

Agenda Item	7.
Report No	CLH 04/19

## HIGHLAND COUNCIL

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

**Date:** 24 January 2019

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

**Report By:** Interim Director of Care and Learning

### 1. Purpose/Executive Summary

- 1.1 This report sets out the Quarter 3 revenue monitoring position for the year to 31 December 2018, and shows a projected overspend of £3.112m (0.9%) for the year, a deterioration against the Quarter 2 position which forecast a £0.923m overspend.
- 1.2 The report also proposes a change to funding responsibilities for Lochalsh Leisure Centre, with the current budget to be transferred to Highlife Highland, and incorporated within their Service Delivery Contract, with HLH to take on operational management.

### 2. Recommendations

- 2.1 Members are asked to:
  - i. Consider the revenue budget projected over spend position for the year to 31 December 2018 and note the actions being taken with regard to the budget position.
  - ii. Agree the transfer of budget, and revision to Service Delivery Contract with Highlife Highland, relating to the funding for Lochalsh Leisure Centre.

### 3. Revenue Monitoring

3.1 **Annex 1** sets out the monitoring statement for the quarter to 31 December 2018. The over spend of £3.112m contrasts with a reported £0.923m overspend reported for Quarter 2. The main reason for movement from Quarter 2 are as follows:-

- Looked After Children – an adverse movement of £2.042m. Previous reports to Committee have highlighted an underlying pressure of £1.2m higher than the forecast out-turn at quarter 2, with the mitigation arising from assumed benefit from developments during the year and the change programme. Spend on placements is determined by needs that arise for individuals and the availability of a suitable in-house placement, therefore as previously reported there can be large variances, given that each purchased placement costs c £220k per annum. The forecast has been revised since the October revenue report. In addition, increased use of independent fostering agencies, have contributed to increased cost. Further information is set out in the Placement Services Change Programme report which follows this item on the agenda.
- Other Children's Services – Management action has been taken successfully to partly mitigate the overspend position through continuing to examine the need to fill vacant posts and restrict other non essential expenditure, including travel.. These budgets have seen an increase in the forecast underspend of £0.940m between Quarter 2 and Quarter 3. The impact of these measures is being managed through action to manage workload across teams and is being monitored by Heads of Service.
- Additional Support Needs – There has been an adverse movement of £0.972m, as a result of overspend on special schools (mainly staffing) of £0.920m, and ASN allocation overspend of £0.792m. This was partially offset by an underspend in specialist services and restrictions on non-essential spend of £0.790m.

3.2 As a result of the reported overspend during the course of this year, and the subsequent adverse movement from Quarter 2 to Quarter 3, a programme of management action has been implemented to mitigate the overspend position. This is a combination of action taken by Care and Learning Senior Management, as well as implementing Corporate level actions. Some benefit from these actions is already reflected within the position reported to date, with further benefit expected over the final quarter of the year.

Management actions:-

- Recruitment controls – while vacancy management has been relied upon to assist with balancing the budget in past years, a much more rigorous approach has been taken in the year to date, with greater scrutiny and challenge of recruitment requests, and managers asked to consider other alternative courses of action to avoid or delay recruitment where necessary. While this has had a positive effect in the budget, this has of course resulted in increasing challenges for managers and existing staff, to continue service delivery in that circumstance.
- Travel and accommodation restrictions – as part of a corporate approach to spend control, Care and Learning have put in place additional scrutiny of non-essential staff travel and accommodation, and a requirement for requests to be

approved by senior managers.

- Staff overtime – any overtime has to be reviewed and approved by a Head of Service or Area Care and Learning Manager.
- Non-essential spend – instructions have been issued to staff, as part of corporate spend controls, regarding non-essential or discretionary spend, including reference to senior management for any material purchase orders.
- Previously agreed savings – ensuring implementation of previously agreed savings, and that maximum benefit from change is being realised.
- Reviewing allocation and entitlement formulas – to ensure that managers are adhering to agreed policy and practice and addressing areas where over-provision or over-funding may have occurred.
- Utilisation of earmarked funds, and external funding – steps have been taken to review and maximise the use, within any relevant guidelines, to assist with the in-year position.

- 3.3 Taken together these various actions have mitigated the areas of overspend reported, with a continued focus on these and any other steps that can be taken to further manage the projected overspend.
- 3.4 The following paragraphs explain the main variances for each functional area within the monitoring report.
- 3.5 Education Services – the position is largely as previously reported at Quarter 2, with an underspend being forecast; mainly as a result of management actions to reduce non-essential spend.
- 3.6 Adult Services – the position is largely as previously reported at Quarter 2, with an underspend being forecast, mainly as a result of management actions.
- 3.7 Service Management and Resources – the position is largely as previously reported at Quarter 2, with an underspend being forecast across a number of headings. Note that this section of the budget contains a number of corporate saving allocations (showing as an overspend) which are held within this budget, albeit relating to the Service as a whole.
- 3.8 Children's Services – the main overspend continues to be Looked After Children, Further information on the Placement Services Change Programme is set out on the agenda for this Committee.
- 3.9 Additional Support Services – the main areas of overspend are in relation to Special schools and ASN allocation as referred to above at paragraph 3.1. In relation to the underspends offsetting, these in the main relate to Allied Health Professionals, Educational Psychology & Primary Mental Health Workers, and non-essential spend.
- 3.10 The budget for the year, as set out in the monitoring report, reflects a £0.218m increase from the prior Quarter, due to the following movements.

