



Meeting: **Scrutiny Commission**

Date/Time: **Monday, 29 June 2015 at 2.00 pm**

Location: **Sparkenhoe Committee Room, County Hall, Glenfield**

Contact: **Mr. S. J. Weston (Tel: 0116 305 6226)**

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Membership

Mr. S. J. Galton CC (Chairman)

Mrs. R. Camamile CC Mr. K. W. P. Lynch CC
Mrs. J. A. Dickinson CC Mrs. C. M. Radford CC
Dr. R. K. A. Feltham CC Mr. R. Sharp CC
Dr. S. Hill CC Mr. R. J. Shepherd CC
Mr. D. Jennings CC Mr. L. Spence CC

Please note: this meeting will be filmed for live or subsequent broadcast via the Council's web site at <http://www.leics.gov.uk/webcast> – Notices will be on display at the meeting explaining the arrangements.

AGENDA

<u>Item</u>	<u>Report by</u>
1. Minutes of the meeting held on 3 June 2015.	(Pages 5 - 10)
2. Question Time.	
3. Questions asked by members under Standing Order 7(3) and 7(5).	
4. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.	
5. Declarations of interest in respect of items on the agenda.	
6. Declarations of the Party Whip in accordance	



with Overview and Scrutiny Procedure Rule
16.

7. Presentation of Petitions under Standing Order
36.

8. 2014/15 Provisional Revenue and Capital Director of (Pages 11 - 56)
Outturn. Corporate
Resources

9. Date of next meeting.

The next meeting of the Commission is scheduled to take place on 2 September
2015 at 2.00pm.

10. Any other items which the Chairman has
decided to take as urgent.

QUESTIONING BY MEMBERS OF OVERVIEW AND SCRUTINY

Members serving on Overview and Scrutiny have a key role in providing constructive yet robust challenge to proposals put forward by the Cabinet and Officers. One of the most important skills is the ability to extract information by means of questions so that it can help inform comments and recommendations from Overview and Scrutiny bodies.

Members clearly cannot be expected to be experts in every topic under scrutiny and nor is there an expectation that they so be. Asking questions of 'experts' can be difficult and intimidating but often posing questions from a lay perspective would allow members to obtain a better perspective and understanding of the issue at hand.

Set out below are some key questions members may consider asking when considering reports on particular issues. The list of questions is not intended as a comprehensive list but as a general guide. Depending on the issue under consideration there may be specific questions members may wish to ask.

Key Questions:

- Why are we doing this?
- Why do we have to offer this service?
- How does this fit in with the Council's priorities?
- Which of our key partners are involved? Do they share the objectives and is the service to be joined up?
- Who is providing this service and why have we chosen this approach? What other options were considered and why were these discarded?
- Who has been consulted and what has the response been? How, if at all, have their views been taken into account in this proposal?

If it is a new service:

- Who are the main beneficiaries of the service? (could be a particular group or an area)
- What difference will providing this service make to them – What will be different and how will we know if we have succeeded?
- How much will it cost and how is it to be funded?
- What are the risks to the successful delivery of the service?

If it is a reduction in an existing service:

- Which groups are affected? Is the impact greater on any particular group and, if so, which group and what plans do you have to help mitigate the impact?
- When are the proposals to be implemented and do you have any transitional arrangements for those who will no longer receive the service?
- What savings do you expect to generate and what was expected in the budget? Are there any redundancies?
- What are the risks of not delivering as intended? If this happens, what contingency measures have you in place?

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Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Wednesday, 3 June 2015.

PRESENT

Mrs. R. Camamile CC	Mr. W. Liquorish JP CC
Mrs. J. A. Dickinson CC	Mr. K. W. P. Lynch CC
Dr. R. K. A. Feltham CC	Mr. R. Sharp CC
Mr. S. J. Galton CC	Mr. R. J. Shepherd CC
Dr. S. Hill CC	Mr. L. Spence CC
Mr. D. Jennings CC	

1. Appointment of Chairman.

That it be noted that Mr. S. J. Galton CC has been appointed Chairman of the Scrutiny Commission for the period ending with the Annual Meeting of the County Council in 2016 in accordance with Article 6.05 of the Constitution.

Mr. S. J. Galton CC – in the Chair

2. Election of Vice-Chairman.

That Mr. R. J. Shepherd CC be elected Vice-Chairman of the Scrutiny Commission for the period ending with the date of the Annual Meeting of the County Council in 2016.

3. Minutes.

The minutes of the meeting held on 22 April 2015 were taken as read, confirmed and signed.

4. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 35.

5. Questions asked by members under Standing Order 7(3) and 7(5).

The Chief Executive reported that no questions had been received under Standing Order 7(3) and 7(5).

6. Urgent Items.

There were no urgent items for consideration.

7. Declarations of interest.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

All members of the Commission who were also members of a District Council declared a personal interest in the Corporate Asset Management Plan 2015-16 (minute 10 refers).

8. Declarations of the Party Whip in accordance with Overview and Scrutiny Procedure Rule 16.

There were no declarations of the party whip.

9. Presentation of Petitions under Standing Order 36.

The Chief Executive reported that no petitions had been received under Standing Order 36.

10. Corporate Asset Management Plan 2015/16.

The Commission considered a report of the Director of Corporate Resources which presented the draft Corporate Asset Management Plan (CAMP) 2015/16 which set out the strategic direction for the use, management and development of the County Council's corporate property resources over the next financial year. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

Arising from discussion the following points were raised:-

- (i) The Commission welcomed the report, which was both comprehensive and accessible. It was pleasing to note that the objectives for the previous year had all been met and that the plans for the 2015/16 financial year were ambitious but, based on previous performance, were also deliverable.
- (ii) One of the key risks to delivery of the CAMP was the fast pace of change and the level of transformational work being carried out across the Council. It was expected that there would be challenges in maintaining the pace of change in order to deliver the Plan.
- (iii) Resources were also identified as a key risk area. The ambitious nature of the Plan meant that some temporary resources might be required in order to deliver it. Further work was needed to define the level of resource required. Officers undertook to advise members of the outcome of discussion in this area.
- (iv) With regard to the development sites being brought forward to deliver the Disposals Programme, it was confirmed that although Land Promotion and Options Agreements were a standard approach in industry, they were not often used by the County Council. Producing the documents involved a lengthy legal process and once both parties were signed up to the agreement they were bound by it. Where possible, the County Council would apply for outline planning permission before selling the land. Promotion and Option Agreements were used on a case by case basis for land with very specialised uses. The County Council sought support from external consultants to deliver the Disposals Programme where appropriate.
- (v) The Committee welcomed the approach to energy efficiency and was pleased to note that the business case and service development for the installation of renewable energy assets for sale of power and heat to the schools estate would target all schools, not just those maintained by the County Council. A number of

options were currently being scoped, including those where the County Council offered strategic and operational advice as well as capital support. Once a preferred option had been identified, the scheme would be promoted to schools. It was felt that this opportunity would be welcomed by schools.

- (vi) The CAMP included reference to the role of property services in developing a revised mining offer at Snibston Discovery Museum. As this decision was currently subject to Judicial Review, it was not possible to confirm the exact nature of the works that were planned for the site. The County Solicitor undertook to write to members of the Commission to confirm the exact wording of the Cabinet Decision on the matter and the next steps to be taken in either actuality.
- (vii) It was acknowledged that there had been confusion regarding the respective roles and responsibilities of the County Council and Academies in terms of assets. The County Council had since clarified and updated processes around procuring, commissioning and delivering building works for Academies and had produced a set of leaflets which clarify the property related responsibilities of each party. The Commission was pleased to note that the leaflets also highlighted that Academies could approach the County Council and commission work on a traded basis. It was agreed that the leaflets would be circulated to members of the Commission.
- (viii) In terms of commissioning new schools, it was noted that there were a variety of approaches to reflect the mixed economy. Officers undertook to produce a briefing note setting out the process to design, procure and project manage the building of a new school, as well as how the project would be funded. The note would use the new school at Braunstone and the proposed new special school in Wigston as examples.
- (ix) It was felt that the CAMP did not include sufficient detail relating to the significant drop in asset value from April 2013 to April 2014. Officers undertook to circulate a detailed breakdown of the reasons for the decrease to all members of the Commission.

RESOLVED:

- (a) That the Corporate Asset Management Plan 2015/16 be supported and the comments now made be referred to the Cabinet for consideration at its meeting on 16 June;
- (b) That officers be requested to circulate information to the Commission as outlined above.

11. Quarter 4 2014/15 Performance Report.

The Commission considered a report of the Chief Executive which provided an update on performance at the end of the fourth quarter of 2014/15 (January – March). A copy of the report marked 'Agenda Item 11' is filed with these minutes.

Arising from discussion the following points were raised:-

- (i) It was noted that the indicators relating to road casualties were rated red. It would be useful for the Environment and Transport Overview and Scrutiny Committee to

receive a report providing details of performance in this area, including the percentage of accidents attributable to human error and how statistical evidence has been used to identify the best interventions to prevent accidents. The report should also investigate whether there was a causal link between national and local increases in road traffic accidents.

- (ii) The Commission noted with concern that the indicator relating to the theft of or theft from vehicles was also rated red. It was noted that police intelligence had identified that a significant number of these incidents related to either insecure vehicles or the theft of tools from vans. With regard to the latter, the police had recently made a number of arrests. Officers undertook to produce a report containing a detailed breakdown of performance in this area for further consideration by the Scrutiny Commissioners.
- (iii) Concern was expressed that the oral health of five year olds had been rated red. It was noted that both Public Health and Children and Family Services were undertaking work in this area to improve performance and agreed that a report setting out these mitigating actions would be submitted to the Health Overview and Scrutiny Committee for consideration. The report would also be shared with members of the Children and Families Overview and Scrutiny Committee.
- (iv) The red indicators relating to the safety of children and young people had all been the subject of a specific report to the Children and Families Overview and Scrutiny Committee earlier in the week. That report had identified concerns with certain aspects of data reliability which the Committee was investigating further. Whilst these issues were acknowledged, the Commission was advised that more detailed manual analysis of the percentage of care leavers in suitable accommodation showed that performance, although 20 percent better than originally demonstrated, was still below the target level the County Council had set.
- (v) It was noted that the performance team was undertaking a data cleansing exercise with a view to finalising the end of year position over the summer period. The final position would be set out in the Annual Performance Report and submitted to the Scrutiny Commission in autumn.
- (vi) Officers undertook to provide written details of the opportunities that were being considered to accelerate the deployment of high-speed fibre broadband across Leicestershire.
- (vii) With regard to the number of staff employed by the County Council, it was agreed that future reports should also include the number of full time equivalent posts. This would enable members to have a clearer picture of the impact of the MTFs on staffing levels.
- (viii) It was confirmed that the target for 58 percent of staff employed at Grade 13 or above to be female reflected the Council's workforce rather than the population of Leicestershire. 73 percent of the Council's workforce was female.
- (ix) Officers undertook to provide the Commissioners with an analysis of why the Adults and Communities Department was disproportionately represented with regard to grievance and dignity at work cases.

