

Agenda Item	8.
Report No	CLH 39/18

## HIGHLAND COUNCIL

**Committee:** Care, Learning and Housing Committee

**Date:** 18 October 2018

**Report Title:** **Revenue Budget Monitoring 2018/19**

**Report By:** Head of Resources

### **1. Purpose/Executive Summary**

1.1 This report sets out the Quarter 2 revenue monitoring position for the year to 30 September 2018, and shows a projected over spend of £0.923m (0.3%) for the year, an improvement against the Quarter 1 position.

### **2. Recommendations**

2.1 Members are asked to:

- i. Agree the revenue budget projected over spend position for the year to 30 September 2018.
- ii. Note the actions being taken with regard to the budget position.

### 3. Revenue Monitoring

- 3.1 **Annex 1** sets out the monitoring statement for the quarter to 30 September 2018. The overspend of £0.923m contrasts with a reported £2.772m overspend reported for Quarter 1. Further explanation of key variances against budget are set out later in this report. The main reason for improvement from Quarter 1 are as a result of a range of management actions implemented to address the forecast overspend, which include:
- One-off use of earmarked funding for in year expenditure
  - Improved contract and commissioned service management
  - Removal of forecast underspend to deliver savings
  - Cost reduction across the Service including any discretionary spending, reduced staff travel, etc.
  - Review of forecast savings from Sustainable Education programme
  - Reduced central funding to schools that are over staffing entitlement
  - Vacancy management (see further comments below).

These management actions have led to the improved forecast position for the year, with some aspects, vacancy management in particular, expected to feed in further improvements to the out-turn as the year progresses. While the actions taken include some challenging financial targets, the Service is of the view these savings are achievable while continuing to deliver safe and effective services.

- 3.2 While the actions described above have led to the improved position reported, there remains a net overspend, and ongoing pressures in a number of areas of the budget. The paragraphs below provide further information on key areas of variance, by budget heading.
- 3.3 Education Services – at this stage, a net underspend is forecast, in the main through the effect of actions being taken to manage the Service budget as a whole.
- 3.4 Adult Services - an underspend is expected, largely as a consequence of vacancies and vacancy management.
- 3.5 Service Management and Resources – management actions have significantly reduced the forecast overspend, which in the main relates to corporate savings held centrally within the budget.
- 3.6 Children’s Services – the Looked After Children budget continues to be the most significant pressure in the budget. The underlying level of overspend is estimated as £4.2m, but this has been mediated by £1.2m to take account of developments through the year, including as a consequence of the change programme reported separately to this meeting of the Committee.
- 3.7 Additional Support Services – overall a small net saving is forecast, with the underlying position as previously reported, with increased pupil rolls and staffing levels in the special schools leading to overspend, through offset by vacancies elsewhere in ASN teams.
- 3.8 The monitoring position is the subject of close and regular scrutiny by the Care and Learning Directorate, to ensure delivery of agreed budget savings and management actions. Given an overspend position is still forecast, further action will be considered, with ongoing vacancy management expected to be a key measure to assist with budget management.

3.9 In relation to budget savings, **annex 2** sets out the status of the Care and Learning Service Savings, and allocated Corporate savings, for the current financial year.

#### **4. Implications**

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

4.2 Legal – nothing to highlight regarding this report.

4.3 Community (Equality, Poverty and Rural) – nothing to highlight.

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

4.5 Risk – Nothing to highlight.

4.6 Gaelic - nothing to highlight in this report.

Designation: Director of Care and Learning

Date: 4 October 2018

Author: Brian Porter, Head of Resources

Background Papers:

