

Agenda Item	9.
Report No	PEO 10/17

## HIGHLAND COUNCIL

**Committee:** People Committee

**Date:** 23 August 2017

**Report Title:** Revenue Budget Monitoring 2017/18

**Report By:** Director of Care and Learning

### 1. Purpose/Executive Summary

- 1.1 This report sets out the first revenue monitoring position for the 2017/18 financial year, which shows a forecast overspend of £0.897m as at 30 June. The report also provides an updated RAG (Red-Amber-Green) assessment of all budget savings for the current financial year.
- 1.2 The report also provides an update in relation to the Purchased Placement budget and sets out a recommendation to transfer funding for Tongue and Farr Sports Association (North Coast Leisure Centre, Bettyhill) from the Council's 3<sup>rd</sup> sector grants budget to the Service Delivery Contract for High Life Highland to assist with plans to support the long-term sustainability of the centre.

### 2. Recommendations

- 2.1 Members are asked to:
  - i. Note the forecast budget out-turn for 2017/18;
  - ii. Agree the RAG (Red-Amber-Green) status of the 2017/18 budget savings;
  - iii. Agree to transfer the budget of £39,309 for Tongue and Farr Sports Association (North Coast Leisure Centre, Bettyhill) from the Council's 3<sup>rd</sup> sector grants budget, to the budget for services commissioned from Highlife Highland, and the Service Delivery Contract with HLH to be amended accordingly.

### **3. Budget Monitoring for the year to 30 June 2017**

- 3.1 **Appendix 1** sets out the first monitoring position for the new financial year. The forecast overspend of £0.897m represents 0.25% of budget. This overspend position is lower than the c£1.5m variance reported at the equivalent position the previous financial year. While the final out-turn for 2016/17 reflected an underspend, as reported to Committee, there were a number of one-off savings and gains in that year that would not recur into 2017/18. As a result, an overspend is being forecast at this early stage in the year and the main pressure areas are recurring issues highlighted in previous reports; property, repair and maintenance budget pressures, corporate savings targets and looked after children (further information on this area is set out below). The Care and Learning Management Team continue to regularly review the monitoring position and consider steps to address the overspend position.
- 3.2 Members will note that the statement reflects the omission of two major service areas, following agreement for these functions and their budgets to transfer to other services effective 1 April; Catering, Cleaning, FM and Janitorial Services (to Development and Infrastructure) and School Transport (to Community Services).
- 3.3 **Appendix 2a and 2b** set out the Care and Learning budget savings for 2017/18 (Service and Transformational savings respectively) and a Red-Amber-Green RAG status against each saving. For any saving not currently assessed as Green, a suitable explanatory comment has been provided.

### **4. Purchased Placements Budget**

- 4.1 Last financial year this budget was split into a Purchased Placement budget and an Alternative to Out of Authority (OOA) budget. A large number of new provisions have now been developed in Highland through the Alternative to OOA Programme to return young people from residential schools outwith the area.
- 4.2 The Purchased Placement budget is currently projected to overspend by just over £2M by the end of this financial year, despite over 20 children now being supported to live back in Highland in much less expensive placements. This position may still alter significantly throughout the year due to continual fluctuation in the number of children in residential care. For example, for the first quarter of 2017/18, there were two placements in secure care requiring a 2:1 staffing ratio, at a cost of £445k per annum, per child, which has put considerable pressure on resources.
- 4.3 New placements in recent months have mainly been for young people with Additional Support Needs and challenging behaviour who could not be supported in our mainstream or specialist schools. In addition, there have been a significant number of young people in secure or step-down care at an average cost of £285,000 per child per annum. This trend towards higher cost placements contributes significantly to the higher spend. Managers have further tightened the procedure for approval of placements but there continues to be challenges in balancing cost against the specific needs of individual young people.
- 4.4 Discussions with NHS Highland continue on supporting young people still in Children's Services residential care who are over 18 years old, have an Additional Support Need and require the support of Adult Services into their adulthood. This situation places substantial strain on the budget and the resulting lack of available residential places makes it more difficult to return young people from out of the authority.

