

Agenda Item	11.
Report No	CLH 48/19

## HIGHLAND COUNCIL

**Committee:** Care, Learning and Housing

**Date:** 21 August 2019

**Report Title:** **Care and Learning Revenue Budget Monitoring Quarter 1 2019/20**

**Report By:** Chief Executive

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

- 1.1 This report sets out the first revenue monitoring statement of the financial year, setting out the quarter 1 position to end the of June 2019. The monitoring statement forecasts an overspend of £0.572m (0.16%) for the year.
- 1.2 The report also includes an assessment of progress in achieving the significant budget savings for the year.

### 2. **Recommendations**

- 2.1 Members are asked to:
  - i. Consider the revenue budget out-turn forecast for the year, and the actions being taken to address the budget position in the current year.

### 3. **Implications**

- 3.1 Resource – as set out within the report and accompanying appendices.
- 3.2 Legal – nothing to highlight regarding this report.
- 3.3 Community (Equality, Poverty and Rural) – nothing to highlight.
- 3.4 Climate Change / Carbon Clever – nothing to highlight in this report.
- 3.5 Risk – as referred to at paragraph 4.1 the scale of financial challenges are significant, in terms of underlying pressures and delivery of budget savings. However, as the report highlights there is significant action, and associated governance and resources, to support delivery of budget savings and an improved financial position.

3.6 Gaelic - nothing to highlight in this report.

#### 4. Revenue Monitoring

4.1 This report represents the first monitoring position for the 2019/20 financial year, and the first since the setting of the budget in February of this year and agreement of approximately £12m of budget savings to be delivered by the Service in-year. That scale of savings when added to the underlying pressures that were evident in the out-turn reported for last year, has therefore represented a very significant financial challenge in the current financial year.

4.2 As is evident from the report content below, significant strides have been made in recent months to progress implementation of budget savings and associated change programmes, and take further actions to improve budgetary control across the Service. Those actions, and the efforts of staff and managers have therefore allowed a significantly improved forecast for this year, against the backdrop of challenges set out in paragraph 4.1.

4.3 There is a need for some caution, recognising this is only a quarter 1 position, and there remain a number of pressure areas within the Service, and clearly further action is necessary to continue the work undertaken to date, and in turn consider further actions to bring the Service overall on or under budget by year end.

4.4 **Annex 1** sets out the quarter 1 monitoring statement for the year to 30 June 2019. The overspend of £0.572m contrasts with an equivalent position for Quarter 1 of the prior financial year of £2.7m, and an out-turn for 2018/19 of £2.8m overspend. The main variances reflected on the annex are as described below:-

- Education Services – overall the Education budgets are reporting a modest £0.120m projected underspend, based upon prior year trends. There are no significant variances to report within this part of the budget at this time, progress in relation to relevant savings are set out in annex 2.
- Adult Services – overall the budgets are forecast as being £0.122m underspent at the year end. The main variance areas are in Mental Health Teams and Criminal Justice Services (staffing vacancies) and Supported employment (retirals and lower number of placements).
- Children's Services – while overall the budget is showing a projected £1.088m underspend, as can be seen in the annex there remain significant underlying variances, including Looked After Children £2.020m projected overspend, offset by the following projected underspends Family Teams £0.765m, Childcare and Early Learning £1.965m and Other Services for Children £0.377m. While the forecast remains an overspend in the year, this is substantially lower than the out-turn for the prior year (£2.0m versus £3.4m) and is reflective of the significant progress made in relation to the Placement Services Change Programme. For example, the significantly improved financial position of the Placement Budget is as a result of 34 young people being enabled to return to Highland or circumvented going out of area since June 2018, avoiding costs of over £5m as compared with these young people remaining out of area for a year. Of the 34 returned, 22 have been in this financial year with plans to return up to 7 further children before December 2019. Further information on Looked

After Children and the Placement Services Changes programme is reported later in this agenda. In relation to the other variances referred to above, the Family Teams and Other Services for children variance relates to staff vacancies. Childcare and Early Learning is based on current estimate of in-year spend against budget, and some slippage forecast. A separate report on the agenda provides an update on progress with Early Learning and Childcare expansion.