RESOLVED:

- (a) That the performance at the end of the fourth quarter of 2014-15 be noted;
- (b) That officers be asked to respond to the requests for information outlined above;
- (c) That the Environment and Transport Overview and Scrutiny Committee be asked to consider performance with regard to road traffic accidents at a future meeting;
- (d) That the Health Overview and Scrutiny Committee be asked to consider performance with regard to the oral health of five year olds at a future meeting.

12. Corporate Complaints and Compliments Annual Report 2014-15.

The Commission considered a report of the Director of Corporate Resources which presented the Corporate Complaints and Compliments Annual Report, covering the period 1 April 2014 to 31 March 2015. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

Arising from discussion the following points were made:-

- (i) The Commission was pleased to note the reduction in the number of complaints referred to the Ombudsman and also welcomed the proposed actions regarding the art of apologising well.
- (ii) Concern was expressed that there had been an increase in the number of complaints being upheld regarding delays in providing services, when compared to the previous year. It was felt that County Hall staff needed to be more honest in managing the expectations of members of the public. The reduction in funding meant that services could not always be provided in a timely fashion and it was important that this message was communicated effectively to the public.
- (iii) It was felt that the concluding comments in the report, that complaints volumes would continue to rise, were negative and implied an expectation that the quality of service would decline. It was acknowledged that these remarks could have been expressed better, for example by explaining that given the trend over the last five years, the policy changes and financial position of the Council. Complaints were not expected to drop. However, the focus would be on reducing the level of complaints that were upheld.
- (iv) It was noted with concern that a number of complaints were still being made about Community Care Finance. The Commission was advised that there were a number of technical difficulties involved in resolving the underlying data quality issues. However, it was felt that the report should be more proactive in outlining the actions to be taken by the Department.
- (v) It was noted that Parish Councils received feedback on highways issues and complaints which the local member was copied into. It was suggested that this process could be improved by the inclusion of more contextual details regarding the complaint.
- (vi) It had not yet been possible to map complaints at a geographical level, due in part to data systems not being aligned and the fact that the postcode of the complainant did not always relate to the geographical location of the incident subject to the

complaint. The Commission encouraged officers to continue to explore the feasibility of mapping complaints at a geographical level, particularly with regard to complaints about the Council's highways.

- (vii) The importance of a quick resolution to complaints was emphasised. The Commission was assured that the Department was always given an opportunity to address the issue before it was incorporated into the Corporate Complaints process.

RESOLVED:

That the Corporate Complaints and Compliments Annual Report 2014-15 be noted.

13. Overview and Scrutiny Annual Report 2014/15.

The Commission considered a report of the Scrutiny Commissioners concerning the Overview and Scrutiny Annual Report 2014/15. A copy of the Annual Report, marked 'Agenda Item 13' is filed with these minutes.

Members welcomed the report and agreed that it was a fair and accurate assessment of the work undertaken by the Scrutiny bodies during the past year.

It was agreed that, in future, the Scrutiny Commissioners would share the report with the Chairmen of the Scrutiny Committees prior to its submission to the Scrutiny Commission.

RESOLVED:

That the Overview and Scrutiny Annual Report 2014/15 be commended for submission to the County Council meeting on 8 July.

14. Date of next meeting.

It was agreed that an additional meeting of the Commission would be scheduled for the beginning of July to consider the Provisional Revenue and Capital Outturn Report. The following meeting of the Commission would be held on 2 September at 2.00pm.

2.00 - 4.35 pm
03 June 2015

CHAIRMAN



SCRUTINY COMMISSION - 29 JUNE 2015

2014/15 PROVISIONAL REVENUE AND CAPITAL OUTTURN

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of Report

1. This report sets out the provisional revenue and capital outturn for 2014/15.

Policy Framework and Previous Decisions

2. The County Council approved the 2014 Medium Term Financial Strategy (MTFS) in February 2014. The key aim of the Strategy is to ensure that the Authority has appropriate resources in place to fund key service demands over the next few years. The Strategy includes the establishment of earmarked funds and the allocation of ongoing revenue budget and capital resources for key priorities.
3. The Standard Financial Instructions stipulate that the Executive may authorise the carry forward of under or over spending. These may also be agreed by the Chief Financial Officer subject to guidelines agreed by the Cabinet in June 2006. The carry forward requests which could not be approved under delegated powers were approved by Cabinet on 16 June 2015 (see Appendix B).

Overall Position

Revenue Outturn

4. A summary of the revenue outturn for 2014/15 excluding schools grant is set out below:

	£000
Updated budget	356,925
Less provisional outturn	341,898
	15,027
Add additional income	1,725
Less additional commitments	-12,074
Net underspending	4,678
Carry forwards	
Approved	-2,243
Cabinet approval required	-2,435
Net position	0

5. Overall there has been a net underspending of £4.7m after additional commitments, which is offset by carry forwards.
6. The Authority has made progress in achieving the savings in the MTFs, but there is still a long way to go. The underspend to a large extent reflects the early achievement of efficiency savings. In the MTFs for the period 2015/16 to 2018/19 the savings requirements total £86.3m, of which £4.7m still needs to be identified.
7. The uncommitted County Fund balance as at 31st March 2015 stands at £14.8m, which represents 4.2% of the 2015/16 revenue budget, in line with the County Council's policy. The level of the County Fund was increased by £4m during 2014/15 following a review of earmarked funds reported to the Cabinet in October 2014. The Fund will be reviewed again during 2015 taking into account the risks faced by the County Council.
8. Appendix A shows the detailed position. This compares the provisional outturn with the updated budget. Column 2 is the original budget updated for 2013/14 carry forwards and transfers between services. Column 3 shows actual expenditure, which in the case of schools reflects the level of delegated schools budgets. This appendix also shows the effect of the provisional outturn on the level of the uncommitted County Fund balance.
9. The Cabinet on 16 June 2015 agreed that £12.1m of the net underspend be used to fund the repayment of debt and transfers to earmarked funds, as shown on Appendix A.
10. The Chief Financial Officer can approve carry forwards where the money is to be spent for the purpose for which it was originally allocated in the budget. Where the carry forward is to be used for a different purpose (i.e. effectively comprising virement) the Chief Financial Officer can approve items up to £100,000 with the following exceptions:
 - where a carry forward would result in an overspending position on the department's budget;

- where a carry forward would represent a change in existing policy; and
 - where ongoing costs might result.
11. On this basis specific approval by the Cabinet was required for the items described in Appendix B and these items were approved by the Cabinet on 16 June 2015. The full list of carry forwards is available on request.
12. Appendix C gives details of significant variances on Departmental budgets. For information, Appendix D sets out the performance of key aspects of the finance function against performance targets.

Capital Outturn

13. A summary of the capital outturn for 2014/15, excluding schools devolved formula capital, is set out below.

	£000
Updated budget	63,980
Less provisional outturn	51,178
Net Underspending	12,802
Percentage spend to updated budget	80%

14. Overall there has been a net underspending of £12.8m compared with the updated budget. Actual expenditure is 80% of the total available resources and is lower than the target of 95%. The largest component relates to slippage on construction of a new bridge over the M1 (£5.8m). Excluding this slippage, the percentage spend would have been 89%. More detail is given later in this report.

DETAILS - REVENUE

Children and Family Services

Dedicated Schools Grant (DSG)

15. There is a net underspend of £3.0m. This mainly relates to contingency funding for post 16 Special Educational Needs not being required in 2014/15, additional DSG being received following a funding adjustment due to additional children on roll during the Early Years Spring Census and lower demand than expected on Early Learning and Childcare.
16. This net underspend will not impact on the General County Fund as under the terms and conditions of DSG any underspend must be allocated to the following year's Schools Budget. The underspend will be carried forward as part of the DSG earmarked fund and will be retained for additional costs relating to the creation of a growth fund for new schools.

17. The outturn shows that the level of school balances reduced from £8.2m to £7.6m. The detail of school balances will be confirmed later in the year when schools have submitted their annual Consistent Financial Reporting returns.

Local Authority Budget

18. There is a net underspend of £2.7m (4.5%) which reduces to £0.2m (0.3%) after carry forwards, three of which required Cabinet approval (see Appendix B).
19. The position includes an overspend on the Placement Budget of £3.4m. This budget pressure refers to those children placed in placements commissioned from the independent sector, principally independent fostering agencies as in-house, and less expensive, provision is currently saturated. This position is similar to the pattern of projections last year and was mitigated by the budget controls that were put in place. This approach has been taken again this year and has been further strengthened by the measures set out in the following paragraphs.
20. The Department has implemented short and medium term actions to offset the overspend on the Placement budget, including:
- Management tracking of each child's case to ensure these are progressed in a timely manner;
 - Strengthening the accountability of budget holders;
 - Focused work on a cohort of 22 children's cases that represent an opportunity to reduce their placement costs whilst continuing to provide care that is effective for that child;
 - Focused work on groups of current providers of independent fostering services that are providing placements for groups of children to deliver savings;
 - Recruitment of additional in-house foster carers and consider the use of an external agency to assist, possibly on a payment by results basis;
 - Participation in regional commissioning of placements to drive down costs potentially through the use of a framework contract;
 - Generating underspends in other budgets; the 2015/16 MTFS has realigned budgets accordingly and additionally it provides growth in the Independent Fostering Agencies budget.
21. In the medium term, following the approval of a new strategic approach by the Cabinet in December 2013, the Department is implementing a new Fostering and Adoption recruitment plan with a view to achieving an increased diverse 'bank' of foster carers, and implementation of the placement commissioning strategy ('Choices'), which will establish a deliberate approach to commissioning services for children in the care of the Council that will be more cost effective.

22. The 2014/15 departmental budget includes funding of £3.2m to offset the reduction in Early Intervention Grant and the expansion of the offer of free education for disadvantaged two year olds. The 2013/14 MTFS assumed that the expansion of the two year old offer would be unfunded and made provision accordingly, however additional funding was subsequently received in the 2014/15 Dedicated Schools Grant. An underspend of £2.0m is reported against this funding.
23. Underspends have also occurred on several other budgets, the most significant of which are:
- Specialist Assessment and Response budget (£1m), due to management decisions to freeze a number of posts and an early start on transition to the new target operating model for the service;
 - Targeted Early Help (£0.84m), due to staff vacancies and underspends on a number of commissioning projects.
 - Premature retirement costs (£0.82m), due to a reduction in requests from schools for financial support for redundancies;
 - Disabled Children Service (£0.75m), due to savings required in 2015/16 being delivered early.