Budget feed re Holiday Pay	0.095
Funding for Provision of Fee Sanitary Products in Schools	0.087
Transfer of Business Support Posts to HLH re Music Tuition	0.051
Additional Grant Funding re Whole System Approach to Youth Justice	0.025
Sports and leisure funding transfer	0.100
Non Domestic Rates budget realignments	-0.117
Family Firm budget transferred to Development and Infrastructure	-0.023
	0.218

3.11 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. Lochalsh Leisure Centre**

4.1 The Council currently provides funding of £48,775 in 2018/19 to Lochalsh & Skye Swimming Pool Association (a company limited by guarantee with charitable status). The funding is linked to a Service Level Agreement, to support provision of the Lochalsh Leisure centre in Kyle of Lochalsh, and associated services to the local community. Facilities include swimming pool, spa, steam room, sauna, fitness suite and weights room. It provides public swimming, swimming lessons (for schools and general public), kayak winter training, sea survival courses, GP referral scheme, fitness classes etc. It operates the High Life Scheme.

4.2 The Association have been in discussion with Highlife Highland, to explore the extent to which HLH may be willing and able to take on operation of the facility. The HLH Board of Directors in December 2018, considered a report and concluded they were in agreement, subject to the Council's funding for the centre being transferred into the HLH fee, and Service Delivery Contract amended accordingly.

4.3 The proposed arrangement would relieve the burden of operation and management from the Association, and also provide some certainty and stability to ongoing operations. The Council has previously agreed to similar arrangements for example North Coast Leisure Centre, Bettyhill transfer agreed at August 2017 Committee.

4.4 The revised management arrangements would be effective from 1<sup>st</sup> April 2019, with revised funding arrangements also effective from that date.

#### **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) – nothing to highlight.

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: Interim Director of Care and Learning

Date: 16 January 2019

Author: Brian Porter, Head of Resources

Background Papers:

<b>CARE AND LEARNING SERVICE REVENUE MONITORING REPORT- 2018-19</b>
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	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Outturn	£'000 Year End Variance
<b>1st April 2018 to 31st December 2018</b>				
<b>BY ACTIVITY</b>				
<b>Education Services</b>				
Secondary Schools	48,669	67,580	67,580	0
Primary Schools	43,461	62,868	62,837	(31)
Schools General	1,182	748	296	(452)
Learning and Teaching	1,133	1,324	1,324	0
	<b>94,445</b>	<b>132,520</b>	<b>132,037</b>	<b>(483)</b>
<b>Adult Services</b>				
Commissioned Adult Services	47,196	94,250	94,250	0
Commissioned HLH Services	11,584	16,530	16,530	0
Other Leisure Services	27	66	0	(66)
Services for Vulnerable Adults	2,117	2,681	2,527	(154)
Grants to Voluntary Organisations	952	1,125	1,210	85
	<b>61,876</b>	<b>114,652</b>	<b>114,517</b>	<b>(135)</b>
<b>Service Management and Resources</b>				
School Crossing Patrollers and Escorts	440	717	627	(90)
Pensions, Insurance and Other Pan-Service Costs	1,933	2,506	2,453	(53)
Resources Teams and Property Costs	2,211	2,929	2,963	34
Service Management Team and Support	1,473	2,096	2,046	(50)
Hostels	766	1,034	998	(36)
Unallocated Corporate Savings	0	(381)	0	381
	<b>6,823</b>	<b>8,901</b>	<b>9,087</b>	<b>186</b>
<b>Children's Services</b>				
Looked After Children	18,400	20,879	25,660	4,781
Family Teams	12,284	17,197	16,252	(945)
Childcare and Early Learning	9,309	15,324	14,618	(706)
Other Services for Children	3,067	4,271	3,763	(508)
Commissioned Children's Services Income from NHS	(4,810)	(9,656)	(9,656)	0
	<b>38,250</b>	<b>48,015</b>	<b>50,637</b>	<b>2,622</b>
<b>Additional Support Services</b>				
Additional Support - Schools	22,946	28,883	30,595	1,712
Specialist Additional Support Services	4,816	7,918	7,128	(790)
	<b>27,762</b>	<b>36,801</b>	<b>37,723</b>	<b>922</b>
<b>TOTAL CARE AND LEARNING</b>	<b>229,156</b>	<b>340,889</b>	<b>344,001</b>	<b>3,112</b>
	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Outturn	£'000 Year End Variance
<b>BY SUBJECTIVE</b>				
Staff Costs	150,439	198,801	198,000	(801)
Other Costs	100,369	162,062	166,216	4,154
<b>Gross Expenditure</b>	<b>250,809</b>	<b>360,863</b>	<b>364,216</b>	<b>3,353</b>
Grants	(14,714)	(8,409)	(8,664)	(254)
Other Income	(6,938)	(11,565)	(11,551)	13
<b>Total Income</b>	<b>(21,652)</b>	<b>(19,974)</b>	<b>(20,215)</b>	<b>(241)</b>
<b>NET TOTAL</b>	<b>229,156</b>	<b>340,889</b>	<b>344,001</b>	<b>3,112</b>

**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	A	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	G	The restructure is nearing completion
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	<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>		