4.5 A full paper on the Council's use of purchased placements and the now expansive Alternative to OOA Programme will be reported to the People Committee in October 2017.

## 5. Tongue and Farr Sports Association - North Coast Leisure Centre, Bettyhill

5.1 At the request of the Board of Tongue and Farr Sports Association (TFSA), the management of North Coast Leisure Centre in Bettyhill transferred to High Life Highland (HLH) on 5 June 2017. A Management Agreement has been drawn up to set out the roles and responsibilities of both organisations in this partnership. The Agreement is due to run until April 2019 to coincide with the timescale within which the Council will review its grants to voluntary organisations, including TFSA.

5.2 The two organisations are now working in partnership to safeguard access to swimming and leisure services for the residents of and visitors to the north coast of Sutherland. There is also opportunity to develop the facilities and services offered at the leisure centre and initial discussions with HIE and SSE have indicated a willingness to support expansion of the centre and the programme of activities available. A business plan is being jointly developed by HLH and TFSA which will underpin applications to both HIE and SSE for this purpose and to ensure the long term sustainability of the centre.

5.3 To strengthen the plan and any application for funding, it would be beneficial if the length of the Management Agreement could be extended beyond the current 2019 time period to demonstrate the long term commitment of both partners to the centre. To facilitate the extension of the Agreement, it is proposed that the grant to TFSA is transferred from the Council's 3<sup>rd</sup> sector grants budget, to the Services Fee paid by the Council to HLH. The value of the budget is £39,309 for 2017/18.

## 6. Implications

6.1 **Resource** – as set out within the report and accompanying appendices.

6.2 **Legal** – nothing to highlight regarding this report.

6.3 **Community (Equality, Poverty and Rural)** – the recommendation regarding Tongue and Farr Sports Association is intended to assist with sustaining rural sports and leisure provision.

6.4 **Climate Change / Carbon Clever** – nothing to highlight in this report.

6.5 **Risk** – **Appendices 2a** and **2b** provide a RAG assessment on delivery of agreed budgeting savings, and any risks related to these.

6.6 **Gaelic** - nothing to highlight in this report.

Designation            Director of Care and Learning

Date                     14 August 2017

Author                  Brian Porter, Head of Resources

**CARE AND LEARNING SERVICE REVENUE MONITORING REPORT- 2017-18**

1st April 2017 to 30th June 2017	£'000 Actual YTD YTD	£'000 Annual Budget	£'000 Year End Outturn	£'000 Year End Variance
<b>BY ACTIVITY</b>				
<b>Education Services</b>				
Secondary Schools	13,861	66,640	66,640	0
Primary Schools	12,854	61,405	61,246	(159)
Schools General	330	2,231	2,438	207
Learning and Teaching	511	1,165	1,165	0
	<b>27,557</b>	<b>131,441</b>	<b>131,489</b>	<b>48</b>
<b>Adult Services</b>				
Commissioned Adult Services	348	90,762	90,762	0
Commissioned HLH Services	3,499	14,849	14,849	0
Other Leisure Services	21	191	166	(25)
Services for Vulnerable Adults	919	2,767	2,722	(45)
Grants to Voluntary Organisations	362	1,629	1,629	0
	<b>5,149</b>	<b>110,198</b>	<b>110,128</b>	<b>(70)</b>
<b>Service Management and Resources</b>				
PPP	4,512	26,999	26,899	(100)
School Transport	135	706	648	(58)
Pensions, Insurance and Other Pan-Service Costs	1,101	2,604	2,683	79
Resources Teams and Property Costs	902	3,743	4,090	347
Service Management Team and Support	675	3,704	3,769	65
Hostels	236	998	1,024	26
Unallocated Corporate Savings	0	(728)	(25)	703
	<b>7,562</b>	<b>38,027</b>	<b>39,088</b>	<b>1,061</b>
<b>Children's Services</b>				
Looked After Children	4,917	20,440	22,017	1,577
Family Teams	3,926	16,811	16,380	(431)
Childcare and Early Learning	3,729	15,531	15,200	(331)
Other Services for Children	956	4,092	3,601	(491)
Commissioned Children's Services Income from NHS	(34)	(9,562)	(9,562)	0
	<b>13,493</b>	<b>47,312</b>	<b>47,636</b>	<b>323</b>
<b>Additional Support Services</b>				
Additional Support- Schools	6,790	28,434	28,263	(170)
Specialist Additional Support Services	1,776	7,628	7,333	(295)
	<b>8,565</b>	<b>36,062</b>	<b>35,596</b>	<b>(466)</b>
<b>TOTAL CARE AND LEARNING</b>	<b>62,325</b>	<b>363,040</b>	<b>363,937</b>	<b>897</b>