Adults and Communities

24. A net overspend of £1.5m (1.1%) has occurred. Growth of £7.3m was included in the 2014/15 budget to mitigate forecast demographic growth pressures and also efficiency shortfall issues materialising in 2013/14. However pressures have continued into 2014/15 resulting in the net overspend. This position is after uplifting demand budgets by £3m to reflect inflationary pricing pressures.
25. The key overspends are noted below.
- Service Users Fairer Charging Income (non-residential). The level of income received is dependent on what service users can afford to pay based on their financial assessment and this year there has been a shortfall of £1.1m. This shortfall has also been impacted by the implementation of the new social care management system, Integrated Adults System (IAS). There were issues in updating service users' income, cost of services and the basis for charging.
 - Residential and nursing care has a net overspend of £1.1m, due mainly to income levels from service users being less than expected. When the original budget was set income levels were expected to increase at a faster rate than costs, reflecting the trend seen in previous years. Although income is higher than in 2013/14 the rate of increase has slowed compared to the historic trend. The budget for 2015/16 has been set to reflect this. Expenditure on residential and nursing care remains broadly in line with the budget.

- Independent Sector Home Care and Direct Payments has an overspend of £0.95m. Increased levels of demand for home care support commissioned from the independent sector has caused additional costs both directly through more hours for care commissioned and indirectly through pricing pressure. The additional demand has exceeded the available supply, meaning that more expensive suppliers have to be used. This reflects the fragmented provider market and the difficulty acquiring additional care staff.
26. The overspends above are partially offset by underspends in other areas, including:
- The Homecare Assessment and Reablement Team (HART) (£0.85m) where home care assistant turnover and efficiencies have been realised following the implementation of the new rostering system.
 - Additional income and early achievement of social care savings (£0.7m) around continuing healthcare income and the review of preventative services.
 - Assessment and care management teams (£0.25m), due to vacancy controls and savings from service reviews.
 - Communities and Wellbeing (£0.23m), as a result of employee underspends and managing book fund expenditure.
27. A number of actions have been taken during 2014/15 to manage the overall financial position, including an independent review of the strategic direction of the Department to assist with demand management and income collection. The following changes have been implemented:
- Increased management controls for care packages commissioned through a change to delegated powers. All higher cost placements are subject to an enhanced level of senior management oversight and control.
 - Existing arrangements for deciding on the packages commissioned have been reviewed and increased controls relating to care home placements and home care package cost post hospital discharge are now in place.
 - A robust approach to claw back of personal budget underspends has been implemented to ensure that unused cash balances are returned and ongoing reductions are made to personal budget allocations.
 - A review of income collection, including reducing the number of outstanding financial assessments and annual service user reviews. In the medium term, following the upgrade to IAS, a review of all income collection processes will be undertaken with a view to improving efficiency by reducing the number of manual processes in place.
 - Underspends have been maximised through vacancy control processes.

Public Health

28. A net underspend of £1.9m has occurred. Following the transfer of Public Health budgets from the NHS, a review of contracts has resulted in a number of opportunities to reduce the cost of services procured through scrutiny of transferred commissioned services. This means that a saving of £1m has been realised in 2014/15.
29. An underspend of £0.95m has also occurred due to: lower volumes of activity than original anticipated in sexual health contracts, lower payment by result costs in smoking and tobacco prevention contracts, slippage on substance misuse projects, and staff turnover.
30. To maximise the use of the Public Health grant, preventative spend elsewhere in the County Council suitable for substitution has been identified and evaluated through a prioritisation tool to assess its Public Health value compared to other opportunities. Consequently the Public Health specific grant has been used in full and for the purposes for which it is intended. The saving to the overall budget (£1.9m) has been included in the £2.1m transfer to the Transformation Fund shown on Appendix A.

Environment and Transport

31. There is a net underspend of £1.4m (1.8%) which reduces to £0.85m (1.1%) after carry forwards of £0.55m. The net underspend includes:
 - Highways (net £0.3m overspend) - a net underspend of £0.9m on structural maintenance, due to resources being focused on delivering additional capital grant of £2.6m received in 2014/15, offset by a shortfall on the contribution from Leicestershire Highways Operations of £0.7m and overspends of £0.3m on winter maintenance and £0.2m on staffing and administration.
 - Transportation (net £1.1m underspend) - underspends on transport staffing and administration costs (£1.1m) due to additional income, Concessionary Travel (£0.4m) and Mainstream School transport (£0.4m) are partly offset by overspends on Special Education Needs transport (£0.5m) due to increase in demand and costs of high need cases, and Social Care transport (£0.3m);
 - Environment (net £0.5m underspend) - underspends on several budgets including Haulage (£0.5m), Recycling and Household Waste Sites (£0.5m) and Environmental Management (£0.4m), partly offset by overspends on Landfill (£0.7m) and Treatment contracts (£0.3m).

Chief Executive's

32. There is a net underspend of £0.8m (7.1%), mainly relating to staff vacancies, increased income and the early achievement of savings in Democratic Services.

Corporate Resources

33. There is a net underspend of £0.8m (2.2%) which reduces to £0.5m (1.5%) after carry forward requests of £0.26m. The main underspends relate to School Food over-performance against targets (£0.7m), staffing underspends and increased income. These are partly offset by additional ICT project expenditure (£0.5m), a net overspend on property budgets (£0.2m) and property disposal costs relating to additional work on current and future capital receipts (£0.2m).

Contingencies

34. A net underspend of £0.8m has occurred on Corporate Growth and Savings, relating to:
- Connexions (£0.6m) – funding from the former service received in 2013/14 to be carried forward to 2015/16 - see paragraph 49, prior year adjustments below.
 - King Richard III (£0.25m) – funding set aside to underwrite the internal building works at Leicester Cathedral, subject to fund-raising not covering those costs. This was not required and is shown as an underspend. The Council temporarily advanced £75,000 of the funding in December 2014 to help with cash flow and this was repaid in full in May 2015. Separately, the County Council contributed £0.2m towards the costs of the re-interment of King Richard III, of which £80,000 was met by the Adult and Communities and Environment and Transport departments and £120,000 was funded from a contribution from earmarked funds.
35. A contingency of £4m was originally made against delays in the achievement of savings. No major problems have been identified, other than the net overspend on the Adults and Communities. The contingency is therefore shown as an underspend.
36. A provision of £3m was made for Transformation / Severance. Severance costs of £1.8m were funded in 2014/15 and the balance has been transferred to the Transformation earmarked fund to meet costs in future years.
37. A contingency of £6.0m was made for inflation. The contingency has been fully allocated to departments for residential care charge increases, pay awards, inflation on premises, ICT, street lighting energy, waste budgets and for several other minor items.
38. The 2014/15 budget included a £1m contingency for business rates income to fund potential shortfalls in later years and this has been transferred to a new Business Rates Retention earmarked fund at year end.

Central Items

39. Central Items budgets are underspent by £3.9m, which reduces to £3.2m after carry forwards of £0.7m. The main variances are set out in following paragraphs.
40. Bank and other interest was £0.5m (51%) higher than the original budget due to balances being higher than anticipated.
41. The Financing of Capital budget was £0.4m lower than the original budget due to the voluntary repayment of debt of £8.4m at year end in 2013/14 from underspends (this was after the capital financing budget for 2014/15 was set).
42. The Financial Arrangements budget is underspent by £0.38m, mainly due to the receipt of a rebate on a centralised agency arrangement and lower than budgeted external audit fees. These underspends are partially offset by expenditure of around £50,000 regarding County Council contributions of 75% towards the costs of a review of Council Tax Single Person Discount cases undertaken by six of the District Councils in conjunction with a third party. This major review revealed over 2,800 individuals were taking advantage of the 25% rebate when they were ineligible. It means that the County Council, District Councils, the Police and the Combined Fire Authority will all benefit from extra council tax revenue estimated to be in the region of £0.9m. The County Council's share is around £0.65m.
43. The Members' Expenses and Support budget is underspent by £80,000 (6%) due to vacancies and various small underspends relating to Members' expenses.
44. Following the introduction of Localisation of Council Tax Support (LCTS) reforms the County Council agreed to contribute £125,000 for additional administrative costs and £0.25m towards Discretionary Discount Funds (DDF) to the District Councils. Calls on the DDF in 2013/14 were lower than anticipated and the Districts carried forward the unspent funds to 2014/15. The funding carried forward was adequate to fund DDF expenditure in 2014/15, resulting in an underspend of £0.25m.
45. There is a £1.95m underspend on prior year adjustments. This relates to a detailed review of prior year accrued creditor balances and open purchase orders not being required (£1.3m), and the County Council's estimated share of the final fund balances from Connexions Leicester Shire Services Limited's reserves following the decision to close the service (£0.7m). This is in addition to the £0.6m received in 2013/14. The total will be carried forward to 2015/16 to reduce pension liabilities.

Income

46. Additional income of £1.7m has been received in relation to the issues below:

- £0.4m additional “local share” income from the new Business Rates Retention Scheme. The business rates “baseline” (“local share”) income which has been collected during 2014/15 was based on a formal return submitted to the Government by the District Councils, and this shows an increase of £0.4m compared with the budget in the 2014 MTFS. Any shortfall in the level of actual 2014/15 business rates income will impact on 2015/16 or later years.
- £1.3m from Section 31 Grants relating to compensation for the loss of business rate income arising from a number of Government policy decisions, including a further extension of the temporary increase in Small Business Rate Relief and the 2% cap on the business rates multiplier in 2014/15, rather than applying the September 2013 RPI increase of 3.2%.

Additional Commitments

47. The Cabinet on 16 June 2015 approved the use of £12.1m of the net underspend to fund the following transfers to earmarked funds:
- Repayment of Debt £1.2m - to achieve ongoing revenue savings.
 - Transformation £2.1m – to support transformation projects.
 - Insurance – Uninsured Losses £2.3m – increased demand due to failed former insurers.
 - MTFS 2015-19 Street Lighting £6.5m - to fund invest to save capital project.

County Fund and Earmarked Funds

48. The uncommitted County Fund balance as at 31 March 2015 stands at £14.8m, which represents 4.2% of the 2015/16 revenue budget, in line with the County Council’s policy. The level of the County Fund was increased by £4m during 2014/15 following a review of earmarked funds reported to the Cabinet in October 2014. It should be noted that additional risks now face the Authority including those that arise from local government funding changes and the Care Act. The MTFS includes further analysis of the County Council’s earmarked funds including the reasons for holding them. A review of earmarked funds will be reported to the Cabinet in the autumn.
49. The total level of earmarked funds as at 31 March 2015 is £90.7m, excluding the ring-fenced Dedicated Schools Grant earmarked fund and monies held on behalf of other partnerships, which compares to £90.7m as at 31 March 2014. Earmarked funds are shown in detail in Appendix E. The main earmarked funds are set out below.

Renewals of Vehicles and Equipment (£2.4m)

50. Departments hold earmarked funds for the future replacement of vehicles (the County Council has a fleet of around 500 vehicles) and equipment such as ICT.

