

Agenda Item	8.
Report No	CLH 06/18

HIGHLAND COUNCIL

Committee: Care, Learning and Housing

Date: 30 May 2018

Report Title: Revenue Budget Near Final Out-turn 2017/18

Report By: Head of Resources

1. Purpose/Executive Summary

- 1.1 This report sets out the near final out-turn for the 2017/18 financial year, showing an overspend of £3.142m compared to the last reported forecast of £2.992m as at 31 December.
- 1.2 The report also provides Members with an update regarding the current agreement with the Aviemore resort for swimming pool access, which is due to end on 31 May, and with no agreement reached to continue.

2. Recommendations

- 2.1 Members are asked to:
 - i. Agree the revenue budget near final outturn position for the year ended 31 March 2018.
 - ii. Note the updated provided regarding Aviemore pool.

3. Near Final Out-turn 2017/18

- 3.1 **Annex 1** sets out the near final out-turn for the year. The overspend of £3.142m represents 0.9% of budget, and an increase to the last reported position which was a projected overspend of £2.992m for Quarter 3. While management effort to contain expenditure, through vacancy management and other actions, delivered improvement over the final quarter of the year, these gains were more than offset by other variances and unexpected overspend, particularly the impact of the extended cold winter period and the impact on utility costs. Further explanation of the movement is set out below.

Budget	Projection £000	Out-turn £000	Movement £000
Education Services	84	403	319
Adult Services	(169)	(283)	(114)
Service Management and Resources	792	1,183	391
Children's Services	2,318	1,688	(630)
Additional Support Services	(33)	151	184
TOTALS	2,992	3,142	150

- 3.2 Education Services – the main reasons for the movement from the December projection are supply cover costs greater than had been anticipated, and increased school energy costs as a result of the extended cold period.
- 3.3 Adult Services - the main reasons for the movement from the December projection are reductions in staffing costs and improved positions on Mental Health Services and Criminal Justice Services.
- 3.4 Service Management and Resources - the main reasons for the movement from the December projection are increased energy costs for community, learning and leisure properties (mainly HLH operated facilities) as a result of the extended cold winter.
- 3.5 Children's Services - the main reasons for the movement from the December projection are additional underspends on staffing costs, as a result of staff turnover and vacancy management.
- 3.6 Additional Support Services - the main reasons for the movement from the December projection are that while there was underspend against the ASN allocation model over the year, this was lower than had been forecast. It was also subsumed by additional expenditure on special schools.
- 3.7 The explanations above relate to the movement from quarter 3 to the near final out-turn position. Looking at the out-turn as a whole, the main pressure areas are as previously reported to members, with Looked After Children and Special Schools representing continuing pressure areas. Actions are in place to address these issues and Members

will be aware from recent reports of the action plan being progressed in relation to Looked After Children and Out of Authority placements.

- 3.8 The budget for the Service had altered from that reported to Committee for Quarter 3, as below.

Service Budget as at Quarter 3		335.848
<u>Budget additions:</u>		
Teacher induction scheme funding	2.043	
Adult Services/NHSH ICT transfer	0.440	
NDR funding pressure for new schools	0.214	
Drawdowns from earmarked reserves for initiatives incl Take Pride Take Part, DYW, 1+2, change management.	0.568	
Carbon Reduction Commitment budget	0.331	
Countryside Ranger funding to HLH	0.183	
Pension costs adjustment	0.021	
Transfer from Community Services	0.004	
		3.804
<u>Budget Deductions:</u>		
Developer contribution drawdown	(0.566)	
Procurement savings – paper	(0.002)	
ICT Swan link costs	(0.002)	
		(0.570)
Service Budget as at Quarter 4		339.082

4. Macdonald Highland Aviemore Pool

- 4.1 The Council has a 3 year agreement in place with Aviemore MacDonald Hotels and Resorts for public/Highlife access to the resort swimming pool. The current agreement ends 31 May 2018. The current agreement had a 3 year stepped increase in payment as follows: 2015/16 £160k, 2016/17 £170k, 2017/18 £180k.
- 4.2 Discussions with the resort regarding future use have taken place over recent months, but have not reached agreement, with the resort not prepared to negotiate on their proposal which represented a significant increase in funding.
- 4.3 The Council's proposal to the resort had been a continuation of the current agreement, on a 'flat cash' basis. This was in recognition of the Council's financial position, and also considering equity with other private and 3rd sector organisations which have seen funding reductions, or at best 'flat cash' settlements from the Council.
- 4.4 The resort had sought an increase in payment, from the current baseline, and increasing over the next 3 year period. That would have been following the current 3 year agreement which itself represented an increase over the previous agreement. The Council did not consider this affordable and re-stated its position as flat-cash.
- 4.5 The Council remains open to dialogue with the resort. However, as matters currently stand, the current agreement and public/High Life access will cease on 31 May 2018. Local Members have been briefed and are supportive of the Council's position regarding affordability. High Life Highland have been involved in all discussions to date and arrangements are being made for communications to be issued to advise local