- Additional Support Services – overall the budget is reporting a projected £2.051m overspend, with this consisting of £0.770m relating to Special Schools and the balance of £1.281m relating primarily to underlying pressures within the Additional Support Needs (ASN) allocation to schools. The Council has made excellent progress as highlighted in annex 2, relating to material budget savings being delivered for the year. However, over and above these savings some underlying ASN pressures remain and will be addressed as part of the ongoing review including the Council's Education Transformation programme which is reported/presented later in this agenda.

#### Budget Savings 2019/20

- 4.5 In relation to budget savings for the year, **Annex 2** sets out the status of the Care and Learning Service Savings for the 2019/20 financial year. This statement is consistent with the position reported to the June 2019 Council as part of the Change Strategy and Change Fund report.
- 4.6 In relation to savings for 2020/21, and in particular the £200k saving related to funding for external and third sector sports, arts, culture etc groups, the minutes of the member working group reviewing proposals for this saving are being reported to this Committee. From discussions to date, and recognising the wider implications to be considered from achieving a £200k saving from a budget of around £525k, the view of the group has been that further time is necessary to assess options and bring recommendations back to this Committee. The consequence of this is that recommendations are not available for this particular Committee meeting, and in turn to maintain the Council's commitment to at least 6 months notice for affected groups, there will likely be some slippage against delivering the 2020/21 saving. As indicated at Item 13 of this Agenda, a further report will come back to the October Committee, reporting on progress and any recommendations for consideration at that time.

#### Other Budget Actions Being Progressed

- 4.7 In addition to specific actions to deliver the budget savings for the year, and other agreed change and transformation activity, a number of further measures are in hand to review budget arrangements, improve budgetary controls, and seek to identify further cost reduction and improvement opportunities:-
- A line by line review of the 2018/19 out-turn and 2019/20 budget to highlight any addition pressure areas or unbudgeted expenditures that require to be addressed. Linked to this exercise, any further saving or underspend opportunities, and the re-alignment of budgets as necessary.
  - Review of budget delegation and budgetary control arrangements to ensure that budget holder accountability is in the correct place in the Service.
  - A review of all income budgets and income opportunities to consider any unrealised opportunities.
  - A review of contract and procurement activity to consider any further saving or

cost improvement opportunities.

Designation: Chief Executive

Date: 29 July 2019

Author: Brian Porter, Head of Resources

Background Papers:

## CARE AND LEARNING SERVICE REVENUE MONITORING REPORT- 2019-20

1st April 2019 to 30th June 2019	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Outturn	£'000 Year End Variance
<b>BY ACTIVITY</b>				
<b>Education Services</b>				
Secondary Schools	15,341	74,851	74,851	0
Primary Schools	14,298	36,094	35,994	(100)
Schools General	(50)	34,966	34,866	(100)
Learning and Teaching	232	1,448	1,428	(20)
	<b>29,821</b>	<b>147,359</b>	<b>147,139</b>	<b>(220)</b>
<b>Adult Services</b>				
Commissioned Adult Services	170	100,614	100,614	0
Commissioned HLH Services	(66)	16,191	16,191	0
Services for Vulnerable Adults	837	2,724	2,602	(122)
Grants to Voluntary Organisations	560	1,125	1,125	0
	<b>1,501</b>	<b>120,654</b>	<b>120,532</b>	<b>(122)</b>
<b>Service Management and Resources</b>				
School Crossing Patrollers and Escorts	136	742	662	(80)
Pensions, Insurance and Other Pan-Service Costs	692	2,274	2,274	0
Resources Teams and Property Costs	673	3,082	3,182	100
Service Management Team and Support	599	1,427	1,358	(69)
Hostels	249	1,080	1,080	0
	<b>2,349</b>	<b>8,605</b>	<b>8,556</b>	<b>(49)</b>
<b>Children's Services</b>				
Looked After Children	5,741	23,347	25,367	2,020
Family Teams	3,861	17,572	16,806	(766)
Childcare and Early Learning	4,350	13,354	11,389	(1,965)
Other Services for Children	850	4,252	3,875	(377)
Commissioned Children's Services Income from NHS	(50)	(9,781)	(9,781)	0
	<b>14,752</b>	<b>48,744</b>	<b>47,656</b>	<b>(1,088)</b>
<b>Additional Support Services</b>				
Additional Support - Schools	6,515	12,016	13,423	1,407
Additional Support - Special Schools	1,130	5,177	5,947	770
Specialist Additional Support Services	1,566	17,668	17,542	(126)
	<b>9,211</b>	<b>34,861</b>	<b>36,912</b>	<b>2,051</b>
<b>TOTAL CARE AND LEARNING</b>	<b>57,634</b>	<b>360,223</b>	<b>360,795</b>	<b>572</b>

