



Meeting: **Cabinet**

Date/Time: **Tuesday, 22 May 2018 at 11.00 am**

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

Contact: **Ms. J. Bailey (Tel. 0116 305 2583)**

Email: **jenny.bailey@leics.gov.uk**

Membership

Mr. N. J. Rushton CC (Chairman)

Mr. R. Blunt CC

Mr. J. B. Rhodes CC

Mr. I. D. Ould CC

Mrs H. L. Richardson CC

Mr. B. L. Pain CC

Mr. R. J. Shepherd CC

Mrs. P. Posnett CC

Please note: this meeting will be filmed for live or subsequent broadcast via the Council's web site at <http://www.leicestershire.gov.uk> - 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 1 May 2018.		(Pages 3 - 8)
2. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.		
3. Declarations of interest in respect of items on the agenda.		
4. 2017/18 Provisional Revenue and Capital Outturn.	Director of Corporate Resources	(Pages 9 - 48)
5. Membership of UK100.	Director of Environment and Transport	(Pages 49 - 52)
6. Items referred from Overview and Scrutiny.		
7. Any other items which the Chairman has decided to take as urgent.		



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Minutes of a meeting of the Cabinet held at County Hall, Glenfield on Tuesday, 1 May 2018.

PRESENT

Mr. N. J. Rushton CC (in the Chair)

Mr. R. Blunt CC
Mr. I. D. Ould CC
Mr. B. L. Pain CC
Mrs. P. Posnett CC

Mr. J. B. Rhodes CC
Mrs H. L. Richardson CC
Mr. R. J. Shepherd CC

In attendance

Dr. R. K. A. Feltham CC, Mr. T. J. Pendleton CC, Mrs. C. M. Radford CC, Mr. D. Jennings CC, Mrs. R. Page CC, Mr. S. J. Galton CC, Dr. T. Eynon CC.

133. Minutes of the previous meeting.

The minutes of the meeting held on 10 April 2018 were taken as read, confirmed and signed.

134. Urgent Items.

There were no urgent items for consideration.

135. 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. Mr. R. J. Shepherd CC declared a Personal Interest leading to bias in item 5 (Proposed Developments at Quorn – Solar Farm and Light Industrial Units) as a member of Charnwood Borough Council and undertook to leave the room during consideration of the item.

136. Enabling Growth Plan 2018/19.

The Cabinet considered a report of the Chief Executive seeking approval for the Enabling Growth Plan 2018/19 which set out the Council's economic priorities for the financial year. A copy of the report, marked '4', is filed with these minutes.

RESOLVED:

That the Enabling Growth Plan 2018/19, attached as the Appendix to the report, be approved.

REASONS FOR DECISION:

Since the Cabinet approved the EGP 2015-18 in March 2015, there have been a number of significant national, regional and local policy developments including the decision for the UK to leave the EU and the launch of the UK's Industrial Strategy in November 2017.

To take account of these changes and ensure the Council has a relevant economic plan for 2018/19; the Enabling Growth Board has undertaken a light-touch refresh of the EGP 2015-18 and produced a revised Plan for 2018-19. A more robust and longer term review of the Council's economic plan and priorities will be undertaken alongside the development of the Local Industrial Strategy (LIS) with a view to the LIS and an Enabling Growth Plan for 2019 onwards being produced early in 2019.

The Council's Strategic Plan 2018-2022: *Working together for the benefit of everyone*, which identifies a 'Strong Economy' as one of its five strategic outcomes.

137. Proposed Developments at Quorn - Solar Farm and Light Industrial Units.

(Mr. R. J. Shepherd CC, having declared a Personal Interest leading to bias in the matter, left the meeting whilst this item was considered).

The Cabinet considered a report of the Director of Corporate Resources which sought approval to the necessary preparatory work required to enable the submission of a planning application for the commercial development of light industrial units and a solar farm in Quorn. A copy of the report, marked '5', is filed with these minutes.

The Cabinet noted comments received from the local member Mrs. H. Fryer CC, a copy of which is filed with these minutes.

The Director said that paragraphs 29-35 of the report consisted of advice from the Council's strategic property officers following preliminary talks with planning colleagues, and were included for background. Should the Cabinet support the proposals, planning officers would provide formal advice during the planning application process.

RESOLVED:

- a) That the continuation of works to progress the proposed commercial development of light industrial units and a new solar farm, as detailed in paragraphs 17 to 23 of the report, on land located to the North of the A6 and the town of Quorn and which are shown on the plans attached, be approved;
- b) That the Director of Corporate Resources, following consultation with the Cabinet Lead Member, be authorised to undertake all necessary preparatory work to enable the submission of a planning application for the proposed development;
- c) That further financial analysis be undertaken with a particular focus on the solar farm, and that the outcome of that analysis and the planning application be presented to the Cabinet for further consideration.

(KEY DECISION)

REASONS FOR DECISION:

The development of Council owned land will provide the Authority with future revenue income and support environmental objectives.

To confirm the Cabinet's support for the proposed development and enable the Director, in exercise of his existing delegated powers, to submit a planning application for the proposed development and to continue to undertake further financial testing in respect of the proposals.

(Mr. R. J. Shepherd CC then returned to the meeting)

138. State Pensions for Women Born in the 1950s.

The Cabinet considered a report of the Chief Executive which detailed concerns raised by the pressure group Women Against State Pensions Inequality (WASPI) who argued that women born in the 1950s had been disproportionately affected by changes to their state pension age. A copy of the report, marked '6', is filed with these minutes.

Mrs P. Posnett CC said that she sympathised with the pressure group and had met with representatives to discuss the issue. She believed that the approach taken by the All Party Parliamentary Group on State Pension Inequality, to produce a report supporting the aims of the group with a view to the introduction of legislative change through a Private Members Bill, was the correct way forward.

RESOLVED:

- a) That the position as outlined in the report, in particular the consideration of this matter in Parliament and by the Government be noted;
- b) That the position statement made to the County Council meeting in March by Mrs Posnett CC which outlines the discussions she has had with representatives of the local WASPI group and the practical support that the County Council has provided to the Group and women in the Local Government Pension scheme to gain a better understanding of pensions and pension taxation, be noted;
- c) That, as a practical and constructive way forward, the County Council informs the All-Party Parliamentary Group on State Pension Inequality of its support for the reconsideration of transitional arrangements and compensation for women born in the 1950s affected by changes to the state pension age, and of its support for the All-Party Group in bringing about legislative change to that effect.

(REASON FOR DECISION)

State Pensions is a matter for national Government and local authorities have no locus in such matters. However, decisions on state pensions affect local people and their wellbeing. The decisions recognise the grievance of WASPI women as a result of the failure of the Department of Works and Pensions (DWP) to provide timely information on changes to aid pension planning.

139. National Planning Policy Framework Consultation Proposals and Supporting Housing Delivery Through Developer Contributions - Consultation Response.

The Cabinet considered a report of the Chief Executive which sought the Cabinet's approval for the County Council's response to the Government's National Housing Delivery Policy Framework (NPPF) and Supporting Housing Delivery through Developer Contributions. A copy of the report marked '7' is filed with these minutes.

RESOLVED:

That the key comments as set out in the report be approved as the Council's response to the Government consultations on

- i. the National Planning Policy Framework (paragraphs 17 to 58),
- ii. "Supporting housing delivery through developer contributions" (paragraphs 59 to 63),

subject to the Chief Executive, following consultation with the Leader of the Council, being authorised to make minor amendments and adding detail to the above responses prior to their submission to Government by 10 May 2018.

REASONS FOR DECISION:

To respond to the Government consultation seeking views on the draft text of the NPPF and proposed reforms to the system of developer contributions.

The County Council is working with Local Planning Authorities across Leicester and Leicestershire to develop a Strategic Growth Plan which will guide housing and infrastructure requirements across the Housing Market Area. The response has been written to ensure that the robust and collaborative work already undertaken is not undermined, but benefits from any changes to a NPPF.

It is imperative that any reforms to the system of developer contributions ensures that developers are clear about their commitments, that local authorities are empowered to hold them to account, and communities needs are met.

140. Enforcement Programme for Underage Sales of Tobacco Products and Aerosol Paint Products 2018/19.

The Cabinet considered a report by the Chief Executive seeking approval of the proposed enforcement programmes for underage sales of tobacco products and aerosol paint products for 2018/19. A copy of the report, marked '8', is filed with these minutes.

RESOLVED:

That the 2018/2019 Enforcement Programmes for Underage Sales of Tobacco Products and Aerosol Paint Products set out in Appendices A and B of the report be approved.

REASON FOR DECISION:

To enable the County Council to meet its statutory obligation under Section 5(1) of the Children and Young Persons (Protection from Tobacco) Act 1991 (as amended) and Section 54A of the Anti-Social Behaviour Act 2003.

141. Award of Contract to Carers' Trust - Urgent Action by the Chief Executive.

The Cabinet considered a report of the Director of Adults and Communities which set out urgent action taken by the Chief Executive to approve an exception to the County Council's Contract Procedure Rules to enable the award of a contract to the Carers' Trust which would provide a discharge response and home care bridging service to the Council. A copy of the report, marked '9', is filed with these minutes.

RESOLVED:

That the urgent action taken by the Chief Executive to award a contract to the Carers' Trust for the provision of a discharge response and home care bridging service in line with Contract Procedure Rule 6 (b) (ii) (Exceptions), be noted.

REASONS FOR DECISION:

Urgent action was taken on the 29 March 2018 by the Chief Executive to ensure that the contract was in place by 2 April 2018.

The discharge response and home care bridging service enables the timely discharge from hospital for Leicestershire residents by providing additional capacity in the event of short-term delays in starting packages of home care on discharge from hospital.

142. Items referred from Overview and Scrutiny.

There were no items referred from Overview and Scrutiny.

2.00 - 2.24 pm
1 May 2018

CHAIRMAN

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CABINET - 22ND MAY 2018

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

2017/18 PROVISIONAL REVENUE AND CAPITAL OUTTURN

PART A

Purpose of the Report

1. The purpose of this report is to set out the provisional revenue and capital outturn for 2017/18 and seek the Cabinet's approval for additional commitments and revisions to the 2018/19 revenue budget.

Recommendations

2. It is recommended that:-
 - (a) The 2017/18 provisional revenue and capital outturn be noted;
 - (b) The additional commitments as set out in paragraph 52 of the report be approved;
 - (c) An additional investment of £5m for highways maintenance, funded from returns generated by the Corporate Asset Investment Fund, as detailed in paragraph 57 of the report, be approved;
 - (d) The expected increase in 2018/19 business rates income of £1.2m be allocated to the future developments fund, as detailed in paragraph 59 of the report;
 - (e) The prudential indicators for 2017/18 as shown in Appendix E be noted.

