

Agenda Item	10.
Report No	CLH 32/19

HIGHLAND COUNCIL

Committee: Care, Learning and Housing Committee

Date: 29 May 2019

Report Title: **Revenue Budget Near Final Out-turn 2018/19**

Report By: Interim Director of Care and Learning

1. Purpose/Executive Summary

- 1.1 This report sets out the near final revenue monitoring position for the year to 31 March 2019, and shows an overspend of £2.832m (0.8%) for the year, an improvement against the Quarter 3 position which forecast a £3.112m overspend.

2. Recommendations

2.1 Members are asked to:

- i. Consider the revenue budget near-final out-turn for the year, and the actions being taken to address the budget position in the current year.

3. Revenue Monitoring

3.1 **Annex 1** sets out the near final monitoring statement for the year to 31 March 2019. The over spend of £2.832m contrasts with a reported £3.112m overspend for Quarter 3. The main reason for movement from Quarter 3 are as follows:-

- Education Services – a significant improvement in the underspend, increasing from a forecast £0.483m at Q3, to the out-turn of £1.305m. A number of factors have contributed to this improvement, including (a) across the board action to reduce spend which has seen a higher level of school budget surpluses, above that which they can carry forward through the schools DSM budget scheme, (b) vacancy management and staff cost savings, and (c) lower utility costs due to the milder winter.
- Children’s Services – a deterioration in the overspend, increasing to £3.041m from the Q3 forecast of £2.622m. Overall the out-turn for Looked After Children is broadly as had been forecast in net terms, though with some underlying variances described further below (paragraph 3.3 onwards). In relation to Early Learning and Childcare, the level of underspend was lower than had been forecast due to a carry forward of Scottish Government funding into the new financial year.
- Additional Support Services – a deterioration in the overspend, increasing to £1.191m from £0.922m at Q3. The main reasons for the adverse movement are in relation to Additional Support – Schools.

3.2 Despite the slight improvement in position overall, the most significant underlying pressure areas are those that have been reported through the year, in particular Looked After Children and Additional Support Needs.

Looked After Children

3.3 In relation to Looked After Children, while the overall out-turn was broadly as had been forecast, the underlying position shows that while the programme to return children to Highland exceeded target, returning over 14 children to the area, this was however matched by the same number of new Out of Authority placements being required over the period, therefore impacting on the financial benefit of those returning.

3.4 Actions being taken relating to the Looked After Children budget include a new Community Support Service called Àrach opening in Fodderty in May 2019, to reduce the number of children coming into residential and purchased placements. This will offer outreach support to maintain young people in their family homes wherever appropriate. There continues to be a requirement for a large number of secure and step-down care placements for young people at risk of significant self-harming, risk to others and substantial mental health issues – these are the most expensive placements. This continued trend towards higher cost placements contributes significantly to the higher spend. A small, alternative to secure provision is being sought in the Highland area, this would only be for two young people and would not provide secure services.

3.5 The development of education packages in Highland for children returning from OOA and those on the edge of care in Highland on part-time timetables continues to be a challenge, however a new team member has made significant progress in securing education packages for returning children in local schools and off-site provisions.

- 3.6 Discussions with NHS Highland continue on funding and transition of 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 puts substantial strain on the budget and the resulting lack of available residential beds makes it more difficult to return young people from OOA. This issue has not yet been resolved.

Additional Support Needs

- 3.7 The Council agreed to implement a transformation programme for Additional Support Needs services. In Highland, we have the highest reported levels of ASN in Scotland, with significant increases in need over the past 5 years. These high rates and rapid growth in Highland means the Council needs to closely examine our model and practices. The budget agreed in February 2019 included a saving totalling £3.857 million, of which at least £0.250 million is removal of vacant posts and a reduction in Pupil Support Assistant (PSA) funding of £700,000.
- 3.8 An ASN Transformation Project has been set up as part of the Change Programme, to deliver the change and savings necessary. A phased approach will be taken to resource allocation, so that it is equitable and targeted to where it is most needed. Staff are being briefed on the process of change, and everything possible is being done to clarify any queries staff and parents may have.
- 3.9 The project will be regularly reported to members.

Budget Savings 2018/19

- 3.10 In relation to budget savings, **Annex 2** sets out the status of the Care and Learning Service Savings, and allocated Corporate savings, for the 2018/19 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 – As highlighted above, Looked After Children and Additional Support Needs have significant underlying pressures, carrying into the new financial year. The report highlights the actions being taken.
- 4.6 Gaelic - nothing to highlight in this report.