## CARE AND LEARNING SERVICE REVENUE MONITORING REPORT- 2018-19

	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Outturn	£'000 Year End Variance
<b>1st April 2018 to 30th September 2018</b>				
<b>BY ACTIVITY</b>				
<b>Education Services</b>				
Secondary Schools	33,612	67,487	67,487	0
Primary Schools	31,031	63,162	63,138	(24)
Schools General	(3,223)	542	94	(448)
Learning and Teaching	868	1,324	1,324	0
	<b>62,288</b>	<b>132,515</b>	<b>132,043</b>	<b>(472)</b>
<b>Adult Services</b>				
Commissioned Adult Services	23,812	94,323	94,323	0
Commissioned HLH Services	7,682	16,477	16,477	0
Other Leisure Services	13	307	288	(19)
Services for Vulnerable Adults	1,488	2,659	2,573	(86)
Grants to Voluntary Organisations	673	1,025	1,025	0
	<b>33,668</b>	<b>114,791</b>	<b>114,686</b>	<b>(105)</b>
<b>Service Management and Resources</b>				
School Crossing Patrollers and Escorts	284	717	627	(90)
Pensions, Insurance and Other Pan-Service Costs	1,458	2,506	2,506	0
Resources Teams and Property Costs	1,409	2,941	3,019	77
Service Management Team and Support	963	2,052	1,907	(145)
Hostels	479	1,025	1,007	(18)
Unallocated Corporate Savings	0	(381)	(0)	381
	<b>4,593</b>	<b>8,860</b>	<b>9,066</b>	<b>206</b>
<b>Children's Services</b>				
Looked After Children	12,163	20,896	23,635	2,739
Family Teams	8,278	16,955	16,652	(303)
Childcare and Early Learning	5,444	15,320	14,438	(882)
Other Services for Children	1,867	4,181	3,971	(210)
Commissioned Children's Services Income from NHS	(2,419)	(9,672)	(9,672)	0
	<b>25,333</b>	<b>47,680</b>	<b>49,024</b>	<b>1,344</b>
<b>Additional Support Services</b>				
Additional Support - Schools	15,227	28,884	28,884	0
Specialist Additional Support Services	3,323	7,941	7,891	(50)
	<b>18,550</b>	<b>36,825</b>	<b>36,775</b>	<b>(50)</b>
<b>TOTAL CARE AND LEARNING</b>	<b>144,432</b>	<b>340,671</b>	<b>341,594</b>	<b>923</b>
<b>BY SUBJECTIVE</b>				
	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Outturn	£'000 Year End Variance
Staff Costs	99,475	200,013	198,781	(1,233)
Other Costs	60,588	161,574	163,887	2,313
<b>Gross Expenditure</b>	<b>160,063</b>	<b>361,587</b>	<b>362,668</b>	<b>1,080</b>
Grants	(11,923)	(8,488)	(8,659)	(170)
Other Income	(3,708)	(12,428)	(12,415)	13
<b>Total Income</b>	<b>(15,631)</b>	<b>(20,916)</b>	<b>(21,074)</b>	<b>(157)</b>
<b>NET TOTAL</b>	<b>144,432</b>	<b>340,671</b>	<b>341,594</b>	<b>923</b>

**2018/19 Savings Proposals  
Care & Learning**

Annex 2

<b>Date Agreed</b>	<b>Ref.</b>	<b>Budget Heading</b>	<b>Name of Savings Proposal</b>	<b>Agreed Savings £m</b>	<b>Category R A G</b>	<b>Comments</b>
HC 18/12/14 Amended HC 25/06/15 & HC 16/02/17	48	3rd Party Grants and Payments	Reduction of in grants and support to 3rd party organisations providing culture, leisure and learning services	0.181	<b>G</b>	
ECAS 18/11/16		3rd Party Grants and Payments	Add : 2018/19 impact of previous decisions	0.142	<b>G</b>	
HC 25/02/16	Ed/7	Secondary Education	Re-job sizing secondary school promotion structures	0.100	<b>G</b>	
HC 25/02/16 Amended HC 16/02/17 & HC 15/02/18	Ed/9	Primary and Secondary Education	Efficiency saving from revised school management	0.040	<b>G</b>	
HC 16/02/17	8	Hostels	Integration of Staffin respite centre and additional income	0.015	<b>A</b>	Estimate £0.010m saving. Addressing property issues over the past year has reduced level of additional income achieved.
HC 15/02/18	CL6	Family Teams	Reduce staffing in Family Teams	0.125	<b>G</b>	The restructure is nearing completion
HC 15/02/18	CL8	Other Leisure Services	Reduction in Eden Court Funding	0.200	<b>G</b>	
HC 15/02/18	CL10	Services for Adults	Reduce budget for adult support services	0.144	<b>G</b>	

HC 15/02/18	CL14	Childcare and Early Learning	Income from wraparound care based on 10% increase	0.100	<b>G</b>	
HC 15/02/18	CL15	Adult Services	Change call handling for out of hours Social Work	0.050	<b>G</b>	Saving has been taken. New agreement between children's and adult services is still under discussion.
HC 15/02/18	CL16	Service-wide	Reduce training budgets	0.150	<b>G</b>	Savings identified
HC 15/02/18	CL17	Childcare and Early Learning	Reduce financial support to childcare providers	0.200	<b>G</b>	
HC 15/02/18	CL19	Grants to Voluntary Organisations	Caithness Horizons	0.015	<b>G</b>	Reduction in funding agreed and applied
HC 15/02/18	CL20	Music	BLAS festival	0.007	<b>G</b>	
HC 15/02/18	CL22	Service-wide	Management & administration	0.252	<b>G</b>	Savings identified
<b>Total</b>				<b>1.721</b>		

#### Allocation of TSP & Corporate Savings

Date Agreed	Ref.	Description	Total Savings for Service Allocation (inc 17/18 c/fwd) £m	C&L Allocations to Date £m	Category R A G	Comments
HC 15/02/18		Redesign	2.250	0.000	<b>N/A</b>	N/A
HC 15/02/18	CR9	Insurance	0.311	0.132	<b>G</b>	

HC 15/02/18	CS31	Travel Desk	0.060	0.035	<b>G</b>	
HC 15/02/18	DI8	Property Asset Management (including £0.076m c/fwd from 2017/18)	0.226	0.000	<b>N/A</b>	N/A
		Procurement (c/fwd from 2017/18)	1.127	0.035	<b>G</b>	
<b>Total</b>			<b>3.974</b>	<b>0.202</b>		