will be managed as part of a wider 'staff budget' saving.
PIM27	Reduction in Light Vehicles and Plant	3 year programme to reduce the number of items of light vehicles and plant utilised full-time by the Council	Allocation agreed 30/05/16	-0.054	A	Awaiting details from the project of how/where the specific savings will be achieved.
	Savings to be Identified		To be considered at 27/06/16 Board	-0.001	G	
PIM2	Attendance Management	Reduction in sickness absence by continuing to adopt a robust and consistent approach to attendance management	Allocation agreed 30/05/16	-0.106	R	Will be managed as part of a wider 'staff budget' saving.
PIM2A	Travel, Subsistence and Overtime	Reduction in the costs of staff travel, subsistence and overtime through management action and greater use of technology	Allocation agreed 30/05/16	-0.051	A	Budgets will be top-sliced but ongoing monitoring will be required to establish of expenditure trends have altered also.

2016/17 - 2018/19 Corporate & Transformation Savings

Appendix 2b

Ref.	Activity Heading	Savings Proposal	16/17 Allocation Comments	2016/17		Comment
				2016/17 Service Allocations C&L £m	Saving RAYG (enter R, A, Y, or G)	
Agreed TSPB 17/08/15	Invergordon SW Office Relocation	Invergordon SW Office Relocation	Allocated in full to C&L budget	-0.050	G	
Total				-4.071		