Insurance (£17.2m)

51. Earmarked funds of £9.9m are held to meet the estimated cost of future claims to enable the Council to meet excesses not covered by insurance policies. The levels are recommended by independent advisors. Excesses include:
- Fire £500,000
 - Public / Employers' liability £250,000
 - Professional indemnity £25,000
 - Fidelity guarantee £100,000
 - Money – completely self-insured.
52. The uninsured loss fund of £7m is required mainly to meet potential liabilities arising from Municipal Mutual Insurance Ltd. (MMI) that is subject to a run-off of claims following liquidation in 1992 and also of other failed insurers such as The Independent Insurance Co. Limited. The fund includes an increase of £2.3m due to the worsening position of these insurers.

Children and Family Services

53. Dedicated Schools Grant (£10.8m). DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2012. Any underspend on services funded by DSG must be carried forward and ring fenced to those services.
54. Supporting Leicestershire Families (£3.4m). This funding has been earmarked to fund both the programme team and the new services under the supporting Leicestershire's Families programme (formerly known as Troubled Families).
55. Children and Family Services Developments (£2.9m). The earmarked fund is held to fund improvements to information management systems, the Department's transformation programmes, projects to provide quality assurance and service improvements that may arise from changes in national legislation and inspection, and one-off activities such as responding to high profile issues including child sexual exploitation.

Adults and Communities

56. Adults and Communities Development (£3.7m). This earmarked fund is held to fund a number of investments in maintaining social care service levels and assisting the Department in achieving its transformation. The identified use of the fund covers investment in systems, change projects and social care staff to support the changes to the Department. The fund is £1.4m higher than forecast due mainly to a transfer (£0.8m) from the Health and Social Care earmarked fund and delays to project expenditure that will now be incurred in 2015/16 (£0.3m).
57. Health and Social Care (£6.1m). This earmarked fund is used to fund projects that improve health and social care outcomes in Leicestershire, including the

prevention of admission and readmission into hospital, reducing delayed transfers of care, and prevention of other costly health and social care provision. This earmarked fund is held for Better Care Fund projects and commitments are jointly agreed between the local authority and Clinical Commissioning Groups (CCGs). Part of the earmarked fund (£3.0m) has been specifically identified as a contingency to mitigate underperformance in the targeted reduction in non-elective hospital admissions. The fund is higher than previously forecast due to receipt of additional external funding of £0.9m from the CCGs and the Department of Health.

Public Health

58. Public Health (£1.9m). The NHS grant for Public Health has been above the level of historic expenditure, recognising the historic underfunding in Leicestershire. This has meant that the additional funding can be used for preventative and other beneficial Public Health activities.

Environment and Transport

59. Commuted Sums (£2.4m). This is used to cover future revenue costs arising from developer schemes, where the specifications are over and above standard developments (e.g. block paving, bollards or trees on the highway).

Chief Executive's

60. Economic Development (£2.3m). This is held to provide funding for economic development proposals and for a business loan scheme which will provide a gradual return of funding to the County Council.

Corporate

61. The balance on the Transformation earmarked fund stands at £27.1m, including £2.1m from the 2014/15 net underspend. The fund is used to invest in transformation projects to achieve efficiency savings and also fund severance costs. To achieve the level of savings within the MTFS the Council will need to change significantly and this will require major investment, including in some of the core 'building blocks' of transformation such as improvements to data quality.
62. Capital Financing/ LED Project (£6.5m). This fund is used to hold revenue contributions to fund capital expenditure in future years including the Street Lighting LED replacement project included in the 2015-18 capital programme. The balance includes £6.5m from the revenue underspend in 2014/15.
63. Broadband (£6.4m). This fund was established to allow the development of super-fast broadband within Leicestershire. A contract has been entered into with BT and they have commenced work. There is a significant time lag in spending County Council funds due to grant conditions that required Central Government and European funding to be spent within a set period.

64. Local Authority Mortgage Scheme (-£8.4m). This scheme was established to make it easier for first time buyers to obtain mortgages, thus stimulating the local housing market and benefiting the wider local economy. A total of £8.4m has been advanced to Lloyds TSB in previous years, temporarily financed from the overall balance of earmarked funds. The funds will be repaid in 2017/18 (£5.4m) and 2018/19 (£3m).

CAPITAL PROGRAMME

65. A summary of the capital outturn for 2014/15, excluding schools devolved formula capital, is set out below:

Programme Area	Updated Budget	Actual Expenditure	(Under)/Over spend	%
	£000	£000	£000	
Children and Family Services	13,313	10,041	(3,272)	75%
Adults and Communities	2,537	1,815	(722)	72%
Env't & Transport - Transportation	35,022	29,710	(5,312)	85%
Env't & Transport - Waste Management	717	360	(357)	50%
Chief Executive's	5,070	4,850	(220)	96%
Corporate Resources	3,740	2,187	(1,553)	59%
Corporate Programme	3,581	2,215	(1,366)	62%
Total	63,980	51,178	(12,802)	80%

66. The table shows net slippage of £12.8m compared with the updated budget. Overall, expenditure incurred is 80% of the updated budget. The target level of spend of 95%.
67. A summary of the key achievements and main variations are set in the following paragraphs below. Further details of the main variations are provided in Appendix F.
68. Appendix G compares the provisional prudential indicators with those set and agreed by the Council, at its budget meeting in February 2014. These are all within the limits set except for the actual ratio of capital financing costs as a percentage of the net revenue stream. The actual is 7.59% compared to the original indicator of 7.24%. This is due to the increase in capital financing costs due to the £1.2m repayment of debt in 2014/15 from the net revenue underspend.

Children and Family Services

Key Achievements

69. Work was completed at a number of schools providing an extra 340 primary school places and 30 secondary school places. Major schemes included works at Quorn St. Bartholomew's Primary School, Countesthorpe Greenfield Primary

School, Burbage CE Infant School and Earl Shilton Townlands Primary School. Slippage and savings in the 2014/15 programme enabled work to commence on a number of schemes included within the 2015/16 programme.

Improvements to the premises at 4 primary schools and 4 secondary schools enabled them to move to sponsored academy status. Contributions were also made to support certain secondary academies seeking to develop additional classrooms or specialist provision where there was evidence of basic need in the areas concerned.

70. A total of £5.6m was invested in the School Accommodation programme during 2014/15. Works were completed at 10 schools to ensure there are sufficient pupil places.
71. Strategic Capital Maintenance - £3.3m was spent on works at schools:
- Re-roofing works
 - Window replacements
 - Installation of new boiler plants
 - Replacement of lighting and ceilings
 - Upgrade of fire alarms

Main Variances

72. The year end position shows a variance of £3.3m compared with the updated budget, reason for which are given below:
- School Accommodation Programme - slippage of £1.1m. This was due to delays in commissioning projects arising from a new contract management framework.
 - School Accommodation Contingency – slippage of £0.7m. Delays were due to a review of planned projects, cost efficiencies and changes in demand for places.
 - Birstall, Longslade Community College – slippage of £0.5m arose from the requirement to synchronise the work with direct government grants awarded via the Priority Schools Build Programme.
 - Early Help Hubs programme - slippage of £0.5m due to a review of cost estimates exceeding the original budget approval.
 - School Meals Grant – slippage of £0.3m. This was due to new grant funding of £0.3m being received from the Department for Education late in the year (February 2015) for work at five Primary Schools. The funding has been programmed and will be spent by the grant deadline of August 2015.

Adults and Communities

Key Achievements

73. Extra Care Blaby. A contribution of £1.5m was made towards the development of the Blaby Extra Care Scheme (Oak Court) by East Midlands Housing Group. This contribution was for the main site consisting of 50 units and for an

additional 13 affordable bungalows that were also located on the site. This scheme is nearing completion and will be taking residents from June 2015 onwards.

74. Hinckley Library .Works costing £0.1m created two new meeting rooms with the purpose of generating extra income for the Department. This was completed for the end of August 2014.

Main Variances

75. The year end position shows a variance of £0.7m compared with the updated budget. The main reasons are:
- Transforming Care Grant slippage of £0.4m. This grant funding is for adaptations to housing to support transfer of people from inpatient to community-based settings. This will be slipped into 2015/16 as the purchase process and the exchanging of contracts has taken longer than planned. The purchase of properties by external providers is expected to be completed by the end of May 2015.
 - Hinckley Library/The Limes Scheme - slippage of £0.4m has occurred as the service is exploring alternative delivery models for The Limes.

Environment and Transportation – Transportation

Key Achievements

76. In March 2013 the Department for Transport approved funding of £14.8m for the Loughborough Town Centre Transport Scheme. The whole scheme cost is estimated at £19.3m (£14.8m from the DfT, £3.4m from the County Council and the balance from developer contributions). The scheme has now been completed and has seen improvements to the A6004 junction, completion of the inner relief road, and improvements to the town centre. It will help to reduce traffic demand on the town centre road network and help regenerate the town encouraging economic growth and inward investment. It will also improve public transport facilities and improve accessibility for pedestrians, cyclists and people with disabilities. The scheme was completed in November 2014 and the actual spend during 2014/15 was £3.6m.
77. A total of £1.4m was delivered on Integrated Transport Schemes, including:
- £0.7m on Active and Sustainable Travel Schemes
 - £0.1m on improving Connectivity and Accessibility Schemes
 - £0.16m on improving Network Performance and Reliability
 - £0.44m on local safety schemes
 - A further £2.48m was delivered on the Hinckley Area Project Zone 1 resulting in the creation of a walking and cycling network in Hinckley as well as improving public transport infrastructure (bus stop improvements) in a bid

to encourage a wider choice of travel and alternative mode of transportation. In order to manage the highway network and reduce disruption to the town's people and public in general, works were combined where possible with maintenance aspirations which included footway reconstruction, carriageway resurfacing and street lighting improvements. The works have addressed many known traffic management related concerns through delivery of speed limit reductions and the introduction of parking restrictions in known traffic hotspots and relaxations to create on street parking and support economic growth for business in others.

78. A total of £15.6m was also delivered on Highways Asset Maintenance, including:
- £10.7m on carriageways
 - £1.8m on footways and Rights of Ways
 - £1.26m on bridge maintenance and strengthening
 - £0.87m on street lighting
 - £0.26m on street lighting part night lighting and dimming (Invest to Save)
79. A total of £1.0m was spent on Town Centre improvements in Oadby and Wigston.

Main Variances

80. The year end position shows a variance of £5.3m compared with the updated budget. Overall, net commitments (after acceleration on some schemes) total £5.9m compared to the £5.3m resources available to be carried forward. The difference of £0.6m represents an over commitment that will be funded in 2015/16 from the Transport Asset Management programme.
81. The main variations on the programme in 2014/15 are:
- M1 Bridge – Slippage of £5.8m due to a delay in all parties reaching a legal agreement for the works. The agreements have now been signed and the contractors have started work on site.
 - Safety Schemes – Slippage of £0.3m. A number of schemes have slipped into 2015/16 due to local issues resulting in longer consultation times.
 - Loughborough Town Centre – an underspend of £1.1m due to cost savings on the contract.
 - Active and Sustainable travel – an underspend of £0.2m achieved by making cost efficiencies on various schemes.
82. These are offset by:
- Hinckley Phases 2 and 3 Strategic Economic Plan (SEP) - Acceleration of £0.3m for advance design work on planned works.
 - Highways Maintenance - an overspend of £1.1m due to additional carriageway patching works (pot holes) to support the long term prevention work for the road network.