Designation: Interim Director of Care and Learning

Date: 13 May 2019

Author: Brian Porter, Head of Resources

CARE AND LEARNING SERVICE REVENUE MONITORING REPORT- 2018-19

1st April 2018 to 31st March 2019	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Outturn	£'000 Year End Variance
BY ACTIVITY				
Education Services				
Secondary Schools	70,118	70,413	70,118	(295)
Primary Schools	65,536	65,830	65,536	(294)
Schools General	2,626	3,231	2,626	(605)
Learning and Teaching	1,450	1,561	1,450	(111)
	139,730	141,035	139,730	(1,305)
Adult Services				
Commissioned Adult Services	94,250	94,250	94,250	(0)
Commissioned HLH Services	16,612	16,596	16,612	16
Other Leisure Services	0	67	0	(67)
Services for Vulnerable Adults	2,542	2,662	2,542	(120)
Grants to Voluntary Organisations	1,147	1,125	1,147	22
	114,551	114,700	114,551	(149)
Service Management and Resources				
School Crossing Patrollers and Escorts	646	721	646	(75)
Pensions, Insurance and Other Pan-Service Costs	2,366	2,419	2,366	(53)
Resources Teams and Property Costs	3,369	3,226	3,369	143
Service Management Team and Support	(1,246)	(1,194)	(1,246)	(52)
Hostels	1,138	1,047	1,138	91
Unallocated Corporate Savings	0	0	0	0
	6,273	6,219	6,273	54
Children's Services				
Looked After Children	25,728	20,959	25,728	4,769
Family Teams	16,377	17,249	16,377	(872)
Childcare and Early Learning	14,927	15,313	14,927	(386)
Other Services for Children	3,679	4,149	3,679	(470)
Commissioned Children's Services Income from NOSH	(9,656)	(9,656)	(9,656)	0
	51,055	48,014	51,055	3,041
Additional Support Services				
Additional Support - Schools	31,559	29,609	31,559	1,950
Specialist Additional Support Services	6,478	7,237	6,478	(759)
	38,037	36,846	38,037	1,191
TOTAL CARE AND LEARNING	349,646	346,814	349,646	2,832
	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Outturn	£'000 Year End Variance
BY SUBJECTIVE				
Staff Costs	208,291	210,684	208,291	(2,393)
Other Costs	172,053	164,392	172,053	7,661
Gross Expenditure	380,344	375,076	380,344	5,268
Grants	(14,677)	(13,357)	(14,677)	(1,319)
Other Income	(16,021)	(14,905)	(16,021)	(1,117)
Total Income	(30,698)	(28,262)	(30,698)	(2,436)
NET TOTAL	349,646	346,814	349,646	2,832

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

Annex 2

Date Agreed	Ref.	Budget Heading	Name of Savings Proposal	Agreed Savings £m	Category R A G	Comments
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	G	
ECAS 18/11/16		3rd Party Grants and Payments	Add : 2018/19 impact of previous decisions	0.142	G	
HC 25/02/16	Ed/7	Secondary Education	Re-job sizing secondary school promotion structures	0.100	G	
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	G	
HC 16/02/17	8	Hostels	Integration of Staffin respite centre and additional income	0.015	R	A number of property issues and fire safety requirements has impacted on the ability to achieve income from outwith school time.
HC 15/02/18	CL6	Family Teams	Reduce staffing in Family Teams	0.125	G	
HC 15/02/18	CL8	Other Leisure Services	Reduction in Eden Court Funding	0.200	G	
HC 15/02/18	CL10	Services for Adults	Reduce budget for adult support services	0.144	G	

HC 15/02/18	CL14	Childcare and Early Learning	Income from wraparound care based on 10% increase	0.100	G	
HC 15/02/18	CL15	Adult Services	Change call handling for out of hours Social Work	0.050	G	
HC 15/02/18	CL16	Service-wide	Reduce training budgets	0.150	G	
HC 15/02/18	CL17	Childcare and Early Learning	Reduce financial support to childcare providers	0.200	G	
HC 15/02/18	CL19	Grants to Voluntary Organisations	Caithness Horizons	0.015	G	
HC 15/02/18	CL20	Music	BLAS festival	0.007	G	
HC 15/02/18	CL22	Service-wide	Management & administration	0.252	G	
Total				1.721		

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	N/A	N/A
HC 15/02/18	CR9	Insurance	0.311	0.132	G	
HC 15/02/18	CS31	Travel Desk	0.060	0.035	G	

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