	£'000 Actual YTD YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
<b>BY SUBJECTIVE</b>				
Staff Costs	47,548	196,919	196,259	(660)
Other Costs	17,054	189,335	190,493	1,158
<b>Gross Expenditure</b>	<b>64,602</b>	<b>386,255</b>	<b>386,752</b>	<b>498</b>
Grants	(1,446)	(10,445)	(10,429)	16
Other Income	(830)	(12,770)	(12,387)	383
<b>Total Income</b>	<b>(2,276)</b>	<b>(23,215)</b>	<b>(22,816)</b>	<b>400</b>
<b>NET TOTAL</b>	<b>62,325</b>	<b>363,040</b>	<b>363,936</b>	<b>897</b>

## 2017/18 - 2018/19 Savings

## Appendix 2A

Agreed Date	Ref.	Activity Heading	Savings Proposal	2017/18 £m	2018/19 £m	2017/18 FTE	2018/19 FTE	Saving RAYG (enter R, A, Y or G)	Projected Saving - Red, Amber, Yellow £m	Comments - mandatory for any amber, yellow or red
18/12/14	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.	0.200		3.6	0.0	G		
18/12/14	20	Education Central Support	Reduce manpower and workforce planning teams	0.050		1.0		G		
18/12/14	42	Secondary Education	Reduce teaching staff allocation by 1%	0.200		5.0		G		
18/12/14	43	Secondary Education	Use of more technology to deliver the curriculum	0.200		5.0		G		
18/12/14	48	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). <i>Savings reduced HC 16/02/17</i>	0.226	0.181			G		
18/12/14	45A	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			G		
18/12/14	45B	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			G		
18/12/14	45C	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			G		
25/02/16	1 (Ch)	Residential care	Cease use of all spot purchased beds with external contractor	0.450				A	0.300	Use of these placements ceased from end of June 2017
25/02/16	10 (Ch)	Early Years	Removal of PTs & QIO in Early Years	0.070		4.0		G		
25/02/16	13 (Res)	Property Costs - CLL Properties	For CLL properties, move tenant cost recovery onto a consistent and equitable basis. This would impact on facility tenants which would include Inverness community centres and Wick Youth Club facilities.	0.048		Nil		G		