- Part 1 Land Compensation Payments – an overspend of £0.3m on the Earl Shilton bypass.
- Oadby and Wigston Town Centre – an overspend of £0.3m resulted from cost overruns and strict grant conditions which meant that not all costs were permitted to be recovered from the grant.
- Area Office Accommodation (Depots Review) – an overspend of £0.2m (after a £0.5m advance of future earmarked capital receipts for planned depot closures) due to increased scope of the works to rectify health and safety and environmental concerns.

Environment and Transportation – Waste Management

Key Achievements

83. The programme to improve the Recycling and Household Waste Sites (RHWS) and Waste Transfer Stations (WTS) has continued. This work builds upon the previous successes and underpins the County Council's commitment to providing a high quality service.

Main Variances

84. The year end position shows a variance of £0.4m compared with the updated budget. The variance relates to (£0.4m) slippage on the Coalville waste transfer station while awaiting planning permission to be granted and a review of the business case.

Chief Executive's

Key Achievements

85. Rural Broadband Scheme. The Superfast Leicestershire rural broadband programme is ensuring high-speed fibre broadband to rural businesses and communities – boosting business growth and ensuring access to a range of existing digital services. An additional 35,000 premises now have access and the programme is on track to increase access to a further 37,000 premises. Acceleration of £0.6m spend has ensured European Regional Development Fund (ERDF) contracted commitments will be achieved. No additional spend is expected and in-life contract management and increased take-up may secure savings.
86. Capital spend on the provision of community facilities at Kegworth has been carried out to mitigate the impact of closure of the Kegworth Community Centre at the end of March 2015. The site will now be sold to achieve a capital receipt for the Authority in addition to revenue savings. Replacement provision for community activities in Kegworth has been provided by an extending and improving Kegworth Village Hall and a separate building for a woodworking group. County Council funding has been supplemented by local fundraising to maximise the benefits and value of the project. The new facilities were opened

at the beginning of April 2015, provide modern sustainable accommodation and have been enthusiastically welcomed by the local community.

Main Variances

87. The year end position shows a variance of £0.2m compared with the updated budget.

Corporate Resources

Key Achievements

88. A total of £1.54m investment in the Property Energy Strategy has reduced energy consumption across the County Council property estate to deliver ongoing efficiency savings and reduce carbon emissions in line with the Environmental Strategy. The investment includes LED lighting, new heating controls, as well as renewable energy projects, Photo Voltaic solar panels across five sites, and a new biomass boiler at County Hall, which will be brought into operation in summer 2015.
89. Completion of the first phase of refurbishment of Anstey Frith House (the former Fire Services Headquarters on the County Hall campus) with £0.9m being spent during 2014/15. The County Hall registration service has now relocated there. Further investment is planned in 2015/16 to create an out of hours facility for County Hall staff.
90. Investment in the ICT infrastructure of £0.5m on:
- Infrastructure costs for the single information store and facilitating the move to more efficient low cost customer access channels.
 - Supporting the Work Well strategy by implementing the infrastructure required for Mobile and Flexible working.
91. The Wider Area Network (WAN) Replacement Project has delivered a modern, flexible, Public Service Network compliant network for the Council and in doing so can meet the savings required in the MTFs. The new network provides connectivity to 161 Council sites and the project was delivered on time, to specification, and within the allocated project budget. The WAN is a critical part of the Council's ICT infrastructure and the successful delivery of this complex and time-critical project provides a solid foundation for future ICT developments.

Main Variances

92. The year end position shows a variance of £1.6m compared with the updated budget. The main variances include:
- Demolition of Vacant Buildings -slippage of £0.5m. There is £0.3m slippage on construction of the replacement playing field at the former King Edward

VII School in Melton to enable the sale of the site and slippage due to work which must be undertaken during appropriate conditions as well as delayed planning permission for the project. Unspent funding of £0.2m will be slipped into 2015/16.

- The Corporate ICT Capital Programme has slippage of £0.3m. Delays have been experienced on the Firewall, Virtual Desktop Infrastructure (VDI) and Exchange Migration projects. Procurement of replacement firewall hardware took place in 2014/15 but it was not possible to award a contract. The technical specification has subsequently been revised and the procurement is being restarted. Development of detailed specifications for the VDI project was delayed in order to take into account fully the needs of the County Hall Masterplan project.
- Online Service Project – slippage of £0.3m. The first phase of the go-live took place in April 2015, to coincide with the implementation of the Care Act. Some delays in technical delivery by a third party, combined with a revised migration plan, mean that the site will now be fully operational in the summer of 2015.
- Property Asset Management new system - slippage of £0.2m. The project is split into two phases. The first phase is due to go live later than planned in September 2015 due to delivery issues from the supplier. The second phase is due to go live in February 2016.

Corporate Programme

Key Achievements

93. Corporate Asset Investment Fund - One scheme was undertaken during 2014/15 within the Asset Investment Fund remit. This scheme was completed during 2014/15 and the land is now let, generating an income. Over the next year some more significant developments will be under consideration.

Main Variances

94. The year end position shows a variance of £1.4m compared with the updated budget. The main variances are:
- Corporate Asset Investment Fund (AIF) has slipped by £0.74m. The nature of the AIF remit means expenditure will only occur when suitable property/assets are available for investment/purchase.
 - The Property Energy Strategy - slippage of £0.6m. Overall, the energy invest to save programme is progressing in line with strategic priorities, however slippage has occurred due to:
 - (i) Delayed implementation of part of the County Hall biomass heating

system, on testing the system in mid-March a fault was found and has resulted in two months' delay.

(ii) Capital contributions towards specific projects within the wider capital programme to deliver increased energy efficiency have been delayed in line with slippage elsewhere across the programme.

Capital Receipts

95. The total level of capital receipts achieved is £2.9m compared with the updated budget of £4.9m, leaving a shortfall of £2.0m. This shortfall is due to delay in the sale of a large County Farm and Aberglaslyn Hall (the former outdoor and pursuits centre), which are now expected to be sold in 2015/16. Due to slippage elsewhere in the Capital Programme the shortfall does not impact on the funding of the 2014/15 capital programme.

Circulation under the Local Issues Alert Procedure

None.

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Appendices

Appendix A – Comparison of 2014/15 Expenditure and the Updated Revenue Budget

Appendix B – 2014/15 Carry Forward requests requiring Cabinet approval

Appendix C - Revenue Budget 2014/15 – main variances

Appendix D – Financial Management Performance Indicators

Appendix E – Earmarked Fund balances 31/3/15

Appendix F - Variations from the updated 2014/15 capital programme

Appendix G - Prudential Indicators 2014/15

Background Papers

Report to Cabinet - 27 June 2006 – Provisional Revenue Outturn 2005/06 (regarding guidelines for carry forward requests)

[http://politics.leics.gov.uk/Published/C00000135/M00001410/AI00013352/\\$DProvisionalRevenueOutturn0506includingAppendix3.doc.pdf](http://politics.leics.gov.uk/Published/C00000135/M00001410/AI00013352/$DProvisionalRevenueOutturn0506includingAppendix3.doc.pdf)

Report to County Council – 19 February 2014 – Medium Term Financial Strategy
2014/15 to 2017/18

[http://politics.leics.gov.uk/Published/C00000134/M00003961/AI00037151/\\$5aBudgetReportoftheCabinet.docx.pdf](http://politics.leics.gov.uk/Published/C00000134/M00003961/AI00037151/$5aBudgetReportoftheCabinet.docx.pdf)

Equality and Human Right Implications

There are no direct implications arising from this report.

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**COMPARISON OF 2014/15
EXPENDITURE AND THE UPDATED REVENUE BUDGET**

SERVICES 1	UPDATED BUDGET 2 £000	ACTUAL EXPENDITURE 3 £000	VARIATION 4 £000	CARRY FORWARDS		NET VARIATION 7 £000	%
				WITHIN GUIDELINES 5 £000	APPROVED BY CABINET 6 £000		
SERVICES							
CHILDREN & FAMILY SERVICES							
Schools							
Delegated	125,824	108,331	-17,492			-17,492	
Centrally Managed	70,976	68,190	-2,786			-2,786	
Dedicated Schools Grant (Schools)	-125,824	-108,331	17,492			17,492	
Dedicated Schools Grant (Central)	-71,898	-72,107	-209			-209	
Transfer 13/14 underspend to DSG Earmarked Fund	0	2,994	2,994			2,994	
DSG for Central Dept recharges	-922	-922	0	0	0	0	
OTHER CHILDREN & FAMILY SERVICES	61,893	59,164	-2,729	94	2,435	-200	-0.3%
ADULTS & COMMUNITIES	136,134	137,651	1,517			1,517	1.1%
PUBLIC HEALTH	0	-1,948	-1,948			-1,948	
ENVIRONMENT & TRANSPORT	78,170	76,775	-1,395	550		-845	-1.1%
CHIEF EXECUTIVES	11,587	10,762	-825			-825	-7.1%
CORPORATE RESOURCES	36,465	35,663	-802	256		-546	-1.5%
CARBON REDUCTION COMMITMENT	455	370	-85			-85	-18.7%
CORPORATE GROWTH & SAVINGS	1,360	500	-860	645		-215	-15.8%
CONTINGENCY FOR EFFICIENCY SAVINGS	4,000	0	-4,000			-4,000	-100.0%
TRANSFORMATION / SEVERANCE	3,000	3,000	0			0	0.0%
CONTINGENCY FOR INFLATION	-1	0	1			1	
CONTINGENCY FOR BUSINESS RATES	1,000	1,000	0			0	0.0%
TOTAL SERVICES	333,141	322,015	-11,126	1,545	2,435	-7,146	-2.1%
CENTRAL ITEMS:							
BANK & OTHER INTEREST	-1,000	-1,510	-510			-510	
FINANCING OF CAPITAL	25,170	24,786	-384			-384	
REPAYMENT OF DEBT / MRP	5,200	5,200	0			0	
REVENUE FUNDING OF CAPITAL	4,000	4,000	0			0	
ELECTIONS	200	200	0			0	
FINANCIAL ARRANGEMENTS	50	-335	-385			-385	
MEMBERS EXPENSES & SUPPORT ETC.	1,371	1,288	-83			-83	
FLOOD DEFENCE LEVIES	273	275	2			2	
PENSION COSTS	2,000	1,984	-16			-16	
COUNCIL TAX FREEZE GRANT (2014/15)	-2,440	-2,453	-13			-13	
LOCAL SERVICES SUPPORT GRANT	-650	-646	4			4	
CONTRIBUTION TO DISCRETIONARY DISCOUNTS & ADMIN.	375	124	-251			-251	
NEW HOMES BONUS GRANT	-2,375	-2,376	-1			-1	
NEW HOMES BONUS - ELEMENT OF TOP-SLICE RETURNED	-190	-187	3			3	
EDUCATION SERVICES GRANT	-5,000	-5,022	-22			-22	
NDR REVALUATION SAVINGS	0	-291	-291			-291	
OTHER ITEMS (inc prior year adjustments)	0	-1,954	-1,954	698		-1,256	
TOTAL CENTRAL ITEMS	26,984	23,083	-3,901	698	0	-3,203	
CONTRIBUTION FROM EARMARKED FUNDS	-3,200	-3,200	0			0	
TOTAL EXPENDITURE	356,925	341,898	-15,027	2,243	2,435	-10,349	
INCOME							
REVENUE SUPPORT GRANT	-70,763	-70,779	-16			-16	
BUSINESS RATES - TOP UP	-35,756	-35,756	0			0	
BUSINESS RATES BASELINE / LOCAL SHARE	-19,350	-19,758	-408			-408	
SMALL BUSINESS RATE RELIEF - SECTION 31 GRANT	0	-1,301	-1,301			-1,301	
COUNCIL TAX PRECEPT	-224,050	-224,050	0			0	
NET SURPLUS ON COUNCIL TAX COLLECTION FUNDS	-2,318	-2,318	0			0	
TOTAL INCOME	-352,237	-353,962	-1,725	0	0	-1,725	
ADDITIONAL COMMITMENTS							
REPAYMENT OF DEBT / MRP	0	1,170	1,170			1,170	
TRANSFORMATION EARMARKED FUND	0	2,150	2,150			2,150	
INSURANCE - UNINSURED LOSSES EARMARKED FUND	0	2,254	2,254			2,254	
MTFS 2015-19 STREET LIGHTING CAPITAL PROJECT - EARMARKED FUND	0	6,500	6,500			6,500	
TOTAL ADDITIONAL COMMITMENTS	0	12,074	12,074	0	0	12,074	
WITHDRAWAL FROM/ADDITION TO COUNTY FUND	4,688	10	-4,678	2,243	2,435	0	
COUNTY FUND							
UNCOMMITTED BALANCE 1.04.14	10,800						
TRANSFER FROM TRANSFORMATION FUND (CABINET 21.10.14)	4,000						
NET UNDERSPEND	4,678						
CARRY FORWARDS	-4,678						
BALANCE 31.03.15	14,800						