residents and users of the position. Were the contract to cease, HLH estimate a potential loss of 150–200 members through cancellations equating to a potential financial loss of £47,760 to £63,600 per annum, which would require discussion between the Council and HLH regarding addressing that financial shortfall.

- 4.6 The nearest alternative public swimming provision is in Grantown on Spey - the Craig MacLean Centre within Grantown Grammar is operated by High Life Highland. This facility is circa 14 miles from Aviemore, though it is recognised that local users of the Aviemore pool will come from across Badenoch and Strathspey (and beyond), and travel distances from locations such as Kingussie, Newtonmore, etc are much further.

5. Implications

- 5.1 Resource – as set out within the report and accompanying appendices.
- 5.2 Legal – nothing to highlight regarding this report.
- 5.3 Community (Equality, Poverty and Rural) – the loss of public/Highlife access to Aviemore pool will have implications for the community, introducing additional travel (and cost) to access the nearest alternative provision in Grantown on Spey.
- 5.4 Climate Change/Carbon Clever – nothing to highlight in this report.
- 5.5 Risk – Nothing to highlight.
- 5.6 Gaelic - nothing to highlight in this report.

Designation: Director of Care and Learning

Date: 18 May 2018

Author: Brian Porter, Head of Resources

Background Papers: None.

CARE AND LEARNING SERVICE REVENUE MONITORING REPORT- 2017-18

1st April 2017 to 31st March 2018	£'000 Actual YTD YTD	£'000 Annual Budget	£'000 Year End Outturn	£'000 Year End Variance
BY ACTIVITY				
Education Services				
Secondary Schools	68,465	68,578	68,465	(113)
Primary Schools	62,976	63,061	62,976	(85)
Schools General	2,336	1,715	2,336	621
Learning and Teaching	1,431	1,452	1,431	(20)
	135,208	134,806	135,208	403
Adult Services				
Commissioned Adult Services	91,810	91,802	91,810	8
Commissioned HLH Services	15,128	15,112	15,128	15
Other Leisure Services	3	73	3	(70)
Services for Vulnerable Adults	2,602	2,779	2,602	(178)
Grants to Voluntary Organisations	1,676	1,735	1,676	(58)
	111,219	111,501	111,218	(283)
Service Management and Resources				
School Crossing Patrollers and Escorts	631	706	631	(75)
Pensions, Insurance and Other Pan-Service Costs	2,620	2,659	2,620	(39)
Resources Teams and Property Costs	3,570	3,192	3,570	378
Service Management Team and Support	2,618	2,415	2,618	203
Hostels	1,002	1,014	1,002	(12)
Unallocated Corporate Savings	0	(728)	0	728
	10,441	9,258	10,441	1,183
Children's Services				
Looked After Children	23,878	20,468	23,878	3,411
Family Teams	15,907	16,632	15,907	(726)
Childcare and Early Learning	15,292	15,665	15,292	(373)
Other Services for Children	3,587	4,211	3,587	(624)
Commissioned Children's Services Income from NHS	(9,585)	(9,585)	(9,585)	0
	49,079	47,391	49,079	1,688
Additional Support Services				
Additional Support- Schools	28,961	28,471	28,961	490
Specialist Additional Support Services	7,317	7,655	7,317	(339)
	36,278	36,126	36,278	151
TOTAL CARE AND LEARNING	342,225	339,082	342,225	3,142
BY SUBJECTIVE				
Staff Costs	198,759	198,560	198,759	198
Other Costs	167,694	159,597	167,694	8,099
Gross Expenditure	366,453	358,157	366,453	8,297
Grants	(10,418)	(6,132)	(10,418)	(4,287)
Other Income	(13,810)	(12,943)	(13,810)	(868)
Total Income	(24,228)	(19,075)	(24,228)	(5,155)
NET TOTAL	342,225	339,082	342,225	3,142