Reasons for Recommendations

3. To inform the Cabinet of the provisional revenue and capital outturn for 2017/18, to set aside funding for additional commitments, to approve carry forwards into later years and to make revisions to the 2018/19 revenue budget.

Timetable for Decisions (including Scrutiny)

4. A report on the provisional revenue and capital outturn will be considered by the Scrutiny Commission on 6th June 2018.

Policy Framework and Previous Decisions

5. The County Council approved the 2017/18 to 2020/21 Medium Term Financial Strategy (MTFS) in February 2017. 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.
6. The Standard Financial Instructions stipulate that the Executive (the Cabinet) may authorise the carry forward of under or over spending; these may also be agreed by the Chief Financial Officer.

Resource Implications

Revenue Outturn

7. A summary of the revenue outturn for 2017/18, excluding schools grant, is set out below:

	£000
Updated budget	350,400
Less provisional outturn	-340,813
Add additional income	1,008
Less additional commitments	-10,281
Net underspending	314
Carry forwards	
Approved	-314
Cabinet approval required	0
Net position	0

8. Overall there has been a net underspending of £0.3m after additional commitments, which is offset by carry forwards.
9. The Authority has made significant 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. Price and service demand pressures have been largely contained in the year. Inflation and demographic pressures mean that this position will not be maintained beyond the short term. In the MTFS for the period 2018/19 to 2021/22 the savings requirement totals £50m, of which £13m still needs to be identified.
10. The uncommitted General Fund balance as at 31st March 2018 stands at £14.8m, which represents 4.1% of the 2018/19 revenue budget, in line with the County Council's policy. The Fund will be reviewed again during 2018 taking into account the risks faced by the County Council.

Capital Outturn

11. A summary of the capital outturn for 2017/18, excluding schools devolved formula capital, is set out below:

	£000
Updated budget	93,773
Less provisional outturn	92,876
Net Underspending (slippage)	897
Percentage spend to updated budget	99.0%

12. Overall there has been a net underspending of £0.9m compared with the updated budget. More detail is given in Part B of this report. The net underspending will be carried forward to 2018/19 to fund schemes that were not completed in 2017/18.
13. Details of the key achievements in delivery of the 2017/18 capital programme are also included in the report.

Circulation under the Local Issues Alert Procedure

14. None.

Officers to Contact

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PART B

Overall Position - Revenue

15. Appendix A shows the detailed provisional outturn position for 2017/18. This compares the actual expenditure incurred (provisional outturn) with the updated budget. Column 2 is the original budget updated for 2016/17 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 General Fund balance.
16. The overall net underspend is £0.3m, which is proposed to be used to fund carry forwards.
17. 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.
18. On this basis there are no specific carry forward requests that require approval by the Cabinet.
19. Appendix B gives details of significant variances on departmental budgets for 2017/18.

Children and Family Services

Dedicated Schools Grant (DSG)

20. There is an overspend of £0.7m on DSG which will be funded from the DSG earmarked fund. The main variances relate to the following:
21. There is an overspend of £0.3m on placements for pupils with Special Educational Needs (SEN) mainly due to a shortfall in meeting the savings target of £0.7m as a result of increasing demand. Progress on reducing placements at independent schools has been significant, with expenditure reducing with a saving of £1.7m against this element of the budget. In previous years expenditure with independent schools increased significantly whereas this year additional capacity, particularly through the development of specialist autism units, has been developed and as a result has reduced the number needing independent provision.

22. The Specialist Teaching Service has overspent by £0.4m; transformation of these services was delayed pending the recruitment of a service lead which has delayed the £0.8m MTFS saving. This is partially offset by savings generated through non-recruitment to vacancies pending the restructure of these services. The project to deliver the restructure is now underway but full savings will not be realised until 2018/19.

Local Authority Budget

23. There is an overspend of £3.9m (6.4%) on the local authority budget which is inclusive of additional posts in order to enable the department to deliver the Ofsted action plan where growth of £2m has been formalised within the 2018/19 MTFS. The main variances relate to the following:
24. There is a £2.4m overspend on the Social Care Placement Budget. Over the past five years the County Council has seen a significant growth in its Looked After Children population, which has risen by 47% (an average of 7% each year, from 375 in March 2012 to 553 in March 2018) The overspend is also due to an increase in the average unit cost of 6% compared with 2016/17 due to the changing mix of placement provision including more children entering care that require residential provision.
25. Many other authorities are experiencing similar pressures with the Local Government Association reporting 75% of Councils overspending and a cumulative pressure of £600 million. Even with the rise the County Council's overall comparative rate of Looked After Children remains low, however the Council's use of residential care is high which given the very large cost of these kinds of placement is one of the main drivers for the increase in expenditure in this area. A Care Placement Strategy is being developed as part of the Transformation Programme with the aim of more effectively managing the main aspects of the Looked After Children's system to where possible impact upon demand and reduce costs. An action plan setting out a range of actions aimed to reduce the costs of placements was presented within the Period 4 budget monitoring reports to the Cabinet and the Scrutiny Commission.
26. Social care staffing budgets have overspent by £1.7m. Additional posts have been agreed in order to respond to issues highlighted by the Ofsted inspection in relation to caseloads and to respond to the post-inspection action plan. Pending recruitment it has been necessary to engage agency staff for the additional posts and to provide capacity to cover vacant posts. The 2018/19 MTFS provides growth for these additional posts.
27. Recruitment to Heads of Service is now complete, however the need to engage interim staff pending permanent positions being filled resulted in an overspend of £0.5m within the Directorate.

Adults and Communities

28. The Department has a net underspend of £5.5m which reduces to £5.4m (4.0%) after carry forwards. The main variances are set out below.

29. Residential and Nursing Care is underspent by £5.0m. Expenditure on placements in the financial year is below budget due to additional service user and health income (£3.7m), reduction in the number of service users (£1.6m) and lower average care package costs (£1.0m). This has been offset by backdated arrears relating to the previous years (£1.3m). The department implemented reviews of high cost placements which contributed to the reduction in costs and an action plan to reduce the instance of arrears in future through implementing weekly reviews of quality and timeliness of care packages.
30. Direct Payments (DP) is underspent by £0.6m. This mainly relates to the clawback of unused balances on payment cards (£2.5m), offset by an increase in cost of service user packages (£1.6m). A programme of work was undertaken under MTFs saving 'AC5 Effective Management of Direct Payments and Personal Budget Allocations' to address the issue of over-allocating the initial financial package. Other Initiatives have been implemented as a part of the review work and to date include:
- A training plan and accompanying guidance for staff to ensure that they understand how the DP cards work and that they communicate this effectively to their service users when they are set up.
 - Checking to ensure that the DP card has been activated and that the service user has set up direct debits appropriately to pay their provider(s).
 - Investigating the possibility of paying Direct Payments in arrears to avoid overpayments.
 - A social care worker has been recruited to work, aligned to the Direct Payment Card team, to assist in the clawing back of funds over 8 weeks' worth of the value of the Direct Payment.
31. Adult Learning is underspent by £0.5m due to receiving £0.2m of over performance funding in January from the Skills Funding Agency and approximately £0.3m staffing underspend that was previously earmarked as a potential clawback for underperformance but not required.
32. The in-house provision of care services is underspent by £0.5m, due to a combination of lower demand and vacancies being held in advance of the savings requirement.
33. Other staffing and running costs are overspent by £1.0m. This is due to the number of vacancies arising following the departmental restructure being filled with agency staff. The department is in the process of recruiting to the vacant posts which will reduce the agency costs in the future. In addition debts have been rising in recent years requiring additional investment in debt management of £0.25m and there is £0.5m spend on the department's transformation programme.
34. Community Life Choices day services are overspent by £0.5m due to the delay of implementing new contracts, backdated arrears and increased cost of packages.

Public Health

35. The Department has achieved a net underspend of £0.9m. The main variances relate to an underspend on Local Area Co-ordination (£0.4m) due to a change in approach to target the service to priority areas rather than covering the entire County, and an underspend due to reduced numbers of Health Checks being undertaken (£0.2m) which is as a result of a planned change in service delivery. Smaller underspends have resulted from: increased income from Clinical Commissioning Groups and the Office of the Police and Crime Commissioner on mental health and substance misuse contracts and a settlement payment from the previous Stop Smoking service provider. The development of the Programme Delivery Team has offset the underspend, this new staffing structure is linked to departmental savings plans.
36. Part of the net underspend is being invested in new Sexual Health Accommodation – explained in more detail later in the report.

Environment and Transport

37. There is a net underspend of £1.0m (1.6%), which will be used to support highways maintenance expenditure (see paragraph 52).

Highways

38. There is a net overspend of £0.7m. The main overspends relate to winter maintenance (£1.0m) due to the poor weather conditions, road safety (£0.3m) where a planned contribution from earmarked funds was not taken given underspends elsewhere in the Department and reactive maintenance (£0.3m) from a number of critical repairs to for example safety barriers.
39. These are offset by underspends on highways delivery (staffing and administration) (£0.4m) due to vacancies and increased income, highways commissioning (£0.2m) due mainly to additional income, and street lighting energy and maintenance works (£0.2m) due to early realisation of savings.

Transportation

40. There is a net underspend of £0.5m. Underspends on mainstream school transport (£0.9m) due to contract efficiencies and lower demand for services and on public bus services (£0.2m), partly offset by overspends on social care transport (£0.2m), fleet transport (£0.2m), special educational needs transport (£0.1m), and concessionary travel (£0.1m), all of which are demand-led services.

Environment and Waste

41. There is a net underspend of £1.3m. The main underspends are on landfill, (£0.4m, net of additional treatment contract costs), and composting contracts (£0.2m) both due to lower tonnages than forecast including additional diversion to energy-from-waste facilities. Recycling and re-use credits are underspent

(£0.3m) mainly due to tonnages being lower than expected. Income (£0.2m) from trade waste is greater than budgeted and additional income from recyclable materials (£0.1m) resulted from the insourcing of the recycling and household waste sites and the recyclable materials market being more buoyant than expected (although these material prices can fluctuate significantly).

Chief Executive's

42. The Department has underspent by £0.7m which reduces to £0.5m (5.1%) after carry forward requests. This is mainly due to vacancies and restructurings across the department, £0.3m, and increased income being received by the Trading Standards and Planning functions, £0.2m. In addition there is an underspend of £0.2m as growth for a contribution to the running of the proposed Combined Authority was not required due to a delay in the decision by the Government.