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2014/15 CARRY FORWARD REQUESTS
APPROVED BY CABINET

	£000
<u>CHILDREN & FAMILY SERVICES</u>	
Indexing Costs - continuation of current project to review and index children's record files.	350
ICT Development– funding set aside to create a departmental ICT renewals earmarked fund for future ICT developments and renewal.	1,925
Transformation– backfill funding of staff working on transformation projects	<u>160</u>
	<u>2,435</u>

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Revenue Budget 2014/15 – forecast main variancesChildren and Family ServicesDedicated Schools Grant (DSG)

There is a net underspend of £3.0m. The main variances are:

	£000	% of Budget	
Free Entitlement to Early Education (FEEE)	200	1%	This is a universal offer based on parental choice of participation. It is always difficult to predict actual numbers of children taking up the offer and the amount of hours that they will claim. For 2014/15 the number of participants exceeded estimates.
Autism Intensive Support (AIS)	195	51%	The number of children requiring support from AIS has increased. A project is underway to look at alternate types of support which may reduce costs from September 2015.
Children with Medical Needs	100	21%	Additional demand following a change in legislation which increased the number of days of support required for children and young people not able to attend school because of medical needs. Full time education is now required where appropriate to the child's needs. The 2015/16 budget has been increased to reflect this.
Special Educational Needs (SEN)	-1,830	-4%	The underspend relates to contingency funding set aside for the first full year of post 16 high need support not being required and for increased costs relating to the change in the participation age; unused contingency has been released . The 2015/16 budget utilises the contingency to increase top up rates for pupils at special schools and units. The cost of Independent Specialist Provision and independent schools have increased due to additional high cost placements for children with autism. A project is underway to look at alternative support which may reduce costs for these pupils.
Early Years DSG	-1,090	5%	Additional DSG received following a funding adjustment due to additional children on roll during the Early Years Spring Census.
Early Learning and Childcare	-520	-11%	A number of areas contribute to this underspend including vacancy management.

			The significant underspend of £220k arises from demand being lower than expected for the new Two Year Old FEEE offer which expanded in September 2014 to the 20% most deprived two year olds.
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Local Authority Budget

There is net underspend of £2.7m which reduces to £0.2m (0.3%) after carry forward requests of £2.5m. The main variances are:

	£000	% of Budget	
Placement Budget	3,440	20%	Overspend mainly due to increased need to place children with Independent Fostering Agencies (IFA). This is because, whilst Leicestershire's children in care numbers are well below the national average / statistical neighbours, numbers increased suddenly during Qtr. 4 of the financial year 2013/14 as a result of increased national public awareness in the light of national high profile serious case reviews. Although there is an active drive to recruit new in house foster carers, the number of mainstream foster carers over the last 12 months suffered a net decrease mainly as result of carers retiring. This subsequently means that the County Council's in house provision remains saturated. With the increasing demand of specific needs of placements such as baby & mother and sibling group placements, placements are having to be made externally. The majority are being placed in IFA's. The recurrent overspend has been addressed in the 2015/16 MTFs and the Transformation programme will deliver future savings.
Indexing Costs / Information Management	460	n/a	It was intended that this project would be funded from departmental earmarked funds; however the overall departmental underspend allows for it to be absorbed into the 2014/15 underspend.
Early Intervention Grant	-2,030	-95%	Contingency released due to funding being received in the 2014/15 DSG settlement.
Specialist Assessment & Response Services	-990	-12%	The underspend is across the three locality areas and is due to management decisions taken to freeze a number of vacant posts/hours across teams. Early transition to the service's new target operating model has

			also begun early which contributes to the underspend.
Targeted Early Help - Children Centres / Youth Service / Community Safety	-840	-7%	Underspend largely due to staff/managed vacancies as result of the impending service restructure going live on the 1st April 2015, and underspends on a number of commissioning projects. Services are now locality based which has reduced the cost of staff travel which also contributes to the underspend.
Premature Retirement Costs	-820	-100%	This budget is funded by DSG and the local authority budget. Overall the number of requests from schools for financial support for redundancies has decreased. The increase in academies and a change in funding policy in 2011 remain a significant factor in the reduction in expenditure.
Disabled Children Service	-745	-20%	The service is required to deliver savings in 2015/16 and has taken opportunities to reduce costs as they have arisen by being prudent, including not allocating uncommitted grant funding to providers.
Education Children in Care	-250	-28%	Underspend largely due to vacancies.
Asylum Seekers	-150	-49%	The number of children eligible for support has decreased significantly in comparison to previous years.
Education Quality	-120	-41%	Slippage within current programme of work.
Family Information Service	-110	-81%	Underspend due to review of service and reconfiguration of the service across other areas of the department in response to 2015/16 MTFs savings targets.

Adults & Communities

There is a net overspend of £1.52m (1.1%). The main variances are:

	£000	% of Budget	
Fairer Charging (non-residential) Income	1,090	-9%	The level of income received is dependent on what service users can afford to pay based on their financial assessment and this year there has been a shortfall of £1.1m. This shortfall has also been impacted by the implementation of the new social care management system, Integrated Adults System (IAS). There were issues in updating service users income, cost of services and the basis for charging.
Residential and Nursing Care	1,075	2%	Net overspend of £1.1m, due mainly to income levels from service users being less than

			expected. When the original budget was set income levels were expected to increase at a quicker rate than costs, reflecting the trend seen in previous years. Although income is higher than in 2013/14 the rate of increase has slowed compared to the historic trend. The budget for 2015/16 has been set to reflect this. Expenditure on residential and nursing care remains broadly in line with the budget.
Independent Sector Home Care and Direct Payments	950	2%	Increased levels of demand for home care support commissioned from the independent sector has caused additional costs both directly through more hours for care commissioned and indirectly through pricing pressure. The additional demand has exceeded the available supply, meaning that more expensive suppliers have to be used. This reflects the fragmented provider market and the difficulty acquiring additional care staff. Actions to manage demand are being planned through the Help to Live at Home Project and improved review processes. The provider data cleansing exercise is almost complete which should aid monitoring for the budget in future.
Deprivation of Liberties (DOLS)	260	60%	Following the outcome of recent legal challenges, nationally, there have been an increased number of DOLS referrals. Due to existing staff capacity, external expertise has had to be commissioned to meet the increased demand. In the 2015/16 budget growth of £430k has been identified to deal with this cost pressure.
Strategy and Commissioning	200	4%	Temporary resources required to stabilise the implementation of IAS, ensuring that timely payments are made to social care providers and financial assessment and income generation capability is maximised.
Homecare Assessment & Reablement Team (HART)	-850	-15%	There are two main factors for this underspend. Firstly, staff turnover and vacancies amongst home care assistants account for part of this and secondly, the new rostering system has meant that the service has been able to operate more efficiently with less programme arranger resources. The ongoing savings of the service have been reflected in the 2015/16 budget.
Additional income and early achievement of social care efficiencies	-680	26%	Additional continuing health care income was received from non-learning disability service users that was not built into the original budget, due to its unpredictability. In addition

			to this, there has been an early delivery of savings related to the review of preventative services.
Assessment and Care Management Teams	-250	-2%	Due to the management of staff vacancies along with a saving linked to the decommissioning of the Locality Support and Development Service Team where plans to commission a service to support service users with the direct payments and recruitment of personal assistants will not come into effect until the new financial year.
Communities and Wellbeing	-235	-4%	Vacancy controls and management of book fund expenditure.
Supported Living	-110	-1%	Due to the size of individual packages this area can be sensitive to small changes. The in-house service delivered an underspend due to Continuing Health Care (CHC) income not being forecast for some 100% health funded individuals.