2017/18 - 2018/19 Savings

Appendix 2A

Agreed Date	Ref.	Activity Heading	Savings Proposal	2017/18 £m	2018/19 £m	2017/18 FTE	2018/19 FTE	Saving RAYG (enter R, A, Y or G)	Projected Saving - Red, Amber, Yellow £m	Comments - mandatory for any amber, yellow or red
25/02/16	14 (Res)	Property Costs - CLL Properties	In parallel with the saving target set for HLH on their budgeted operations, set a comparable saving target for property costs on HLH tenanted properties (these budgets still controlled by HC). Saving to be delivered in partnership with HLH.	0.021				G		
25/02/16	7 (Ed)	Secondary Education	Re-job sizing secondary school promotion structures	0.050	0.100	1.1	2.5	G		
25/02/16	5 (Ed)	Music Tuition	A 10% reduction in the Music tuition budget	0.050				G		
25/02/16	9 (Ed)	Primary and Secondary Education	Efficiency saving from revised school management <i>Savings reprofiled HC 16/02/17</i>	0.150	0.450	4.0	11.0	G		
16/02/17	3	Commissioned HLH Services	Reduced budget for HLH services	0.112				G		
16/02/17	4	Family Teams	Reduction in staffing	0.250		2.7		A	0.195	2.1 FTE of saving delivered but remaining 0.6 FTE options still being reviewed to achieve saving.
16/02/17	6	Childcare and Early Learning	Reduction in Early Years budget	0.300				G		
16/02/17	8	Hostels	Integration of Staffin respite centre and additional income	0.100	0.015	1.0		G		
16/02/17	10	Resources Teams and Property Costs	Reduction in Service Information and Support team	0.041		1.1		G		

## 2015/16 - 2018/19 Transformation & Corporate Savings

TSP & Corporate savings combined for TSP Board monitoring

Ref.	Activity Heading	Savings Proposal	2017/18		2018/19	Saving RAYG (enter R, A, Y or G)
			Total HC Saving	Care and Learning Allocation	Total HC Saving	
PIM2	Attendance Management	Reduction in sickness absence by continuing to adopt a robust and consistent approach to attendance management	0.072	0.052	0.071	A
PIM2A	Travel, Subsistence and Overtime	Reduction in the costs of staff travel, subsistence and overtime through management action and greater use of technology	0.061	0.025	0.060	G
	Information Management	Savings from the information management project	0.104	0.049	0.000	R
Agreed TSPB 28/11/16	Inverness Property Rationalisation	Inverness Property Rationalisation	0.035	0.046	0.178	G
Corp/8	Sickness Absence / Attendance Management	Reduction in sickness absence by continuing to adopt a robust and consistent approach to attendance management	0.100	0.072	0.000	A
Corp/1 HC 16/02/16	Fees & Charges	Uplift in fees and charges	0.334	0.118	0.000	G
CD/4 (2016/17)	ICT Contract - Managed Print Service	ICT Contract - Managed Print Service	0.420	0.336	0.000	G
D&I/5	Property asset management	Reduce the number of Property Assets held on the Property Office Accommodation Account	0.115	0.028	0.000	G
FIN/2	Corporate Finance	Insurance Services - increased self-insurance	0.579	0.204	0.000	G

**2015/16 - 2018/19 Transformation & Corporate Savings**

**Appendix 2b**

*TSP & Corporate savings combined for TSP Board monitoring*

<b>Ref.</b>	<b>Activity Heading</b>	<b>Savings Proposal</b>	<b>Comments</b>
PIM2	Attendance Management	Reduction in sickness absence by continuing to adopt a robust and consistent approach to attendance management	Achievement of saving under review and expectation of improved performance reporting information from the rollout of absence reporting via payroll system.
PIM2A	Travel, Subsistence and Overtime	Reduction in the costs of staff travel, subsistence and overtime through management action and greater use of technology	
	Information Management	Savings from the information management project	Saving dependent on corporate migration to Sharepoint for information management, with that project ceased and options to take forward rollout still being assessed.
Agreed TSPB 28/11/16	Inverness Property Rationalisation	Inverness Property Rationalisation	
Corp/8	Sickness Absence / Attendance Management	Reduction in sickness absence by continuing to adopt a robust and consistent approach to attendance management	Achievement of saving under review and expectation of improved performance reporting information from the rollout of absence reporting via payroll system.
Corp/1 HC 16/02/16	Fees & Charges	Uplift in fees and charges	
CD/4 (2016/17)	ICT Contract - Managed Print Service	ICT Contract - Managed Print Service	
D&I/5	Property asset management	Reduce the number of Property Assets held on the Property Office Accommodation Account	
FIN/2	Corporate Finance	Insurance Services - increased self-insurance	