Corporate Resources

43. The Department has underspent by £0.5m (1.4%).
44. There are underspends from staffing and other early savings ahead of future expected savings in ICT, Strategic Finance, Assurance and Property, and the Customer Services Team. These are partly offset by overspend pressures on building maintenance and running costs due to addressing priority needs across the farms, localities, County Hall and School estates, and commercial services.
45. Commercial Services are overspent (£0.3m). Overall LTS increased its contribution from £0.8m to £1.8m over the past year, increasing its margin from 4% to 7%. The main contributors to this success have been School Food, Forestry, Sites Development, HR and Leamis with steady progress in most other service areas. There is a £0.3m shortfall compared to budget relating to a combination of timing issues (phasing of income) and historical issues writing off old debt, reconciliation issues and costs that related to previous years.

Contingency for Inflation

46. The 2017/18 original budget included a £13.3m provision for inflation. A transfer of £5m was made to the Revenue Funding of Capital budget, as the Adults and Communities budget was used instead of the contingency to meet inflation on contracts as a result of previous year underspends continuing into 2017/18. Allocations of £4.9m have been made to departments, mainly relating to the April 2017 pay award, increases in employer pension contributions, the Apprenticeship Levy, inflation required on transport and waste budgets and transfers of additional one-off funding to Environment and Transport for pot hole repairs and school parking issues. The balance of £3.4m has not been required and is shown as an underspend.

Central Items

47. Additional expenditure of £0.8m has been incurred on the Revenue Funding of Capital heading, relating to the transfer of Pooled Property Fund investment income to a separate earmarked fund, to provide funding for future developments.
48. The Central Expenditure budget was underspent by £0.3m, mainly relating to dividend income from the Eastern Shires Purchasing Organisation (ESPO) being higher than originally estimated.
49. Central Grants and Other Income is £1.0m higher than originally budgeted, due to increased bank and other interest, mainly arising from higher balances than originally estimated.
50. The Other Items budget heading is underspent by £0.8m mainly due a detailed review of prior year open purchase orders and car leasing provisions that are no longer required.

Income

51. Additional income of £0.9m has been received regarding government section 31 grants relating to compensation for the loss of business rates 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 business rates in previous years. In addition, the Government has made an adjustment to the Business Rates Top Up amount resulting in additional grant of £0.1m.

Additional Commitments

52. It is proposed that £10.3m of the net underspend is used to fund the following additional commitments:
 - Environment and Transport (£2m). This will be used to extend the improved response times in repairing pot-holes funding to two years, to provide funding for the implementation of recommendations on managing school parking issues and to provide general support of highways expenditure in 2018/19.
 - Environment and Transport (£1m). To increase the funding available to further support highways maintenance expenditure. This brings the additional funding for Environment and Transport provided from the current year underspends to a total of £3.7m (including £0.7m allocated by the Cabinet on 15th September 2017).
 - Future capital developments (£6.4m). This comprises £3.3m identified during the year and £3.1m at the outturn. The demand for improvement projects currently exceeds the funding available.
 - Sexual Health Accommodation - £0.5m has been included in the MTFS 2018-22 capital programme as a contribution to Leicester City Council for

the refurbishment of a new base for integrated sexual health services in Leicester, to generate ongoing revenue savings.

- Enabling Growth Activities (£0.4m). Match funding requirements from the County Council to enable existing external funding opportunities to progress and to lever a substantial amount of funds for the county to deliver against the Enabling Growth Plan and 'Strong Economy' outcome priorities.

53. There are other potential commitments that may need to be funded in the future, including:

- Ash Dieback – works to tackle the impact.
- Claims from external parties, for example 'sleep in' shifts in social care following a recent ruling that workers should be paid the national minimum / national living wage. Third party providers will be liable, as the employing organization, but they may seek to recover costs from the County Council.
- Transformation – continued investment which is funded from one-off funding.

54. The above commitments may be funded from the future developments fund if necessary.

2018/19 MTFS amendments

55. As a result of the 2017/18 provisional outturn a high level review has been undertaken of the most significant variations that are expected to continue into 2018/19. The review has shown that the main variations have already been reflected in the 2018/19 budget, having been identified and reported earlier in the year before the budget was approved in February 2018. However the position on demand-led budgets, mainly in social care, can be volatile. Where underspends continue in 2018/19 these will be managed through the inflation contingency (as in 2017/18) where increases will only be allocated where there is a clear requirement.

56. Highways Maintenance – restorative patching - additional funding, £5m. Following adverse weather and continually reducing government funding for highways maintenance there has been a decline in the condition of the network and increasing demand for reactive maintenance repairs. There are around 1,760 identified areas where patching is required (multiple potholes and other related defects) increasing by about 20 per week. Over the period of the 4 year MTFS there is forecast to be a shortfall in funding required to tackle the backlog of around £5m. A total of £27m is estimated to be needed compared with funding allocated in the MTFS capital programme of £22m. This is in addition to the £3.7m additional funding allocated in the 2017/18 which is being used to fund works to more quickly respond to customer complaints (14 day repair for customer pot-holes), school parking issues (zig-zag enforcement), and additional highways asset management (crash barriers, street lighting columns and carriageway works).

57. In order to fund the £5m shortfall, returns generated by the Corporate Asset Investment Fund (CAIF) from rental and investment income of circa £5m over

the next 2 years (that are not yet fully built into the MTFS) are recommended to be allocated to highways.

58. The CAIF income had been allocated to the future developments earmarked fund in the MTFS 2018. Due to the need to invest in improving the condition of Leicestershire's roads this can now be specifically assigned. The future developments fund will be replenished by the additional contribution to the fund from the 2017/18 outturn (£3.1m) and additional funding from Business Rates income as explained in the following paragraph.
59. Since the MTFS 2018 was approved in February, business rates income is forecast to be £1.2m higher in 2018/19. Returns provided by the Districts to the Government were not available at the time that the MTFS was compiled and show higher levels of growth than that provided for in the MTFS. It is recommended that the additional funding is allocated to the future developments fund. The additional funds are expected to continue in 2019/20 and possibly later years. This will be considered as part of planning for the MTFS 2019.

Business Rates

60. The County Council, Leicester City Council, the Combined Fire Authority and all the Leicestershire District Councils are members of the "Leicester and Leicestershire Business Rates Pool". The current pooling agreement allows for any surplus, less a contingency for future Business Rate Pools, to be allocated to the Leicester and Leicestershire Enterprise Partnership (LLEP) for investment projects in Leicestershire.
61. The Pool held a balance of £6.5m from 2016/17 and previous years, of which £4.5m has been paid to the LLEP during 2017/18 and the balance of £2.0m is retained as a Pool contingency for future years.
62. Provisional outturn results for 2017/18 show a surplus of £6.1m, which will be retained within Leicestershire rather than being returned to the government as would have been the case if the Pool did not exist. Subject to external audit, the surplus will be allocated to the LLEP for investment projects in Leicestershire.
63. The pooling partners reviewed the forecast position for 2018/19 in January 2018, which reported an estimated surplus of £6.0m. All partners therefore agreed to continue with the Pool for 2018/19.

Future Developments Fund

64. There is a long list of projects that will potentially require funding over the next 4 years. These include investment in infrastructure for schools and roads arising from increases in population, investment in Supported Living accommodation, investment in community speed enforcement (depending on the outcome of the pilot), a new records office and collections hub, major IT system replacements (mainly Oracle which the Council has had in place since the early 1990's) and a contribution and underwriting of section 106 developer contributions for the Melton Mowbray distributor road.

65. After the changes to the fund described earlier in the report and higher anticipated returns in later years from the corporate asset investment fund, the latest forecast balance on the future development fund is estimated to be £40m by 2021/22.
66. The list of future developments is continually refreshed and the current requirement exceeds the current funding available. This will need to be managed through prioritisation and identification of alternative funding sources, including contributions from partners.
67. Closing the gap by taking on new loans is not the preferred option, as this increases the requirement for future savings. It is still expected that this situation can be avoided as over the course of the MTFs one or more of the following opportunities will arise:
- Underspends on the County Council revenue budget.
 - Unexpected grants are received to replace previously earmarked County Council resources.
 - Temporary use of the cash supporting earmarked funds in advance of it being required, rather than making short term cash investments.
 - Utilising the annual provision (MRP) made for the repayment of debt that is not required until the 2040s. This is expected to be £6.5m per annum.
 - Delay some of the expenditure until resources are available.
68. This approach forms part of the wider strategy to ensure that the capital programme is deliverable, affordable and the risks are understood, in line with CIPFA's requirements.

General Fund and Earmarked Funds

69. The uncommitted General Fund balance as at 31 March 2018 stands at £14.8m, which represents 4.1% of the 2018/19 revenue budget, in line with the County Council's policy. The MTFs includes further analysis of the County Council's earmarked funds including the reasons for holding them. A detailed review of earmarked funds will be reported to the Cabinet in the autumn.
70. The total level of earmarked funds held for revenue purposes as at 31 March 2018 is £40.0m, excluding the ring-fenced Dedicated Schools Grant earmarked fund and monies held on behalf of other partnerships, which compares to £33.4m as at 31 March 2017. Earmarked funds for capital purposes total £80.7m as at 31 March 2018 compared with £70.1m at 31 March 2017. Earmarked funds are shown in detail in Appendix C. The main earmarked funds are set out below.

Renewals of Vehicles and Equipment (£5.7m)

71. Departments hold earmarked funds for the future replacement of vehicles (the County Council has a fleet of around 350 vehicles) and equipment such as ICT.

Industrial Properties (£1.3m)

72. These are funds generated from in-year underspends over a number of years on the industrial property revenue budgets.

Insurance (£12.6m)

73. Earmarked funds of £7.0m are held to meet the estimated cost of future claims to enable the Council to meet excesses not covered by insurance policies and smooth fluctuations in claims between years. The levels are informed by advice from independent advisors. Excesses include:

- Property damage (including fire) £500,000
- Public / Employers' liability £250,000
- Professional indemnity £25,000
- Fidelity guarantee £100,000
- Money – completely self-insured

74. The uninsured loss fund of £5.6m is required mainly to meet potential liabilities arising from Municipal Mutual Insurance (MMI) that is subject to a run-off of claims following liquidation in 1992. The fund also covers the period before the Council purchased insurance cover and the period (1993-97) that the Council was insured with Independent Insurance which is also an insurer in liquidation.

Children and Family Services

75. Supporting Leicestershire Families (£1.6m). This earmarked fund is used to fund the Supporting Leicestershire's Families service which is providing early help and intervention services for vulnerable families across Leicestershire.
76. Children and Family Services Developments (£1.4m). This general earmarked fund provides funding for a number of projects within the department such as improving management information, information access and retention and responding to changing requirements as a result of OfSTED and legislation.

