

Agenda Item	8.
Report No	PEO 44/17

HIGHLAND COUNCIL

Committee: People Committee

Date: 6 December 2017

Report Title: Revenue Budget 2017/18

Report By: Director of Care and Learning

1. Purpose/Executive Summary

- 1.1 This report sets out the revenue monitoring position for the 2nd quarter of 2017/18 financial year, and shows a forecast overspend of £2.469m as at 30 September. 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 seeks agreement from the Committee regarding the transfer of funding for Poolewe Pool, from the Council's voluntary sector grants budget to the Highlife Highland Commissioned Services budget, to support the long-term sustainability of the centre. The report also provides an update on progress regarding the lease of a new Strontian primary school.

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 £45,911 for Poolewe Pool, from the Council's voluntary 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 September 2017

- 3.1 **Appendix 1** sets out the first monitoring position for the new financial year. The forecast overspend of £2.469m represents 0.7% of budget, and an increase to the last reported position which was an overspend of £0.897m for Quarter 1. The main reason for the increase is due to the rise and increased cost of independent residential and fostering placements funded by this budget. Placements of this nature are very expensive and a small increase in their number can result in significant additional costs. Two substantive reports regarding Looked After Children, including an education improvement plan, are included on the agenda for this Committee.
- 3.2 Other pressures on the Care and Learning budget, giving rise to the projected overspend, include unallocated corporate savings, and property repairs and servicing. The effect of these pressures is mitigated in part by vacancy management across the service.
- 3.3 The Corporate Resources Committee considered the overall Council monitoring position for Quarter 2 on 15 November 2017. That Committee also agreed to a number of budget virements to utilise forecast underspend on loan charges to address a number of recurring budget pressures across Council Services. For Care and Learning, that results in an additional £0.347m being fed into the budget this year. That sum has not yet been reflected within the budget monitoring report, but would have had the effect of reducing the Care and Learning overspend to £2.122m. The budget adjustment will be reflected for the Quarter 3 monitoring report.
- 3.4 The budget for the Service has increased from that reported to Committee for Quarter 1, as below.

Service Budget as at Quarter 1		363.039
Add:		
•Pay Awards increase	0.367	
•1:2 Languages Funding	0.134	
•ICT Virements	0.005	
		0.506
Less:		
•Procurement savings	-0.052	
•Salary Sacrifice savings	-0.039	
		-0.091
Service Budget as at Quarter 2		363.454

- 3.5 **Appendices 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. Poolewe and District Swimming Pool Association

- 4.1 Following concerns over the future viability of this community asset, and at the request of the Board of Poolewe and District Swimming Pool Association (PDSPA), the management of Poolewe Pool transferred to High Life Highland (HLH) on 21 June 2017.
- 4.2 A Management Agreement has been drawn up to set out the roles and responsibilities

of both organisations in this partnership. HLH has worked with PDSPA to secure external funding for a significant renovation project. The renovation will include an update to modernise plant and equipment, contributing to the longer term sustainability of the facility.

- 4.3 To strengthen future development plans and any applications for funding, it would be beneficial if the annual grant to PDSPA is transferred from the Council's voluntary sector budget to the Service Delivery Contract paid by the Council to HLH. The value of that budget is £45,911. The Service Delivery Contract with HLH would also be amended accordingly.

5. **Strontian Primary School**

- 5.1 The Council has previously agreed to re-locate the existing Strontian Primary School to a new build being constructed by the community (Strontian Community School Building Limited -SCSBL). The Committee also agreed to enter into a £55k per annum lease with SCSBL and to provide funding for fit out of up to £190k (Education, Children and Adult Services Committee 1 March 2017).
- 5.2 The Council expects that the lease should be signed off imminently, and meantime SCSBL have commenced contractor works on site with the target of the construction being completed in 2018. To assist with project cashflow, the Council has provided advance funding against the agreed £190k, to the value of £106k.

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 Poolewe Pool funding 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 budget savings, and any risks related to these.
- 6.6 **Gaelic** - nothing to highlight in this report.

Designation Director of Care and Learning

Date 27 November 2017

Author Brian Porter, Head of Resources

CARE AND LEARNING SERVICE REVENUE MONITORING REPORT- 2017-18

1st April 2017 to 30th September 2017	£'000 Actual YTD YTD	£'000 Annual Budget	£'000 Year End Outturn	£'000 Year End Variance
BY ACTIVITY				
Education Services				
Secondary Schools	32,337	67,124	67,124	0
Primary Schools	30,303	61,746	61,601	(145)
Schools General	997	1,700	1,877	177
Learning and Teaching	808	1,298	1,298	0
	64,445	131,868	131,900	32
Adult Services				
Commissioned Adult Services	23,069	90,762	90,762	0
Commissioned HLH Services	7,145	14,849	14,849	0
Other Leisure Services	18	302	216	(86)
Services for Vulnerable Adults	1,553	2,656	2,531	(125)
Grants to Voluntary Organisations	789	1,629	1,629	0
	32,574	110,198	109,987	(211)
Service Management and Resources				
PPP/DBFM	11,468	26,999	26,899	(100)
School Crossing Patrollers and Escorts	291	706	639	(67)
Pensions, Insurance and Other Pan-Service Costs	1,575	2,604	2,686	83
Resources Teams and Property Costs	2,647	3,746	4,135	389
Service Management Team and Support	1,564	3,701	3,814	113
Hostels	471	998	1,014	16
Unallocated Corporate Savings	0	(728)	(25)	703
	18,016	38,025	39,162	1,137
Children's Services				
Looked After Children	11,091	20,468	23,257	2,789
Family Teams	7,907	16,633	16,111	(522)
Childcare and Early Learning	6,530	15,579	15,552	(27)
Other Services for Children	1,865	4,185	3,739	(445)
Commissioned Children's Services Income from NHS	(2,479)	(9,562)	(9,562)	0
	24,914	47,303	49,097	1,794
Additional Support Services				
Additional Support- Schools	13,861	28,434	28,476	42
Specialist Additional Support Services	3,648	7,627	7,301	(325)
	17,509	36,060	35,777	(283)
TOTAL CARE AND LEARNING	157,458	363,454	365,923	2,469

	£'000 Actual YTD YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY SUBJECTIVE				
Staff Costs	96,448	197,273	195,899	(1,374)
Other Costs	69,135	189,498	193,052	3,554
Gross Expenditure	165,583	386,771	388,951	2,180
Grants	(4,263)	(10,829)	(10,821)	8
Other Income	(3,862)	(12,488)	(12,207)	281
Total Income	(8,125)	(23,317)	(23,028)	289
NET TOTAL	157,458	363,454	365,923	2,469

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	R		This saving related to the new Tain 3-18 Campus, the timescale for which has slipped due to Council decision to review site selection. The saving was also predicated on school rationalisation in North West Skye, which the Council was unsuccessful in progressing.
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		

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	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		
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	A	Shown as amber for 18/19. Forecast to achieve target 17/18, but slippage for 18/19 of £150k	While positive progress has been made with the initial phase of ASGs, and 17/18 saving will exceed budget, the timescales for consultation and implementation of future phases will take longer than had been anticipated, deferring deliver of full value of saving in 18/19.
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

Ref.	Activity Heading	Savings Proposal	Comments
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 awaiting improved performance reporting from the HR/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 awaiting improved performance reporting from the HR/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	