	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Outturn	£'000 Year End Variance
<b>BY SUBJECTIVE</b>				
Staff Costs	52,680	222,479	220,918	(1,561)
Other Costs	8,879	168,636	170,769	2,133
<b>Gross Expenditure</b>	<b>61,559</b>	<b>391,115</b>	<b>391,687</b>	<b>572</b>
Grants	(3,369)	(19,347)	(19,347)	0
Other Income	(556)	(11,545)	(11,545)	0
<b>Total Income</b>	<b>(3,925)</b>	<b>(30,892)</b>	<b>(30,892)</b>	<b>0</b>
<b>NET TOTAL</b>	<b>57,634</b>	<b>360,223</b>	<b>360,795</b>	<b>572</b>

## Annex 2 - Care and Learning Budget Savings 2019/20

Service Ref	Theme Ref	Budget Area	Savings Description	Agreed savings to be delivered in 19/20 (m)
C&L/1b	1.2	Staffing Allocations and Absence Management	Re-base all school staffing allocations across Primary, Secondary and ASN schools to ensure transparency and fairness in allocations following national class size guidance and removing all ad-hoc allocations to ensure stable staffing within our communities. This will include procedures for staff absence management and supply staff.	3.500
C&L/3	4.5	Education centrally managed budgets	Reduce the number of seconded and centrally funded non-teaching posts	0.200
C&L/4	1.20	Care & Learning Programme management	Review management of C&L change programmes to provide service overview and closer collaboration between change programmes	0.046
C&L/5	3.17	Sustainable education programme	Sustainable Education Programme - roll-out of the programme with a review of structures and delivery models to ensure delivery is appropriate for the local area	0.200
C&L/6	1.22	Early Years/ELCC	A review of the whole early years' service will impact positively on the effectiveness and efficiency of the delivery of the expanded ELC provision. This will be based on the principles of quality, flexibility, affordability and accessibility. Additional funding from the Scottish Government is available.	2.000
C&L/7a	3.8	Specialist Teachers	Integrating services by maximising the deployment of specialist teachers to support mainstream teaching staff in meeting the needs of pupils with a high level of need	2.788
C&L/7b	4.1	Benchmarking of Support in Schools	Building on the findings of the redesign review, a change to the allocation of resource, monitoring and training of staff and assessment of need, where ASGs control allocation of resource. Supports embedding this approach into the daily functioning of a school and can target support to those pupils with the greatest need.	0.700
C&L/7c	1.12	Care & Learning non-staffing efficiencies	Non-staffing efficiencies identified through budget management. This will include savings from training budgets and flexible budgets.	0.250
C&L/7d	4.7	Care & Learning Vacancy Management	Specialist support services- staffing budget efficiencies through vacancy management	0.250
C&L/7e	4.2	Specialist Education Services	Further rationalisation of specialist education support teams will result in a reduction in front-line support staff, but a greater level of training and flexibility of deployment. With greater service integration development posts can be supported from quality development team.	0.119
C&L/7f	1.23	Early Learning and Childcare Specialist Support	There is a need to provide a greater focus on supporting ASN in early years, with the roll out of 1140 hours. It is proposed that the budget for the Preschool home visiting teaching service will therefore be supported from early years to support this change.	0.260
C&L/9	2.16	High Life Highland	Increased funding reduction in excess of core grant reduction with a focus on increasing revenue	0.405
C&L/12	3.16	Care & Learning Directorate restructure	Senior management restructure - Bringing together education, early years and additional support needs under one head of service in order to improve collaboration and integration across service area; and bringing together all family support, health, social care and Criminal Justice services under one Head of Service	0.744
C&L/14	3.13	School transport for Looked After Children	Reduction of costs transporting Looked After and Accommodated Children to school	0.020
C&L/15	2.6	Grants to early years organisations	A review of Early Years grant, to ensure that the services funded focus on key service objectives. Although the grant available will be reduced by £258k (from £458k), the remaining money will be redirected into Service Level Agreements	0.258
Corp/1	3.14	Council wide	Review of business support to create an integrated service, reduce duplication and achieve efficiencies.	0.100
<b>Total</b>				<b>11.840</b>