Adults and Communities

77. Adults and Communities Developments (£2.0m). 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 increase in the fund balance compared to the forecast is due to not having to use the fund in the context of the departmental underspend and changes to the timelines of some transformation projects.

Environment and Transport

78. Commuted Sums (£2.6m). This funding, received from developers, 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 adjacent to the highway). These liabilities can arise many

years after the funding is received and therefore the balance on this earmarked fund has built up over time.

79. Leicester and Leicestershire Integrated Transport Model (LLITM) (£2.2m). This earmarked fund is for money generated from charging other local authorities for using the model. Surplus income is added into the fund and will be used to finance activity to refresh the model when required in around 2 years' time. Updating the LLITM is important to ensure it accurately predicts the impact of future prospective developments and supports potential bids for future major schemes.
80. Environment and Transport Developments / advanced design (£1.1m). This earmarked fund is used to fund feasibility studies and advance design works to enable bids to be made (and provide some match funding) for major capital schemes to improve the transport infrastructure supporting expected growth in Leicestershire.

Corporate

81. Transformation Fund (£14.7m). 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, and improvements to digital services enabling more self-service.
82. Broadband (£5.8m). 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 as a result of securing grant funding from Central Government and the European Regional Development Fund (ERDF) that required those funds to be spent first and within a set period. The change on the outturn compared with the forecast is due to slippage on the capital programme as explained later in the report.
83. Business Rates Retention (£1.6m). This fund was established following the introduction of the Business Rates Retention system in 2013 and is held as a contingency to fund potential shortfalls in business rates income in later years, especially the risk of large appeals and fluctuations in Business Rates income. The fund includes a sum of £0.6m, which represents the County Council's element of the Business Rates Pool contingency of £2m.
84. Inquiry and other costs (£1.2m). This fund is held to provide funding for inquiry and other costs associated with historical child sexual exploitation.
85. Local Authority Mortgage Scheme (-£3.0m). The County Council invested £8.4m in the Local Authority Mortgage Scheme to make it easier for first time house buyers to obtain mortgages and thus stimulate the local housing market and benefit the wider local economy. Investment of £3m in 2013/14 and £5.4m 2012/13 has been advanced to Lloyds bank, temporarily funded from the overall

balance of earmarked funds. The funding will be returned to the County Council, 5 years after the date it was advanced, with £5.4m being received in 2017/18 and £3m being due in 2018/19.

86. Pooled Property Fund(s) (-£20.0m). The Cabinet on 11 September 2015 and 11 October 2016 approved the investment of £15m and £10m respectively of the Council's earmarked funds into pooled property funds. To date £20m has been invested with the timing of the final investment of £5m uncertain at this stage. The investments are held to achieve higher returns than if the funds were invested as cash. The investment is funded from the overall balance of earmarked funds and can be realised in the future when required.

Capital

87. Capital Financing (£56.0m). This fund is used to hold MTFS revenue contributions to fund capital expenditure in future years.
88. Future Developments (£24.7m). This is additional funding to mainly support future capital programme developments, covered earlier in the report. The increase at year-end is due to additional funding allocated from the revenue outturn (£3.1m).

Schools / Partnerships Earmarked Funds

89. Dedicated Schools Grant (£2.2m). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School and Early Years Finance (England) Regulations. This fund is earmarked to fund any deficit budget that reverts to the local authority as maintained schools move into sponsored academy arrangements and also to meet the revenue costs of commissioning places in new schools and has supported the high needs block overspend in 2017/18.
90. Leicestershire and Rutland Sport (£1.1m). The main purpose of this earmarked fund is to hold partner contributions until expenditure on the agreed activities has been incurred. A significant part of the services' funding from external agencies is uncertain in nature, so the earmarked fund also allows management of funding variations and a redundancy provision.

CAPITAL PROGRAMME

91. The updated capital programme for 2017/18 totals £93.8m, including funding carried forward from the 2016/17 capital outturn relating to slippage on schemes and funding allocated from the future developments fund (mainly £11.4m for Lichfield South).
92. A summary of the capital outturn for 2017/18, excluding schools devolved formula capital, is set out below:

Programme Area	Updated Budget £000	Actual Expenditure £000	(Under)/Over spend £000	%
Children and Family Services	25,487	19,687	(5,800)	77%
Adults and Communities	4,798	4,410	(388)	92%
Env't & Transport - Transportation	32,328	32,808	480	102%
Env't & Transport - Waste Management	320	137	(183)	43%
Chief Executive's	4,817	3,789	(1,028)	79%
Corporate Resources	5,057	3,599	(1,458)	71%
Corporate Programme	20,966	28,446	7,480	136%
Total	93,773	92,876	(897)	99%

93. 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 D.
94. Appendix E compares the provisional prudential indicators with those set and agreed by the Council, at its budget meeting in February 2017. These are all within the limits set except for capital expenditure, £93m, compared with £83m, mainly due to the purchase of Embankment House, Nottingham as part of the Corporate Asset Investment Fund in February 2018.

Children and Family Services

Key Achievements

95. The 2017/18 programme delivered an additional 1,101 school places, saw the completion of the Wigston Area Special School, a new primary School in Birstall, supported the creation of additional places for children with autism and access to capital funding for the expansion of Early Years providers.

Main Variances

96. The year-end position shows net slippage of £5.8m compared with the updated budget. The main variances are reported below.
97. Provision of additional primary places, £4.9m variance. The main variances include:
- Burbage, Sketchley Hill Primary- slippage of (£1.5m) due to a delay in the start of the project following issues identified within the survey relating to highway, tree and ground works.
 - Market Harborough, Farndon Fields Primary - slippage of (£1.5m), project is being delivered by the academy that has redesigned the scheme as a result of affordability issues.
 - Barwell Area Primary – slippage of (£0.9m) – project delayed pending a review of costs and value for money.
 - Hinckley, Richmond Primary - acceleration of £0.6m.

- Underspends and Unallocated budget – underspend (£1.5m). Underspends across various projects and funding set aside in unallocated budgets not fully used. Funding will be carried forward to 2018/19 for the development of place requirements for September 2018.

98. School Accommodation Programme 10+ - slippage of £0.4m. There is a delay on a scheme at Launde Primary School pending the outcome of an additional funding bid to the Education and Skills Funding Agency.

Adults and Communities

Key Achievements

99. Extra Care Loughborough - the Council successfully contributed towards the provision of 60 new places with the scheme opening on schedule. The site is currently taking new occupants and is forecast to be fully occupied by Autumn 2018.
100. Hinckley, The Trees - the conversion of two existing semi-detached houses into four, self-contained single, long term accommodation units designed for individuals from within the Transforming Care cohort is nearing completion.

Main Variances

101. The year end position shows a slippage of £0.4m compared with the updated budget. The main reasons are:
- Replacement of mobile libraries, slippage of £0.3m due to a review of the specification of vehicles needed.
 - Changing Places, £0.2m slippage as no schemes identified, there are 2 potential schemes in 2018/19.
 - Smart Libraries acceleration of £0.1m. Planned works in 2018/19 were completed in advance with the delivery and installation of self-service kiosks.

Environment and Transportation – Transportation

Key Achievements

102. A total of £4.7m has been spent on the Strategic Economic Plan, mostly funded through the Leicester and Leicestershire Enterprise Partnership. Schemes include:
- Lubbethorpe Strategic Employment Site, £0.6m - work at the B4114 junction and the new access into the employment site completed in 2017/18 with minimal disruption to the travelling public; allowing the construction of a new employment site to start.
 - A42 J13, £3.2m – Improvements to the junction started in late 2016/17 following the completion of M1 J22 works. These works are now completed, improving traffic flow at this busy junction. To make the most of

the improvements they were followed by improvements to a nearby junction funded under the National Productivity Investment Fund.

- Hinckley Phase 3, £0.5m - Phase 3 of the works to improve walking, cycling and public transport provision was completed in autumn 2016 and phase 4 of the scheme has started to be delivered.
- A46 Anstey Lane, £0.2m – the detailed design of improvements to ease congestion and mitigate the effects of the Aston Green housing development have commenced in 2017/18 and will be continued in 2018/19 with a completion on site anticipated in 2019/20
- M1 J23/A512, £0.1m – the detailed design of improvements to ease congestion and provide access to the West of Loughborough housing development have commenced in 2017/18. This will be continued through 2018/19 with a completion on site anticipated in late 2020.

103. The programme to replace all street lights in Leicestershire with LED Lanterns is progressed ahead of schedule with most of the work having been completed in 2017/18. £18.9m was spent on replacing over 68,000 lights. The programme has resulted in a significant reduction in on-going energy costs and the work will be completed shortly.

104. A total of £2.2m has been provided by the National Productivity Investment Fund and was used to deliver the following:

- A511 Tesco roundabout, £1.6m – Improvements to the roundabout were started in 2017/18 along with a new signal junction on the Ashby Bypass which are due to be complete in early 2018/19.
- Ratby Lane Wembley Road £0.6m – improvements to the signal junction were completed in 2017/18.

105. A total £12.0m was also delivered on Highways Asset Maintenance, including:

- £9.7m on carriageways
- £0.3m on footways and rights of way
- £1.5m on bridge maintenance and strengthening
- £0.1m on flood alleviation
- £0.3m on traffic signal renewal
- £0.1m on other activity including joint sealing.

Main Variances

106. The year-end position shows a net acceleration of £0.5m compared with the updated budget. The main variances are reported below:

107. Zouch Bridge – slippage of £1.5m as a result of a protracted land purchase. The Department for Transport has concluded that a Public Inquiry is required which will result in further delay to the start date.

108. Strategic Economic Plan Hinckley Area – slippage of £0.8m. Additional consultation works are being undertaken which has delayed the works until 2018/19.

109. Safety Schemes – slippage of £0.6m, due to a delay in procuring camera cars and average speed cameras as well as completing contractual arrangements.
110. National Productivity Investment Fund – slippage of £0.4m and underspend of £0.2m. Slipped slightly on one scheme but the work will be completed in early 2018/19 and an underspend on a project was due to works costing less than estimated.
111. Melton Depot Replacement – slippage of £0.4m as waiting for a suitable site to be identified.
112. Flood Alleviation scheme – slippage of £0.4m to allow schemes to be undertaken in more appropriate weather conditions and more time needed to develop the projects.
113. Street Lighting LED invest to save scheme – acceleration of £4.8m. Additional installation gangs were contracted to enable early finish and realisation of associated savings.

Environment and Transportation – Waste Management

Key Achievements

114. The programme of small improvements and works to ensure Environmental compliance at 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 Variance

115. The year-end position shows a net variance of £0.2m compared with the updated budget. The position is due to slippage on drainage works at Shepshed RHWS that are now expected to be completed in early 2018/19.