Environment and Transportation

There is a net underspend of £1.4m which reduces to £0.85m (1.1%) after carry forwards of £0.55m. The main variances are:

	£000	% of Budget	
<u>Highways</u>			
Contribution from Leicestershire Highways Operations (LHO)	715	n/a	The migration of management systems from LHMIS to Oracle has meant that financial information on activity throughout the year was limited, and difficult to extract. Also it means some of the information required to review certain charges to internal client budgets has not always been visible which will have meant some internal jobs being under recovered. (This applies to internal jobs only as external jobs are charged on a fixed price basis and therefore fully recovered.) Furthermore, there is a need to review the schedule of rates for internally charged jobs to ensure LHO is fully covering its costs of delivering internal works, and to ensure the costs are properly reflected in the charges issued to client budgets. Vehicle costs from using hire vehicles and old fleet (higher maintenance costs) also contributed to this overspend. As a result of these issues, LHO made a loss of £311k rather than the budgeted

			£404k surplus (this variation of £715k represents about 2.5% of LHO's turnover).
Winter Maintenance	340	16%	Overspend due to a colder winter resulting in a higher level of salt being issued. The budget allows for gritters to go out on the network between 50 and 55 times per financial year. In 2014/15, they went out 70 times, so although the winter wasn't severe in terms of significant snow fall, overall the cold temperatures meant an increase in activity.
Staffing & Administration	200	6%	Reduction in income generated from fee recharges to the capital programme due to a higher proportion of staff time being focused on non fee earning jobs and also income generated from New Roads and Street Works Act (NRSWA) works being below budgeted levels, due to greater compliance.
Structural Maintenance	-900	-19%	Underspend due to resources being focused on delivering capital programme and the additional capital pot hole grant received in 2014/15. Also works were restricted in the latter part of the year due to uncertainty over the LHO position.
<u>Transportation</u>			
Special Education Needs	530	12%	Increase in demand and costs associated with an increase in high need cases. The impact on the 2015/16 budget will only be fully understood at the start of the new academic year but it will be monitored closely over the financial year. However, it is currently hoped that the overall impact could be managed within the Sustainable Travel Group budget.
Social Care Transport	310	4%	Overspend due to increase in demand, particularly in Children's social care.
Public Bus Services	120	4%	Overspends including: <ul style="list-style-type: none"> • Service reduction delayed relating to the review of the supported bus network due to several service revisions (£50k); • Shortfall in funding against operator claims following service reductions (£75k). Bus service reductions were delayed and the full MTFs saving not realised in 2014/15, although this will not have an impact going forward; • additional contract costs from the January 2014 renegotiated contract (£45k). Partially offset by an increase in fare revenue associated with Park & Ride (£50k).
Staffing & Administration	-1,070	-23%	£550k of additional S38 and S278 income received during the financial year.

			Vacancies and staff turnover contributed to the remaining underspend (£450k).
Concessionary Travel & Joint Arrangements	-410	-7%	Underspend due to lower usage and a change in eligibility criteria.
Mainstream School Transport	-400	-7%	Underspend due to reduced demand arising from increased charges, a school arranging their own transport, more commercial options being available at several schools and £200k additional income from remote colleges.
Community Transport	-140	-20%	Underspend on Government grant ('baker fund') to be utilised in 2015/16 on rural community transport schemes helping rural communities become more self-sufficient with their transport needs.
Environment			
Landfill	700	11%	Overspend due to additional waste costs; £180k as a result of increased tonnages due to improving economy, £300k due to more commercial waste being handled (although offset by additional income). Balance is due to difficult recycling market conditions, with more rejected material having to go to landfill.
Treatment Contracts	320	3%	Overspend as Waste directed from landfill sites due to cheaper MBT (Mechanical Biological Treatment) rates offset by underspends on EFW (Energy for Waste) contractor fees and RDF (Refuse Derived Fuel).
Composting and Waste Wood contracts	125	8%	Overspend due to additional green waste and an increase in prices (gate fees) and unfavourable market conditions.
Haulage	-460	-46%	Reduced haulage rates, haulage to closer sites and less green waste to haulage.
Recycling & Household Waste Sites	-455	-13%	Lower bonus payments due to reduced recycling and reduced inflationary pressure.
Environmental Management	-350	-21%	£160k carry forward from 13/14 not yet spent due to changing priorities linked to delivering the carbon reduction strategy. The funding will be carried forward to future years to complete the work in line with the strategy. £120k underspend due to staff vacancies and £70k for waste strategy projects unallocated due to lack of suitable projects.
Recycling Credits	-200	-4%	Underspend caused by colder weather conditions and reduced number of collections.

Chief Executives

There is a net underspend of £0.82m (7.1%). The main variances are:

	£000	% of Budget	
Coroners	110	14%	An increase in the number of complex post mortems and inquests.
Planning, Historic & Natural Environment (HNET)	-190	-34%	Two large planning applications received late in the year are both attracting fees greater than £30k; higher than anticipated contributions towards HNET activity.
Trading Standards	-150	-9%	The underspend relates to a reduction in demand led running costs such as payment of Analyst costs and Expert Advice fees, turnover of staff and a £50k saving on a 2013/14 carry-forward for a Crown Court case not being needed in full.
Strategic, Partnerships & Communities	-140	-3%	In anticipation of a service review in 2015/16 a number of posts across the service have not been recruited to when vacancies arose.
Democratic & Admin. Services	-125	-8%	Staff turnover and savings following the service review.
Democratic & Admin. Services Staff Review	-120	-8%	Originally planned to take place later in the 2014 MTFs, the Democratic Services action plan was finalised in 2013/14. This has brought forward full year savings into 2014/15.

Corporate Resources

There is an underspend of £0.80m which reduces to £0.55m (1.5%) after carry forwards of £0.26m. The main variances are:

	£000	% of Budget	
ICT - Architecture Design & Commissioning	315	32%	Overspend due to acceleration of various projects prior to the commencement of Transformation programme work. Additional spend on various projects including: Information & Technology Enabler, Public Sector Network Code of Connection compliance, C&FS systems, Oracle Policy Automation. Partially offset by savings, mainly due to staff vacancies.
Property	205	2%	Several variances make up the overall figure. Significant items include: Overspends - £172k on unattached property costs, £83k central print due to reduced internal income, £143k Property Asset Management project costs (funding available but not drawn down as per Operational IT below), £75k County Parks due to increased running costs including the purchase of a vehicle, £58k County Farms due to additional

			<p>repair and improvement works to ensure the estate meets the required standards (e.g. electrical)</p> <p>Underspends - increased income on soft Facilities Management (£232k, cleaning/ grounds/premises officers) reduced postage costs and Beaumanor Hall £98k, mainly due to reduced staffing costs.</p>
Operational IT	200	3%	Funding for one off project costs (£1m+ for project acceleration and network renewals) has been partially withheld in light of the overall departmental position. Partly offset by reduced running and equipment costs and staff vacancies.
Property Disposals	170	68%	Additional expenditure incurred due to increased programme of works to achieve current and future capital receipts.
Insurance	160	11%	Overspend due to premium increase following tender, reflective of market conditions in general.
East Midlands Shared Services – County Council contribution	100	8%	Overspend partly due to staffing as transition staff are still in post. Originally it was planned that transition staff would not be employed during 2014/15. Also overspends on improvement projects and staff advertising.
School Food	-660	n/a	The introduction of universal infant free school meals has resulted in increased income for the service - this will contribute to the traded services savings target in the MTFS. The pay award has increased costs but this will be managed through efficiencies. (Gross income budget is £9.5m.)
Human Resources	-150	-25%	Income received for Academies conversion work in 2014/15 and £70k additional income received for chargeable investigations undertaken by HR.
Accounting and Internal Audit	-130	-4%	The net position reflects vacancies held in advance of savings in strategic finance and £50k income from rechargeable work that have been completed without requiring additional resources.
L&D - Children's Workforce Development Council	-115	n/a	£40k relates to a 12 month fixed term post funded from Munroe Grant money. Post was previously advertised and no suitable applicants. Post has been re-advertised and a carry forward bid included.
Corporate Health & Safety	-105	-21%	Staff turnover savings and additional income relating to training and Academies.
Learning & Development (L&D) - Other	-105	-15%	Additional income generated and unspent training budgets.

APPENDIX D**FINANCIAL MANAGEMENT - 'BALANCED SCORECARD' INDICATORS**

The indicators below have been extracted from the overall Strategic Finance 'Balanced Scorecard'. The Balanced Scorecard is a strategic planning and management system that is used in organisations to align business activities to the vision and strategy of the organisation, improve communications and monitor organisation performance against strategic goals.

The chosen indicators below are used by the Authority to measure key elements of financial management and financial standing of the County Council.

These indicators also supplement information presented to members on the key financial processes of budget and capital monitoring, budget setting and outturn reporting.

Strategic Finance

Objective	Internal Business Processes (Operational Excellence)	Measure	Target	Current Performance
Effective internal processes will lead to achievement of strategic objectives	Accuracy of Budget	Percentage (%) – Outturn to updated original budget	>98.5%	95.3%
	Accuracy of Capital Programme	Percentage (%) – Outturn to resources available	>95%	80%
	Corporate Statutory Returns	Statutory returns submitted on time	100%	100%

East Midland Shared Services (EMSS) - Finance Service Centre (FSC)

Objective	Effectiveness and Efficiency of Service	Measure	Target	Current Performance
To ensure that the FSC deliver the agreed level of service and to provide information to Corporate Finance in an effective and timely manner and to inform business decisions.	Average Invoice Payment Duration	Days	Pay 90% in 30 days	93%
	Volume of aged debt (excl ASC)	Percentage (%)	<4.3% over 30 days	3.9%
	Volume of Aged debt (ASC)	Percentage (%)	£2m reduction by end of March 2015	Net reduction £1.3m. Additional controls implemented stopped total debt rising.
	Invoices entered within 2 days of receipt	Percentage (%)	100%	90%

Internal Audit

Objective	Effectiveness and Efficiency of Service	Measure	Target	Current Performance
To provide assurance on the Authority's overall internal control environment.	Number of planned audits undertaken, compared to total plan.	Percentage (%)	>90%	81% (new duties and two large investigations)

