

The Highland Council
Education, Culture and Adult Services Committee
1 March 2017

| | |
|-------------|------------|
| Agenda Item | 5. |
| Report No | ECAS 13/17 |

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 January 2017.

1. Background

- 1.1 This report sets out the monitoring position for the Service as at end January 2017.
- 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 31 January is enclosed as **Appendix 1**. The statement forecasts a year end overspend of £0.275m, representing 0.07% of budget, an improvement on the £0.668m variance reported to the last Committee. The main factors in the improvement from the last report are an increased insurance rebate for the PPP2 contract, the positive impact of the new school transport contracts and reduction in the forecast overspend on the Looked after Children budget. Overall, the main variances across the Service budget are as summarised below:

- Service Management Team – underspend arises from review of centrally held budgets, and ongoing vacancy management.
- Family Teams – underspend on staff costs due to vacancies.
- 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.
- 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 £0.2m on insurance.

- Primary and Schools General - a forecast underspend on Class Contact Reduction within Primary budgets based on past trends, and overspends in Schools General related to the impact of budget saving targets.
- 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). Mitigated to some extent by the impact on new school transport contracts.
- 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, as previously reported to this Committee, albeit reduced.

2.2 The monitoring statement reflects an improvement from the position last reported to Members. It is envisaged that this improvement will continue in the remainder of this financial year.

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

| | £m | £m |
|---|--------|---------|
| Budget December 2016 | | 391.544 |
| Teacher Induction Scheme | -0.004 | |
| Conon Family Resource Centre transferred to Housing | -0.006 | |
| | | -0.010 |
| Budget January 2017 | | 391.534 |

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 enclosed 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.

3. Implications

- 3.1 **Resource** implications are as set out within this report and appendices.
- 3.2 **Climate Change/Carbon Clever** – the savings proposals set out on annex 2a and 2b include savings associated with energy efficiency which should contribute to the Council's climate change targets.
- 3.3 **Risk** implications – annex 2a and 2b sets out the RAG status of budget savings.
- 3.4 There are no **Legal, Equalities, Gaelic** or **Rural** implications.

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: 20 February 2017

Author: Brian Porter, Head of Resources

CARE AND LEARNING SERVICE REVENUE MONITORING REPORT- 2016-17

| 1st April 2016 to 31st January 2017 | £'000 Actual YTD YTD | £'000 Annual Budget | £'000 Year End Estimate | £'000 Year End Variance |
|--|----------------------------|---------------------------|-------------------------------|-------------------------------|
| BY ACTIVITY | | | | |
| Education Services | | | | |
| Secondary Schools | 54,229 | 68,977 | 68,977 | 0 |
| Primary Schools | 49,393 | 61,341 | 61,166 | (175) |
| Schools General | 2,674 | 2,450 | 2,696 | 246 |
| Learning and Teaching | 1,375 | 1,309 | 1,309 | 0 |
| | 107,671 | 134,076 | 134,147 | 71 |
| Adult Services | | | | |
| Commissioned Adult Services | 46,269 | 91,820 | 91,820 | 0 |
| Commissioned HLH Services | 10,774 | 14,359 | 14,359 | 0 |
| Other Leisure Services | 101 | 177 | 102 | (75) |
| Services for Vulnerable Adults | 2,447 | 2,767 | 2,746 | (21) |
| Grants to Voluntary Organisations | 1,721 | 1,730 | 1,707 | (23) |
| | 61,312 | 110,854 | 110,735 | (119) |
| Service Management and Resources | | | | |
| PPP | 19,558 | 26,460 | 25,803 | (658) |
| School Transport | 11,092 | 13,364 | 13,797 | 433 |
| Catering, Cleaning and Facilities Management | 10,967 | 13,473 | 13,547 | 75 |
| Pensions, Insurance and Other Pan-Service Costs | 2,480 | 2,801 | 2,897 | 96 |
| Resources Teams and Property Costs | 4,423 | 4,391 | 5,308 | 917 |
| Service Management Team and Support | 2,295 | 3,673 | 2,990 | (683) |
| Hostels | 809 | 918 | 1,029 | 111 |
| Unallocated Corporate Savings | 0 | (937) | 0 | 937 |
| | 51,624 | 64,145 | 65,371 | 1,227 |
| Children's Services | | | | |
| Looked After Children | 17,394 | 20,186 | 21,219 | 1,033 |
| Family Teams | 13,107 | 16,386 | 15,539 | (848) |
| Childcare and Early Learning | 12,416 | 15,313 | 15,041 | (272) |
| Other Services for Children | 3,096 | 4,221 | 3,773 | (449) |
| Commissioned Children's Services Income from NHS | (4,616) | (9,274) | (9,274) | 0 |
| | 41,397 | 46,832 | 46,297 | (535) |
| Additional Support Services | | | | |
| Additional Support- Schools | 23,294 | 28,164 | 28,135 | (28) |
| Specialist Additional Support Services | 5,785 | 7,464 | 7,124 | (341) |
| | 29,079 | 35,627 | 35,260 | (369) |
| TOTAL CARE AND LEARNING | 291,083 | 391,534 | 391,810 | 275 |
| BY SUBJECTIVE | | | | |
| Staff Costs | 171,395 | 211,335 | 208,560 | (2,776) |
| Other Costs | 135,427 | 205,765 | 207,468 | 1,702 |
| Gross Expenditure | 306,822 | 417,100 | 416,028 | (1,074) |
| Grants | (5,022) | (7,104) | (7,050) | 55 |
| Other Income | (10,717) | (18,462) | (17,168) | 1,294 |
| Total Income | (15,739) | (25,566) | (24,218) | 1,349 |
| NET TOTAL | 291,083 | 391,534 | 391,810 | 275 |

| 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 | | |

| 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 | 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 | | |

| 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 | Unallocated budget | Funding not specifically allocated, earmarked for community capacity building | 0.106 | | | 0.106 | G | | |
| 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

| | | | | | | 2016/17 |
|--|---------------------------------|--|---|------------------------------------|-----------------------------------|--|
| Ref. | Activity Heading | Savings Proposal | 16/17 Allocation Comments | 2016/17 Service Allocations C&L £m | Saving RAYG (enter R, A, Y, or G) | Comment |
| 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

| | | | | | | 2016/17 |
|----------------------|----------------------------------|----------------------------------|---------------------------------|------------------------------------|-----------------------------------|---------|
| Ref. | Activity Heading | Savings Proposal | 16/17 Allocation Comments | 2016/17 Service Allocations C&L £m | Saving RAYG (enter R, A, Y, or G) | Comment |
| 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 | | |