Chief Executive's

Key Achievements

116. Rural Broadband Scheme. The County Council is the Lead Body for the Superfast Leicestershire Programme, ensuring access to high-speed fibre broadband to rural businesses and communities – boosting business growth and ensuring access to a range of existing digital services. Phase 2 is underway and expected to be completed during 2018/19. By the end of Phase 2, 97% of properties in Leicestershire should have access to superfast broadband.

Main Variance

117. The year-end position shows slippage of £1.0m compared with the updated budget. This is due to the Broadband provider not achieving its contractual milestones during 2017/18. An agreement has recently been reached with the provider to be back on track by Summer 2018.

Corporate Resources

Key Achievements

118. Investment in the ICT infrastructure of £1.0m on:

- Security upgrades, a refresh of the Local Area Network (LAN), a replacement for the current Backup Solution and a refresh of the Internet Gateway.
- Implementation of the new Unified Telephony / Skype for Business solution which will replace the old telephony systems. This investment will enable smarter and more efficient working practices, as well as greater synergy with partners.

Main Variances

119. The year-end position shows net slippage of £1.5m compared with the updated budget. The main variances include:

- Loughborough, Pennine House Area Office - £0.6m underspend due to a reduction in the refurbishment works required following a re-scoping exercise.
- ICT Unified Telephony/Skype scheme - £0.3m slippage as deployment to all departments across the Authority will continue until June 2018.
- Snibston Country Park - £0.2m slippage. Plans for the Country Park have now been submitted to the District Council, major works expected to begin in Summer 2018.
- Industrial Properties - £0.2m underspend relates to improve Courtyard Workshops which is now on hold until 2018/19.
- Beacon Hill Investment - £0.1m slippage. Business case and cost of the proposed Café is being reviewed resulting in a delay and work to 2018/19.

Corporate Programme

Key Achievements

120. During 2017/18 the following purchases were made as part of the Corporate Asset Investment Fund:

- Embankment House, £12.6m
- Lichfield South, £11.4m, and
- Land at Lutterworth East, £1.6m.

121. Corporate Energy Strategy - £0.5m has been spent on upgrading lighting, boilers and heating controls at County Council premises.
122. Energy Score + Programme - £0.6m has been spent on Solar PV panels and LED lighting. This will deliver on-going revenue savings for the schemes.

Main Variances

123. The year-end position shows overall net acceleration of £7.5m compared with the updated budget. The main variances are:
- Coalville Workspace Project – slippage of £3.3m. The scheme is currently being redesigned as it is financially unviable and will be re-costed and re-programmed. Revised timescales to align with Growth Deal 2 and sale of Workspace.
 - Lutterworth East – slippage of £1.0m, a delay in completion of additional land purchases.
 - Loughborough University Science Enterprise Park – slippage of £0.7m due to a delay in negotiations with the University.
 - Leaders Farm Office Projects – slippage of £0.6m. A full planning application was approved in December 2017, however there are delays in the proposed tenant signing the lease.
 - Asset Investment Fund – Embankment House, Nottingham, acceleration from 2018/19 capital programme £12.6m due to earlier completion of purchase than anticipated.
 - Energy Strategy Invest to Save – acceleration, £0.6m, on a number of small scale energy efficiency measures, including boilers, heating controls and LED lighting upgrades.

Capital Receipts

124. The actual level of general capital receipts achieved in 2017/18 was £7.0m compared with the target budget of £7.3m. A minor delay has occurred on one large sale (£1.7m) which is now expected to complete in early 2018/19. The shortfall will be managed through overall slippage on the capital programme.

Equal and Human Rights Implications

125. There are no direct implications arising from this report.

Appendices

- Appendix A - Comparison of 2017/18 Expenditure and the Updated Revenue Budget
 Appendix B - Revenue Budget 2017/18 – main variances
 Appendix C - Earmarked Fund balances 31/3/18
 Appendix D - Variations from the updated 2017/18 capital programme
 Appendix E - Prudential Indicators 2017/18

Background Papers

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

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=1410&Ver=4>

Report to County Council on 22 February 2017 – Medium Term Financial Strategy
2017/18 to 2020/21

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=4433&Ver=4>

Report to the Cabinet on 23 June 2017 – Provisional Revenue and Capital Outturn
2016/17

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=5120&Ver=4>

Report to the Cabinet on 15 September 2017 – 2017/18 Medium Term Financial
Strategy Monitoring (Period 4) and Investment Proposals

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=4863&Ver=4>

**COMPARISON OF 2017/18
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	CABINET APPROVAL REQUESTED 6 £000		
SERVICES							
CHILDREN & FAMILY SERVICES							
DEDICATED SCHOOLS GRANT							
Delegated	96,358	96,358	0			0	
Centrally Managed	96,377	97,123	746			746	0.8%
Dedicated Schools Grant	-192,735	-192,735	0			0	
Fund 2017/18 overspend from DSG Earmarked Fund	0	-746	-746			-746	n/a
	0	0	0	0	0	0	
OTHER CHILDREN & FAMILY SERVICES	61,680	65,615	3,935			3,935	6.4%
ADULTS & COMMUNITIES	135,763	130,232	-5,531	84		-5,447	-4.0%
PUBLIC HEALTH	160	-736	-896			-896	n/a
ENVIRONMENT & TRANSPORT	67,203	66,159	-1,044			-1,044	-1.6%
CHIEF EXECUTIVES	10,415	9,749	-666	130		-536	-5.1%
CORPORATE RESOURCES	33,121	32,665	-456			-456	-1.4%
DSG for Central Dept recharges	-922	-922	0			0	0.0%
CARBON REDUCTION COMMITMENT	355	180	-175			-175	-49.3%
CONTINGENCY FOR INFLATION	3,405	0	-3,405			-3,405	-100.0%
TOTAL SERVICES	311,180	302,942	-8,238	214	0	-8,024	-2.6%
CENTRAL ITEMS:							
FINANCING OF CAPITAL	22,800	22,753	-47			-47	
REVENUE FUNDING OF CAPITAL	26,950	27,750	800			800	
CENTRAL EXPENDITURE	3,426	3,127	-299			-299	
CENTRAL GRANTS AND OTHER INCOME	-13,956	-14,963	-1,007			-1,007	
OTHER ITEMS (inc prior year adjustments)	0	-796	-796			-796	
TOTAL CENTRAL ITEMS	39,220	37,871	-1,349	0	0	-1,349	-3.4%
TOTAL EXPENDITURE	350,400	340,813	-9,587	214	0	-9,373	-2.7%
INCOME							
REVENUE SUPPORT GRANT	-19,548	-19,548	0			0	
BUSINESS RATES - TOP UP	-37,566	-37,678	-112			-112	
BUSINESS RATES BASELINE / LOCAL SHARE	-21,783	-21,796	-13			-13	
SECTION 31 GRANT - BUSINESS RATES RELIEFS ETC	-1,470	-2,353	-883			-883	
COUNCIL TAX PRECEPT	-263,087	-263,087	0			0	
NET SURPLUS ON COUNCIL TAX COLLECTION FUNDS	-5,596	-5,596	0			0	
TOTAL INCOME	-349,050	-350,058	-1,008	0	0	-1,008	
ADDITIONAL COMMITMENTS							
Temporary extension of Discretionary Discount Fund contributions	0	0	0	100		100	
Environment & Transport	0	2,000	2,000			2,000	
Environment & Transport (underspend) - support highways maintenance	0	1,044	1,044			1,044	
Future Capital Developments (MTFS 2018-22)	0	3,300	3,300			3,300	
Future Capital Developments (outturn 2017/18)	0	3,065	3,065			3,065	
Sexual Health Accommodation	0	480	480			480	
Contribution to Enabling Growth Activities	0	392	392			392	
	0	10,281	10,281	100	0	10,381	
WITHDRAWAL FROM/ADDITION TO COUNTY FUND	1,350	1,036	-314	314	0	0	

GENERAL FUND	
UNCOMMITTED BALANCE 1.04.17	14,806
NET UNDERSPEND	314
CARRY FORWARDS	-314
FORECAST BALANCE 31.03.18	14,806

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Revenue Budget 2017/18 – Main Variances**Children and Family Services****Dedicated Schools Grant**

There is an overspend of £0.7m, which will be funded from the DSG earmarked fund.

The main variances are:

	£000	% of Budget
High Needs		
Specialist Services to Vulnerable Groups	365	10%
The 2017/18 MTFS included savings of £790k on Specialist Teaching Services which has not been fully achieved, however some of the saving has been achieved by the non recruitment to vacancies and savings in placements of children with Autism Spectrum Disorder (ASD). The project has seen some delay pending the recruitment of a project lead; a lead is now in post and planning is underway and the project is included as a work stream within the High Needs Block Inclusion project. Recent years have seen more pupils with ASD being supported by alternative providers arranged by the Autism Outreach Intensive Support Service; these pupils have been reviewed which has resulted in the delivery of savings.		
Special Educational Needs (SEN)	270	1%
The 2017/18 MTFS included savings of £725k on SEN placements; the required saving has been met in part but the increased school population and increased demand for support is offsetting these savings. A number of actions have been put in place that are showing success in reducing costs; these include Graduated Response through the Oakfield short stay school which is preventing pupils entering into independent placements, an increase in the number of lower cost local placements, more effective transitional planning and strengthening assessment and commissioning arrangements. New provision for children with Autism has been created at Birchwood and Maplewell Hall which has reduced costs by £0.7m		
Education of Children with Medical Needs	257	44%
Pupil numbers have steadily increased. A main provider has stopped taking new cases and alternative more costly provision may be needed if more pupils are identified needing support.		
Other variances	-146	n/a
TOTAL	746	n/a

Local Authority Budget

The Local authority budget shows an overspend of £3.9m (6.4%). The main variances are:

	£000	% of Budget
Social Care Placements	2,432	10%
For 2017/18 the number of looked after children increased by 8% from 510 in March 2017 to 553 in March 2018. The average unit cost for children's placements increased by 6% from 2016/17, but is still a reduction of 8% from the position in 2015/16. The increase in cost in 2017/18 is related to the changing mix of placement provision and a higher than originally expected arrival of children entering care that require residential provision.		
Children's Social Care Field Work Teams/Children in Care Team/ First Response / Child Sexual Exploitation /Practise Excellence /Safeguarding	1,724	13%
Additional staffing costs in line with the agreed post Ofsted action plan, some of which has been covered by agency workers given current difficulty to both retain and recruit social workers.		
Directorate	516	62%
Combination of delays in the next phase of management restructure which is now complete. However the use of consultants was required and contributes to the overall overspend.		
Fostering and Adoption Service	451	18%
Increased demand on service, largely due to the increased volume of fostering assessments which requires additional capacity. Additional costs have also been reflected as a result of the agreed post Ofsted action plan.		
Children's Social Care Legal Costs	545	106%
The number of care cases that have been instructed to issue proceedings continues to rise and results in a budget pressure.		
Unaccompanied Asylum Seeking Children	277	86%
Demand on this budget significantly increased in 2016/17 and continued to do the same this financial year, which has resulted in increased need for additional staffing to manage demand. The majority of these children arrive spontaneously and become the statutory responsibility of the local authority in which they arrive.		
Education learning and Skills - 5-19 Learning - IAG (Information, Advice and Guidance)	-425	-30%
Contract for IAG with Prospects reduced from £1.4m p.a. to £0.7m p.a. from 1st October 2017. MTFS IAG savings contribution has been achieved earlier than expected (originally not expected until 2018/19).		
Targeted Early Help	-718	-7%
Underspends are due to staff vacancies and posts not in Local Government pension scheme.		
Education Quality - 5-19 Learning	-315	-44%
Additional income has been received which has reduced net cost to budget this financial year.		
ICT Developments	-248	-34%
Delays in recruitment and appointment of staff for post implementation developments to MOSAIC.		
Other variances	-304	n/a
TOTAL	3,935	n/a

Adults & Communities

There is a net underspend of £5.5m which reduces to £5.4m (4.0%) after carry forwards.
The main variances are:

	£000	% of Budget
PI Locality Teams	764	28%
Filling vacant staffing posts following Adult Social Care (ASC) workforce strategy has been problematic and whilst recruitment continues, agency staff are used to maintain a safe service and not using earmarked funds of £0.4m to support temporary staffing.		
Complex Mental Health & Emergency Duty Teams	709	28%
Filling vacant staffing posts following Adult Social Care (ASC) workforce strategy has been problematic and whilst recruitment continues, agency staff are used to maintain a safe service.		
Community Life Choices (CLC)	470	9%
Overspend due to delay in implementing new contract, backdated arrears and higher cost of packages.		
Department Senior Management and Transformation Programme	387	n/a
Overspend due to not using earmarked funds of £0.6m for the departments transformation programme due to overall departmental position.		
Whole Life Disability	177	7%
Filling vacant staffing posts following ASC workforce strategy has been problematic and whilst recruitment continues, agency staff are used to maintain a safe service.		
Occupational Therapy	140	12%
Overspend on staffing within the OT teams with reliance on agency staff over the course of the year.		
Community and Wellbeing Savings	125	n/a
Delay in the implementation of Smart Libraries (late 2017) and a change request for the HR action plan to be implemented at the end of the project means that the £0.1m saving within the MTFs is unlikely to be achieved but will be offset by a range of one-off income and underspends through the service (contained within Other variances (under £0.1m) below).		
Residential Care and Nursing	-4,988	-9%
Reduction in number of service users (£1.6m) and lower average cost of packages (£1.0m), offset by care costs relating to previous financial years (£1.3m). Additional health and service user income (£3.7m). There are 2,310 service users with an average gross care package cost of £724 per week.		
Direct Payments (DP)	-646	-2%
The main underspend relates to the clawback of unused balances on direct payment cards of £2.5m, offset by additional costs relating to the previous financial year (£0.1m), an increase in the number of Carers (£0.1m) and an increase in the cost of service users packages (£1.6m). There are 2,741 service users per week receiving an average package of £249.46 and 367 carers per week receiving an average package of £45.49.		
Adult Learning	-512	n/a
Received £200k of unplanned over-performance funding in January and approximately £310k staffing underspend that was previously earmarked as a clawback for underperformance however, the latest data shows that a small clawback was required therefore this led to an underspend.		
Community Income	-450	-2%
Increased income from service users. The position is after a £1.6m budget transfer to Home Care for additional Health income received for additional service users compared with the original budget estimates.		
Community Life Choices (CLC) / Day Services	-487	-14%

Underspends due to decline of new referrals to the in-house service therefore staffing has been scaled down as appropriate, vacancies held pending action plans for co-located services due to take place in November and vacancies as a result of the new CLC strategy implementation.		
Business Support	-363	-20%
Staffing underspend through vacancies as part of implementing the ASC workforce strategy.		
Community Enablement and Reablement Team	-154	-59%
Staffing underspend through vacancies as part of implementing the ASC workforce strategy.		
Provider Service Review	-125	-20%
Staffing underspend through vacancies as part of implementing the Provider Services Review.		
Supported Living	-122	-1%
Underspends due to reduction in average cost of packages		
Other variances (under £100k)	-456	n/a
TOTAL	-5,531	n/a

Public Health

There is a net underspend of £0.9m. The main variances are:

	£000	% of Budget
Public Health Leadership	187	11%
The overspend relates to a number of areas within the budget; reduced income from the University Hospitals of Leicester (UHL) contract, the expansion of the Programme Delivery Team, along with expenditure linked to the expansion of the Local Area Coordination programme which includes the design of a number of websites and systems within the department.		
Local Area Coordination	-425	-43%
The budget had been produced on the basis that there would be a large extension to the pilot, covering all of the County. A decision has since been taken to target the new service to priority areas as identified by the external evaluation. It is intended that the service will move into other areas over time.		
Health Checks	-160	-27%
A lower number of health checks have been carried out as specific groups were invited to attend. This is part of the re developed specification in line with a more targeted approach. This is an area identified for savings in the MTFS.		
Sexual Health	-79	-2%
There is reduced spend on demand led services, including Out Of County providers.		
Other Public Health Services	-80	-20%
There is a £100k underspend on Mental Health promotion activity as funding is being provided by the CCGs.		
Smoking and Tobacco	-117	-15%
This is due to an agreement being reached with the previous provider in relation to an overcharge of £94k in 2016/17		
Public Health Advice	-110	-5%
There is a planned saving of £72k in relation to the decommissioning of a contract mid year by C&FS as part of the Early Help and Prevention Review. This saving is contributing to the MTFS target of £1.5m savings by 2020/21.		
Substance Misuse	-94	-2%
A contribution of £111k has been received from the Office of the Police and Crime Commissioner; this is in respect of the contract with Turning Point.		
Other variances	-18	n/a
TOTAL	-896	n/a

Environment and Transportation

There is a net underspend of £1.0m (1.6%). The main variances are:

	£000	% of Budget
Highways		
Winter Maintenance	989	61%
Additional costs, partly from changes to winter driver shifts/rotas but mostly from additional salt, gritting and snow clearance due to poor weather conditions, especially in December 2017 and March 2018.		
Road Safety	279	109%
Planned contribution from earmarked fund not taken as it can instead be covered from underspends/early realisation of savings elsewhere within the department.		
Reactive Maintenance	265	16%
A number of Safety Critical activities including safety barriers and maintenance works, which needed attention over and above what the budget provided.		
Environmental maintenance - Forestry and Gulley emptying	178	14%
A number of Safety Critical activities which needed attention over and above what the budget provided, additional jetting costs incurred due to the number of blocked gulley's being found, and additional drainage repairs.		
Highways Delivery - Staffing & Admin	-408	-12%
Underspend due to vacancies, lower overheads and additional income from Temporary Traffic Regulation Orders , Fixed Penalty Notices, Section 74 and vehicle renewals, slightly offset by depot costs and a reduction in requirement from earmarked funds.		
Highways Commissioning - Staffing & Admin	-232	-12%
Additional income from S278, S38 and network Data & Intelligence, a reduction in the anticipated costs for agency staff and additional income from the Access fund to pay for work performed by the department, offset by delays in the pre-application advise charges and a reduction in recharges.		
Street Lighting Maintenance	-227	-14%
Underspend on energy costs due to acceleration of the LED programme and savings made on maintenance works.		
Highways & Transportation Management & Training Costs	-118	-15%
Underspend due to vacancies, mostly in trainee posts where post holders have secured permanent posts.		
Transportation		
Social Care Transport	186	5%
Overspend due to cost pressures as a result of increased demand. The recent review of Social Care Transport should reduce levels of spend on Adult Social Care transport costs in 2018/19. Growth for 2018/19 onwards has been included in the new MTFS to fund ongoing demand pressures.		
Fleet Transport	170	56%
Overspend due to a variety of factors including additional staffing costs due to the need to employ agency staff (£44k) to cover staff sickness absences and extra vehicle repair and maintenance costs (£86k). Income from the transportation of school meals was also lower than expected (£66k lower). This will be reviewed for 2018/19. These overspends are partially offset by underspends elsewhere.		
Special Educational Needs Transport	146	2%
Overspend due to increasing number of pupils and risk assessment process which has identified individuals with more complex needs. The overspend reflects the impact of new transport arrangements for the 2017/18 academic year. Partly offset by savings arising from the introduction of Personal Transport Budgets (PTBs).		

Concessionary Travel & Joint Arrangements	101	2%
Additional costs of £130k relating to bus company concessionary travel payment appeals have been incurred in 2017/18.		
Mainstream School Transport	-858	-18%
Underspend due to contract efficiencies and lower demand for services. Contract savings have been achieved through e-auctions and tendering efficiencies. Lower demand for services is due to policy changes (less eligible pupils) and alternative commercial options being available to parents. School closures due to snow have reduced costs in 2017/18.		
Public Bus Services	-212	-8%
Budget savings were identified when Public Bus Service budgets were set for 2017/18 and these savings were built into budgets as a contingency with a view to this potentially contributing to a future saving, but also as an element of protection against having to subsidise additional bus services/routes where they are no longer commercially viable. An element of the contingency has been spent in 2017/18 but the remaining forecast underspend is £212k.		
Environment & Waste		
Treatment Contracts	292	3%
Extra costs at Energy for Waste plants at Coventry and Stoke due to waste diversion from Landfill.		
Landfill	-716	-11%
Underspend due to diversion of waste from Landfill to more cost-effective Energy for Waste plants. Waste tonnages have also been lower than expected.		
Recycling and Reuse Credits	-316	-9%
2017/18 recycling and reuse credit claims have been lower than expected due to reduced tonnages leading to an in-year forecast underspend of £189k. Also, the level of estimated accruals made at the end of 2016/17 was too high resulting in an additional underspend of £127k.		
Composting Contracts	-201	-12%
Underspend has arisen as a result of lower volumes of green waste due to warm weather (drier and therefore lower growth). Tonnages remained lower than expected throughout the year.		
Income	-196	17%
Extra income from increased trade waste. The cost of processing extra volumes of trade waste have increased costs in the Landfill budget.		
Haulage & Waste Transfer	-114	-8%
Haulage costs underspend (£45k) due to the use of more cost effective haulage routes, agreements with Waste Collection Authorities to reduce tipping away fee payments and lower volumes of waste being transported to the Stoke Energy for Waste plant. Waste Transfer Station underspend (£69k) resulting from early achievement of savings.		
Recycling and Household Waste Sites (RHWS)	-97	-3%
Underspend due to additional income from RHWS recyclable materials in 2017/18 due to income from scrap metal (which was originally forecast to be a cost to LCC but is actually delivering income) and also additional income from reuse. Income from recyclable materials can fluctuate depending on current market rates.		
Departmental & Business Management		
Management & Administration	97	8%
Overspend due to additional spending required for Director and Assistant Director recruitment, consultancy, AECOM Operational Development Support and additional staffing costs for Departmental initiatives.		
Other variances	-52	n/a
TOTAL	-1,044	n/a