EARMARKED FUND BALANCES

	Revised Balance 01/04/14 £000	Forecast Balance 31/03/15 £000	Actual Balance 31/03/2015* £000
Renewal of Equipment and Vehicles			
Adults & Communities	558	540	538
Environment & Transport	1,594	740	468
Corporate Resources	2,740	1,170	1,386
Trading Accounts			
Industrial Properties	441	540	463
Insurance			
General	8,403	8,400	9,935
Schools LMS	166	170	158
Uninsured loss fund	4,800	4,800	7,020
Other	395	230	118
Committed Balances			
Central Maintenance Fund	1,662	1,660	1,058
Community Grants	635	800	489
Other			
Children & Family Services			
Supporting Leicestershire Families	4,649	2,400	3,396
Early Intervention Grant Transition	3,200	0	0
CFS Developments	2,470	1,800	2,948
Youth Offending Service	414	210	346
Special Educational Needs Disability (SEND)	0	0	998
Adults & Communities			
Adults & Communities Developments	4,886	2,350	3,735
Health & Social Care Outcomes	7,785	5,190	6,133
Housing Related Support	543	540	543
Museums & Arts	71	0	49
A&C Extra Care	965	840	920
Public Health	2,872	1,820	1,822
Environment & Transport			
Commuted Sums	2,320	2,120	2,417
Civil Parking Enforcement	138	140	102
Waste Infrastructure	1,610	1,120	1,258
Section 38 Income	487	490	487
Section 106	275	0	449
Leicester & Leicestershire Integrated Transport Model (LLITM)	1,513	910	745
Capital Major Projects - advanced design	0	0	600
Other	51	0	120
Chief Executive			
Community Planning	272	270	270
Economic Development-General	1,812	1,240	1,260
Economic Develop.-Leics Local Enterprise Fund	1,000	1,000	1,000
Legal	460	330	460
Signposting and Community Support Service	500	900	1,051
Other	611	540	661
Corporate Resources			
Corporate Resources Other	1,180	640	649
Leics Social Care Development Group	522	420	456
Corporate:			
Transformation Fund	26,899	27,200	27,135
Capital Financing/LED Project (phasing of capital expenditure)	0	6,500	6,500
East Midlands Shared Services	1,359	660	591
Environmental/Energy Efficiency Programme	409	570	573
Academies Programme	197	0	18
Local Authority Mortgage Scheme (LAMS)**	-8,400	-8,400	-8,400
Elections	225	430	425
Broadband	6,506	6,160	6,415
Loughborough Science Park	1,200	1,200	1,200
Other	300	450	559
Business Rates Retention	0	0	1,115
Potential Health Transfers	0	5,000	0
Sub Total	90,696	84,090	90,640
Partnerships etc.			
Dedicated Schools Grant	9,595	8,100	10,833
Leicestershire Safeguarding Children Board	461	0	470
Leicestershire & Rutland Sport	843	590	915
Centre of Excellence	0	0	477
East Midlands Councils	1,135	0	0
Total	102,730	92,780	103,335

* Includes transfers for additional commitments as set out in the Cabinet Report and Appendix A

** LAMS temporarily advanced from the overall balance of earmarked funds pending repayments in 2017/18 and 2018/19

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APPENDIX F**Capital Budget – Main Variances**

Department	Reasons	£000
C&FS – School Accommodation Programme	Slippage of £961k is to be carried forward to 2015/16 due to a new framework for contract management. Brownlow Primary School saving of £215k due to school utilising other joint funding prior to calling on LCC monies. Savings on some schemes and additional S106 funding used in this year's programme.	-1,054
C&FS – School Accommodation Programme contingency	Underspends from 2013/14 have not been spent due to a delayed start on some projects, cost efficiency savings and changes in demand for places. Programme will be carried forward to 2016/17 to fund capital issues arising from schools entering into sponsored Academy arrangements.	-660
C&FS - Longslade Community College, Birstall - Strategic Capital Maintenance / School Accommodation	Funding for a wider capital investment linked to the campus development including provision for a new Primary School. The project has commenced but slippage is required due to the need to synchronise the work with direct government grants achieved via the Priority Schools Building Programme.	-499
C&FS – Early Help Hubs Programme	There is slippage of £489k as a result of cost estimates exceeding the original budget approval and a delay in commissioning the works. The scheme is now expected to be completed in 2016/17.	-489
C&FS - School Meals Programme	Additional new grant funding of £339k received from DfE in February 2015 for work at 5 Primary Schools, which is to be spent by August 2015.	-339
A&C – Transforming Care Grant	The grant funding is for adaptations to housing to support transfer of people from inpatient to community-based settings. This will be slipped into 15/16 as the purchase process and the exchanging of contracts has taken longer than planned. The purchase of properties by external providers is expected to be completed end of May 2015.	-392
A&C – Hinckley Library/The limes scheme	The service is currently exploring alternative delivery models for The Limes.	-360
E&T – Area Office Accommodation (Depots Review)	Overspend as a result of the increase in scope of works and bringing forward works which would make it more cost effective in the long term, to do while on site rather than delaying. Also works relating to health and safety and environmental concerns, contributing to the overspend.	243
E&T – Major Schemes	Part 1 claims relating to land compensation payments at Earl Shilton bypass (reduction in value of properties).	279

Department	Reasons	£000
E&T – Hinckley Schemes	Advanced design fees related to zones 2 and 3, funded from acceleration of 2015/16 programme.	386
E&T – Oadby & Wigston Town Centres	Overspend due to cost overruns and strict grant conditions which meant that not all costs were permitted to be recovered from the grant.	264
E&T – Major Schemes	Outstanding works to complete the A50/A46 junction improvement.	118
E&T Transportation - Bridges	Slippage on M1 Bridge, Lubbethorpe. There were difficulties in finalising the funding agreements between the Homes and Community Agency, the land owner and the developers which lead to the slippage. All parties signed on 19 th Feb and contractors are now on site.	-5,857
E&T – Major Schemes	Underspend on Loughborough Town Centre due to lower overall scheme costs from savings on the contract.	-1,100
E&T – Highways Maintenance	Additional carriageway patching works to support the long term prevention for the road network (pot holes).	1,112
E&T – ITS Block, Safety	Countesthorpe scheme (£90k) slippage due to works being tied into developer proposal and redrafting of the S106 agreement. Oadby Gartree scheme (£75k) slippage due to redesign following consultation.	-279
E&T – ITS Block	Underspend due to cost efficiencies across the programme. £45k slippage for signing and lining in Coalville delayed till June 2015 as a result of being tied into developer work.	-186
E&T Transportation- Integrated Transport Schemes – Active & Sustainable Travel	Underspend on various schemes due to cost efficiencies and attempting to tie into developer works. £43k has slipped into 2015/16 for zebra crossing schemes.	-192
E&T – Waste Management	Slippage on the Coalville transfer station while awaiting planning permission to be granted and a review of the business case.	-356
Chief Executives – Rural Capital Scheme	Year 3 of the programme (2014/15) not run as LCC is supporting other (similar) grant schemes with Leicester City Council and LLEP, that are funded via the Regional Growth Fund.	-146
Chief Executives – Shire & Better Places Capital Grant Scheme	Central Government funding was received and used therefore some of the Better Places funding was not required. New schemes have taken longer than anticipated to build momentum.	-74
Corporate Resources – Demolition of Vacant Buildings	Melton KEVII; £300k slippage on construction of replacement playing field to enable sale: Slippage due to work which must be undertaken during appropriate conditions as well as delayed planning permission for the project.	-500

Department	Reasons	£000
Corporate Resources – Corporate ICT Capital Programme	Delays have been experienced on the Firewall, Virtual Desktop Infrastructure (VDI) and Exchange Migration projects. A procurement of replacement firewall hardware took place in 2014/15 but it was not possible to award a contract. The technical specification has subsequently been revised and the procurement is being restarted. Development of detailed specifications for the VDI project, and hence the procurement process, was delayed in order to take into account fully the needs of the County Hall Masterplan project. The procurement is now well underway.	-338
Corporate Resources – Online Services Project	Slippage of £258k - whilst phase 1 of the new LCC website will be implemented as planned by 1st April 2015, there is further work needed on integration with other systems.	-258
Corporate Resources – PAMS (previously PMIS)	The project is split into 2 phases of Go live. The first phase is due to go live later than planned in September 2015 due to delivery issues from the supplier. The 2 nd phase is due to go live in February 2016.	-176
Corporate Resources – Data Quality/Pseudonymisation Software	Slippage into 2015/16 – awaiting clarification of business requirements from the Data and Business Intelligence Transformation Enabler.	-120
Corporate Resources – EDRMS Replacement	A decision has been taken to continue with Wisdom for the foreseeable future so the majority of the funding originally allocated will no longer be needed.	-130
Corporate Programme – Corporate Asset Investment Fund (AIF)	The nature of the AIF remit means expenditure will occur when suitable property/assets are available for investment/purchase.	-740
Corporate Programme – Property Energy Strategy	Overall, the energy invest to save programme is progressing in line with strategic priorities. Two principle causes for slippage are: (i) Delayed implementation of part of the County Hall biomass heating system, System test failure in mid-March has led to two months delay. (ii) Capital contributions towards specific projects within the wider capital programme to deliver increased energy efficiency have been delayed in line with slippage elsewhere on these schemes.	-585

Capital Programme – Changes in Funding

Major changes in funding of the capital programme 2014/15:

Department	Reasons	£000
Outturn Adjustments	2013/14 Outturn adjustment: <ul style="list-style-type: none"> • C&FS - £0.40m • A&C – £0.22m • E&T Waste Management - £0.08m • Corporate Resources - £0.45m • Chief Execs - £0.39m 	1,538
C&FS	School Meals Grant – additional grant funding	339
C&FS	School Accommodation – section 106 contributions	181
C&FS	Birstall, Longslade All Weather Pitch scheme removed as it will now not go ahead.	-185
A&C	Transforming Care Grant - Dept. of Health	392
A&C	Extracare Blaby Scheme – contribution from reserve	305
E&T - Transportation	Pothole Grant funding from Department for Transport	2,639
E&T - Transportation	Area Office accommodation – Capital receipts	464
E&T - Transportation	Street Lights/Traffic signs – section 106 contributions.	344
E&T - Transportation	Ashby Canal – Section 106 contributions.	256
E&T - Transportation	Real Time Bus Stop Info. – revenue contribution	250
E&T - Transportation	Area Office Accommodation – section 106 contributions.	247
E&T – Transportation	Various schemes - Additional income	236
E&T - Transportation	Externally funded schemes – section 106 contributions.	227
E&T - Transportation	Bridge Maintenance – Section 106 contributions.	174
E&T - Transportation	Active & Sustainable Travel – section 106 contributions.	166
E&T - Transportation	M1 Bridge Growth, Lubbethorpe – External funding	165
E&T - Transportation	Footways – section 106 contributions.	158
E&T - Transportation	Pinch Point/Park & Ride – section 106 contributions.	136
E&T - Transportation	Mowers – LHO renewals earmarked fund	113
Chief Executives	Rural Broadband Scheme – DCLG/ERDF funding	643
Chief Executives	Loughborough Science Park – Economic Development. Earmarked fund	125
Chief Executives	Kegworth Community Centre – external and revenue contributions	118
Corporate Resources	County Farms Estate lease acquisition to enable future potential sale - funded from capital receipts.	585
Total		9,616

APPENDIX G**PRUDENTIAL INDICATORS 2014/15**

	Original Indicator	Forecast as at 19/01/2015	Provisional Actual as at 31/03/2015
Actual Capital Financing Costs as a % of Net Revenue Stream	7.24%	8.66%	7.59%
Capital Expenditure (£000's) (excluding Schools devolved formula capital)	63,980	53,100	*51,178
Operational Limit for External Debt (£000's)	310,500	306,500	310,500
Authorised Limit for External Debt (£000')	320,500	316,500	316,500
Interest Rate Exposure – Fixed	50-100%	96%	96%
Interest Rate Exposure – Variable	0-50%	4%	4%
Capital Financing Requirement (£000's)	303,000	299,000	298,540
Actual debt as at 31/3/2015 (£000's)			286,700

* excludes schools devolved formula capital

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