

Agenda Item	9.
Report No	PEO 06/18

HIGHLAND COUNCIL

Committee: People Committee

Date: 25 January 2018

Report Title: Revenue Budget 2017/18

Report By: Head of Resources

1. Purpose/Executive Summary

- 1.1 This report sets out the revenue monitoring position for the 3rd quarter of the 2017/18 financial year, and shows a forecast overspend of £2.992m as at 31 December. The report also provides an updated RAG (Red-Amber-Green) assessment of all budget savings for the current financial year.

2. Recommendations

2.1 Members are asked to:

- i. Note the forecast budget out-turn for 2017/18; and
- ii. Agree the RAG (Red-Amber-Green) status of the 2017/18 budget savings.

3. Budget Monitoring for the year to 31 December 2017

- 3.1 **Annex 1** sets out the monitoring position for the financial year. The forecast overspend of £2.992m represents 0.9% of budget, and an increase to the last reported position which was an overspend of £2.469m for Quarter 2. The main reason for the increase from Q2 is in relation to the Looked After Children budget.
- 3.2 The pressures previously reported include a 10% increase in this financial year of the number of Looked After Children, after several years of static numbers. There was a report regarding this at the last meeting of the Committee.
- 3.3 There are 46 spot-purchased placements for looked after children from 8 to 17 years of age, not including those commissioned under contract. The contributing factors include increasing social problems affecting families, an increase in the incidence of autism and complex health needs, earlier intervention and difficulties in maintaining school placements for young people. A business plan relating to this is being developed through the Redesign Board, seeking to provide a comprehensive, new approach to the way that placement services are commissioned.
- 3.4 While the movement from Q2 is as described above, as previously reported there are other pressures on the Care & Learning budget, giving rise to the overall projected overspend. In the main these relate to corporate savings, with pressures on property costs and maintenance now mitigated by the budget virements agreed by the November Corporate Resources Committee. Savings across other parts of the service are being made to attempt to mitigate the overall overspend position.
- 3.4 The budget for the Service has altered from that reported to Committee for Quarter 2, as below.

Service Budget as at Quarter 2		363.454
Add:		
•Criminal Justice transitional funding	0.013	
•Teachers pay award further 1% from Jan 2018	0.316	
•Property and other costs budget addition per November Corporate Resources Committee	0.347	
•Business Support Nairn & Raigmore	0.010	0.686
Less:		
•Transfer of PPP, Estate Management & Servicing & Repairs Budgets to Development and Infrastructure Service, per the September 2017 Council re-structure report.	-28.246	
•Pay award transfer for CCFM/JS	-0.115	
•Transfer of letting income budget to D&I	0.067	-28.292
Service Budget as at Quarter 3		335.848

- 3.5 **Annexes 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. Implications

- 4.1 Resources – as set out within the report and accompanying appendices. Officers continue to seek to bring the overspend down, and there is likely to be an impact from the closer scrutiny of vacancies that has been in place since November.
- 4.2 Legal – nothing to highlight regarding this report.
- 4.3 Community (Equality, Poverty and Rural) – the recommendation regarding Poolewe Pool funding is intended to assist with sustaining rural sports and leisure provision.
- 4.4 Climate Change / Carbon Clever – nothing to highlight in this report.
- 4.5 Risk – appendices 2a and 2b provide a RAG assessment on delivery of agreed budgeting savings, and any risks related to these.
- 4.6 Gaelic - nothing to highlight in this report.

Designation: Director of Care and Learning

Date: 16 January 2018

Author: Brian Porter, Head of Resources

Background Papers:

CARE AND LEARNING SERVICE REVENUE MONITORING REPORT- 2017-18

1st April 2017 to 31st December 2017	£'000 Actual YTD YTD	£'000 Annual Budget	£'000 Year End Outturn	£'000 Year End Variance
BY ACTIVITY				
Education Services				
Secondary Schools	47,949	67,767	67,767	0
Primary Schools	42,384	62,038	61,895	(144)
Schools General	1,810	1,013	1,241	228
Learning and Teaching	1,192	1,298	1,298	0
	93,335	132,116	132,200	84
Adult Services				
Commissioned Adult Services	46,079	90,762	90,762	0
Commissioned HLH Services	10,692	14,849	14,849	0
Other Leisure Services	23	302	242	(60)
Services for Vulnerable Adults	2,148	2,669	2,531	(138)
Grants to Voluntary Organisations	1,376	1,629	1,659	30
	60,318	110,211	110,043	(169)
Service Management and Resources				
School Crossing Patrollers and Escorts	449	706	636	(70)
Pensions, Insurance and Other Pan-Service Costs	2,020	2,638	2,635	(3)
Resources Teams and Property Costs	2,290	2,797	2,794	(2)
Service Management Team and Support	2,444	3,711	3,875	164
Hostels	723	1,014	1,013	(0)
Unallocated Corporate Savings	0	(728)	(25)	703
	7,926	10,137	10,928	792
Children's Services				
Looked After Children	17,749	20,468	23,892	3,424
Family Teams	11,941	16,633	16,025	(608)
Childcare and Early Learning	11,164	15,590	15,542	(48)
Other Services for Children	2,849	4,185	3,735	(450)
Commissioned Children's Services Income from NHS	(4,973)	(9,562)	(9,562)	0
	38,729	47,314	49,632	2,318
Additional Support Services				
Additional Support- Schools	21,159	28,443	28,725	282
Specialist Additional Support Services	5,454	7,627	7,312	(315)
	26,613	36,070	36,037	(33)
TOTAL CARE AND LEARNING	226,922	335,848	338,840	2,992
	£'000 Actual YTD YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY SUBJECTIVE				
Staff Costs	145,781	190,123	188,857	(1,266)
Other Costs	98,449	164,806	169,121	4,315
Gross Expenditure	244,229	354,929	357,978	3,049
Grants	(9,814)	(6,998)	(7,225)	(227)
Other Income	(7,493)	(12,083)	(11,913)	170
Total Income	(17,307)	(19,081)	(19,138)	(57)
NET TOTAL	226,922	335,848	338,840	2,992

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. This saving has been highlighted as a pressure for the 2018/19 budget setting process.
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		

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	1 (Ch)	Residential care	Cease use of all spot purchased beds with external contractor	0.450				A	0.300	The specific proposal was implemented as planned, with changes made to contractual arrangements. However, due to ongoing pressures within the budget and ongoing overspend, this is shown as amber
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		
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. This has been highlighted as a pressure area for the 2018/19 budget setting process.

2017/18 - 2018/19 Savings

Annex 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
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. Remaining saving covered through vacancy management across teams in the interim.
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

Annex 2b

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)	Comments
			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	Saving is being managed across the Service as a whole. Highlighted as amber pending implementation of improvements in corporate absence monitoring data to support management of attendance and delivery of savings.
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	While the saving is being managed across the service as a whole, the specific saving arising from improved information management has not as yet been achieved, pending corporate ICT contract transformation activity, and migration to the new sharepoint platform.
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	Saving is being managed across the Service as a whole. Highlighted as amber pending implementation of improvements in corporate absence monitoring data to support management of attendance and delivery of savings.
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	