Chief Executives

The department has an overall underspend of £0.7m which reduces to £0.5m (5.1%) after carry forwards. The main variances are:

	£000	% of Budget
Registrars	94	39
Income from weddings is lower than expected. In addition there has been a refurbishment of Wigston Registry Office which was not in the budget, this should generate increased income in future.		
Trading Standards	-178	-12%
Increased income for the Ports and Border Project has been received, partly offset by increased agency staff costs to undertake the work, resulting in an overall underspend of 60k. A regional investigation into a rogue trader has also led to additional funding from National Trading Standards Board (NTSB) which has generated an underspend of £50k. Staffing budgets, taking into account the NTSB projects, are underspent by £60k mainly due to the implementation of the new structure and lower than expected agency costs.		
Planning and Historic & Natural Environment	-204	-42%
There are currently 2 FTE posts which have been vacant during the year and have resulted in an underspend of £90k. £90k of the underspend is due to higher than expected planning fee income. Additional income of £20k has been received for Historic Buildings advice and Archaeological Services.		
Strategy & Business Intelligence	-173	-5%
Delay in the commencement of the new Place Management Organisation which is a joint company with the City Council has resulted in a £75k underspend. There are also underspends relating to community grants and a number of vacancies including a Head of Service post.		
Democratic Services and Administration	-91	-6%
Restructuring has resulted in lower staffing costs and also a number of new appointments made at the bottom of the grade.		
Projects	-135	-51%
The government has delayed its decision on the Combined Authority and as a result the growth of £150k has not been required.		
Other variances	21	n/a
TOTAL	-666	n/a

Corporate Resources

There is an underspend of £0.5m (1.4%). The main variances are:

	£000	% of Budget
Maintenance Costs	442	17%
289k higher than budgeted maintenance costs on Council owned buildings due to the number of high priorities this year plus £153k of maintenance works on school buildings above the contributions that schools make. A review of the school contributions and maintenance requirements will be undertaken and a more detailed forensic analysis of general maintenance will be undertaken to create a forward plan for future years.		

Commercial Services	292	15%
Overall LTS has increased its contribution from £0.8m to £1.8m. The main contributors to this success have been School Food, Forestry, Sites Development, HR and Leamis with steady progress in most other service areas. Work is ongoing to increase sales in Print following a significant fall in sales this year. There is a £0.3m shortfall compared to budget relating to a combination of timing issues (phasing of income) and historical issues writing off old debt, reconciliation issues and costs that related to previous years.		
County Farms	160	-34%
Increased repair and maintenance costs have reduced the profit margins for the County Farm portfolio and although adverse to budget, the farms generate £314k of positive contribution. More detailed analysis is being obtained and the portfolio performance will also be reviewed as part of the Corporate Asset Investment Fund. The industrial portfolio returned an additional surplus above budget of c£0.2m which has been transferred to an earmarked fund to support future maintenance requirements.		
Building Costs	158	4%
Various variances including £125k additional costs at the Harborough offices due to increased service charges and recharges for roof and lift works and £40k additional Coroner building costs. Additional costs have been experienced over recent years from developing Anstey Frith House and out of hours spaces for which no additional revenue budget has been provided. Some additional savings have partly compensated from A&C and Recycling sites. A review of all site costs and usage is being undertaken as part of the Workplace Strategy project.		
ICT	-652	-7%
Due to the timing of contract renewals and staff restructures, ICT have delivered their future year savings early.		
Strategic Finance, Assurance & Property	-535	-10%
Savings across the Finance & Audit functions relating to savings achieved early through vacancy management in advance of future savings. Insurance contributes £103k of the saving.		
Human Resources and Learning & Development	-203	-6%
Due to the timing of savings and restructures, HR and L&D have delivered their future savings early. The actual underlying savings achieved are higher than those reported as some temporary posts agreed to be funded out of the Transformation earmarked fund have been funded from here instead.		
Customer Service Team	-176	-9%
The underspend relates to vacancies and attrition as customer service agents continue to progress to social care and other Council roles. Consequently a dip in service has been experienced but complaints have not increased significantly. Robotic type automation is being trialled in 2018 to expedite back office processes (such as reduced rekeying and auto population of information) which should help alleviate pressure and reduce costs.		
Other variances	58	n/a
TOTAL	-456	n/a

EARMARKED FUND BALANCES

	Revised Balance 01/04/17 £000	Forecast Balance 31/03/18 £000	Actual Balance 31/03/18 £000
Renewal of Systems, Equipment and Vehicles			
Children & Family Services	1,800	1,670	1,799
Adults & Communities	70	70	74
Environment & Transport	2,070	2,050	2,117
Corporate Resources	1,530	1,530	1,665
Trading Accounts			
Industrial Properties	1,150	1,450	1,262
Insurance			
General	5,820	6,640	6,558
Schools schemes and risk management	420	420	446
Uninsured loss fund	5,000	5,000	5,557
Committed Balances			
Central Maintenance Fund	390	390	350
Community Grants	300	290	295
Other			
Children & Family Services			
Supporting Leicestershire Families	1,620	1,420	1,584
C&FS Developments	1,440	1,270	1,359
Youth Offending Service	470	470	515
Special Educational Needs Disability (SEND)	840	650	1,110
School Based Planning	690	550	512
Innovation Fund - Practice Excellence	50	130	210
Adults & Communities			
Adults & Communities Developments	0	340	2,012
Communities & Wellbeing Developments	320	190	322
Public Health	400	400	400
Environment & Transport			
Commuted Sums	2,630	2,530	2,590
Civil Parking Enforcement	190	140	198
Waste Developments	730	730	725
Section 38 Income	490	490	487
Section 106	360	510	355
Leicester & Leicestershire Integrated Transport Model (LLITM)	1,230	1,410	2,213
E&T Developments/ advanced design	1,380	1,660	1,129
Other	140	120	1,041
Chief Executive			
Strategy and Business Intelligence	70	0	16
Economic Development	680	290	754
Legal	310	100	149
Signposting and Community Support Service	460	180	228
Chief Executive Dept Developments	590	500	612
Corporate Resources			
Corporate Resources Developments	270	250	192
Leicestershire Schools Music Service	160	160	250
Corporate:			
Transformation Fund	18,290	13,880	14,719
East Midlands Shared Services - IT development	430	190	391
Elections	820	220	177
Broadband	5,450	3,500	5,751
Business Rates Retention	1,410	1,410	1,568
Inquiry and other costs	1,290	1,230	1,168
Car leasing	0	0	124
Local Authority Mortgage Scheme (LAMS)*	-8,400	-3,000	-3,000
Pooled Property Fund investments **	-20,000	-20,000	-19,996
TOTAL	<u>33,360</u>	<u>31,430</u>	<u>39,988</u>
Capital (Revenue Funding)			
Capital Financing (phasing of capital expenditure)	57,390	55,760	56,019
Future Developments	12,710	20,900	24,668
Total	<u>70,100</u>	<u>76,660</u>	<u>80,687</u>
Schools and Partnerships			
Dedicated Schools Grant	2,790	1,690	2,228
Health & Social Care Outcomes	930	930	842
Leicestershire Safeguarding Children Board	60	20	56
Leicestershire & Rutland Sport	910	900	1,107
Centre of Excellence	230	0	0
Leics Social Care Development Group	340	340	102
East Midlands Shared Services - other	510	190	252
Strategic Partnership Development Fund (Child Sexual Exploitation)	100	0	8
Total	<u>5,870</u>	<u>4,070</u>	<u>4,595</u>

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

** Pooled Property Fund investments - funded from the overall balance of earmarked funds; £5m still to be invested

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Capital Budget 2017/18 – Main Variances**Children and Family Services**

Overall net slippage of £5.8m compared with the updated budget. The main variances

	£000
Provision of additional primary places	-4,853
Burbage Sketchley Hill Primary - slippage £1.5m as a result of unexpected work identified within the survey relating to highway, tree and ground works.	
Market Harborough Farndon Fields Primary -slippage £1.5m - this is a passported scheme being delivered by the academy who have redesigned the scheme as a result of affordability issues.	
Barwell area primary - slippage £0.9m - project delayed pending a review of costs and value for money.	
Hinckley Richmond Primary - acceleration £0.6m - works able to start earlier than planned.	
Unallocated budget / contingencies and underspends - £0.9m .Variances across various projects and funding set aside in unallocated budgets not fully used. Funding will be carried forward to 2018/19 for the development of place requirements for September 2018.	
Wigston Area Special School	-468
Capital programme funding released - included in the original budget pending confirmation of external contribution, now received.	
10+ Structure Change	-362
Delay on scheme at Launde School pending outcome of additional funding bid to ESFA.	
Other variances	-117
TOTAL	-5,800

Adults & Communities

Overall net slippage of £0.4m compared with the updated budget. The main variances

	£000
Mobile Libraries	-285
Slippage as further mobile library vehicles are not expected to be purchased in 2017/18. The Cabinet has approved a review of the mobile library service – planning to be undertaken in 18-19 which will require reviewing the specification of vehicle that will be needed.	
Changing Places / Toilets	-214
At this stage there are no schemes identified that could be delivered in 2017/18. Slippage is required for 2 potential schemes in 2018/19.	
Smart Libraries	95
The procurement process for the SMART libraries has been completed and the contract awarded recently. Planned works in 2018/19 were accelerated with the delivery and installation of self-service kiosks in March 2018.	
Other variances	16
TOTAL	-388

Environment and Transportation - Transport

A net acceleration of £0.5m compared with the updated budget. The main variances are:

	£000
LED Street Lighting	4,819
Acceleration of LED replacement scheme, including CMS costs and de-illumination of traffic signs (£4.8m) to enable early finish and early realisation of savings also there has been an acceleration in the column replacement programme (£0.1m).	

A42 Junction 13 and M1 Junction 22 - Major Schemes	236
Additional technical and gas works required on the slip road and additional night time working patterns to ease traffic management.	
M1 Junction 23 and A46 Anstey Lane - Major Schemes	224
Advanced works in preparation for major schemes. Acceleration of scheme funding from Growth and Housing fund.	
Zouch Bridge	-1,500
Slippage due to protracted Land purchase. CPO was expected to take place in 17-18 with construction commencing early 18-19, but will now slip further as it has been confirmed by DfT that there will need to be a Public Enquiry.	
Strategic Economic Plan - Hinckley Area Approach	-753
Additional consultation works are being undertaken which has delayed the works until 2018/19.	
Safety Schemes	-642
Slippage due to delays in procuring camera cars and average speed camera as well as getting the contract signed.	
National Productivity Investment Fund	-549
Slippage on A511 Roundabout scheme. Work will be completed early in 2018/19 and an underspend on a project due to works costing less than originally estimated.	
Melton Depot Replacement	-402
Slippage as awaiting for a suitable site to be identified.	
Flood Alleviation	-387
Some schemes being slipped into 2018/19 so they can be undertaken in more appropriate weather conditions and some schemes not progressing due to more time needed to develop the projects.	
County Council Vehicle Programme	-214
Slippage due to the lead time of ordering and the delivery of vehicles.	
Transport Asset Management - Maintenance	-164
An underspend due to works being planned but some roads have deteriorated beyond remedial works and now require road closures which have longer lead in times and will now occur 2018/19. Also an underspend relating to footways and highway works not being as expensive as anticipated.	
Other variances	-188
TOTAL	480

Environment and Transportation - Waste Management

Slippage of £0.2m compared with the updated budget. The main variance relates to:

	£000
RHWS Improvements - Drainage and General	-183
Shepshed RHWS drainage improvement works likely to be completed in early 2018/19, to follow on from works being completed at a different site. Due to current demand at the Loughborough site the acceleration of works cannot be started until 2018/19.	

Chief Executives

Slippage of £1.0m compared with the updated budget. The variance relates to:

	£000
Rural Broadband Scheme	-1,027
The underspend is due to the provider, BT, not achieving its contractual milestones during 17/18. An agreement has recently been reached with the provider to be back on track by Summer 2018.	

Corporate Resources

Underspend of £0.6m and slippage of £0.9m compared with the updated budget.
The main variances are:

	£000
Loughborough, Pennine House Area Office	-557
Underspent due to a rescoping of the refurbishment works required.	
ICT - Unified Telephony / Skype	-270
Deployment of the Skype for Business hardware (and subsequent implementation) to all departments across County Hall and to satellite offices will continue into June, requiring an element of budget to be slipped into 2018/19.	
Snibston Country Park Future Strategy	-221
Plans for Country Park have now been submitted to the Planning Authority. Major works expected to commence in Summer 2018, with budget slipping to fund these works	
Industrial Properties General Improvements	-169
Underspend on this programme relates to a scheme to improve Courtyard Workshops which is now on hold until 2018/19. Variance will be slipped into 2018/19 to fund the works then.	
Beacon Hill Café and Education Centre	-148
Business case and cost of proposed Café at Beacon Hill is now being reviewed and, as such, the scheme will be delayed into the next financial year.	
County Hall Maintenance Major Works	-148
Part of the programme has not been completed in year and will be delayed to 2018/19.	
ICT - various refresh schemes	-70
Following the tender exercise, elements of the required ICT hardware refresh programme have been procured for less than originally budgeted, resulting in an underspend.	
Other variances	-71
TOTAL	-1,458

Corporate Programme

Net acceleration of £7.5m compared with the updated budget. The main variances are:

	£000
CAIF - Embankment House, Nottingham	12,603
Acceleration of investment scheme due to early completion of purchase than anticipated.	
Energy Strategy	628
Acceleration of programme due to identification of suitable schemes and cost efficiencies achieved from bringing works forward.	
CAIF - Coalville Workspace Project	-3,308
The scheme is currently being redesigned as it is financially unviable and will then be re-costed and re-programmed. Revised timescales to align with Growth Deal 2 and sale of Workspace 17.	
CAIF - Lutterworth East (Additional Land Purchases)	-1,049
Delay in completion of the next phase of the programme.	
CAIF - Loughborough University Science & Enterprise Park (LUSEP)	-651
Slippage due to delay in negotiations with the University.	
CAIF - Leaders Farm Office Projects	-608
Full planning application submitted in August 2017 and approved on 14th December 2017. Delay in proposed tenant signing lease.	
CAIF - Harborough Accelerator Zone (Airfield Farm)	-164
A revised scheme is being developed which has delayed progress. The new scheme is being included in the new MTFS 2018-22	
Other variances	29
TOTAL	7,480

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APPENDIX E**PRUDENTIAL INDICATORS 2017/18**

	Original Indicator	Forecast as at 19/01/2018	Provisional Actual as at 31/03/2018
Actual Capital Financing Costs as a % of Net Revenue Stream	5.95%	5.94%	5.74%
Capital Expenditure (£000's) (excluding Schools devolved formula capital)	83,100	83,400	93,267
Operational Limit for External Debt (£000's)	276,000	276,000	276,000
Authorised Limit for External Debt (£000')	286,000	286,000	286,000
Interest Rate Exposure – Fixed	50-100%	100%	100 %
Interest Rate Exposure – Variable	0-50%	0%	0 %
Capital Financing Requirement (£000's)	257,000	257,000	257,000
Actual debt as at 31/3/2018 (£000's)			264,600

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**CABINET – 22ND MAY 2018****MEMBERSHIP OF UK100****REPORT OF THE DIRECTOR OF ENVIRONMENT AND TRANSPORT****PART A****Purpose of the Report**

1. The purpose of this report is to seek the support of the Cabinet to the County Council being a signatory to UK100, a network of UK local authorities in towns, cities, and rural areas committed to 100% clean energy.

Recommendations

2. It is recommended that:-
 - a) The County Council becomes a signatory to UK100;
 - b) It be noted that the County Council's Strategic Plan commits the Council to make a positive contribution to the environment and that the 100% clean energy target should feature in the Strategic Plan Performance Framework, the emerging Environment Strategy, and other appropriate corporate and departmental plans;
 - c) The Director of Environment and Transport be requested to begin Council-wide discussions and commence a review of existing strategies to ensure that the Authority has in place the necessary plans to achieve 100% clean energy by 2050;
 - d) The Council commits to work with local businesses and communities to promote the benefits of clean energy and thereby help to deliver the climate change commitments made by the UK at the Paris Summit in 2015.

Reasons for Recommendation

3. Climate change is a global challenge and the County Council has a key leadership role in working with businesses and their local communities to ensure that Leicestershire transitions to a low carbon economy. Signing the UK100 pledge will provide greater impetus as well as enabling the County Council to work with other authorities to share best practice and lobby the Government to adopt appropriate policies and provide the necessary investment to ensure the UK delivers on its climate change commitments.

Timetable for Decision (including Scrutiny)

4. There is no need for this matter to be reported elsewhere at this stage. When Council strategies are reviewed and submitted for approval it will be important that all members of the Council (Executive and Scrutiny) have an opportunity to review them and ensure that the commitment now entered into is delivered and is reflected in the strategy.

Policy Framework and Previous Decisions

5. The County Council has a number of plans and strategies aimed at reducing its carbon footprint and promoting and investing in low carbon energy schemes.

Resource Implications

6. There are no resources implications arising from the recommendations in this report.

Circulation under the Local Issues Alert Procedure

7. None.

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PART B

Background

8. UK100 is a network of UK cities and other local authority areas committed to 100% clean energy. The network will connect leaders and authorities with similar ambitions to share best practice and develop locally based solutions to the challenge of shifting communities away from dirty fossil fuels. To date over 70 authorities have signed up to be part of UK100.
9. In order to make the pledge a reality, UK100 has asked member authorities to:-
 - a) Devise plans to achieve 100% clean energy at local level by 2050 that are ambitious, cost effective and take the public and businesses with them;
 - b) Work with business allies, bring private and public sector together;
 - c) Collaborate across a peer-to-peer network, learning from each other;
 - d) Deliver climate action by promoting co-benefits of economic growth and health and wellbeing;
 - e) Work together to influence national policy;
 - f) Make a material contribution to emission reductions.

Existing Plans and Strategies

10. The County Council already has in place a number of plans and strategies on energy reduction aimed at reducing its carbon footprint and contributing to the commitments made on climate change. These include:-
 - The current Environment Strategy and Carbon Reduction Strategy which are being reviewed and combined into a single Environment Strategy. It is proposed that the Council's greenhouse gas emissions will be reduced in line with national targets, meaning a 38% reduction from Council operations by 2030 compared to a 2016-17 baseline.
 - The corporate Energy and Water Strategy 2017-2021 sets a target to increase provision of renewable energy by 1% year on year. To date 10.6% of the Councils' total energy consumption is generated from renewables on County Council land and properties.
 - The corporate Energy and Water Strategy 2017-2021 also aims to reduce the Council's carbon footprint by reducing energy consumption and making efficiency savings of £320,000 by 2021.
11. Examples of achievements to date include:-
 - CO₂ equivalent emissions in 2016-17 were 37.3% below the 2008-09 baseline year and 20.8% below 2015-16. The 2016-17 emissions total

has fallen below the target projection for the first time and has surpassed the reduction target set for 2020-21 4 years ahead of schedule.

- Gas usage in Council buildings has decreased by 24.4%, mainly due to the installation of the biomass boiler at County Hall.
 - Street lighting energy consumption decreased by 24.7% as a result of the project to replace sodium lights with LEDs and a lower carbon conversion factor.
 - Emissions from Council fleet vehicles has reduced by 7% as a result of modernisation of part of the fleet and improved monitoring of vehicle movements and driver behaviour through a tracking system.
 - Emissions from business travel reduced by 5.5% as a result of a number of projects aimed at reducing the need to travel and managing staff journeys.
12. Signing up to UK100 and including a commitment to 100% clean energy by 2050 will provide a greater focus to the work of the Council as well as provide an opportunity to engage with others in the sector, learning from them and embedding good practice. Membership would also strengthen the voice of UK100 at a notional level.

Background Papers

County Council Greenhouse Gas Emissions Report 2016-17

<https://www.leicestershire.gov.uk/sites/default/files/field/pdf/2017/11/13/LCC-16-17-GHG-Report-Final.pdf>

Equality and Human Rights Implications

13. There are no equality or human rights implications arising from the recommendations in this report.